

(Follow Up) Review of Estate Management 2021

Public Accounts Committee

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States of Jersey
States Assembly



États de Jersey
Assemblée des États

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Section 1 - Chair's Foreword

Purpose

The purpose of this report by the Public Accounts Committee is to ensure that the public reaps a maximum benefit from its vast portfolio of property assets, worth over £1 billion. Prominent and culturally significant properties in the Public Estate have been lying empty for many years whilst arguments continue about their future use. Other buildings with limited financial or social value are being maintained or repaired annually at huge cost, yet each deteriorating building owned on behalf of the public, represents an asset with a cash value and a potential risk or liability. The PAC wanted to chart the Government's progress in delivering a comprehensive Estate Strategy 45 months after the C&AG's recommendations and the PAC's first Report on Estate Management.

It has some sympathy with disruptions caused by world events but does not accept this as a sufficiently credible excuse to explain the delay in producing an Estate Strategy with an Implementation Plan. The PAC expected to see a comprehensive list of all the properties owned and a joined-up approach to how to dispose of, re-utilise or maintain them. Most importantly, it expected to find evidence of a thorough consultation process to examine Islanders' property needs and navigate the way forward.

Investigations and Evidence

The PAC requested, amongst other things, evidence of when and how, the Chief Executive Officer, Infrastructure Housing and Environment Department and Jersey Property Holdings worked together with groups such as the Regeneration Steering Group, the Corporate Asset Management Board and the States of Jersey Development Company to manage the Public Estate. It was concerned to note that the [Estate Strategy 2021-2035](#) (March 2021) was viewed as a 'way of working' rather than a strategy, and that an implementation programme (or Corporate Asset Management Plan) had not yet been devised. The Committee's dismay at the Government's tardiness in publishing its Public Estate Strategy (March 2021¹) was compounded by noting that the operational level implementation plan of it is also overdue by at least 7 months and is unlikely to commence until March 2022².

Leadership

Another frustrating factor of this review was receiving incomplete or conflicting evidence about who is supposed to be providing leadership and strategic direction in property matters. Bearing in mind that it has been over fifteen years since Jersey Property Holdings was established to bring coherence to all Government property activities, the PAC is disappointed to note that not all States property assets are administered and managed by a single 'corporate landlord'. The Regeneration Steering Group is not recognised as the appropriate political vehicle to make decisions about the Public Estate and the Corporate Asset Management Board also lacks a clearly defined role. We were astonished to be told that it was the responsibility of each Government department to put forward their property requirements, with CAMB holding 'bilateral' discussions with the departments 'as and when' required, rather than there being a proactive assessment of cross-Government property needs for the short, medium and long term.

¹ 29 March 2021: [Jersey's first Public Estate Strategy published \(gov.je\)](#)

² [Transcript – PAC Quarterly Hearing with CEO and Treasurer of the States 13 September 2021](#) – p.4 – interim Chief Executive confirms plan is to deliver in March 2022.

Decision Making

The Committee has been hampered by receiving conflicting evidence about the roles and responsibilities of the several interconnected groups involved in managing various aspects of the States' Estate, and by the absence of any widely recognised governance structure or clarity of hierarchy. There is still no centralisation of resources, no use of industry-recognised tools to prioritise competing property needs and no clear, objective rationale or decision-making process. The PAC considers that the lack of responsibility, accountability, decision making authorisation levels and prioritisation processes have led to poor management of the Public Estate. Property decisions are formed on a "first come, first served" basis, and not supported by an objective rationale, overall needs and benefit for the Island. The current process may well be well intentioned but is subjective guesswork.

Risk

The PAC found that there are significant risks to not implementing a joined-up Strategy for the management of the Public Estate, including the risks to health and safety, financial loss, detriment to the environment, and also a risk to the reputation of Government.

Skills and Resources

The PAC has struggled with the question of whether it is the lack of clarity with roles and responsibilities of the current governance structure at fault, or whether it is the lack of appropriate resources, skills and capacity which prevent Jersey Property Holdings (JPH) from fulfilling its corporate landlord role. Both are areas of significant concern. The PAC has been unable to identify who is the 'driver' with the necessary leadership to properly implement and manage the Estate Strategy. In addition, JPH and its parent department (Infrastructure Housing and Environment) have not undertaken a meaningful performance assessment and therefore it is not clear what precise steps should be taken to improve their performance. Noting that there are numerous vacancies to fill and a huge capital programme to manage, the Committee has limited confidence in the department's current ability to deliver the now agreed Estate Strategy.

The Way Forward

It is imperative that whoever takes the Estate Strategy forward must clarify overall roles and responsibilities and instigate a clear delegation of authority so that property decisions can be made at the right level with an agreed-to, disciplined approach that takes into account conflicting and emerging property needs of all the Government departments (including non-Ministerial) and States-Owned Entities and Arms-Length Organisations. This must be coupled with a plan to fill resource staffing needs based on skills gap analysis, matching what needs to be done with who should do it.

The members of the PAC are unanimous in their conclusion that the Government must act without further delay to restore public trust and confidence by demonstrating their ability to manage the Public Estate in an efficient, functional and effective way.



Thanks

I would like to thank the members of the PAC, including members of the preceding Committee whose evidence has formed the background to this report. Special thanks must go to the Estate Management Sub-Group members for all their hard work and Mr van Bodegom who supplied some of the images used in this report.

[Deputy Inna Gardiner, Chair of Public Accounts Committee](#)

Section 2 - Key Findings and Recommendations

Strategic Overview



FINDING 1: The diagram representing the governance structure of property-related bodies as shown in the Estate Strategy is over-simplified, for example, it omits the Minister for Infrastructure's decision-making on property, it fails to show the relationship between individual departments, the Corporate Asset Management Board and States Owned Entities such as the States of Jersey Development Company, and it does not depict the central role of Jersey Property Holdings.

Regeneration Steering Group (RSG)



FINDING 2: The Regeneration Steering Group was established in 2010 under P.73/2010 as a political oversight body primarily focussed on regeneration projects relevant to the Waterfront and steering the States of Jersey Development Company.



FINDING 3: Departmental restructuring including Target Operating Models render many of the bodies mentioned in P.73/2010 redundant or out-of-date.



FINDING 4: There are several policies, initiatives and activities which have been developed since 2010, including the [Sustainable Transport Policy](#) and the [\(draft\) Bridging Island Plan](#), which are not reflected in the current role of the Regeneration Steering Group.



FINDING 5: The Regeneration Steering Group has not clarified how it has widened its purview to encompass all aspects of Public Estate acquisition, disposal, repurposing and management.



FINDING 6: The extended responsibilities of the Regeneration Steering Group should have triggered an update of its membership and Terms of Reference.



RECOMMENDATION 1: The Regeneration Steering Group should, without delay, review its membership and update its Terms of Reference, encompassing:

- its relevance to, and alignment with, all aspects of Public Estate acquisition, disposal, repurposing and management, referencing the 'drivers of' and triggers for, all Public Estate activities
- its place in the governance structure of the Government, including (but not limited to) its relationship with States Owned Entities, Arms-Length Organisations and the Corporate Asset Management Board
- a clear and objective referral and decision-making process for property/land through the governance structure, based on clearly understood criteria, such as size, cost and/or strategic importance in the Public Estate.



RECOMMENDATION 2: The Regeneration Steering Group should present to the States Assembly its updated membership, function, role, responsibilities, aims and objectives.



RECOMMENDATION 3: Mechanisms should be put in place to monitor and track the overall effectiveness of the Regeneration Steering Group to ensure it is fulfilling its agreed role and is providing value for money.

Corporate Asset Management Board (CAMB)



FINDING 7: The Corporate Asset Management Board does not have a clear and widely understood remit or decision-making process for assessing the needs of departments (including non-Ministerial) and States-Owned Entities' (SOEs) land and property needs.



FINDING 8: The relationship between the Regeneration Steering Group and the Corporate Asset Management Board lacks clarity.



FINDING 9: There are no published Terms of Reference, scope or remit of the Corporate Asset Management Board, clarifying its function, roles and responsibilities.



FINDING 10: The idea of adding an 'Enterprise Asset Management Team' to an already complex and unworkable system in order to produce a comprehensive asset plan, would just be adding another bureaucratic layer and is not a solution.



FINDING 11: Individual departments are not clear on the governance structure, or specific decision-making authorisation and approval levels for property management they are supposed to deliver in.



FINDING 12: The Director General's assertion that, '*the information to support decisions is shared at project level officer meetings and then reviewed at CAMB and RSG*'³ is not supported by any other evidence received by the PAC.



FINDING 13: The Corporate Asset Management Board does not consider itself to be the 'driver' for gathering evidence from departments and SOEs, encompassing all aspects of States Estate acquisition, disposal and management.



FINDING 14: The PAC remains concerned that the absence of clear governance structure underpinning decision making by the Corporate Asset Management Board has a detrimental impact on its ability to develop a comprehensive implementation strategy for disposal/acquisition/development/management of the States estate, including how we use wider public assets for public benefit).



FINDING 15: The Corporate Asset Management Board holds 'bilateral' discussions with the departments 'as and when' required for establishing, assessing, and prioritising the property needs of all departments.



RECOMMENDATION 4: The Corporate Asset Management Board (or its replacement senior officer-led body) should define and establish its relationship with departments (including non-Ministerial), States-Owned Entities, Arms-Length Organisations, and the Regeneration Steering Group in respect of its core function to *co-ordinate, prioritise allocate and develop the property needs of the various elements of the Government*'.



RECOMMENDATION 5: The Corporate Asset Management Board should demonstrate centralised leadership and proactivity by establishing a clear

³ Response to letter of 29 July 2021 was sought by 17th August, later extended to 20 August 2021, and actually received on 25 August 2021

‘delegation of authority’ to incorporate all aspects of States Estate acquisition, disposal and management.



RECOMMENDATION 6: The Corporate Asset Management Board (or its replacement) should, as a matter of urgency, consider how to function as the body charged with delivering the Corporate Asset Management Plan and ensuring effective implementation of the [Estate Strategy](#).



RECOMMENDATION 7: The Terms of Reference, clarifying and updating the function, roles and responsibilities of CAMB (or its replacement), stating its aims and objectives, should be presented to the States and published thereafter.



RECOMMENDATION 8: Mechanisms should be put in place to monitor and track the overall effectiveness of the Corporate Asset Management Board to ensure it is fulfilling its agreed to role and is providing value for money.

Rationalisation of the Public Estate and Implementation of Strategy



FINDING 16: No objective or standard industry-recognised tools or processes are used to help establish, assess and prioritise the property needs of all departments.



FINDING 17: Compounding the problems of the much-delayed [Estate Strategy](#), an operational level implementation plan of it is also overdue by at least 7 months.



FINDING 18: The development of all Corporate Asset Management Plans (i.e. the operational level implementation plan of the Estate Strategy), has not been completed and is a matter of utmost urgency, given that the Estate Strategy has been published since March 2021.



FINDING 19: The asset management estate report which was to be produced every year, alongside a 5-year asset management plan, describing the tactical elements, that is, the intent for all States-owned property, drawing from the [Common Strategic Policy](#) and/or the [Government Plan](#) and other initiatives such as ‘[Putting Children First](#)’ and the [Wellbeing programme](#), has not been produced.



FINDING 20: The Committee considers the current property needs’ assessment and prioritisation process to be unworkable and demonstrably lacking in coherent and cohesive decision making, including the absence of any industry-recognised standard tool applied across all competing projects or departmental needs.



FINDING 21: A key priority of the Estate Management Strategy is to maintain and support the buildings within the Government of Jersey’s property portfolio to ensure that they meet the required quality to be both useful and carry suitable financial value. The PAC has repeatedly highlighted concerns about the potential disuse of States-owned property.



RECOMMENDATION 9: A coherent and objective rationale for the acquisition, disposal of and management of the property in the Public Estate must be established.



RECOMMENDATION 10: The Corporate Asset Management Board should, as a matter of urgency, develop a 5-year asset management plan, which would describe the tactical elements, that is, the intent for any property, drawing from the [Common Strategic Policy](#) and/or the [Government Plan](#) and other initiatives such as ‘[Putting](#)

Children First and the Wellbeing programme, where progress against the Estate Strategy would be monitored on an annual basis.



RECOMMENDATION 11: A clear and objective referral process of property/land through the governance structure, based on clearly understood criteria, such as size, cost and/or strategic importance in the Public Estate (delegation of authority) should be included in the Terms of Reference of the Corporate Asset Management Board (or the officer led body designated to 'drive' the rationalisation of the Public Estate).



RECOMMENDATION 12: Greater emphasis should be placed on advancing the Estate Management implementation plan including completion of all Asset Management Plans for all States-owned properties.

Stakeholder engagement



FINDING 22: There is little evidence of progress on departmental and ALO's 'buy-in' to a comprehensive Strategy. Departments, especially non-Ministerial departments, and community groups are still engaging on 'bilateral' discussions rather than participating in a stakeholder engagement programme.



RECOMMENDATION 13: The DG of IHE should without delay, engage in comprehensive, consistent and regular stakeholder engagement, in order to determine their needs, as well as to ensure that any future acquisition, disposals or improvement to properties take into account their requirements.

States of Jersey Development Company (SOJDC)



FINDING 23: The recommendation made by the C&AG in June 2020, to undertake a review of the States of Jersey Development Company (SOJDC) to establish whether it remains the most appropriate vehicle and operating model to deliver Government regeneration objectives in the longer term, has not been implemented.



FINDING 24: The States of Jersey Development Company – commissioned report by JLL which reviews the relationship between SOJDC and JPH should not be considered a substitute for the strategic review of SOJDC recommended by the C&AG.



FINDING 25: There is currently no way of knowing that the outcomes of the review undertaken by the SOJDC are meeting the objectives for the company, as set out in the original proposition, and whether any changes could enhance delivery of Government property objectives.



FINDING 26: The PAC is concerned that the current review commissioned by SOJDC to examine its relationship with Jersey Property Holdings, is open to bias, potentially in favour of it remaining the 'appropriate vehicle' to deliver the Government's property and asset objectives.



RECOMMENDATION 14: In using the SOJDC-commissioned review to inform whether it should remain the 'appropriate vehicle' to deliver the Government's property and asset objectives, the Government should be mindful of the potential for bias.



RECOMMENDATION 15: The Executive should undertake to review the purpose and aims of the States of Jersey Development Company in line with the C&AG's recommendations by Q1 2022.

States Owned Entities (SOEs)



FINDING 27: Although the Oversight Board for the Arms-Length Organisations and States-Owned Entities has now been established, its work programme has progressed very little.



FINDING 28: The continued piecemeal approach to engaging with States-Owned Entities and Arms-Length Organisations, in terms of developing and implementing of a cohesive and comprehensive estate strategy linked to the overall corporate objectives, is not working.



FINDING 29: Lack of clarity in the roles, responsibilities and working relationships between ALBOB, RSG and CAMB is apparent. This can negatively impact optimum decision making about surplus properties or acquiring new ones, and it has a detrimental effect on cost and efficiency of scale opportunities for operations and maintenance.



RECOMMENDATION 16: The role of the Arms-Length Organisations Oversight Board (ALBOB) in respect of the implementation of the Estate Strategy should be clarified immediately.



RECOMMENDATION 17: The Arms-Length Organisations Oversight Board (ALBOB) should undertake a Strategic Review of States Owned Entities, at the earliest opportunity, with the aim of aligning SOE/ALO property strategy and management with the corporate landlord model. The review should focus on what parts of the States Estate should be kept, what should be sold and what should be put into regeneration or infrastructure and social housing projects.



RECOMMENDATION 18: A Strategic Review of the responsibilities and working relationships between ALBOB, RSG and CAMB should be undertaken as soon as possible.

Departmental TOMs and Estate Management



FINDING 30: There remains a lack of clarity around the success and implementation of the Infrastructure, Housing and Environment Department's (and Jersey Property Holdings) Target Operating Model (TOM), especially how priorities are determined in alignment with the Estate Management Strategy.



FINDING 31: The Committee is not satisfied that the Infrastructure, Housing and Environment Department and Jersey Property Holdings are working to create a clear and organised set of priorities within the TOM that align with the aims and values set out in the Estate Management Strategy.



FINDING 32: Jersey Property Holdings and its parent department, Infrastructure Housing and Environment are currently running at a vacancy rate of 30% and 25% respectively.



FINDING 33: Meaningful progress for reducing vacancies throughout the Infrastructure, Housing and Environment Department and Jersey Property Holdings department cannot be made without first undertaking a skills gap analysis, showing the skills they lack and formulating a plan to match what they need to do with who they need to employ (or redeploy) to do it.



FINDING 34: The PAC was disappointed to note that the IHE department's Annual Report 2020 only included one measure of property performance – the value of the estate. It did not measure the effectiveness of the property function.



FINDING 35: Although the restructuring of all departments via Target Operating Models has rationalised parts of their functions, it has not had any major positive impact on their property function or progressing the rationalisation of the Public Estate.



FINDING 36: The Director of Infrastructure, Housing and Environment had committed to completing the TOMs by Oct 1, 2021. However effective implementation of these TOMs is restricted by a lack of resources, both human and financial.



FINDING 37: There has been no review of the role and responsibilities of Jersey Property Holdings since it was established in 2005.



RECOMMENDATION 19: The role and responsibilities of Jersey Property Holdings should be revised as soon as possible, with particular regard to clarifying its expected role in the implementation of the Estate Strategy.



RECOMMENDATION 20: There must be an urgent assessment of the human and financial resources needed to deliver the implementation of the Estate Strategy.



RECOMMENDATION 21: Filling vacancies in IHE/JPH needs to be given top priority.



RECOMMENDATION 22: The Infrastructure, Housing and Environment Department should include in future Annual Reports an assessment of the effectiveness of the property function (including maintenance functions), incorporating fully developed and operational performance indicators and target completion dates.

Property Maintenance



FINDING 38: The current inaction and lack of a joined-up approach to property maintenance limits the potential 'economy of scale'⁴ cost savings.



FINDING 39: The current inaction and lack of a joined-up approach to property maintenance increases the States' liability and risks to the public.

⁴ For the purposes of this report the PAC refers to the widely accepted definition of 'economy of scale', i.e. cost advantages that can occur when the Government becomes more efficient, and fixed and variable costs are spread over more units of production, or a fall in average non-fixed costs by operational efficiencies and synergies



RECOMMENDATION 23: As a matter of urgency, clarification of overall responsibility and management of property maintenance, as envisaged in the Estate Management Strategy and One Government objective should be put in place to obtain economy of scale cost benefits, efficiencies and appropriate risk management of this function.

Concerto



FINDING 40: The asset management system, Concerto, is still not utilised to its full potential to maximise its benefit and value for money and is likely to be replaced by another system.



RECOMMENDATION 24: The PAC urges the IHE Department and its Property Division to undertake a cost-benefit analysis of the Concerto system to understand where mistakes were made and how they can be avoided in the future.



RECOMMENDATION 25: Any future asset management system should be fully utilised, to ensure value for money and aid a co-ordinated approach to property management and maintenance.

Disability Legislation



FINDING 41: The PAC is concerned that the Government of Jersey has not given full consideration to the full need for a cohesive and continuous disability strategy regarding property.



RECOMMENDATION 26: A detailed plan to ensure all States owned properties comply with disability legislation should be put in place and shared with stakeholders and property users clarifying needs and priorities along with associated implementation plans and anticipated costs and timing.



RECOMMENDATION 27: The designated 'responsible' team should produce an up-to-date, coherent and cohesive Property Management and Maintenance programme to include a programme/schedule of works on all buildings in the States Estate, linked to the Estate Management Strategy with regard to short-term/medium term and long-term plans for each property.

General



RECOMMENDATION 28: The Government should have clear ownership and pragmatic proactive oversight over a full, comprehensive property management and maintenance programme, using standardised industry recognised tools and processes, effective economy of scale, and close communications with service users to ensure minimum disruption to 'business as usual' of the service users.

Section 3 - Introduction

Purpose of the Review

- 3.1 Part of the Public Accounts Committee’s role is to assess whether public funds have been applied for the purpose intended by the States and whether sound financial practices have been maintained. This includes determining whether those funds have been used efficiently, effectively and economically to deliver value for money for the people of Jersey.
- 3.2 The States of Jersey owns a vast array of buildings and property assets, worth over £1 billion. Some are currently utilised; some are lying empty with agreed plans for future use, and some could potentially be repurposed or sold. The purpose of this report is to make sure we are making the most of our vast portfolio of property assets for the benefit of the public. The PAC is concerned that money spent on maintaining properties that are of no value, socially or financially, increases the risk and liability to the public. Further, sums spent on the estate as a whole, while there is no comprehensive implementation strategy which could outline ways to capitalise on ‘economies of scale’ centralisation of resources or evidence the use of industry-recognised tools to prioritise property needs and maximise the use of the Estate we already have, does not demonstrate good value for money.⁵ The PAC has been dismayed at the delay in publishing a Public Estate Strategy (March 2021⁶) compounded by further delay in forging an implementation plan to progress it (not due until March 2022⁷).

Background



⁵ Comments received from Director of JPH on 24 September 2021, to a draft version of the report, specifically the wording of this sentence: ‘There is a comprehensive implementation plan, pages 30- 43 of the public estate Strategy including section 6 ‘delivery of the Strategy’ (sic).

⁶ 29 March 2021: [Jersey’s first Public Estate Strategy published \(gov.je\)](https://www.gov.je)

⁷ [Transcript – PAC Quarterly Hearing with CEO and Treasurer of the States 13 September 2021, p.4](#)– interim Chief Executive confirms plan is to deliver in March 2022.

- 3.3 The (former) Comptroller and Auditor General (C&AG) published a [Report on Operational Land and Buildings](#) in June 2018, which concluded that operational land and buildings were not being managed efficiently and effectively across the States and that many of the objectives set for Jersey Property Holdings (sometimes referred to as the Property Division) when it was established in 2005 had not been achieved. The C&AG made wide ranging recommendations aimed at ensuring that States' property management would become fit for purpose and she identified two key priorities to achieve this: establishing a comprehensive property strategy and establishing a corporate group to lead strategic asset management.⁸
- 3.4 Since then, the PAC has sought to chart the progress of Jersey Property Holdings (JPH) and its 'parent' department Infrastructure Housing and Environment (IHE, formerly Growth Housing and Environment). The Committee has attempted to understand the IHE and JPH's role in developing a comprehensive property strategy linked to corporate objectives, maintaining deteriorating buildings and considering sales of non-necessary buildings/land in line with the [Common Strategic Policy](#) and [Government Plan](#) and implementing that strategy through a suitable corporate vehicle.
- 3.5 The PAC published a report on Estate Management in February 2019⁹ and the Government Senior Officers including the Chief Executive, accepted all of the recommendations in a formal response¹⁰, pledging to begin work on the Estate Strategy in March 2019. At that time, the PAC noted that the Government had not managed its Estate effectively for many years and urged senior officers to establish a cross-department body and produce a strategy that would set out which land and buildings could be put to better use, which should be sold, and which repurposed.

Delays - 2020

- 3.6 When the former PAC held a private briefing on 20th January 2020, followed by a [public hearing](#) on 3rd February 2020, with the Director General of GHE (now IHE), the Acting Director of the Property Division (now Director of Estates), and the Principal Planning Officer of Strategic Policy, Planning and Performance, it received assurances¹¹ that the Corporate Asset Management Board (CAMB) was functioning and would undertake a strategic overview of the acquisition, disposal, maintenance and use of all States-owned properties, and that the following issues would be soon resolved:
- the GHE departmental target operating model (TOM) would be finalised 'shortly';
 - the Estate Management Strategy would be made public by the end of February 2020;
 - the Concerto system (a database which would list and detail all States-owned properties and assets) would be 'live' by March 2020; and
 - the property audit for disability compliance was underway and should be ready by March 2020.

On the strength of these assurances, the former PAC temporarily halted its follow up review and published an interim Comments Paper.¹² Whilst the PAC accepts that the subsequent Covid-19 pandemic had a significant impact on progress in some areas of property and asset

⁸ C&AG's [Report on Operational Land and Buildings](#), June 2018

⁹ 4 February 2019: [PAC publishes report on Estate Management](#)

¹⁰ 11 April 2019: [Executive Response to PAC Report is published](#)

¹¹ [PAC Public Hearing with the Director General for Growth, Housing and Environment, 3 February 2020, p.5](#)

¹² [PAC Comments 27 February 2020](#)

management, it notes that the first case was only confirmed in Jersey on 10 March 2020, after the deadlines to most of the work had already passed.

- 3.7 The former PAC continued to gather evidence until it ‘fell’ in October 2020 and a new PAC was formed. This PAC has utilised the vital evidence gathered by its former members, also noting the amendments to the 2021 Government Plan by Senator Gorst¹³ and the Government Plan Review Panel¹⁴, which both suggested that the Government should improve its borrowing plans by making strategic use of an asset and or property strategy.
- 3.8 The PAC was set to publish a follow-up report in December 2020. Given the fact that an Estate Strategy had still not been published but was at the final drafting stage, and at a [Quarterly Hearing with the former Chief Executive](#), on 7th December 2020, it was revealed that a draft ‘Public Estate Strategy’ (first seen by the PAC almost a year before, in January 2020) would be presented to the Council of Ministers on 9th December 2020, the PAC agreed to review the document thoroughly before presenting its own report. However, despite assurances it would be circulated to States members, the Estate Strategy was not in fact published until March 2021.¹⁵

Delays - 2021

- 3.9 The PAC subsequently reviewed the Public Estate Strategy and revised the terms of reference for a [review](#) of the management of States-owned land and buildings accordingly. It wanted to consider how comprehensive and coherent the Strategy was, given that it did not include ways to rationalise the estate, nor include an implementation plan. Further, the PAC recalled that in February and June 2020¹⁶ the PAC was assured that the Corporate Asset Management Group (responsible for all decisions and funding across the Government related to the Estate) had been established and working since November 2019, however at PAC’s [public hearing with the \(former\) Chief Executive in February 2021](#), it was told that the Board had previously been operating in ‘shadow’ form and had in fact only held its first formal meeting in October 2020.¹⁷
- 3.10 Before the PAC held another hearing with the Director General, Growth, Housing Environment (now IHE), it wanted to hear from other departments, including those whose estate was not fully under the property management auspices of Jersey Property Holdings, such as ‘Health’¹⁸ and ‘Education’.¹⁹ The Committee remained concerned that there still appeared to be no centrally co-ordinated approach to property acquisition, disposal, management or maintenance. It also sought views from all interested parties and gathered evidence from other Government departments, Charities, Arms-Length Organisations such as Ports of Jersey, and States owned organisations such as Jersey Opera House as well as other building users, to determine the success or otherwise of the Government’s efforts to:
- Implement a comprehensive and coherent Public Estate Strategy through a centralised body
 - Engage with public and key user groups such as the elderly and disabled, to develop the strategy
 - Maximise the property portfolio to provide value for money for Islanders

¹³ [P.130-2020 Amd.\(14\)](#)

¹⁴ [P.130-2020 Amd.\(16\)](#)

¹⁵ 29 March 2021: [Jersey’s first Public Estate Strategy published \(gov.je\)](#)

¹⁶ [Public Hearing with the Acting Director General for Growth, Housing and Environment, 29 June 2020](#)

¹⁷ [PAC public hearing with \(former\) Chief Executive 8 February 2021](#)

¹⁸ [PAC public hearing with Director General Health and Community Services 28 June 2021](#)

¹⁹ [PAC public hearing with Director General of Children, Young People, Education and Skills 24 May 2021](#)

- Ensure States' property complies with disability legislation
- Develop a co-ordinated approach to property maintenance including a plan to reduce risks and liability

A full timeline, detailing the chronology of various decision-making bodies, starting with the establishment of JPH in 2005 is shown at Appendix 4.

3.11 Throughout this report, the PAC sets out its investigations into the lack of progress in producing a joined up strategic approach to managing the Public Estate. Although Jersey Property Holdings maintains that the Implementation Plan contained in Section 6 of the [Estate Strategy](#) is 'comprehensive'²⁰, the PAC fundamentally disagrees and sets out its detailed reasoning in the following sections of this report.

²⁰ Comments received via email from Director of JPH on 24 September 2021: 'There is a comprehensive implementation plan, pages 30- 43 of the public estate Strategy including section 6 'delivery of the Strategy'

Section 4 - Estate Strategy: Strategic Overview, Roles and Responsibilities

Term of Reference: 1. To assess the progress on overall arrangements of the Government's strategic property function since the previous PAC's [report](#) of 2019, including:

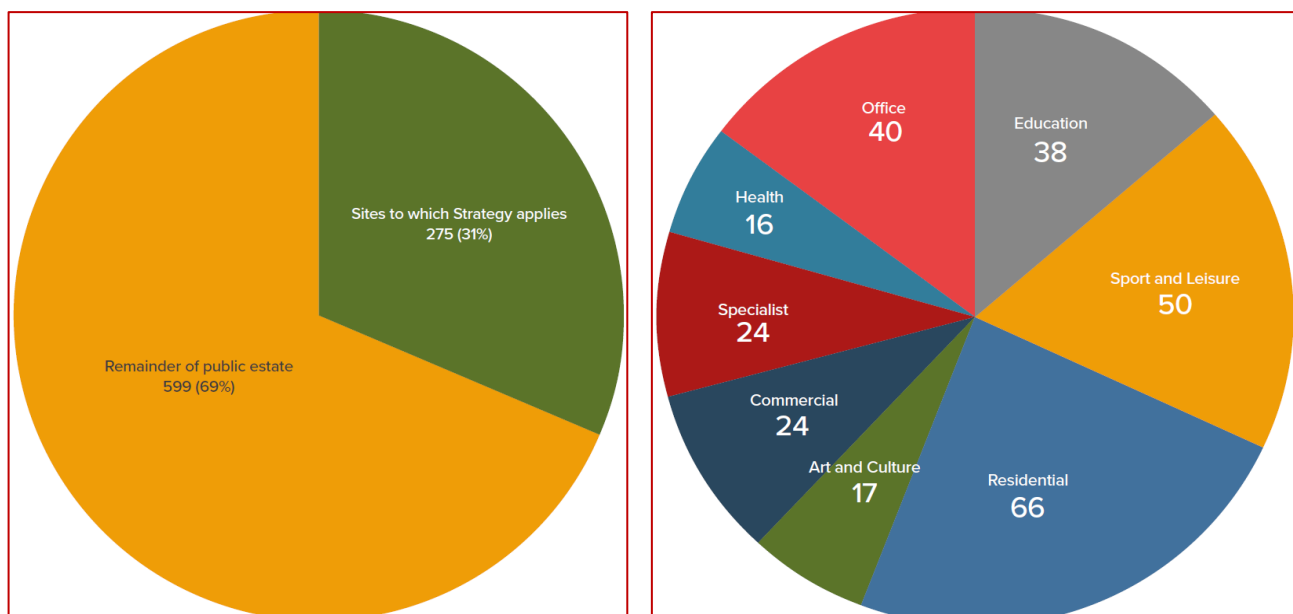
- a. The role and performance to date of the Corporate Asset Management Group, its relationship to the Regeneration Steering Group and its development of a Corporate Asset Management Plan.

Background

- 4.1 The Comptroller and Auditor General's (C&AG) [Report on the States of Jersey Development Company](#) (June 2020) found that the Government did not yet have an integrated strategic framework for asset management and regeneration. She recommended that a timetable for the finalisation of the Estates Management Strategy and 5-year Asset Management Plan be finalised as soon as possible and that the Government should ensure that future plans are fully integrated across all areas of the Government including States Owned Entities (SOEs).
- 4.2 The [Executive Response](#), issued jointly by the Chief Executive and the Director General for the Department for Treasury and Exchequer (DG) (formerly the Treasurer of the States), was received by the Public Accounts Committee (PAC) on 24th July 2020 and presented to the States and published shortly thereafter. The Executive Response states that a "clear timetable" for the finalisation of the Estates Management Strategy and 5-Year Asset Management Plan would be prepared "as soon as possible".
- 4.3 The [Estate Strategy](#) was eventually published in March 2021. At Appendix 1 of this report, the PAC sets out the timeline of events leading to its publication. Below is a schematic from the Strategy illustrating the elements that it would affect:



- 4.4 Also in the Strategy is a diagram showing that of the 874 property assets, most of which are 'controlled' by other departments, the Strategy is applied to 275 assets with a value of over £773 million. This means that the Estate Strategy only applies to just under a third (31%) of the whole estate:



Background to Overall Strategic Arrangements

- 4.5 Part of the difficulty in progressing this review has been in receiving often incomplete and conflicting advice about who is actually in charge of Estate Management, for example, who decides the strategic direction or directs the management of the portfolio, and drives the necessary changes, and who is in charge of operational activities such as maintenance. The PAC is reminded that the 2021 [Estate Strategy](#) follows in many ways the principles of the proposition [P.93/2005 \(gov.ie\)](#) of 2005 which established Jersey Property Holdings in order to bring coherence in all Government property activities. We look at the implementation of the Strategy in more detail in Section 5 and the role of Jersey Property Holdings in Section 8 of this report. In this section of the report, the PAC has tried to establish who does what in the several interconnected groups involved in managing various aspects of the States' Estate, bearing in mind that fifteen years after the establishment of JPH, all States property assets are still not administered and managed by a single 'corporate landlord', through service level agreements covering maintenance, occupation, supply and servicing. The Estate Strategy envisions that, *'All assets held across all government departments would fall under the management of a single corporate landlord within the Department of Infrastructure, Housing and Environment (IHE).'*²¹
- 4.6 The PAC understands from the diagram of the governance structure, provided in the [Estate Strategy](#) and reproduced overleaf, that the Regeneration Steering Group (RSG) functions as the political body, and the Corporate Asset Management Board (CAMB) as the Officer body for the management of the States' public estate, chaired by the Director General of Infrastructure, Housing and Environment (IHE).
- 4.7 However, the diagram appears to be over simplified, for example, it omits the Minister for Infrastructure's decision-making on property, does not represent the relationship

²¹ [Island Public Estate Strategy 2021-35, p.6](#)

between individual departments, the Corporate Asset Management Board and States Owned Entities such as the States of Jersey Development Company, nor does it show the central role of Jersey Property Holdings:²²

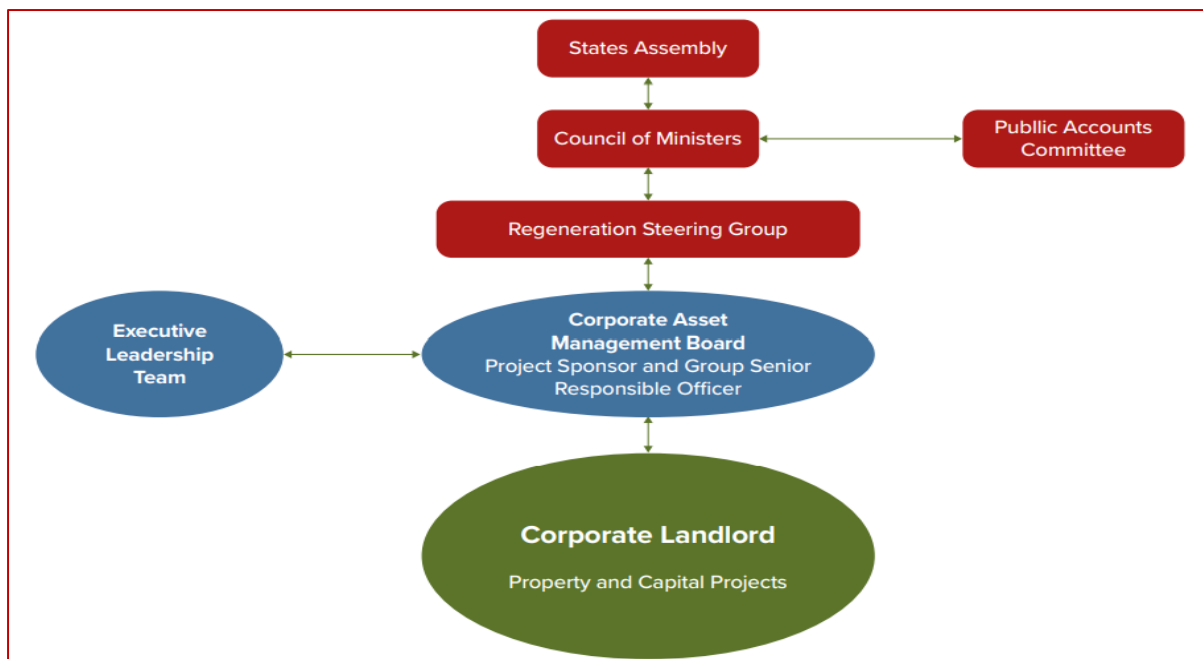


Diagram from Estate Strategy (March 2021)²³

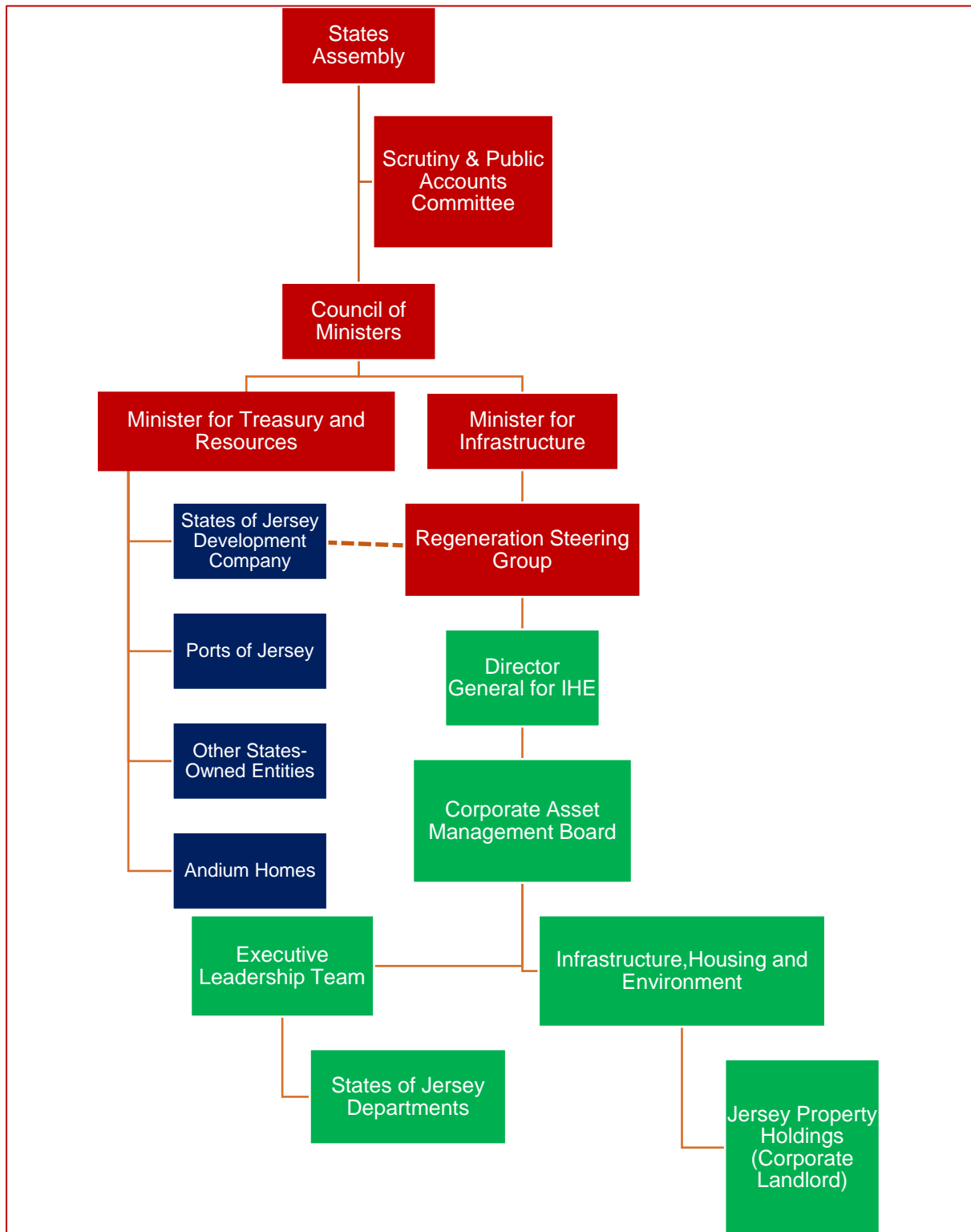


FINDING 1: The diagram representing the governance structure of property-related bodies as shown in the Estate Strategy is over-simplified, for example, it omits the Minister for Infrastructure’s decision-making on property, it fails to show the relationship between individual departments, the Corporate Asset Management Board and States Owned Entities such as the States of Jersey Development Company, and it does not depict the central role of Jersey Property Holdings.

4.8 Overleaf, the PAC has attempted to produce a more realistic schematic representation overleaf, capturing more of the current decision-making key players and processes (excluding those departments which retain property maintenance functions such as Education and Health and excluding the relationships between individual States Owned Entities/Arms Length Organisations):

²² The purpose of Jersey Property Holdings as set out in (P.93/2005) is to ensure coherence in all Government property activities.

²³ [Island Public Estate Strategy 2021-35, p.29](#)



Background to Regeneration Steering Group (RSG)

4.9 The PAC wanted to understand if the linear depiction of decision-making bodies reproduced in the [Estate Strategy](#) translated to an equally simple and effective process to implement the Strategy and manage the Public Estate. It recalled that the Regeneration Steering Group's role was re-established in 2010²⁴ via a States proposition as it had primarily related to the political oversight of the States of Jersey Development Company (SOJDC) in developing the Waterfront. The report accompanying the proposition [P.73/2010](#) describes it thus:

*... the Regeneration Steering Group is primarily concerned with translating masterplans developed by the Minister for Planning and Environment into workable and economically viable Development Plans ... **The Regeneration Steering Group therefore provides a guiding framework for the activities of The States of Jersey Development Company** and, apart from receiving regular updates and agreeing changes to approved plans, has no direct role in operational matters, which is firmly for the Board of Directors (emphasis added).*²⁵

4.10 In the report accompanying the proposition, it appears there was an understanding that the RSG should have a much wider remit, although still focussed on 'regeneration' rather than redevelopment or acquisition/disposal of assets:

Section 7: Regeneration Steering Group (RSG)

*The prime purpose of the Regeneration Steering Group is to provide a political steer and/or guidance in order to inform policy guidelines for all major Public property and infrastructure regeneration projects in Jersey.*²⁶

4.11 The report goes on to state the expected contributions and input from other bodies such as the Minister for Planning and Environment, Parish representatives and Jersey Property Holdings, when planning the development of regeneration projects. However wide the remit of RSG, the report clearly envisages the States of Jersey Development Company (SOJDC) to be identifying and developing sites:

The Regeneration Steering Group will ...

- *ensure the interests of the Public are protected throughout the promotion, commissioning, and implementation stages of each project **as it steers The States of Jersey Development Company Limited and receives regular progress updates from the company in respect of specific schemes** (emphasis added)*
- *Direct the activities of Jersey Property Holdings in terms of the release of public sites for regeneration projects through Strategic Plans and Business Plans. By means of the Regeneration Steering Group, the Public retains an interest in each regeneration project throughout delivery.*²⁷



FINDING 2: The Regeneration Steering Group was established in 2010 under [P.73/2010](#) as a political oversight body primarily focussed on regeneration projects relevant to the Waterfront and steering the States of Jersey Development Company.

²⁴ [P.73/2010: Property and Infrastructure Regeneration: The States of Jersey Development Company Limited](#)

²⁵ [P.73/2021, pp.4-5](#)

²⁶ [P.73/2021, p.10](#)

²⁷ [P.73/2021, p.12](#)

Function of RSG Since Restructuring of Government Departments

2020

4.12 The Committee notes that departmental restructuring and Target Operating Models render many of the bodies mentioned in 2010 redundant or out-of-date. Furthermore, the subsequent establishment of the Corporate Asset Management Board and the Regeneration Steering Group's expansion of responsibilities should have triggered an update of its membership and Terms of Reference, aligning both bodies' purpose and function. The PAC examines the role of Jersey Property Holdings in more detail in Sections 5 and 8 of this report, but note that its functions, as envisaged at the time of its establishment in 2005²⁸ have also either not been fully realised or have changed since the RSG came into being. There are also several policies, initiatives and activities which have been developed since 2010, including the [Sustainable Transport Policy](#) and the [\(draft\) Bridging Island Plan](#), which are not reflected in the current role of the RSG.



FINDING 3: Departmental restructuring including Target Operating Models render many of the bodies mentioned in P.73/2010 redundant or out-of-date.

4.13 The PAC recalled that during mid-2020 public hearings, it had received repeated assurances that the Regeneration Steering Group had revised its terms of reference to take on a wider purview, clarifying and updating its function:

Interim Director, Jersey Property Holdings (June 2020)

The Regeneration Steering Group terms of reference have been clarified and the remit for a wider purview across all of government has been confirmed ... I think the R.S.G, although traditionally its role may have been seen as being disposals for the States of Jersey Development Company, the terms of reference give the R.S.G. a wider purview. So it is not just disposals. It has a view on a whole variety of projects, including redevelopment and regeneration ...²⁹

Former Chief Executive (July 2020)

... we have made some revisions to the terms of reference and roles and responsibilities for the Regeneration Steering Group, which also means you have got some political oversight of (CAMB). That framework was in effect drafted in 2019 but for the reasons I have just rehearsed is yet to come back in its final form for you to see alongside the Council of Ministers as I just referenced.³⁰

2021 Progress

4.14 The PAC was keen to understand why, after another full year, following repeated assurances that the Terms of Reference of the Regeneration Steering Group would be 'refreshed', it still had not been done. At a public hearing on 12th July 2021³¹, the Director General IHE informed the Committee that:

The RSG. is chaired by the Chief Minister ... The RSG. is something we need to review and look at. From the officer side, we are clear that the estate strategies are gaining

²⁸ P.93/2005: <https://statesassembly.gov.je/assemblypropositions/2005/41563-18754-352005.pdf>

²⁹ [Public Hearing with the Acting Director General for Growth, Housing and Environment, 29 June 2020, pp.11-2](#)

³⁰ [Quarterly Hearing with the former Chief Executive, 27 July 2020, p.4](#)

³¹ [PAC Public Hearing with Director General Infrastructure Housing and Environment and Director of Estates, 12 July 2021](#)

momentum. What I would like to see is a Government political property board, which is very clear that it is there to make property decisions. At the moment the R.S.G. gets conflated with the Regeneration Steering Group ... it steers regeneration strategy as opposed to making property decisions. Now is the time to review that. The R.S.G. was set up when we had created the States of Jersey Development Company to give it direction. Subsequent to that, we have incorporated Ports, we have incorporated Andium, and so it is very much time for that group to be revised. ... there is likely to be a function being created in our policy team around regeneration strategy, which is a helpful grouping to inform a political group to talk about regeneration strategy.

... There is a bit of confusion, if I am being honest, about which group is making decisions. Because ultimately property decisions are within the remit of the Minister for Infrastructure ... So what the Minister for Infrastructure needs is a property board to give him comfort - it is currently him - around making that decision. That is not the same as the Government's wider strategy or policy position on where it wants town to go or the Island to go. How it deals with its assets in line with the strategy is separate from just mundane property decision-making.³² (emphasis added)

- 4.15 The PAC was left confused by the Director General's answer, especially with regard to the 'conflation of the RSG with the Regeneration Steering Group'. It understands them to be one and the same entity.

Minutes

- 4.16 Following the July 2021 public hearing, the PAC made another request to see the RSG minutes from 2018, so that it could ascertain how the Group worked with the Corporate Asset Management Board, and what matters it discussed. It received them on 13th August 2021. A senior officer sent the 'refreshed' terms of reference and scope of the RSG, as agreed by the RSG in February 2020 but admitted that the approach taken by the Group was not to advise the States Assembly of the changes, nor update the decisions taken by the Assembly in 2010, but rather to provide additional clarity to support the group.³³ The revisions included:

- the scope of the group includes all *major*³⁴ public property and infrastructure regeneration projects whether undertaken by Departments and Arms-Length Bodies;
- that RSG it has a role around project initiation and material variations.
- that where RSG are satisfied that another oversight body has been created for a project, that body should proceed with limited reference to RSG, save to keep RSG informed.

- 4.17 The Committee noted that RSG met a total of seven times in 2020 and approximately once a month in 2021. The Committee noted that the 'refreshed' terms of reference and revised scope of the Group had not been more widely circulated and so would have little, if any, impact on departments or other States entities reporting into it. Indeed, in an August 2021 letter from the IHE department³⁵, the Director of Estates confirmed that '*the remit of RSG has remained as drafted in [P.73/2010](#)*'. In the same letter, the Director

³² [PAC Public Hearing with Director General Infrastructure Housing and Environment and Director of Estates, 12 July 2021, p.12](#)

³³ Email from MSU officer to Scrutiny Officer 3 August 2021, including attachments of terms of reference and scope for RSG, email on 13 August from same officer included minutes of RSG.

³⁴ The PAC took the reference to major projects to correspond with the definition in the [Public Finances Manual \(gov.je\)](#), although this should be confirmed

³⁵ PAC letter to DG IHE and Director JPH 29 July 2021, response received 25 August 2021

General IHE confirmed that in his 'personal view', he '*would like to see a political board to give effect to property decisions*', but he did not answer why and how that differed from the RSG's current role nor what he had done to advance that position, only that, '*we will consider working up to get the views of the RSG on (it) in due course.*'

- 4.18 The Committee considered this response to be unhelpfully lacking in coherence or explanatory detail. It sought clarification from the interim Chief Executive at its Quarterly Public Hearing in September 2021:

Mr. G. Phipps:

How has the remit of R.S.G. (Regeneration Steering Group) changed since 2010 when it was formed with the original purpose of a political oversight body for S.O.J.D.C (States of Jersey Development Company) when developing the waterfront?

Interim Chief Executive:

...I am not certain that that remit has changed since 2010 ...I think everything merits a re-look... in well-run organisations we are constantly reviewing and re-evaluating and I am sure that should be the case there as well.

Mr. G. Phipps:

We are also trying to understand (Corporate Asset Management Board) C.A.M.B.'s role and rationale underpinning prioritisation of competing needs for the use of buildings for their reuse, acquisition, disposal ... How does R.S.G. work with C.A.M.B. to do this?

Interim Chief Executive:

*...I should caveat my answer with that sense that this is still a relatively new arrangement. But the merit of the Corporate Asset Management Board, one of its merits is that it **can provide an overview working with departments of departmental needs.** ...**what are the departmental requirements and how should that inform the priorities of our approach to corporate asset management? In turn, that insight and expertise would advise the Regeneration Steering Group.** Of course we must also acknowledge that all of this evidence-based gathering and analysis ultimately feeds into decisions of the States Assembly because in the Jersey system it is the States Assembly itself that takes the ultimate decisions about the transfer of assets and, potentially, the sale of assets.³⁶*

Relevance of RSG

- 4.19 The Committee considers that the relevance, or lack thereof of the Regeneration Steering Group to ongoing property development in the States portfolio was apparent in a recent States debate about the protection of amenities in Springfield Park³⁷, where the Connétable of St Helier, despite sitting on the Regeneration Steering Group, had not brought the initial discussion to the RSG, and the Minister for Infrastructure accepted that not all of the proposals for developing the site had been seen and considered by the RSG:

Deputy Gardiner:

I am going back to the strategic vision and I would like to ask the Constable ...if it is possible to follow the process that our Government set in the estate strategy published in March 2021. There are 3 steps ...supporting regeneration, sustainable environment and vibrant economy. ... The Board should present to the Regeneration Steering Group and the decision from the Regeneration Steering Group should be submitted to the Council of Ministers. I would like to ask the Constable if the current planning application

³⁶ [PAC Quarterly Hearing with Interim Chief Executive, 13 September 2021, pp.21-2](#)

³⁷ [States Debate 22 July 2021 Hansard record p.29](#)

for Springfield to be redeveloped has gone through the consideration of the Regeneration Steering Group, and if the Constable attempted to follow the procedure; or we created a procedure that does not work ...

Connétable of St Helier

Deputy Gardiner asked me for a specific question about the estates strategy and whether I had gone down various stages of it, and I confessed that I had not.

Deputy Gardiner

Recommendations from this (Corporate Asset Management) Board should be presented to the Regeneration Steering Group before presenting to the Council of Ministers. My question is about the use of the space for the sports facilities, which are needed ... Have these been presented to the Regeneration Steering Group, ... (was the) discussion taken at the Regeneration Steering Group before it proceeded to action?

Minister for Infrastructure

The Regeneration Steering Group, of which I am a member, also the Constable of St. Helier, most of it has. Some parts have been discussed, the relocation of sports, et cetera, but I am not sure the exact detail of that. I need to get back to the Deputy on that.

- 4.20 At its public hearing with the interim Chief Executive in September 2021, the Chair of the PAC again tried to establish the relevance of the Regeneration Steering Group in the decision-making process around property:

Deputy I. Gardiner:

(Was) Les Quennevais discussed at Regeneration Steering Group?

Director General, Infrastructure, Housing and Environment:

I think I am going to say I do not know.

Deputy I. Gardiner:

Okay, it will be good to check. (Was) the public estate strategy discussed and on the agenda of the Regeneration Steering Group during the last year?

Director General, Infrastructure, Housing and Environment:

I am going to say I think they have but I am going to need to check the minutes as to whether they have commented on it, as opposed to just received it as an item.

Deputy I. Gardiner:

If the Minister for Infrastructure in the Estate Strategy - we are trying to understand the structure - can overrule the decision or suggestions from the Regeneration Steering Group, where does the decision lie?

Interim Chief Executive:

I am sure that the Minister is guided by the Regeneration Steering Group.³⁸

- 4.21 The interim Chief Executive confirmed later in the September 2021 public hearing, that “the Regeneration Steering Group (chaired by the Chief Minister) has provided a very clear sense of direction and aspirations of change”, but that it was “alert to the need to review its way of working and the Constable of St. Helier is actively considering how that governance should work and plausible sub-committees that might attach to the Regeneration Steering Group. For certain the Regeneration Steering Group is currently itself re-evaluating its own way of working’.

³⁸ [PAC Quarterly Hearing with Interim Chief Executive, 13 September 2021, pp.23-4](#)

- 4.22 The PAC agreed that the Regeneration Steering Group should widen its purview to encompass all aspects of States Estate acquisition, disposal, repurposing and management, with an aim to presenting its aims and objectives to the States Assembly. Consequently, it should review its membership and update its terms of reference accordingly.
- 4.23 The Committee further agreed that, for the sake of clarity, the Regeneration Steering Group should advise the States Assembly of its relevance to, and alignment with, all aspects of Public Estate acquisition, disposal, repurposing and management, referencing the 'drivers of' and triggers for, all Public Estate activities, including:
- its place in the governance structure of the Government and its relationship with all States Owned Entities, Arms-Length Organisations and other property-related groups such as the Corporate Asset Management Board
 - a clear and objective referral and decision-making process for property/land through the governance structure, based on clearly understood criteria, such as size, cost and/or strategic importance in the Public Estate.
 - A monitoring process whereby the overall effectiveness of the Regeneration Steering Group can be tracked, to ensure it is fulfilling its agreed role and is providing value for money.



FINDING 4: There are several policies, initiatives and activities which have been developed since 2010, including the [Sustainable Transport Policy](#) and the [\(draft\) Bridging Island Plan](#), which are not reflected in the current role of the Regeneration Steering Group.



FINDING 5: The Regeneration Steering Group has not clarified how it has widened its purview to encompass all aspects of Public Estate acquisition, disposal, repurposing and management.



FINDING 6: The extended responsibilities of the Regeneration Steering Group should have triggered an update of its membership and Terms of Reference.



RECOMMENDATION 1: The Regeneration Steering Group should, without delay, review its membership and update its Terms of Reference, encompassing:

- its relevance to, and alignment with, all aspects of Public Estate acquisition, disposal, repurposing and management, referencing the 'drivers of' and triggers for, all Public Estate activities
- its place in the governance structure of the Government, including (but not limited to) its relationship with States Owned Entities, Arms-Length Organisations and the Corporate Asset Management Board
- a clear and objective referral and decision making process for property/land through the governance structure, based on clearly understood criteria, such as size, cost and/or strategic importance in the Public Estate.



RECOMMENDATION 2: The Regeneration Steering Group should present to the States Assembly its updated membership, function, role, responsibilities, aims and objectives.



RECOMMENDATION 3: Mechanisms should be put in place to monitor and track the overall effectiveness of the Regeneration Steering Group to ensure it is fulfilling its agreed role and is providing value for money.

Corporate Asset Management Board (CAMB)

- 4.24 The PAC understands from the schematic diagram provided in the [Estate Strategy 2021-2035](#) (March 2021) that the Corporate Asset Management Board (CAMB) is the senior officer-led body charged with managing the States' public estate³⁹, chaired by the Director General of Infrastructure, Housing and Environment (IHE). The Committee sought to understand whether it functioned well, given the problems with its political arm, the Regeneration Steering Group described previously.

2020 Background to Establishment of CAMB

- 4.25 In June 2020, the Director of Jersey Property Holdings told the Committee:

*“... What we are putting in place or we have had in place since November (2019) is the Corporate Asset Management Board that feeds into the Regeneration Steering Group. The Corporate Asset Management Board is a senior officer level organisation and group. **It considers all the requirements from across government, prioritises them and then proceeds to effect them.** At the moment I think we had the third meeting of the Corporate Asset Management Board last week and (it is) still finding its feet ... (emphasis added)*

*The Corporate Asset Management Board is an officer level organisation that will take, if you like, the broad variety of priorities, aspirations, tasks. Some will be disposals, some will be development, some will be the opportunity to have additional capacity or facilities and **will look at those competing issues. It will then discuss, in light of the Government's objectives, the Island Plan, the Government Plan, and make recommendations that will go forward to the R.S.G. and for the R.S.G. to note and make recommendations back to the political bodies that will authorise ...***⁴⁰

- 4.26 During the PAC's Quarterly Hearing with the former Chief Executive on 27th July 2020, the PAC heard that the establishment of CAMB, was, “*about better co-ordination*”.⁴¹ At its Quarterly Hearing on 7th December 2020, the PAC was told that there was a firm operational divide between the work of the Board and the (former) Chief Executive.⁴²

2021 Progress

- 4.27 Because the PAC had been repeatedly assured that the Corporate Asset Management Board was established and in operation since November 2019, it was extremely surprised to hear at its [public hearing with the \(former\) Chief Executive in February 2021](#) that it had previously been operating in ‘shadow’ form and had in fact only held its first formal meeting in October 2020.⁴³ The PAC followed up the February 2021 hearing with a number of clarification points for the Chair of CAMB (the Director General of IHE), relating to his priorities for 2021. He reassured the Committee in writing that:

The Corporate Asset Management Board has sat tentatively, however, **as the Estate Strategy was not yet approved, it has not been able to embark fully on the role of coordinating prioritising allocating and developing the property needs of the various elements of the government, this will be a priority for 2021.**⁴⁴

³⁹ [Public Hearing with the Acting Director General for Growth, Housing and Environment, 29 June 2020](#)

⁴⁰ [Public Hearing with the Acting Director General for Growth, Housing and Environment, 29 June 2020, pp.11-2](#)

⁴¹ [Quarterly Hearing with the former Chief Executive, 27 July 2020, p.4](#)

⁴² [Quarterly Hearing with the former Chief Executive, 7 December 2020, p.13](#)

⁴³ [PAC public hearing with \(former\) Chief Executive 8 February 2021](#)

⁴⁴ Letter sent by email to PAC from DG IHE 21 December 2020

The decisions taken by the CAMB are in line with the strategy approved by CoM (Council of Ministers) and are ratified by the RSG and the CoM. The CAMB is an officer body and RSG and CoM are political. Once a proposal is approved by the political bodies, it is notified to the Minister for Infrastructure for executive action.

- 4.28 The PAC was keen to chart any progress of CAMB in ‘*co-ordinating, prioritising allocating and developing the property needs of the various elements of the Government*’ as pledged by its Chair. He reassured the PAC at its [public hearing](#) in July 2021:

Director General IHE (Chair of CAMB)

*So the Corporate Asset Management Board ... it is now meeting. It is a forum through which service departments can come and express their property needs.*⁴⁵

- 4.29 The PAC wanted to view the minutes of meetings of the Corporate Asset Management Board to ascertain how effectively it feeds into the Regeneration Steering Group. The minutes of CAMB were sent to the PAC **confidentially** on 23rd June 2021 and the PAC could not find any reference to a systematic referral to the Regeneration Steering Group on any topic other than the future hospital.

Public Knowledge

- 4.30 The PAC notes that little information is publicly available on CAMB, its remit and its composition, and it therefore considers that its function will not be widely known or understood. In a written response (August 2021⁴⁶) to the Committee’s request to understand CAMB’s role, how it worked with the RSG, and its rationale for prioritisation of competing needs for land use, or for a building’s reuse, acquisition or disposal, the Director of Estates replied, ‘*RSG provides feedback to reports and recommendations made by CAMB*’.

- 4.31 In the same (joint) letter, the Director General of IHE (as Chair of CAMB) advised that the three key objectives for CAMB for the rest of 2021 and for 2022, were:

1. Develop asset management plans
2. Complete the development and analysis of the (Key Performance Indicators) KPI's to monitor the strategy and support the AM (asset management) process.
3. Reinforce the communication of the strategy objectives and actions.

- 4.32 The Committee considered the responses to be unhelpfully vague and generic, therefore rendering them virtually meaningless.

Drivers and Leadership

- 4.33 At a public hearing in July 2021⁴⁷, the PAC had been surprised to hear that neither Jersey Property Holdings or CAMB were considered to be the ‘drivers’ of *co-ordinating, prioritising allocating and developing the property needs of the various elements of the Government*. The Director General IHE made clear that CAMB “*is there for a bit of heavy-lifting around who gets what property-wise within our current government*”

⁴⁵ [PAC Public Hearing with Director General Infrastructure Housing and Environment and Director of Estates, 12 July 2021, p.3](#)

⁴⁶ PAC letter to DG IHE and Director JPH 29 July 2021, response received 25 August 2021

⁴⁷ [PAC Public Hearing with Director General Infrastructure Housing and Environment and Director of Estates, 12 July 2021](#)

structure. **We are not having a strategic conversation.**⁴⁸ Instead, the Director General told the Committee that the onus should be on the individual departments identifying (unprompted) their own property needs and then approaching CAMB:

Mr. G. Phipps

...You are the Director General of Infrastructure, Housing and Environment and the Chair of the Corporate Asset Management Board ... the Asset Management Board is made up of senior officers and it is mandated to work out a comprehensive plan for the estate strategy, including determining the property needs of each department in the short, medium, long term. This raises the question: do you wait until they provide it or do you take the initiative to ask the question?

Director General, Infrastructure, Housing and Environment

*... For me the biggest risk is that **it is left to officers or a Property Holdings function to make all of those decisions on behalf of Government.** It puts it in a very difficult position to do so. ...So therefore my number one ask is to have more cross-political complexion to how we are making property decisions on our estate so that we can transparently say: "Yes, that is in the interests of the Island, therefore we are going to do that." At the moment we do get quite a number of independent views on property being taken, which invariably leads to propositions in the Assembly or a potential dilution of the journey that we are on. So for me it is one big ask rather than 3 in there.*

Mr. G. Phipps

It is an ask but it is also in your role probably, you are the best suited to bring that forward. Would that be fair to say?

Director General, Infrastructure, Housing and Environment

*I do. It is certainly incumbent on me and my department to be coming forward to say this is how we think this could work more easily for the Government or more transparently. How do we go about making some of these decisions? ... **I want to give people, or certainly the body politic, confidence that we have done the right process at the right time, that we have assessed it for the right reasons, therefore that is why we have produced that decision...***

*... **So it goes back to that sort of asset management approach of knowing what you have, and only the services really know what they have, and how they want to use them going forward. But that vision should be driven by the service. We then translate that need into what is your real-estate requirement?** Do you have a people requirement? Do you have an I.T. requirement? Those sort of things. So in that sense Property is a corporate resource that helps the service department deliver.⁴⁹*

Departments' Role

- 4.34 The PAC has not heard any evidence from any departmental Accountable Officer other than IHE, confirming that individual departments are expected to provide details to CAMB on their property requirements (without prompting from the JPH, CAMB or any other centralised property body). The Committee is very concerned that the Chair of CAMB considers it incumbent upon departments, with little or no experience in property matters or an understanding of prioritisation criteria, to provide the necessary impetus:

⁴⁸ [PAC Public Hearing with Director General Infrastructure Housing and Environment and Director of Estates, 12 July 2021, p.46](#)

⁴⁹ [PAC Public Hearing with Director General Infrastructure Housing and Environment and Director of Estates, 12 July 2021, pp.26-7](#)

“...It is incumbent on the service department to be clear where their direction of travel is. It is either a direction of travel related to the assets they currently have, which are getting worn out and need replacing, or it is a growth service ...”⁵⁰

- 4.35 The Director General went on to make an analogy: “*It is like asking our I.T. (Information Technology) Department to solve everybody’s I.T. issues without the client departments telling them what their needs are.*”⁵¹ However, the Committee considers that this analogy does not hold up under closer scrutiny. CAMB and JPH were specifically set up to proactively ‘solve’ previous poor Public Estate management. The Committee is sure that if the IT department had been established to co-ordinate, prioritise, allocate and develop the Information Technology needs of the various Government departments, its primary objective would be to ascertain what those needs were.
- 4.36 The PAC attempted to further clarify the understanding of the DG IHE and the Director of JPH in a follow up letter to the department in July 2021. Below is an extract of the questions and answers given⁵²:

PAC Question: Some departments have told us they have not been asked what their short-to-long term property needs are. You told us at the 12th July 2021 public hearing that departments should come to you. How do you ensure this stance is clear and understood by all departments and States owned property holders?

IHE/JPH Response: The CAMB is the principal channel through which the estate management process and objectives are communicated.

PAC Question: Why, as the centralised property experts, isn’t it your (or JPH) responsibility to proactively drive an assessment of property needs?

IHE/JPH Response: There is strong collaboration between JPH and the services areas when managing the property needs. Generally, JPH will assess the property suitability and requirements, **which will be based upon the service needs that are driven by the relevant directorates.**

- 4.37 The PAC found the responses to be lacking in detail and is troubled by the current ‘reactive’ and *ad-hoc* approach of CAMB. In his written response to follow up questions, the Director General IHE did not answer the Committee’s query as to whether its current approach was adequate, but stated:

‘The knowledge of the specific requirements of any given service will always rest with the appropriate directorate, the role of the corporate landlord is to support these needs but challenge them to ensure that the best outcome can be achieved for that service within wider Government objectives as set by the Government Plan and Estate Strategy. Priorities will then be assessed by CAMB within this context and recommendations made to RSG and the Minister for final approval.’

- 4.38 The Committee looks at the prioritisation and decision-making process in more detail in Section 5. Regarding the bodies involved in the process, it notes an absence of a ‘delegation of authority’ and clarity on overall responsibility. Furthermore, the Committee does not share the Director General’s confidence that, *‘the information to support decisions is shared at project level officer meetings and then reviewed at CAMB and*

⁵⁰ [PAC Public Hearing with Director General Infrastructure Housing and Environment and Director of Estates, 12 July 2021, p.27](#)

⁵¹ [PAC Public Hearing with Director General Infrastructure Housing and Environment and Director of Estates, 12 July 2021, p.23](#)

⁵² PAC letter to DG IHE and Director JPH 29 July 2021, response received 25 August 2021

RSG⁵³ There is no evidence that competing specific estates needs that come from different divisions of the Government, are *'discussed and resolved at CAMB before being taken to RSG and the Minister'*⁵⁴ (as stated by the Director General).

- 4.39 The Committee is concerned that JPH, CAMB and IHE do not consider themselves to be, nor do they want to be, 'driving' or proactive forces in engaging with departments and SOEs to assess property needs and strategise accordingly. Conversely, the Committee received the following response in the same letter: *'Changing the current culture of departmental property decisions and moving towards the new corporate landlord model is the main challenge, but the establishment of CAMB and clear political direction to delivering the (Estate Strategy) has been a positive force.'*⁵⁵ The PAC concludes that, as the property experts CAMB is uniquely placed to actively seek individual department's views on their property needs in the short, medium and long-term.

Conflation of Leadership Roles

- 4.40 One of the most troubling aspects to the Committee, was the apparent conflation of the roles of the Director General, IHE (running a department) with his role as Chair of CAMB (chairing what should be a cross-departmental Board). This is clear in his response to a member of PAC when specifically asked about CAMB's role: *"For me, the biggest risk we have is it seems to be the **Property Holdings Department's** job to resolve all of those issues"*⁵⁶ (emphasis added). Given his role as Chair of CAMB, the PAC was also perplexed by another statement at the July 2021 public hearing:

Director General, Infrastructure, Housing and Environment

*Obviously property is an asset class of what we have got, we have got many tens of thousands of assets across government... we will be building our asset management capability around asset replacement and investment ... That will also cover property assets. As part of that **the intention is to have an enterprise asset management team. Enterprise just means cross-government asset management team based within I.H.E. whose role is to translate and advise on asset management approaches.*** (emphasis added)

- 4.41 The Committee believed the role described was already undertaken by the Corporate Asset Management Board. It considers that adding another bureaucratic layer to an already complex and unworkable system to try to produce a comprehensive asset plan is not the solution.
- 4.42 It sought to understand, at the later public hearing in September 2021⁵⁷ with the interim Chief Executive (where the Chair of CAMB, the Director General of IHE, was also present) what obstacles were in the way of a clear political direction for property matters:

Senator T.A. Vallois

...I have to question what is the point in RSG? What is the point in Corporate Asset Management Board? ... how many reviews and how many boards and how many bodies do we need that do not make decisions or nothing happens out of them?

⁵³ Response to letter of 29 July 2021 was sought by 17th August, later extended to 20 August 2021, and actually received on 25 August 2021

⁵⁴ PAC letter to DG IHE and Director JPH 29 July 2021, response received 25 August 2021

⁵⁵ [PAC Public Hearing Interim Chief Executive, 13 September 2021, p.15](#)

⁵⁶ [PAC Public Hearing with Director General Infrastructure Housing and Environment and Director of Estates, 12 July 2021](#)

⁵⁷ [Transcript – PAC Quarterly Hearing with Interim CEO and others, 13 September 2021](#)

Director General, Infrastructure, Housing and Environment

... C.A.M.B., effectively the officer group, it is right that we have it so that we have a roundtable conversation around services as to who is getting what, what people's needs are, et cetera. So we produce some recommendations as to this is what we think we should be doing. The property board of Government does need to make decisions. That is what we would ask it to do as officers, is to say we need confirmation that this disposal is okay, this acquisition is okay, this major capital programme is okay. So we need to be clear, if it is still the Minister for Infrastructure making the decision, the property board needs to make a very clear recommendation of endorsement to the Minister for Infrastructure to make that decision.

- 4.43 The PAC concludes from the remarks that there was a 'disconnect' between the functions of C.A.M.B. and R.S.G., but the Director General I.H.E. told the Committee that he firmly believed that the disconnect lay 'in the system' around "*independent propositions being lodged in the Assembly to make property decisions*"⁵⁸:

Senator T.A. Vallois:

...that does not happen very often.

Director General, Infrastructure, Housing and Environment

No, it does not, but it does put a flavour on property decision-making that we are never quite sure that the decision is going to be made ...

- 4.44 The PAC is very aware that C.A.M.B. is officer-led and therefore not charged with making decisions *per se*, but rather making recommendations to the R.S.G. who would then make political decisions or take the proposals to the States for further consideration. The PAC believes that to co-ordinate the disparate elements successfully, C.A.M.B. or a replacement senior officer-led body with the requisite leadership skills and necessary drive should initiate a simultaneous request for property needs from all departments, States Owned Entities and Arms-Length Organisations. This would also capture other important elements such as identifying possible future property/land acquisitions. Thereafter, appropriate, informed prioritisations can be made.
- 4.45 Similar to the findings and recommendations made for the Regeneration Steering Group to clarify its aims and objectives and place in the corporate structure of decision making around the States Estate, including clarification as to what property strategic or monetary value or size needs to come forward to R.S.G., the PAC urges the Corporate Asset Management Board to adopt a similar approach. The Committee also urges the Chief Executive to ensure that information on the C.A.M.B.'s structure, work programme and work process is listed on a relevant webpage. If it does not consider itself to be the 'driver' with overall responsibility to assess the total property needs of departments (including non-Ministerial) and SOEs, a replacement should be found.

⁵⁸ [PAC Public Hearing with Director General Infrastructure Housing and Environment and Director of Estates, 12 July 2021](#)

4.46 The Committee considers that any organisational structure should represent the drivers of the delivery and prioritisation of Estate matters as per the Common Strategic Priorities⁵⁹, the 'pillars' of what the States consider to be priorities for good governance and the sustainable wellbeing of Jersey's citizens.

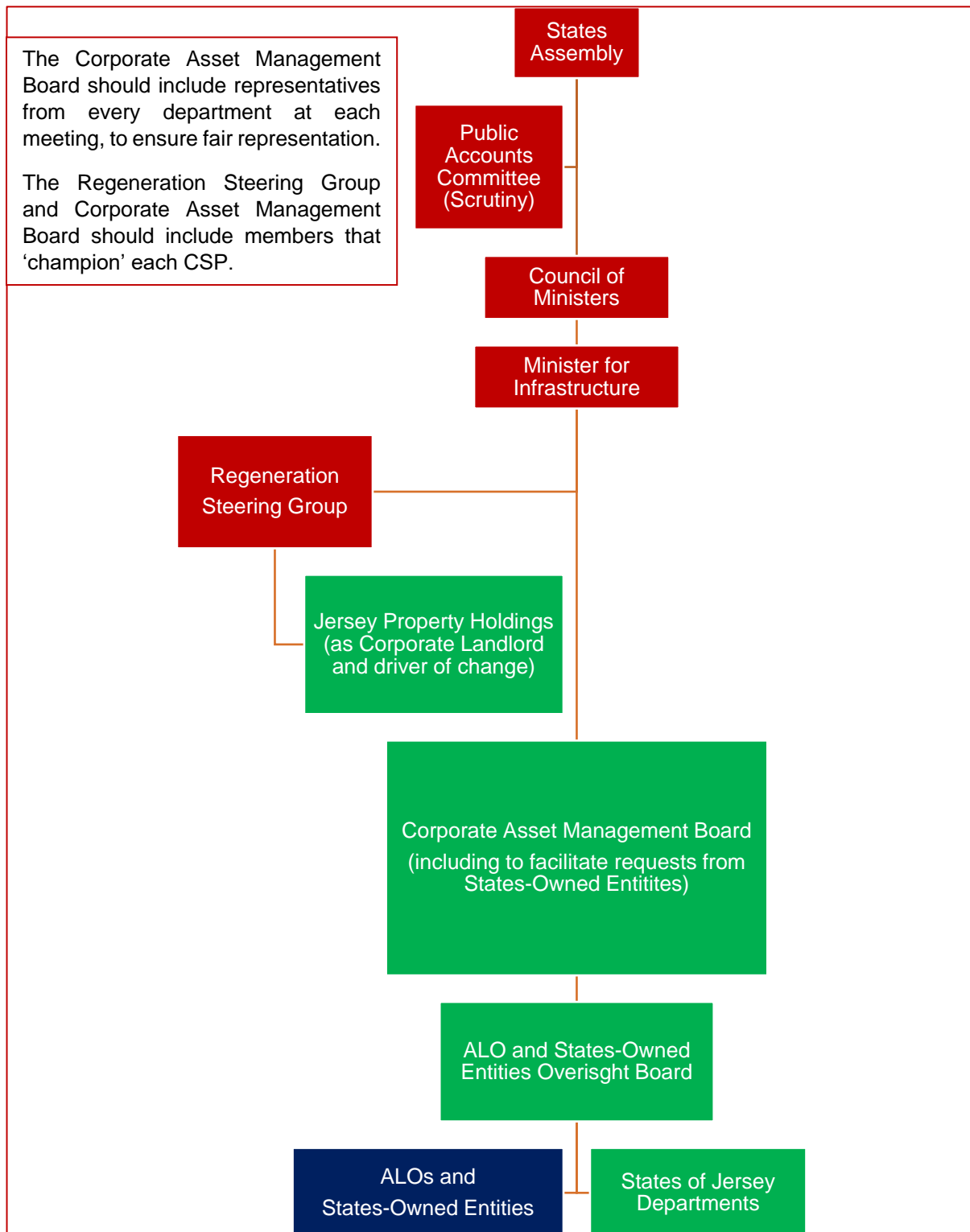


4.47 The PAC considers that there should always be an opportunity for any elected States member to debate the future of any piece of property or land in the States Estate, but that democratically held right does not negate the need for a comprehensive Estate Strategy implemented by well-functioning decision-making bodies. Indeed, this would aid a States debate as it would include expert assessments and weightings and would be considered as part of a balanced approach.

4.48 The PAC urges the development of a streamlined coherent 'delegation of authority' of all Public Estate-related departments, groups, boards, SOEs and ALOs should be devised, as represented overleaf:

⁵⁹ [Common Strategic Policy 2018 to 2022 \(gov.je\)](#): 1) Put children 1st, 2) Improve Islanders wellbeing and health,3) Create a sustainable, vibrant economy. 4) Reduce income inequality and improve the standard of living, 5) Protect and value our environment.

Suggested Streamlined Delegation of Authority Structure





FINDING 7: The Corporate Asset Management Board does not have a clear and widely understood remit or decision-making process for assessing the needs of departments (including non-Ministerial) and States-Owned Entities' (SOEs) land and property needs.



FINDING 8: The relationship between the Regeneration Steering Group and the Corporate Asset Management Board lacks clarity.



FINDING 9: There are no published Terms of Reference, scope or remit of the Corporate Asset Management Board, clarifying its function, roles and responsibilities.



FINDING 10: The idea of adding an 'Enterprise Asset Management Team' to an already complex and unworkable system in order to produce a comprehensive asset plan, would just be adding another bureaucratic layer and is not a solution.



FINDING 11: Individual departments are not clear on the governance structure, or specific decision-making authorisation and approval levels for property management they are supposed to deliver in.



FINDING 12: The Director General's assertion that, '*the information to support decisions is shared at project level officer meetings and then reviewed at CAMB and RSG*'⁶⁰ is not supported by any other evidence received by the PAC.



FINDING 13: The Corporate Asset Management Board does not consider itself to be the 'driver' for gathering evidence from departments and SOEs, encompassing all aspects of States Estate acquisition, disposal and management.



FINDING 14: The PAC remains concerned that the absence of clear governance structure underpinning decision making by the Corporate Asset Management Board has a detrimental impact on its ability to develop a comprehensive implementation strategy for disposal/acquisition/development/management of the States estate, including how we use wider public assets for public benefit).



FINDING 15: The Corporate Asset Management Board holds 'bilateral' discussions with the departments 'as and when' required for establishing, assessing, and prioritising the property needs of all departments



RECOMMENDATION 4: The Corporate Asset Management Board (or its replacement senior officer-led body) should define and establish its relationship with departments (including non-Ministerial), States-Owned Entities, Arms-Length Organisations, and the Regeneration Steering Group in respect of its core function to *co-ordinate, prioritise allocate and develop the property needs of the various elements of the Government*'.



RECOMMENDATION 5: The Corporate Asset Management Board should demonstrate centralised leadership and proactivity by establishing a clear 'delegation of authority' to incorporate all aspects of States Estate acquisition, disposal and management.

⁶⁰ Response to letter of 29 July 2021 was sought by 17th August, later extended to 20 August 2021, and actually received on 25 August 2021



RECOMMENDATION 6: The Corporate Asset Management Board (or its replacement) should, as a matter of urgency, consider how to function as the body charged with delivering the Corporate Asset Management Plan and ensuring effective implementation of the Estate Strategy.

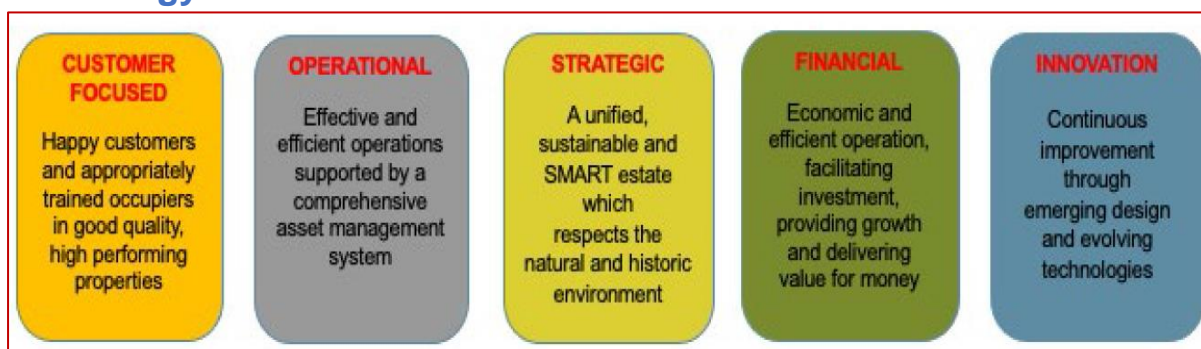


RECOMMENDATION 7: The Terms of Reference, clarifying and updating the function, roles and responsibilities of the Corporate Asset Management Board (or its replacement), stating its aims and objectives, should be presented to the States and published thereafter.



RECOMMENDATION 8: Mechanisms should be put in place to monitor and track the overall effectiveness of the Corporate Asset Management Board to ensure it is fulfilling its agreed role and is providing value for money.

Section 5 - Rationalisation of the Public Estate and Implementation of Strategy



(Above: Diagram depicting Government-declared [Estate Strategy](#) Objectives)⁶¹

Background to Development of Corporate Asset Management Plan - 2020

- 5.1 The PAC is reminded that the formal [Executive Response](#) to the C&AG's [Report on the States of Jersey Development Company](#) (June 2020) was issued jointly by the Chief Executive and the Director General for the Department for Treasury and Exchequer (also known as the Treasurer of the States) in July 2020 and unequivocally states that a "clear timetable" for the finalisation of the Estates Management Strategy and 5-Year Asset Management Plan would be prepared "as soon as possible".⁶²
- 5.2 In its comments⁶³ published alongside the Government's formal Executive Response, the PAC made clear that it expected a 5 year Corporate Asset Management Plan to be produced which would describe the tactical elements, that is, the intent for any property, drawing from the [Common Strategic Policy](#) and/or the [Government Plan](#) and other initiatives such as '[Putting Children First](#)' and the [Wellbeing programme](#), where progress would be monitored on an annual basis.
- 5.3 The former Chief Executive assured the Committee in July last year⁶⁴ that certain elements linked to the [Estate Strategy](#) such as the maintenance of properties and the creation of additional resources for IHE, would appear in a separate Corporate Asset Management Plan:

Former Chief Executive

*...we have to look much more strategically at what we want to hold, what we want to dispose of and what we want to put into either regeneration or other infrastructure or housing projects ... the strategy would not be talking about some of the operational requirements. **What needs to happen ...is then a Corporate Asset Management Plan which is the operational handbook, as you might say, for delivering the strategy.***⁶⁵

Mr. A. Lane

Okay, and the timing of the Corporate Asset Management Plan?

⁶¹ [Island Public Estate Strategy 2021-35, p.24](#)

⁶² [Executive Response to C&AG Report \(July 2020\), p.8](#)

⁶³ [PAC Comments on the Executive Response to C&AG Report \(August 2020\)](#)

⁶⁴ [PAC Quarterly Hearing with the former Chief Executive, 27 July 2020](#)

⁶⁵ [PAC Quarterly Hearing with the former Chief Executive, 27 July 2020, p.4](#)

Chief Executive

*Well, I am not going to give a commitment to that just at the moment because the work that we have asked to take place, particularly with SOJDC and also some of the other improvements that you need to bring in to the operational arrangements about bringing everything into the department will be concluded over the back end of this calendar year to 2020, at which point, once we have completed that work, we will then be able to complete the Corporate Asset Management Plan. **That I think will probably therefore be in the beginning of 2021.** I am not going to give you an exact date ... because quite frankly at the moment the work is ongoing and I need to see the outcome of some of that work.⁶⁶*

2021 Progress

- 5.4 The Public [Estate Strategy](#) 2021-2035 was eventually published in March 2021 after being in draft form for over a year. It included the statement that, ‘All Asset Management Plans produced in conjunction with the controlling department will comply with the Strategy. These will be linked to the Government’s decision-making process, typically following a four-year cycle and be informed by an annual ‘State of the Estate’ report which will enable Jersey Property Holdings (JPH) to drive efficiencies and ensure that they meet the necessary environmental performance requirements.’ The PAC was keen to ascertain why it did not contain a plan for implementation, a strategy setting out what property is needed in the short to long-term, or what was earmarked for disposal plus any method to prioritise the property needs of departments (including non-Ministerial). At its public hearing in June 2021, the PAC asked the interim Chief Executive about the key challenges to ‘converting’ the [Estate Strategy](#) into an implementation plan, across the Government Departments:

Mr G Phipps

What is your target to say: “Okay, this is all in place.”?

Interim Chief Executive

The practical imperative that will drive forward the whole process begins with the consolidation of (Government) offices into a single site. That creates an unstoppable process between now and 2024 of identification of existing surplus properties that we can relinquish. That is really helpful, as is the hospital, because it means the priority for estate rationalisation is underway now. I hope that we will be able to rationalise our estates as we go through that process.

Mr. G. Phipps

Do you have plans to monitor and track the implementation of the strategic document?

Interim Chief Executive

Yes.

Mr. G. Phipps

So that we can reflect with confidence that in fact there is a process and a mechanism, so all of the different, not individual items, you oversee the whole thing to make sure this ...is being done?

Interim Chief Executive

⁶⁶ [PAC Quarterly Hearing with the former Chief Executive, 27 July 2020, p.6](#)

Yes... Something very positive that the Government has done over the last year is to create a portfolio of major projects. There are about 140 in there at present, which we monitor through the executive leadership team and through other processes on a continuous basis. So this is providing a level of detailed rigour of implementation risks for, in that case, 140 major projects facing us. That would include the estates strategy. What we should be able to do within this year is to incorporate that monitoring within the reports that you receive and that we publish on the performance of the Government of Jersey. ...That will give you and Islanders generally a line of sight over the implementation, certainly of the estate strategy, and of the whole portfolio of change that the Government has undertaken.⁶⁷

- 5.5 At the public hearing with the DG of IHE and the Director of JPH, the PAC asked what progress, if any, had been made on the Corporate Asset Management Plan:

Director General, Infrastructure, Housing and Environment:

...I think the full result of the Strategy is going to take a while to turn. It is quite a big tanker to turn around. It is going to take a while for us to get there. But I think the building blocks are starting to be dropped into place now.

- 5.6 In a follow up letter to the Director General of IHE⁶⁸ and the Director of Estates Jersey Property Holdings in July 2021, the Director of Estates advised that, *'An estate asset management plan for the estate, which will set out site and service specific implementation plans is currently being drafted and will be published in Q1 2022'*⁶⁹
- 5.7 In answer to a question attempting to ascertain why the Corporate Asset Management Board (CAMB) had not yet undertaken an assessment of what land/property the States would need in the short, medium and long-term, the DG IHE (who chairs that Board) advised:

The short to medium term (1-10 year) is currently in progress and discussions have already taken place, notably with Health (HCS) as they are the largest directorate and one which is currently going through the most significant amount of change. This is being supplemented by the longer term [infrastructure capacity study](#)⁷⁰ which has already been completed under the Bridging Island Plan evidence review. All of this work will be combined **to form the baseline for developing the estate wide asset management plan.**

- 5.8 The Committee found the answers provided to be so lacking in detail as to be virtually meaningless, especially given that more time to respond had been requested by the department and granted by the Committee.⁷¹ It was also surprised at how little Jersey Property Holdings seemed to be involved in the process of determining which, if any properties to sell, noting the response in the same letter to its query about the sites it had identified for redevelopment:

PAC Question: Will they be retained on completion and managed by IHE, or will they be sold for redevelopment by private entities and then leased back to the Government?

⁶⁷ [PAC Public Hearing with Interim Chief Executive, 7 June 2021, pp.14-5](#)

⁶⁸ Letter to DG IHE and Director JPH 29 July 2021, response received 25 August 2021.

⁶⁹ [PAC Public Hearing with Director General Infrastructure Housing and Environment and Director of Estates, 12 July 2021](#)

⁷⁰ [R Infrastructure Capacity Study Report 2020 ARUP.pdf \(gov.je\)](#)

⁷¹ Response to letter of 29 July 2021 was sought by 17th August, later extended to 20 August 2021, and actually received on 25 August 2021.

IHE &JPH Response: The value of land continues to appreciate. In this context the approach is generally to retain the freehold unless there are very compelling reasons to sell.

- 5.9 At its quarterly hearing with the interim Chief Executive Officer (to which he invited the Director General of IHE to attend) in September 2021⁷², the Chief Executive advised that although he considered the Strategy to be *'readable, coherent and accessible'*, and to adhere to the purpose of Jersey Property Holdings ([P.93/2005](#))⁷³, he acknowledged that it lacked site-specific detail and implementation timescales.
- 5.10 The Committee can only surmise from the above responses, plus an absence of any evidence to the contrary, that the Corporate Asset Management Plan has not yet been formulated, despite the [Estate Strategy](#) 2021-2035 (March 2021) being published for several months. The PAC considers the delay between the (eventual) publication of a Strategy to devising an implementation plan for that Strategy is completely unacceptable and demonstrates a lack of co-ordinated effort.

Prioritising Tools and Techniques

- 5.11 The Committee attempted to ascertain how the viability and deliverability of estate projects needed by the whole of the public sector were assessed and prioritised objectively and fairly, given that the Director of Estates had previously maintained that *"The process of prioritisation is generally identified by the key 'using' organisation"*,⁷⁴ in other words the department utilising the building or land. Concerned that discussions as to the competing needs of various departments for finite land or property take place on a 'bilateral' basis, the Committee asked for evidence of a decision-making process whereby properties (based on size and strategic importance) would be considered at a political (Regeneration Steering Group, for example) or officer level (e.g. Corporate Asset Management Board or individual department) in effect a 'delegation of authority process'. The Committee is deeply concerned that the current *ad hoc* approach is dysfunctional. The PAC also wanted to establish what, if any, industry-standard tools and techniques were used to deal with, or at least, prioritise competing needs for property or land within the States Estate.

Priority List

- 5.12 The Committee recalled that in June 2020, the Director of Jersey Property Holdings had assured the Committee that *"the Asset Management Board is in the process of putting together the prioritised list that then gets fed through to the R.S.G. (Regeneration Steering Group)..."*⁷⁵. It followed up this line of questioning with the Director General, IHE and the Director of Jersey Property Holdings at the public hearing in July 2021:

Mr. G. Phipps

... We were told by (you) last year that the Corporate Asset Management Board would put together a list of these prioritised items. Do you have an active list now of the top (properties) that you are working on?

⁷² [Transcript – PAC Quarterly Hearing with Interim CEO and others, 13 September 2021](#)

⁷³ [P.93/2005 \(gov.je\)](#) – establishment of Jersey Property holdings to ensure coherence in all Government property activities.

⁷⁴ [PAC Public Hearing with Director General Infrastructure Housing and Environment and Director of Estates, 12 July 2021](#)

⁷⁵ [Public Hearing with the Acting Director General for Growth, Housing and Environment, 29 June 2020, pp.11-2](#)

Director General, Infrastructure, Housing and Environment

*Effectively, the capital programme, which is expressed in the Government Plan, is in fact our list of where we are going to spend money on our capital properties ... **I cannot hand-on-heart say that we have a prioritisation around all of those lists.** I cannot tell you whether entry number 20 is more important than entry number 5 ... So we are building a prioritisation matrix with Treasury to get you into the programme, so you are going to need to go through a number of tests. If you want to build something new or you want to invest in something new, you have to go through a number of tests to prove that it is required...*

Director, Jersey Property Holdings:

*...We need to get ourselves into a position **where we have a prioritised list** with risk, requirements, the fiscal and commercial issues, and then the societal issues, so we have a clear almost bar chart that says: "On the balance of our understanding and our knowledge and the estate and the requirements, we are going to do this with this ... (and) we have got a reasoned logical understandable and executable plan for what we are going to do."⁷⁶*

- 5.13 However, when pressed for a date by which this work would be complete, the Committee was dismayed to hear that, *"it will not be for this Government Plan's cycle because that is pretty much upon us now, but certainly for next year's Government Plan (summer 2022) I would like to have designed, working with colleagues in Treasury"*.

- 5.14 The PAC followed up in a letter to the Director General of IHE in July 2021:

PAC Question: When asked about how you deal with competing priorities in the absence of an overarching estate management delivery schedule, your Director of Estates told us that the Corporate Asset Management Board would put together the 'prioritised list'. We have not seen such a list despite numerous requests – please send.

DG & Director, JPH Response: Other than dealing with *ad hoc* emerging issues, the prioritised list is set out in the capital programme in the Government Plan. All of the sites will be included in the forthcoming estate wide asset management plan.⁷⁷

- 5.15 The Committee found the response to be incomplete and inadequate. It asked further questions on the role of the capital programme and received equally unsatisfactory responses in the same letter:

PAC Question: Capital Programme

We understand that if the money allocated to a capital project has not been spent in the year it was allocated, it is moved to another project and you may have to bid for the money again – is that correct?

DG & Director, JPH Response: Yes

PAC Question: If so, what do you think of that system and does it pose risks to the completion of a property project?

DG & Director, JPH Response: This challenges the delivery of projects which can overrun

PAC Question: How many projects have been agreed by the States and then deferred or cancelled at officer level?

⁷⁶ [PAC Public Hearing with Director General Infrastructure Housing and Environment and Director of Estates, 12 July 2021, p.14](#)

⁷⁷ PAC letter to DG IHE and Director JPH 29 July 2021, response received 25 August 2021

DG & Director, JPH Response: A number of projects have been deferred as a result of requirements for savings or as a result of COVID delays. These vary between minor replacement or repair projects and larger scale capital projects across all departments. **The specific numbers are not centrally held.** (emphasis added)

- 5.16 The PAC was dismayed to note that the list which the Director, Jersey Property Holdings first described in June 2020 and then elaborated on at the public hearing in July 2021 was no further forward:

“So the property list I am looking to implement is effectively going to be a map of the Island and it is going to show points of property that are in public ownership. The map will be able to be interrogated to give details of the size and shape of the premises, a relatively limited amount of information, and it will be available for open access for anybody to look at...”⁷⁸

- 5.17 The PAC considers that it is possible to progress with a prioritisation list even where there is a lack of knowledge of the condition of each element of the current estate. If a needs assessment is carried out first, this would be more likely to capture property needs that are not already identified on an existing list of buildings currently in the Public Estate. Furthermore, the Committee is concerned that the absence of such a list may be a breach of the agreed amendment to the 2021 Government Plan by Senator Gorst⁷⁹ last year.

Ranking Criteria and Decision-Making

- 5.18 At the public hearing of July 2021 with the Director General of IHE and the Director of Jersey Property Holdings, the PAC attempted to ascertain the driving force and decision-making process for reaching decisions where there was a clear competing need by different departments for the same piece of land in the States Estate:

Dr. H. Miles

In terms of information gathering, sharing, and subsequently acting on the information as it comes through the Corporate Asset Management Board, do you use any kind of standard tools to make those decisions or is it just whoever shouts loudest?

Director General, Infrastructure, Housing and Environment

It is a bit of both...⁸⁰

- 5.19 The Director Jersey Property Holdings accepted that the current system was not ideal:

... what we need to do is to get, with the Treasury, to a position where we have a much more affordable plan. That will start to then do away with some of the friction about: “He who shouts loudest gets the project.” Because it does tend to be a bit adversarial at the moment, rather than having a collective view of a programme that can be delivered, timeframes that it can be delivered in.⁸¹

*What we are trying to get to is a position where we understand the state of the process of real estate. **We do not currently have the ability to look across our entire portfolio and to measure premises against each other in terms of cost***

⁷⁸ [PAC Public Hearing with Director General Infrastructure Housing and Environment and Director of Estates, 12 July 2021, p.40](#)

⁷⁹ [P.130-2020 Amd.\(14\)](#)

⁸⁰ [PAC Public Hearing with Director General Infrastructure Housing and Environment and Director of Estates, 12 July 2021, p.7](#)

⁸¹ [PAC Public Hearing with Director General Infrastructure Housing and Environment and Director of Estates, 12 July 2021, p.26](#)

*effectiveness, value, the costs to occupy, so what we are starting to do is to get that information into a position where we can say in the context of the real estateBut the concept of need does have to start with that delivering department, they need to have an idea of what the service needs now and what their longer-term service direction would be. From which we can then translate whether there are property implications of that and we can then use our asset management approach to then compare their need against what we currently have and go through the process of matching one against the other...*⁸²

- 5.20 In his written response to follow up questions, the Director General IHE did not answer the Committee's query as to whether its current approach was adequate, but stated:

'The knowledge of the specific requirements of any given service will always rest with the appropriate directorate, the role of the corporate landlord is to support these needs but challenge them to ensure that the best outcome can be achieved for that service within wider Government objectives as set by the Government Plan and Estate Strategy. Priorities will then be assessed by CAMB within this context and recommendations made to RSG and the Minister for final approval.'

- 5.21 The Committee asked for the Director General's comments on when his prioritisation approach might not work but was advised, *'The process is a collaborative one and so is considered the most appropriate to sound and effective decision making.'*⁸³

- 5.22 The Committee does not agree and considers the current process to be unworkable. It has made findings and recommendations as to the decision-making bodies in the previous section of this report. There is no evidence that competing specific estates needs that come from different divisions of the Government, are *'discussed and resolved'* at CAMB before being taken to RSG and the Minister⁸⁴.

At the public hearing in September 2021 with the interim Chief Executive, the PAC gave him an opportunity to present evidence of prioritising tools or techniques in use:

Mr. G. Phipps:

Given the different priorities, would it be useful for the Government to provide some general guidelines or some ranking or some criteria for competing not just geographically but also utilise guidelines to help with these potentially conflicting areas?

Interim Chief Executive:

*I think clarity about the outcomes we are seeking is always important, so, yes, that is helpful. It is helpful also to understand sort of in the hierarchy of the benefits that the States of Jersey would derive from better management of assets. There are a variety of potential beneficiaries of that process. I am thinking, for example, capital disposal is one option or investment in social housing or affordable housing or investment in new public service provision, investment in maybe with renewal in the street scene. ... the single thing that is most helpful to officials is for a clear sense of longer-term strategic hierarchy of the need that we think most needs to be met.*⁸⁵

- 5.23 The PAC concludes that, although the officers recognise that it would be beneficial to have some sort of clear objective criteria for rationalising the Public Estate, no such industry standard tool is applied. There is a demonstrable lack of coherent and cohesive

⁸² [PAC Public Hearing with Director General Infrastructure Housing and Environment and Director of Estates, 12 July 2021, pp.3-4](#)

⁸³ Response to letter of 29 July 2021 was sought by 17th August, later extended to 20 August 2021, and actually received on 25 August 2021.

⁸⁴ PAC letter to DG IHE and Director JPH 29 July 2021, response received 25 August 2021

⁸⁵ [Transcript – PAC Quarterly Hearing with Interim CEO and others, 13 September 2021, p.22](#)

decision making and any overarching rationale for the prioritisation of competing property needs is notably absent. Furthermore, the 'collaborative process' is not understood throughout departments (including non-Ministerial) or States Owned Entities. The Committee has seen no evidence that property requirements are underpinned by a clear and widely accepted rationale, or that any standardised tools or techniques are applied in a coherent and consistent way. The Committee is deeply concerned that an absence of clear analysis of departmental/SOE/ALO needs in the short, medium or long term, coupled with an absence of stringent criteria aligned with Common Strategic Policies and no objective rationale for acquiring, disposing of or repurposing land and property, is fundamentally unfair to any Estate user trying to put forward their property requirements.

5.24 The PAC is also perplexed at the seeming lack of urgency to develop any such (in the PAC's view, rudimentary) process, demonstrated by the Director General's comments that a process for prioritising demands on the States Estate, would be "*in place for the next Government cycle of 2022*". The PAC concludes that a clear and objective referral process of property/land through the governance structure, based on clearly understood criteria, such as size, cost and/or strategic importance in the Public Estate (delegation of authority) should be included in the Terms of Reference of CAMB (or the officer led body designated to 'drive' the rationalisation of the Public Estate) demonstrating a clear objective rationale for the prioritisation of property assets against departmental/SOE/ALO needs.



FINDING 16: No objective or standard industry-recognised tools or processes are used to help establish, assess and prioritise the property needs of all departments.



FINDING 17: Compounding the problems of the much-delayed [Estate Strategy](#), an operational level implementation plan of it is also overdue by at least 7 months.



FINDING 18: The development of any Corporate Asset Management Plan (i.e. the operational level implementation plan of the [Estate Strategy](#)), is a matter of utmost urgency, given that the Estate Strategy has been in draft form since the beginning of 2020 and published since March 2021.



FINDING 19: There is no evidence of the asset management estate report to be produced every year, alongside a 5-year asset management plan, which would describe the tactical elements, that is, the intent for any property, drawing from the [Common Strategic Policy](#) and/or the [Government Plan](#) and other initiatives such as '[Putting Children First](#)' and the [Wellbeing programme](#), where progress would be monitored on an annual basis.



FINDING 20: The Committee considers the current property needs' assessment and prioritisation process to be unworkable and demonstrably lacking in coherent and cohesive decision making, including the absence of any industry-recognised standard tool applied across all competing projects or departmental needs.



FINDING 21: A key priority of the Estate Management Strategy is to maintain and support the buildings within the Government of Jersey's property portfolio to ensure that they meet the required quality to be both useful and carry suitable financial value. The PAC has repeatedly highlighted concerns about disused States-owned property.



RECOMMENDATION 9: A coherent and objective rationale for the acquisition, disposal of and management of the property in the Public Estate must be established.



RECOMMENDATION 10: The Corporate Asset Management Board should, as a matter of urgency, develop a 5-year asset management plan, which would describe the tactical elements, that is, the intent for any property, drawing from the [Common Strategic Policy](#) and/or the [Government Plan](#) and other initiatives such as 'Putting Children First' and the [Wellbeing programme](#), where progress against the [Estate Strategy](#) would be monitored on an annual basis.



RECOMMENDATION 11: A clear and objective referral process of property/land through the governance structure, based on clearly understood criteria, such as size, cost and/or strategic importance in the Public Estate (delegation of authority) should be included in the Terms of Reference of the Corporate Asset Management Board (or the officer led body designated to 'drive' the rationalisation of the Public Estate).



RECOMMENDATION 12: Greater emphasis should be placed on advancing the Estate Management implementation plan including completion of all Asset Management Plans for all States-owned properties.

Stakeholder Engagement

Term of Reference 4. To assess the progress on consulting and engaging with stakeholders including community groups and non-Ministerial departments as part of all property proposals (in line with the recommendations of the PAC in its [report](#) of Estate Management in February 2019).

5.25 The PAC has sought to chart the progress by the Property Division (formerly Jersey Property Holdings or JPH) of the Infrastructure, Housing and Environment (IHE) Department, on its stakeholder engagement since its 2019 recommendation:

- Recommendation 5: The Director General should engage in a comprehensive discussion with stakeholders at the earliest opportunity to gauge "buy-in" to an informed strategy.

5.26 In its report of February 2019, the PAC had criticised the Director General for not having comprehensive overarching corporate discussions which would consider competing needs and timetables of Arms-Length Organisations such as Ports of Jersey and Andium Homes, in relation to their property requirements. The PAC emphasised the importance of engaging with stakeholders through a structured corporate communication process.

2020

5.27 The Acting Director of the Property Department assured the Committee that such discussions would take place at the Corporate Asset Management Board (CAMB),⁸⁶ however, during the PAC's quarterly hearing with the former Chief Executive on 27 July 2020, it became clear that a full consultation with stakeholders had not been undertaken.

⁸⁶ [Public Hearing with the Acting Director General for Growth, Housing and Environment and Acting Director of Estates, 29 June 2020, p.12](#)

Instead, the former Chief Executive informed the PAC that they had looked at “key drivers” on Estate Management, including migration and environmental issues. He assured the Committee that there would eventually be widespread consultation once other key pieces of work, including the development of a new migration policy, had been completed.⁸⁷

2021 Progress

5.28 Given that the Estate Strategy was published in March 2021, and CAMB had been established, the PAC wanted to know how its Chair had progressed in engaging with stakeholders and asked him at a public hearing in July 2021, two years after its recommendation to produce a structured communication process had been accepted:

Deputy I. Gardiner:

So what is your process to engage with community groups?

Director General, Infrastructure, Housing and Environment:

My understanding is I do not think we do have a formal process to engage with community groups. Our job is to manage our assets for service delivery and if we do not need them we are then into a conversation about do we dispose. Effectively we get a lot of pressure to dispose for housing. Once we have chosen not to have the building on our books anymore, we do not have a formal process to then go out and seek third-sector ...

Senator T.A. Vallois:

Is there not an opportunity to utilise the Communications Department, whether that is with community groups or even internally, about needs assessment requirements for departments?

Director, Jersey Property Holdings:

Yes, a number of questions have been asked and observations have been made about why we do not have a register of public property. We are in the process of making sure that we have a map with details of all the publicly-held buildings, premises and facilities, on that map that we are going to publish. It is also my intention to use that as the opportunity to perhaps indicate if we have any beachside café pictures that are coming available or any tenancy opportunities, and again use that for perhaps community groups to say: “This is our property, we have some leases coming up, this is the process to go through to get back to us.”

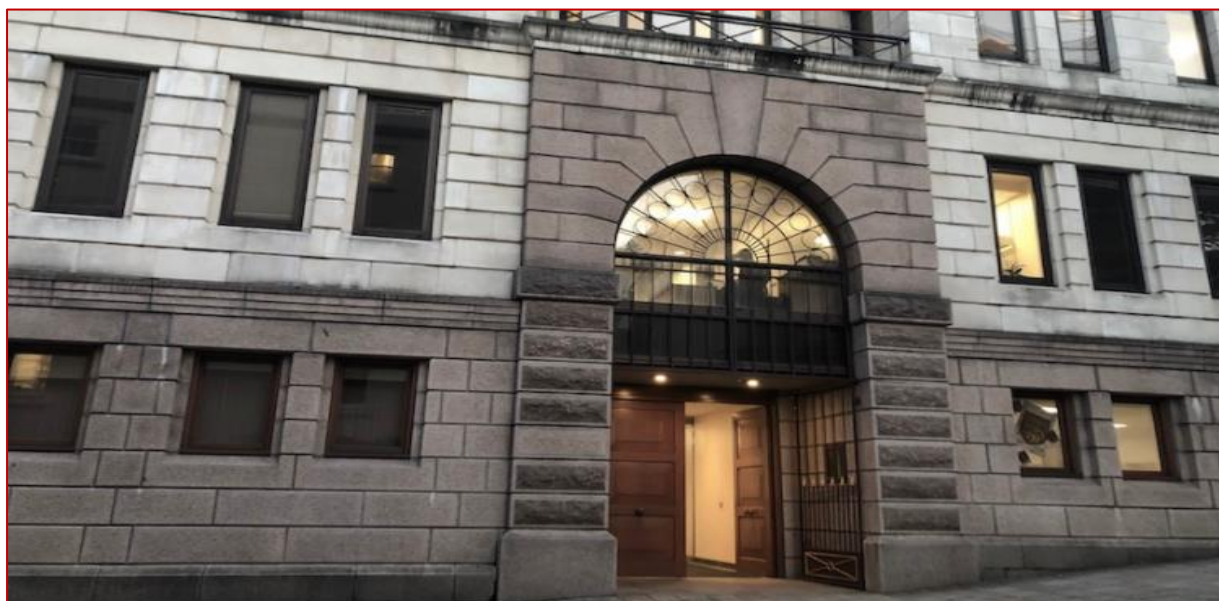
Director General, Infrastructure, Housing and Environment:

It is a window into our world to say: “We have these things coming available, is anyone interested before we sell or do something else with them?” Again, we do not have that formally at the moment, but it is a good idea.⁸⁸

⁸⁷ [PAC Quarterly Hearing with the Chief Executive, 27 July 2020, p.12](#)

⁸⁸ [PAC Public Hearing with Director General Infrastructure Housing and Environment and Director of Estates, 12 July 2021, p.38](#)

Non-Ministerial Departments



5.29 The PAC was disappointed to note this lack of engagement with community groups. It was keen to understand if stakeholder involvement at least extended to non-Ministerial departments such as the Probation Service, the States Greffe or Judicial Greffe, given that the office management programme was underway, and their requirements should be accommodated along with the Government Headquarters development:

Chair PAC (Deputy I. Gardiner)

In 2019 we criticised the lack of consulting and engagement with stakeholders including ...non-ministerial departments. We spoke about office strategy. Have you, as the chair of C.A.M.B., had a conversation with non-ministerial departments what are their property needs, include in relation to the office accommodation where they will not share in the office with the government departments?

Director General, Infrastructure, Housing and Environment:

The short answer is yes, that there was conversations with the non-ministerial departments as to whether they were going to be in the new H.Q. (headquarters) or not ...It was decided throughout that journey that the non-ministerial departments were not going to come to the new location.

Deputy I. Gardiner:

So now you know, how you are going to accommodate their particular needs?

Director General, Infrastructure, Housing and Environment:

So the current working assumption is they are staying in the building that they are (in) and ultimately that building will need to be refurbished...

Deputy I. Gardiner:

But we had a business plan how to refurbish this building in 2018, 3 years ago, it was a fully developed plan. It maybe needs some adjustment. Why has nothing happened for 3 years to refurbish the premises and would money be allocated in this Government Plan to address the needs?

Director General, Infrastructure, Housing and Environment:

The working assumption was that they were going to be in the new Government H.Q. and therefore that was going to solve a lot of the accommodation problems. But, as we

have gone through that process, they are not in the H.Q., so if we are to refurbish Morier House that will need to be subject to funding.

Deputy I. Gardiner:

So from January/February, basically for more than 6 months, we know that they are not going to be part of the Government office building. We did have a plan developed in 2018. Why has this plan for refurbish(ment) not been reviewed and no action been put in place to address their needs in the Government Plan coming in September?

Director, Jersey Property Holdings:

That original plan had been effectively sticking plasters to get them through the period until the new office was available. It made some assumptions about open-plan working and office style that perhaps now needs to be reviewed in the understanding that they are not going to move. So we need to go back and again make sure that we understand their needs

Deputy I. Gardiner:

Are they part of your Corporate Asset Management Board? So are they involved with Corporate Asset Management Board? We are talking about non-ministerial departments.

Director General, Infrastructure, Housing and Environment:

They are not. It generally covers ministerial departments. But at the moment we do not have a representative from non-Ministerials on the Corporate Assets Management Board.

Deputy I. Gardiner:

So would it be if this were the plan in future and it is possible engagement with non-Ministerial department to have the whole building for non-ministerial department?

Director General, Infrastructure, Housing and Environment:

Yes, we absolutely need to talk to the non-ministerial departments as well, whether it be in Morier House or whether it be in the Courts service and Probation and other bits of non-ministerial, to understand what their requirements are as well.

Senator T.A. Vallois:

At what point does a (stakeholder) know when to approach you and say: "I need this"? At what priority is it given? So who makes the decision and goes: "We sat on a report for 3 years", because there was some assumption made by somebody somewhere that they were going to be included in this grandiose scheme and it has just been left?

Director General, Infrastructure, Housing and Environment:

... It was only when the Cyril Le Marquand House location was chosen, the non-ministerials chose that was not the location they wanted to go to, and at that point they are not in the project. So we do need to work with them.

Senator T.A. Vallois:

So once that decision was made ...whose responsibility was it then to re-liven up the report about refurbishing Morier House?...once the decision was made about the office accommodation, ...whose responsibility was it to then pick up the report, put it down in front of somebody, and say: "This needs to be done"?

Director General, Infrastructure, Housing and Environment:

So in terms the investment back into it, it is part of the general office estate that we have, that is the job of I.H.E. to say this is when these investments are going to take place on

the assets we have based on the evidence we have. So if Morier House's needs are high, then it should flag through the data that we are collecting-

Senator T.A. Vallois:

...it is down to your department to pick it up and manage it and determine the prioritisation?

Director General, Infrastructure, Housing and Environment:

Yes, if it is deemed as important or more important than some of the other risks that we are facing elsewhere within the estate... as long as the Morier House scheme is high enough on the list, it will get money associated with it.

Deputy I. Gardiner:

I have concerns. It feels like: "Because you did not buy into our headquarters, we will put you down the list for the priority and that means we will not engage with you, we will not ask you what is the situation." I mean at least to know where they are standing. This is the communication that should be initiated with non-ministerials.

Director General, Infrastructure, Housing and Environment:

It will depend on the assessment of that asset effectively. So Morier House as an asset is better than many we have elsewhere within our estate, so we have to do that relative prioritisation of who is getting the spend.

Deputy I. Gardiner:

I am not talking about the prioritisation. I am talking about communication and engagement and if it is a plan that was communicated and engaged, and we know that it will come in the Government Plan 2023, 2024, 2025.

Director General, Infrastructure, Housing and Environment:

Sure. It has only been a relatively recent decision that they are not in the new headquarters effectively, it was earlier this year. So we do have to have that conversation back with the non-ministerials as to what their property requirements are.

⁸⁹

- 5.30 The PAC was surprised and disappointed to note that so little progress had been made, that non-Ministerial groups were not represented on CAMB and that no communication had been had with them by CAMB or the IHE department since the decision that they would not be housed in the new Government building had been made. The PAC considered this to demonstrate a wider problem, that the absence of clear governance structure underpinning decision making in CAMB has a detrimental impact on its ability to develop a comprehensive implementation strategy for disposal/acquisition/development/management of the States estate, including how we use wider public assets for public benefit).



FINDING 22: There is little evidence of progress on departmental and ALO's 'buy-in' to a comprehensive Strategy, departments, especially non-Ministerial departments, and community groups are still engaging in 'bilateral' discussions rather than participating in a stakeholder engagement programme.

⁸⁹ [PAC Public Hearing with Director General Infrastructure Housing and Environment and Director of Estates, 12 July 2021, p.33-7](#)



RECOMMENDATION 13: The DG of IHE should without delay, engage in comprehensive, consistent and regular stakeholder engagement, in order to determine their needs, as well as to ensure that any future acquisition, disposals or improvement to properties take into account their requirements.

Managing Competing Needs: A Case Study of the former Police Station site at Rouge Bouillon



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In the preceding sections, the PAC describes how it was keen to understand how conflicting or competing demands by departments (including non-Ministerial) or other States Owned Entities were prioritised by CAMB. In this case study, it has attempted to illustrate the real difficulties of managing competing needs for the same piece of land, in the absence of any body charged with resolving these issues, a proactive and engaged body who had previously sought the departments' projected property needs for short, medium and long-term, and in the absence of any industry standard prioritising tool to assess and prioritise competing needs in line with existing policies such as the [Common Strategic Policy](#) and/or the [Government Plan](#) and other initiatives such as '[Putting Children First](#)' and the [Wellbeing programme](#).

The Committee focused on an ongoing debate about how the former Police Station site should be used.⁹⁰ Questions had been raised in the States Assembly to the Minister for Infrastructure in June 2020⁹¹, pointing out that there had been several years' discussion about the repurposing of the former police station site since the new police station had been built (in 2017):

Minister for Infrastructure

I have just read out a list of the competing uses for that site, which is something that we are looking into. It is: combined fire and ambulance station; Rouge Bouillon School extension; affordable housing; key worker accommodation; amenity space; and residents' parking. Those are the ideas that have been put to us by various groups at the moment for that site.

Deputy R.J. Ward

Does the Minister have a timescale for any of the possible projects for repurposing that he had mentioned?

Minister for Infrastructure

As I say, the review was underway, which has been interrupted by COVID-19, so obviously a lot of our key staff have been redeployed and we are just getting them back together now to continue their reviews. As soon as things get moving again, I will be more than happy to consult Members on that.

Deputy R.J. Ward

Is there any form of timescale, a year, 2 years, 3 years; would he have a maximum and a minimum time during which he would like to see the repurposing of that site?

Minister for Infrastructure

It would depend on what it is eventually used for but hopefully we will have a decision within 2020.

The PAC heard from the Director General of Justice and Home Affairs department in April 2021 that the site of the former police station had been identified as the ideal site for the proposed combined ambulance and fire station and that he had taken forward feasibility studies and was far ahead in the process, however it had been identified as a potential site on which to build an extension to Rouge Bouillon Primary School:

Director General, Justice and Home Affairs:

*... the Minister has made it very clear he wants to see a joint fire and rescue and ambulance station that will generate greater collaboration and integration between those 2 services, which we very much welcome. We have done a lot of preparation, detailed analysis and work because... to consider moving either of those stations is critical around response times. ... We have spent quite a bit of time, effort and money working with consultants and colleagues to identify a need. What we have definitely worked through is the fact that both those stations do require replacement ... We have been through an evaluation process, an options appraisal and what it looks like in relation to response times, and optimum response times, to make sure the emergency service can deliver appropriately their response. The current site at Rouge Bouillon is the most appropriate site. **We also understand that there are competing demands for that location through Children, Young People, Education, Skills, the schools challenge in St. Helier. So those colleagues are working through their evaluation and site preferences as well. We consulted with colleagues through the Corporate Asset Management Board ... and we are just pausing our work while we allow colleagues in education to work through their site recommendations before we can take it up to the Regeneration Steering Group and get some direction forward which will hopefully take us through into the planning stage. So we have funding to enable to us achieve that at the moment and realistically, depending on political decisions and the decision-making process, if the Rouge Bouillon site is chosen as the preferred site for the fire and ambulance station then we will be looking to make progress through planning later this year and then start looking to hopefully make changes next year for a full build.***

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In the same hearing the Group Director for Public Protection and Law Enforcement advised the PAC that he was the JHA representative on CAMB since January 2021, and that the combined ambulance, fire and rescue station project had been briefed to the Regeneration Steering Group

⁹⁰ Of course, the Committee considers that any site in the States Estate should be assessed for future use whilst it is being decommissioned from its original purpose, but that was not done in this instance. The Committee considers this should be a fundamental aspect of future project planning, for example the future use of the current hospital site should be considered at the same time as the debate about where the new one is situated.

⁹¹ States [Assembly Questions 30 June 2020](#)

⁹² [PAC Hearing - Director General for Justice and Home Affairs - 26 April 2021, pp.4-5](#)

in April 2021.⁹³ His understanding was that CYPES work was still under way and would be due to go back to a future RSG meeting, although he had *'not been sighted on the progress of other things from the Corporate Asset Management Board to R.S.G. because other officers in other departments would have taken that forward themselves.'*

However, despite hearing from the Director General of JHA in April 2021 that he considered there to be a negotiating process, the Committee heard from the Director General of Children Young People Education and Skills in May 2021 that he saw the process (and timetable) quite differently:

Connétable of St. Martin

Now we have an estate management strategy, with an overarching view across the States portfolio, how did it help you to make your case about Rouge Bouillon School?

Director General, CYPES

I think the first thing to say is no case has been made for anything at the moment ... So there has been some feasibility...and there is some further feasibility still being undertaken in relation to education requirements, although that feasibility has a broader view, making sure we understand about not just what the education estate needs to be but how it interacts with housing, green space, et cetera. What I would say about Rouge (Bouillon site) is that it is still in the process of all the information that is going to be required being generated in order for options and then ultimately a decision to be taken.

Connétable of St. Martin

I was asking that, bearing in mind the Director General of Justice and Home Affairs told us that he understood that the land adjacent to Rouge Bouillon School was a likely site for the ambulance, fire and rescue. How do your conflicting needs get resolved and by whom? Would you be putting a case or you are saying now that you will not put a case?

Director General, CYPES

...So "likely" is not the same as "decided" and I think what all of the relevant director generals are thinking is that we need to make sure that all of the feasibility work that has both been started and in the education space yet to be completed is taken into account. How will we resolve disagreement? Ultimately we will not because it will be resolved politically, will it not? But the information that comes out of the feasibilities will be presented, I hope objectively, with a set of options and then the political consideration can take place as to which the best future option is likely to be. I think from my perspective what is really important is that we have got some investment available and work underway to understand what is going to be required both in certain parts of St. Helier but more broadly than just the cluster around Rouge, Springfield, et cetera. We need to have that broader view of what the whole of town ultimately requires. One other thing that I would add into that is, and I am sure you know well, that we are also thinking about what the new youth hub in the north of town is ultimately going to look like and what sort of site and space it will require. For me, all of that needs to be thought about in the round before decisions get taken.

Connétable of St. Martin

When and how did you know about the bid from the JHA (Justice and Home Affairs) about using the site for the fire station?

Director General, CYPES

I would not have characterised it as a bid. I am going to have to think exactly when I was first aware of some of the serious detail.

⁹³ [Transcript - Performance and Estate Management - Director General for Justice and Home Affairs - 26 April 2021](#)

Connétable of St. Martin

I think politically we feel it is a bid.

Director General, CYPES

We have been aware that work has been required to assess the future use of the site for some time, since last year.

Connétable of St. Martin:

Everybody knows there is a crying need for the expansion of Rouge Bouillon School and since the site was available from 2017 why review it now; it is 2021? You have had 4 years and you have known that you have this school which really needs to be expanded. When will the review be finalised?

Director General, CYPES

Why has it taken so long? I cannot answer all of that question. I know that some of it is due to bid for resourcing in Government Plans, scheduling of capital work, for example, and just the general prioritisation of quite a large number of things not just in my department but across the Government. In terms of the feasibility, I think we are probably expecting something within 6 and possible 4 to 6 weeks, now.

Connétable of St. Martin

With the J.H.A. wanting the site for the ambulance station have you been offered an alternative site?

Director General, CYPES

*No. It sounds like kind of a deal in the back of a bar, does it not? But it is not like this at all. There are discussions on multiple fronts about this, are there not, and the ones that I am involved in are driven by site assessments and broader requirements assessments that are underway. **There is not a trading conversation going on between officials. I am really clear about that. There are different timelines along which feasibilities have moved. I absolutely agree with that. You can tell that the education one is up and running and getting going but it started later and will finish later 7 than some of the work led by JHA. But there is not an internal negotiation going on.** What is happening is we want to assemble all of the information to make sure that when it enters the political space that all of the kind of facts and options are presented together, not in a sequence. So if anything has been to some extent less than helpful, we did not necessarily get the sequencing of all the feasibility right.*

Deputy I. Gardiner

When you became permanent in September 2018, we are talking about 2-and-a-bit years ago, were you aware about the state and the requirement from the Rouge Bouillon School then, that they needed an extension and improved facilities and they do not have outside space and it does not fit really for purpose in 2018?

Director General, CYPES

Yes, ... I mean although I started permanent in September I had been here for 6 months already, late May/early June, so yes I was aware in general terms of the importance of thinking about either re-providing or certainly significantly enhancing the existing Rouge building and site but as I was also aware of other big pieces of work that were either in train or being considered ... What I am clear about is the funding that has become available for doing feasibility work was not available back then but has been available for the last 8, 9 months maybe.⁹⁴

⁹⁴ [PAC Hearing - Director General for Children, Young People, Education and Skills - 26 April 2021, pp.6-7](#)

The PAC was concerned about this apparent difference of opinion about the role of CAMB and its stated overarching purpose as an officer body which led 'co-ordinating, prioritising allocating and developing the property needs of the various elements of the Government'. It is aware that public estate land is a finite resource and it appears there was no real attempt at co-ordinating the competing needs of JHA and Education departments to reach a mutually agreeable decision for the use of the former police station site. It explored the matter further with the Director General of IHE in his role as Chair of CAMB at the public hearing in July 2021:

Dr. H. Miles

... the Corporate Asset Management Board needs to consider the forthcoming competing needs of the former police station site ... which Education clearly would like to use to extend Rouge Bouillon School. Justice and Home Affairs have been quite clear that they want it to stay as the fire station and potentially the ambulance station. How do the Corporate Asset Management Board ... determine and resolve the ultimate use of that particular site?

Director General, Infrastructure, Housing and Environment

The answer is that CAMB would make recommendations as to where it thinks it is going and ultimately we end up with a political decision as to who judges the arm-wrestle so to speak ... So what we are expecting and what we are seeing through the CAMB. process is research as to what the needs are. So the Home Affairs Department are clear that they have done their needs assessment as to what their requirements are going forward ... They have concluded through their bit of work that is still their number one site for their service requirements. Running alongside this there is also an Education review around primary going on, which will inform what the needs for primary schooling in St. Helier is and that will then give us another bit of either counter-evidence or it may well be evidence that matches the same thing in terms of what are we trying to achieve for schooling in St. Helier ... You would hope through the CAMB process you could match the 2 together and everyone can co-exist and there is a discussion as to whether the school is in the right place, whether it is not in the right place, can you make other administrative decisions around the catchment areas to push demand into where the supply is. So we are at that process at the moment whereby the CAMB crucible, if I can call it that, receives the data and we can have a bit of a tussle around the table to say what is the recommendation then on this.

Dr. H. Miles

How can CAMB be assured the evidence that they are receiving from both of these parties, who are not property experts, who are specifying their needs, is robust and that the views of all stakeholders in the final decision have been taken into account?

Director General, Infrastructure, Housing and Environment

It is really important for a Property person to be involved in those reviews. While it is being led by the client department, whether it be Home Affairs or whether it be the Education service, we have had someone from Property in that conversation. So you are not getting a review making inappropriate property conclusions. You need someone who is able to say: "Yes, that is 2 hectares inside, you can do that with it, you cannot do this with it." So those reviews have had someone from Property within them.⁹⁵

The Committee attempted to understand whether an industry standard tool was applied to ensure parity for prioritising needs and the Director of JPH responded:

Dr. H. Miles:

Again going back to you now, is there an industry-standard tool that you can apply, that C.A.M.B. will apply to this decision-making...?

⁹⁵ [PAC Hearing - Director General for Infrastructure, Housing and Environment and Skills - 12 July 2021, p.28](#)

Director, Jersey Property Holdings:

There is a particular requirement, a technical and professional requirement, for the blue light and we have heard about the specification for Education. Clearly they are not the same. They have both been undertaken by external expert impartial agencies, albeit overseen by somebody from Property Holdings. What they will do is give a potential solution to both the challenges and it is then up to the Asset Management Board to review that and to see, if compromise is required, where they might direct that compromise to occur or how the overarching requirements of both of the entities. It is not just those, there is also a requirement for housing, for amenity space, for parking, public realm, et cetera. So all of those factors will be included in the review of those 2 specific cases.⁹⁶

The PAC used the above case study to illustrate a wider point about the governance structure and lack of clarity around the roles of the decision-making bodies. There are several other sites it could have chosen, including Piquet House, Springfield and La Folie to demonstrate its concern that the current bodies and processes do not work and are not understood by those called upon to use them. Furthermore, there is a noticeable absence of the use of an industry standard tool for prioritising needs⁹⁷ or of demonstrating a clear and objective decision-making rationale.

⁹⁶ [PAC Hearing - Director General for Infrastructure, Housing and Environment and Skills - 12 July 2021, pp.28-9](#)

⁹⁷ There are several industry-recognised and standardised problem-solving processes which can demonstrate improved quality of decision making, asset performance and regulatory compliance, amongst other things.

Section 6 - States of Jersey Development Company (SOJDC)

Terms of Reference: 1. To assess the progress on overall arrangements of the Government's strategic property function including:

- a. The role and responsibilities of the States of Jersey Development Company (SOJDC) regarding Estate Management strategy implementation.

Background - SOJDC

- 6.1 The PAC recalled that the SOJDC had been established in 2012, by way of [P.73/2010](#), which set out its current functions and provided the relevant Memorandum and Articles of Association for the Company's operation. Since its establishment, it has delivered a range of major projects for the Island with profits available for further developments, public realm projects or dividends for the Government. However, the Government has never undertaken a formal review of its role, to satisfy itself that the outcomes to date are meeting the objectives set out in the original proposition. Furthermore, the Government had not systematically assessed or reported the benefits to the taxpayer arising from its relationship with and investment in SOJDC.
- 6.2 The Comptroller and Auditor General's (C&AG) [Report on the States of Jersey Development Company](#) (June 2020) made recommendations to both the Government of Jersey (GoJ) and the SOJDC, including that there should be greater clarity in remuneration policies, such as bonus arrangements at SOJDC. There should also be greater transparency in reporting the results of SOJDC to reflect overall performance, including the impact of land provided by Government at no cost. Recommendation 3 of the Report was for the Government to:

Undertake a strategic review of SOJDC to confirm that it remains the most appropriate vehicle and operating model to deliver Government regeneration objectives in the longer term.

- 6.3 The PAC understood this important strategic review would take place before any other work was commissioned by JPH or any department of the Government in respect of developing and implementing the [Estate Strategy](#). The Treasurer engaged with SOJDC in relation to the C&AG's findings directly related to the Company, so that its responses could be incorporated in the [Executive Response](#) to the C&AG's report. The PAC recalled that all of the C&AG's recommendations had been accepted by the Government.

2020

- 6.4 The PAC, at its public hearing in July 2020, sought to further understand from the former Chief Executive, when the role of SOJDC in Estate Management of the States' portfolio would be reviewed. Whilst accepting that the SOJDC's Terms of Reference warranted examination and the legal framework under which it operated needed 'refreshing', the former Chief Executive stated:

Former Chief Executive:

*We do think that there is a need to look at the wider remit of how SOJDC operates in 2021 rather than when it was established some 12, 13 years ago. As part of that, there will be a review of part of SOJDC's terms of reference and Memorandum of Understanding (MOU), but **in order to be able to effect that we have also got to look***

at this relationship between JPH and SOJDC's operating capabilities and that piece of work will take place first.⁹⁸

- 6.5 The PAC was subsequently informed by the Director General of IHE that SOJDC had been commissioned to undertake a piece of consultancy work to assess the best location to dispose, acquire and develop real estate activities on behalf of the Government. The consultancy work would also make recommendations on the activities of the SOJDC and JPH, informing both organisations' delivery models in the future. The PAC questioned the former Chief Executive on the decision to prioritise this work over a review of the SOJDC's strategic function, during its Quarterly Hearing on 7 December 2020⁹⁹:

Former Chief Executive

... There is a piece of work which has been commissioned to look at how best these 2 organisations can work together and which arm, as you might say, of government through either the arm's length function or direct function is best deployed to deal with the activity. For example, it is probably much more appropriate for SOJDC to be involved in ...the redevelopment of some of its estate...There are equally much more appropriate arrangements which would be delivered through JPH for asset management and day-to-day management of our estate ...

- 6.6 The PAC sought to understand more about the commissioned consultancy work and received a letter from Jersey Property Holdings and the DG of IHE on 21 December 2020:

PAC question

What is the total cost of the consultancy work that you have commissioned the SoJDC to undertake to assess the best location to dispose, acquire and develop real estate activities on behalf of the Government and to make recommendations on the activities of the SoJDC and Jersey Property Holdings, in order to inform both organisations' delivery models in the future? How much of this work will be funded directly by the Government of Jersey?

DG IHE & JPH Answer

The consultancy work being carried out for SoJDC has not yet been let. It will be funded from SoJDC funds.

PAC Question

Is there a tender document for this contract, and, if so, please provide this in confidence to the PAC?

DG IHE & JPH Answer

The Invitation to Tender will be forwarded.

(It was not)

PAC Question

Can you confirm whether any third party reports are being provided to both parties in respect of this contract?

DG IHE & JPH Answer

No third party reports are being provided.

⁹⁸ [PAC Quarterly Hearing with the former Chief Executive, 27 July 2020, pp.19](#)

⁹⁹ [PAC Quarterly Hearing with the former Chief Executive, 7 December 2020, pp.4-5](#)

PAC Question

Can you confirm, and how are you ensuring, that the terms of the tender and the scope of the work are not subject to any conflicts of interest on the SoJDC's part?

DG IHE & JPH Answer

The terms of the tender will be subject to the SoJDC board and Ministerial oversight and scrutiny in order to avoid possible conflicts.

2021 Progress

- 6.7 In May 2021, members of the PAC met privately with the Managing Director of SOJDC¹⁰⁰ to understand whether he knew anything of a strategic review of the SOJDC being undertaken, in line with the C&AG's recommendations. He told the members that he knew nothing of that, or of the Memorandum of Understanding between the Government and the SOJDC being updated, but he advised that the SOJDC was 'forging forward' with its own commissioned joint review with JPH.
- 6.8 At the July 2021 public hearing with the Director General of IHE and the Director of JPH, the Committee questioned the Director General on the nature of this joint review with SOJDC that was seemingly taking precedence over a Government-led strategic review:

Director General, Infrastructure, Housing and Environment:

*There is some work being undertaken that has been launched by the Development Company...We are party to that. It is a joint piece of work. (SOJDC) **have commissioned it and they are paying for it.** But it is looking at how they operate. It is also looking at how they interact with us with a view of have we got that right? It is also looking at some of the rules of the road through which SOJDC operate. We have effectively created an arm's-length body to develop property for us. We have also over the years applied further constraints to it so it is, I would say looking on from the Government side of things, does not act as flexibly as we would hope it would do now. So firstly, yes, the review is being undertaken. **There is an external property adviser doing that review for them and for us and we are part of the workshops.** We are straying into obviously how they relate to us as well about who does what in terms of development. So, from our side of the equation, **we would like a conversation with them about whether they do more for us.** ...*

*It is good to reconfirm do we still need a development company or not? There is still a big task for it to finish. **I think it will conclude that, yes, we need a development company to act in these areas.** ... But certainly the MOU as to what they do, what we do, we certainly do want to codify that and improve it so that we can move forward with that relationship.*

Mr. G. Phipps

So assuming they are still in business, when would you anticipate an MOU be in place such that you have a basis of going forward with new projects?

Director General, Infrastructure, Housing and Environment

*The next stage of the review would be then they would need to take that to their Board, we want to take that to our Board through our Regeneration Steering Group. So I am going to lay a few dates for it, we would do that in September after the summer break. **So we should be getting an MOU really agreed October (2021), the last quarter of this year I would say it needs to be done.**¹⁰¹*

¹⁰⁰ Estate Management Sub-Group of PAC private briefing with MD, SOJDC, 18 May 2021

¹⁰¹ [PAC Public Hearing with Director General Infrastructure Housing and Environment and Director of Estates, 12 July 2021, p.43](#)

- 6.9 The PAC pressed the Director General on his understanding that the review he described, commissioned by the SOJDC to ‘review the joint work programme of the SOJDC and JPH’ was not the same as the strategic review envisaged by the C&AG, which the Government had agreed to in July 2020 and which was supposed to review whether the SOJDC was the most appropriate vehicle and operating model to deliver Government regeneration objectives. The Director General stated:

As a partner of SOJDC, I would say ...there still is a very strong need for a development company to exist here to develop the sort of assets about which we are talking...I would hope to be inputting my views into any strategic review around their entire purpose. Certainly the review we are undertaking with them or in partnership with them, it probably reconfirms their purpose undoubtedly. It talks about how their role could be improved. But it does not fundamentally ask the question about whether they should exist in the first place or not.... I would not say that the work that we are doing with SOJDC is biased. I guess the terms of reference it is about how they operate now and how they interact with us...what it does not do is look at their quintessential reason to exist. It does not cover that point and whether we still need a development company or not. That is another review.....if we are to have a more strategic review of the development company or indeed the other Arm’s-Length (Organisations) around the development activity, that is another piece of work that currently is not being done at this time.¹⁰²

- 6.10 The PAC followed up with further questions to the Director General, IHE and Director of JPH in a letter dated 29 July 2021:

PAC Question: In December last year the PAC published a comments paper, where we said: *‘Insufficient progress has been made regarding the implementation of recommendations made by the C&AG regarding the States of Jersey Development Company (SoJDC).(June 2020). In the absence of a robust MoU and other such governance provisions there is uncertainty created about the appropriateness of the roles requested of and carried out by SoJDC in respect of the public estate.’*

Recommendation 3 of the C&AG’s Report was accepted: You agreed to *‘Undertake a strategic review of SoJDC to confirm that it remains the most appropriate vehicle and operating model to deliver Government regeneration objectives in the longer term.’*

We were told that the new States Owned Entities and Larger Arms’ Length Bodies Oversight Board chaired by the Chief Executive will consider strategic reviews of SoJDC and other States Owned Entities as appropriate, by end of Q2 2021 – Has that taken place?

IHE & JPH Response: *Workshops took place with JPH, IHE and SoJDC to discuss a proposed new model of service delivery for property development, disposal and acquisition. It was agreed between Government and SoJDC that an external real estate consultant should be appointed to carry out this review. Following a tender process signed off by SoJDC, IHE and JPH, JLL was appointed to undertake the review which is ongoing, with expectation of completion in October 2021.*¹⁰³

- 6.11 The PAC surmises from the above response that the SOJDC-commissioned review delivery date was delayed. It asked the DG IHE and Director of JPH why they thought it

¹⁰² [PAC Public Hearing with Director General Infrastructure Housing and Environment and Director of Estates, 12 July 2021, p.45](#)

¹⁰³ Letter to DG IHE and Director JPH 29 July 2021, response received 25 August 2021

appropriate to carry out work with SOJDC before undertaking a Government-led strategic review into the role of SOJDC and were advised, 'SOJDC have an ongoing programme of work.' The PAC considers this response to be wholly inadequate.

- 6.12 On requesting further clarification on the status of other recommendations of the C&AG in relation to SOJDC, the PAC were disappointed to receive unsatisfactory and incomplete replies from the IHE department:

PAC Question: Recommendations 5-8 relate to finalising an MoU with SOJDC: (R5 Finalise the revised draft MoU for discussion and agreement with SoJDC as soon as possible.

- R6 Ensure that the revised draft MoU addresses all gaps and points of clarification identified by both parties.
- R7 Agree a process for a regular, structured review of the appropriateness of the MoU.
- R8 Prepare a formal, periodic shareholder assessment to demonstrate compliance with the terms agreed in the new MoU)

What is the status of a new MoU?

IHE & JPH Response: Not yet complete

PAC Question: What's the status of any other working agreement or contract between SOJDC and the Office of the Chief Executive or Jersey Property Holdings?

IHE & JPH Response: Not aware of any other contract.

PAC Question: Recommendation 13: Carry out an annual calculation of added value of all miscellaneous projects undertaken by SoJDC and transferred as 'dividend in specie' so that cumulative benefit to the Government can be understood and reported fully. Has that been done? If not, why not?

IHE & JPH Response: This may have been undertaken by Treasury as shareholder. JPH are not aware of such a calculation

- 6.13 The PAC found the above answers to be unhelpfully short and lacking in detail. The Committee sought clarity on the matter from the Treasurer of the States and the Chief Executive by letter dated 18th August 2021. The Chief Executive asked that his response, dated 30th August 2021 remain confidential and not be published and the Committee has agreed to this request. However, it notes that the commissioned review (paid for by SOJDC) could '*potentially shape the future operations of SOJDC*' and that the Chief Executive considered it prudent to await the outcome of that review before undertaking the wider strategic review envisaged by the C&AG.

- 6.14 The PAC wanted to bring the matter to light in a public forum and asked the Chief Executive about the issue at its public hearing with the Interim Chief Executive in September 202, to which the Director General IHE had also been invited:

Mr. P. van Bodegom:

In a recent letter you told us that a review is being undertaken regarding the role of the States of Jersey Development Company in tandem with Jersey Property Holdings - But this is not the same as the specific review of SOJDC. recommended by the Comptroller and Auditor General (C&AG) to establish whether it remains an appropriate vehicle to develop the public estate. Can you tell us why (it) has taken precedence?

Interim Chief Executive:

The review, to which you are referring that is underway already, is a review that has been jointly commissioned by ourselves, the civil service, I.H.E. and specifically Jersey Property Holdings, working with our colleagues in the States of Jersey Development Company. **It is a combined commission. It was a tender process which was won by JLL**, I have a meeting with the Chief Executive of S.O.J.D.C. and the director general tomorrow to discuss the emerging findings from that review - What that work is doing is looking from an operational perspective at the relationship between Jersey Property Holdings and S.O.J.D.C. **It will inform a wider strategic evaluation of our relationship with S.O.J.D.C.**, ...I think will prove to be useful and informative and, in turn, will inform.

Deputy I. Gardiner:

How comfortable are you with S.O.J.D.C. paying the full amount when it was a joint decision between the department and S.O.J.D.C.?

Interim Chief Executive:

I am not sure I readily see a sort of conflict in that. I think that it's a joint piece of work, which is particularly focused on how we work with J.D.C. I am not sure I see that as a major problem.

Deputy I. Gardiner:

May I ask the Treasurer to respond? The S.O.J.D.C. paying for the piece of work which will give them extra responsibilities and obviously extra funds. ... How comfortable are you with us not participating?

Treasurer of the States:

You are right to identify risk but as long as that risk is mitigated and addressed in terms of oversight of the piece of work. It often happens in other pieces of work we do. As long as you have that joint oversight of the project I do not see that there is a significant risk that would emerge.

Mr. G. Phipps:

One follow-up question. When will this report be completed?

Director General, Infrastructure, Housing and Environment:

It is effectively being finalised this month. ... the final recommendations have now been made in draft and I think if it helps give some confidence in terms of governance of that piece of work the oversight is between myself and the property director, as well as the S.O.J.D.C. team. ...

Mr. P. van Bodegom:

We are concerned that the S.O.J.D.C. will take on extra responsibilities from J.P.H. before it is established whether they are the appropriate vehicle to do so. How do you ensure that this does not happen?

Interim Chief Executive:

I think that is a logical follow-on from your earlier question. As well as looking operationally and in partnership with S.O.J.D.C., ...we also need to, alone as a Government, take our own steely eye on the best interests of value for money and efficiency for the public purse. So I think the mitigation against the possibility ...that the tail could wag the dog ...is that ultimately the Government will determine for itself what is in the best interests of the public as a whole ...¹⁰⁴

- 6.15 The PAC fundamentally disagrees with the approach being taken, namely that a review commissioned by SOJDC should take precedence over any strategic review of its role by the Government. It considers that this is entirely contrary to the C&AG's accepted

¹⁰⁴ [PAC Quarterly Hearing with Interim CEO - 13 September 2021, pp.17-8](#)

recommendation. The PAC considers it to be frankly, odd, that a States Owned Entity, the States of Jersey Development Company has undertaken its own review which apparently looks at cementing its role and its relationship with Jersey Property Holdings, and that the Government Officers do not see that as a blatant disregard of the C&AG's accepted recommendations, with a huge potential for bias and self-interest on the part of the company.

- 6.16 Whilst the PAC are encouraged by the intention to undertake work to better-understand the relationship between SOJDC, its stakeholders and its partner companies such as the Property Division (Jersey Property Holdings) it is clear that SOJDC have experienced continuous failings across its history that require urgent address before the organisation is ready to undertake additional roles.



FINDING 23: The recommendation by the C&AG, to undertake a review of the States of Jersey Development Company (SOJDC) to establish whether it remains the most appropriate vehicle and operating model to deliver Government regeneration objectives in the longer term, has not been implemented.



FINDING 24: The States of Jersey Development Company – commissioned report by JLL which reviews the relationship between SOJDC and JPH should not be considered a substitute for the strategic review of SOJDC recommended by the C&AG.



FINDING 25: There is currently no way of knowing that the outcomes of the review undertaken by the SOJDC are meeting the objectives for the company, as set out in the original proposition, and whether any changes could enhance delivery of Government property objectives.



FINDING 26: The PAC is concerned that the current review commissioned by SOJDC to examine its relationship with JPH, is open to bias, potentially in favour of it remaining the 'appropriate vehicle' to deliver the Government's property and asset objectives.

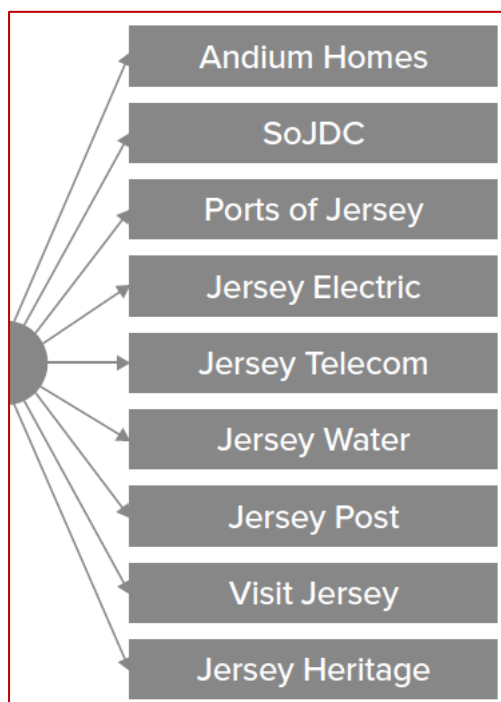


RECOMMENDATION 14: In using the SOJDC-commissioned review to inform whether it should remain the 'appropriate vehicle' to deliver the Government's property and asset objectives, the Government should be mindful of the potential for bias.



RECOMMENDATION 15: The Executive should undertake to review the purpose and aims of the SOJDC in line with the C&AG's recommendations as a matter of urgency.

Section 7 - States-Owned Entities (SOE)



Terms of Reference: 1. To assess the progress on overall arrangements of the Government's strategic property function including:

- b. The role of States-owned organisations and relationships to each other in respect of developing and implementing a cohesive and comprehensive Estate Strategy linked to corporate objectives.

Background - 2019

7.1 The PAC considers that¹⁰⁵ an effective relationship between the States and the bodies that it owns, creates and substantially funds - Arms-Length Organisations (ALOs) and States Owned Entities (SOEs) - is essential for the delivery of high-quality public services. The PAC notes the importance of all the SOE's input into developing and implementing an Estate Strategy for the whole of the Public Estate, whilst States' objectives are robustly

maintained through each SOE's Board and Executive Management Team.¹⁰⁶ Conversely, the lack of a clear framework, together with weaknesses in oversight of the various bodies funded by the States, can lead to poor relationships and a damaging impact on services.

- 7.2 In the formal [Response](#) to her report on the [Remuneration of Board Members](#) (October 2019), the Government acknowledged that it was looking to consider the wider implications of its relationship with all SOEs and it proposed to establish a new Arms' Length Body Oversight Board (ALBOB), which would be the main forum for the coordination of joint policy delivery. The Government advised the Terms of Reference for the Board would be ready by the first quarter of 2020.

2020

- 7.3 The Comptroller and Auditor General's (C&AG) [Report on the States of Jersey Development Company](#) (June 2020) recommended that the Government prepare a clear timetable for finalisation of the Estates Management Strategy and 5-year Asset Management Plan as soon as possible and emphasised that any future plans should be fully integrated across all areas of the Government including States Owned Entities (SOEs).
- 7.4 In its [Executive Response to that C&AG Report \(July 2020\)](#), the Government accepted the recommendations and advised that they would be addressed as part of a review into the Memorandum of Understanding (MOU) of all States Owned Entities. At a public hearing in July 2020, the PAC was pleased to hear the former Chief Executive emphasise the importance of aligning the States Owned Entities/Arms-Length

¹⁰⁵ [PAC Comments on the Executive Response to the C&AG Report on Remuneration of Boards](#)

¹⁰⁶ The PAC is cognisant of the fact that incorporated companies have responsibilities under the [Companies \(Jersey\) Law 1991](#) which limits the States (as a shareholder) in dictating certain terms. Notwithstanding those limitations, the PAC is firmly of the belief that the States as a shareholder should exercise its power to benefit the Public.

organisations to look more strategically at what parts of the States Estate should be kept, what should be sold and what should be put into regeneration or infrastructure and housing projects:

Former Chief Executive

*We need to look at where resources currently exist within the Government's either direct control or through its Arm's Length bodies, where we can use those resources more effectively and better... When that asset management plan is completed ... I think you will find that you will be able to make a direct correlation to the staffing, the roles and responsibilities, et cetera, necessary to deliver the strategy.*¹⁰⁷

2021 Progress – Arms' Length Body Oversight Board (ALBOB)

- 7.5 Notwithstanding there had been an inevitable delay to the establishment of the Oversight Board, due to the Covid-19 pandemic, the PAC was keen to find out what progress, if any, had been made. It asked the Director General of IHE at its meeting of 12 July 2021:

Deputy I. Gardiner:

...We are trying to understand the role of States-owned organisation and relationships to each other in respect of developing and implementing a cohesive and comprehensive estate strategy, linked to the overall corporate objectives. Now, what communication have you had with the State-Owned Entities in this respect? How have they contributed to estate management strategy implementation?

Director General Infrastructure Housing Environment

*... Andium are very clear where they are going with their own strategy. Whether they have public land coming in ... Andium have not driven our estate strategy itself, so that is for us to do and they pick up sites that we do not require anymore and that we are willing to go on housing. We have a formal relationship with the States of Jersey Development Company. They do come to the Regeneration Steering Group. We have also had in various guises the Ports of Jersey come to the Regeneration Steering Group to present items. So that is the main arena whereby there is political discussion around their own estates. **There is not, at this point, co-ordination around how all of those estates work together. But it is more of a binary conversation we have one-to-one with Andium or we will have one-to-one with the Ports or one-to-one with the States of Jersey Development Company.***¹⁰⁸

- 7.6 The PAC was disappointed at this apparent lack of a co-ordinated approach, and having recalled that the new ALBOB, chaired by the Chief Executive, was due to consider strategic reviews of SOJDC and other SOE by the end of Q2 2021, the PAC followed up with letters to both the Director General of IHE and the interim Chief Executive. An extract from the Director General's response dated 25 August 2021, is set out below:

PAC Question: In the C&AG Report on the States of Jersey Development Company, 5 June 2020, the C&AG recommended that the Executive prepare a clear timetable for finalisation of the Estates Management Strategy and 5-year Asset Management Plan as soon as possible and ensure that future plans are fully integrated across all areas of the Government including States Owned Entities. The Executive Response to C&AG Report (July 2020) advised that the recommendations made by the C&AG would be addressed as part of a review into the Memorandum of Understanding ("MOU") of all States Owned Entities.

¹⁰⁷ [PAC Quarterly Hearing with the former Chief Executive, 27 July 2020, p.4](#)

¹⁰⁸ [PAC Hearing - Director General for Infrastructure, Housing and Environment - 12 July 2021, p.39](#)

Do you have MoUs with other States Owned Entities such as Ports of Jersey?

IHE & JPH Response: No

PAC Question: Given that they are States owned and consolidated in the States Annual Report and Accounts as such, why can't you formulate a strategy which incorporates land or property in domains such as Ports of Jersey?

IHE & JPH Response: The States Owned Entities have been granted land and property to use in the pursuit of their business objectives and guard the freedom to use the assets accordingly.

PAC Question: We've been trying to understand the role of States-owned organisations and relationships to each other in respect of developing and implementing a cohesive and comprehensive Estate Strategy linked to corporate objectives – apart from SOJDC, what communication have you had with States-Owned Entities in this respect?

IHE & JPH Response: The States Owned Entities have started to be included in the RSG in order to communicate the Government's intentions and for them to brief their plans.

PAC Question: In the response to the C&AG's review on Remuneration of Board Members, it was proposed to establish a new Arms' Length Body Oversight Board: *'This Board is in the process of being set up and is expected to be the main forum for the coordination of joint policy delivery'*

What is its progress?

IHE & JPH Response: The first meeting of ALBOB took place on 5 August 2021 which principally met to agree the Terms of Reference. No strategic reviews of the other States-Owned Entities or other bodies have been undertaken as yet.

7.7 The PAC found the above responses to be unhelpfully cursory and entirely lacking in informative detail.

7.8 In its letter to the interim Chief Executive, the PAC had requested, amongst other things, the Terms of Reference of the ALBOB. In the response of 30 August 2021 (which will remain confidential at the behest of the CEO), the Chief Executive confirmed that 'for a variety of reasons' the Board were unable to meet until early August 2021 and that no strategic reviews of SOEs or any other strategic bodies had taken place. It was envisaged that the ALBOB would not commission its own strategic review until it had seen a report commissioned by SOJDC¹⁰⁹. At its public hearing with the interim Chief Executive, in September 2021, the PAC members were advised that he chaired the ALBOB and were given details of its membership:

Interim Chief Executive:

The membership includes the Director General of S.P.P.P. (Strategic Policy, Planning and Performance), the Treasurer, the Chief of Staff, the Director General for the

¹⁰⁹ As documented in the previous chapter of this report, the Chief Executive asked that his letter, dated 30th August 2021 remain confidential and not be published and the Committee has agreed to this request. However, the PAC notes that the interim Chief Executive considered that the SOJDC- commissioned review, looking into the relationship between it and Jersey Property Holdings, could *'potentially shape the future operations of SOJDC'* and that he considered it prudent to await the outcome of that review before undertaking a wider strategic review of SOEs.

*Economy, Director General of Customer and Local Services and the Greffier of the States and we will also involve other colleagues as relevant.*¹¹⁰

- 7.9 The PAC had been asked not to share the Terms of Reference of the Board because the Government has yet to consult with the various external bodies regarding proposed new governance arrangements. It sought to understand what progress had been made on clarifying roles and responsibilities of Arms-Length Organisations at the public hearing with the Chief Executive in September 2021 (to which the Director General IHE had also been invited):

Interim Chief Executive:

...our work with Arm's Length Organisations, including State-Owned Entities, which the C&AG has recommended at various times ...is an issue not just in relation to S.O.J.D.C. but of a very wide range of organisations to ensure that the total ecosystem ... of the Government of Jersey and the States of Jersey, has incorporated in it best practice, value for money, the sufficient safeguards for conflicts of interests and so on - as a totality, as a piece of work, that is underway at the moment.

Mr. G. Phipps:

...so when do you anticipate that we will see some results that we can incorporate?

Interim Chief Executive:

I think it is perhaps premature for me to answer that with a date. We need to first have a work programme and a realistic timetable. I am hesitant in providing you with a date that subsequently I might not be able to meet.

Mr. G. Phipps:

How about directionally?

Interim Chief Executive:

Directional, it is a big piece of work for the rest of this year and 2022. I think that this is widely acknowledged to be an area that the Government of Jersey perhaps neglected. It has been drawn to our attention. There is a lot of cost and as well as capacity and expertise in our arm's length bodies. ...We have initiated a number of projects in relation to our commercial services and procurement team to be working with the arm's length organisations, which is one group within the wider arm's length bodies. The commercial services team already have a capacity to work on this. We have initiated a review of remuneration arrangements for arm's length bodies. This work already is underway and, as I think you would appreciate, it is very significant in its scale and complexity.

Mr. P. van Bodegom:

Thank you. Can you tell me what the work programme is going forward?

Interim Chief Executive:

*I do not think I am in a position to describe that yet but I expect I will be at the next quarterly hearing.*¹¹¹

- 7.10 The PAC is concerned to note that so little progress has been made by the Oversight Board for the Arms-Length Organisations and States-Owned Entities (ALBOB) despite it being previously stated that the Terms of Reference would be ready by the first Quarter of 2020 (it notes the first case of Covid-19 in Jersey was recorded on March 10 2020¹¹² so does not accept that as a reason for the delay of 1.5 years). It considers the continued piecemeal approach, in terms of developing and implementing a cohesive and comprehensive estate strategy, linked to the overall corporate objectives, is not working.

¹¹⁰ [Transcript – PAC Quarterly Hearing with Interim CEO, 13 September 2021, p.20](#)

¹¹¹ [Transcript – PAC Quarterly Hearing with Interim CEO, 13 September 2021. p.19](#)

¹¹² [First case of Coronavirus confirmed in Jersey | ITV News Channel](#)

7.11 The PAC is also concerned that an absence of an integrated strategic framework for asset management and regeneration and the fact that the Government had not undertaken a formal review to understand whether there were any ways to improve delivery of the Government's property objectives, also added to the general confusion and lack of clarity about any of the SOEs or property-related departments' roles and functions.



FINDING 27: Although the Oversight Board for the Arms-Length Organisations and States-Owned Entities has now been established, its work programme has progressed very little.



FINDING 28: The continued piecemeal approach to engaging with States-Owned Entities and Arms-Length Organisations, in terms of developing and implementing a cohesive and comprehensive estate strategy linked to the overall corporate objectives, is not working.



FINDING 29: Lack of clarity in the roles, responsibilities and working relationships between ALBOB, RSG and CAMB is apparent. This can negatively impact optimum decision making about surplus properties or acquiring new ones, and it has a detrimental effect on cost and efficiency of scale opportunities for operations and maintenance.



RECOMMENDATION 16: The role of the Arms-Length Organisations Oversight Board (ALBOB) in respect of the implementation of the Estate Strategy should be clarified immediately.



RECOMMENDATION 17: The Arms-Length Organisations Oversight Board (ALBOB) should undertake a Strategic Review of States Owned Entities, at the earliest opportunity, with the aim of aligning SOE/ALO property strategy and management with the corporate landlord model. The review should focus on what parts of the States Estate should be kept, what should be sold and what should be put into regeneration or infrastructure and social housing projects.



RECOMMENDATION 18: A Strategic Review of the responsibilities and working relationships between ALBOB, RSG and CAMB should be undertaken as soon as possible.

Section 8 – Departmental Target Operating Models (TOM) and Estate Management

Term of Reference: 2. To examine the restructuring of departments and their Target Operating Models (TOMs) where they relate to managing States' land and property assets, with particular reference to:

- a. Education
- b. Health
- c. Infrastructure, Housing and Environment
- d. the Property Division (formerly Jersey Property Holdings);

Background

- 8.1 The PAC recalled that in 2005, the proposition [P.93/2005 – establishment of Jersey Property Holdings](#) had set out principles for the future management of States property with the creation of Jersey Property Holdings (JPH) under the then Finance and Economics Committee. Its purpose was to transfer the administration of all States property assets (except 'trading' SOEs and ALOs and social housing) and existing staff with property responsibility to JPH in order to develop a modern, innovative approach to the management of property and deliver:
- 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;
 - 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;
 - 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;
 - the introduction of a charging mechanism for all property assets to reflect the true cost of occupation.
- 8.2 The PAC wanted to understand if the huge departmental restructuring programmes known as Target Operating Models (TOMs) had progressed to aid a more joined up approach to Estate Management. It had heard that, for example the Education and Health departments still retained responsibility for certain properties within the central property register but understood there was a move to further centralise the function of Jersey Property Holdings to incorporate them. The PAC also wanted to understand what role Jersey Property Holdings would play in the implementation of the Estate Strategy.
- 8.3 At the 27 July 2020 Public Hearing with the former Chief Executive, the PAC asked how the new Target Operating Models would work in respect of property matters:

Deputy I. Gardiner

...all departments, Housing, Education and Health, will come under one management which will be one Estate Management?

Former Chief Executive

...all property, operational property matters, will now come into the (IHE) department. There will no longer be any excuses for there to be operational responsibility for any property sitting outside of that one department. That will create a better oversight and

*better direct management of the issues pertaining to property.... **That in turn is separate from investment decisions, the capital programme and also what long-term arrangements we make for our investment portfolio...** By way of example, a new school, **JPH (Jersey Property Holdings) would be the responsible body for delivering the bricks and mortar and the development, but the strategic rationale for a new school, what it would include, how it would work, its layout and educational offer would obviously be driven by the Children, Young People, Education and Skills (CYPES) Department.***¹¹³

- 8.4 The PAC tried to establish the lines of accountability:

Former Chief Executive

...The Estate Management role needs to be consolidated in one place, so the new department will take responsibility for all operational estate related issues for government departments. ...

In the same way as the hospital - which, as you know, is a separate project and not being dealt with by J.P.H. - the strategic responsible officer is in fact the D.G. (Director General) for Health and Community Services, because you have got to look at what is it that the hospital is meant to be delivering. Once we have agreed a site and got a partner agreed and we are into the delivery phase, the responsibility will pass to the D.G. for G.H.E., so part of the department's responsibility for capital projects will be retained. However, no department, apart from the Treasury Department, will take a view about, for example, the investment requirements for our estate.¹¹⁴

2021 Progress

- 8.5 At the public hearing on 12 July 2021, the PAC tried to further its understanding of who the drivers were. The Director General, Infrastructure, Housing and Environment stated:

*The need has to start via the service department. The service department has to have a very clear idea of where it wants to go with its service, whether it be Health. Health is another example we have at the moment where, for the delivery of that service, we know that they are looking at a number of things. Either the physical estate, the hospital proposal, mental health offering there, or the Jersey Care Model, which is also informing how services are delivered. So the Health Department, for instance, are looking at what their longer-term needs are. That has some property implications. **So it is not for I.H.E. and the Property Department to direct people's longer-term strategy.** I do however feel that we need to talk to them about the real estate implications of their service strategy and their longer-term vision.*

- 8.6 The PAC was puzzled by this answer given that the IHE and JPH TOM was supposed to provide both 'a strategic forward-looking planning function and an operational coordination function for property management'. It pressed the interim Chief Executive in June 2021, for a reason that integration of Departments in relation to rationalising the Estate might be so slow, given that it was supposed to be a priority:

Interim Chief Executive

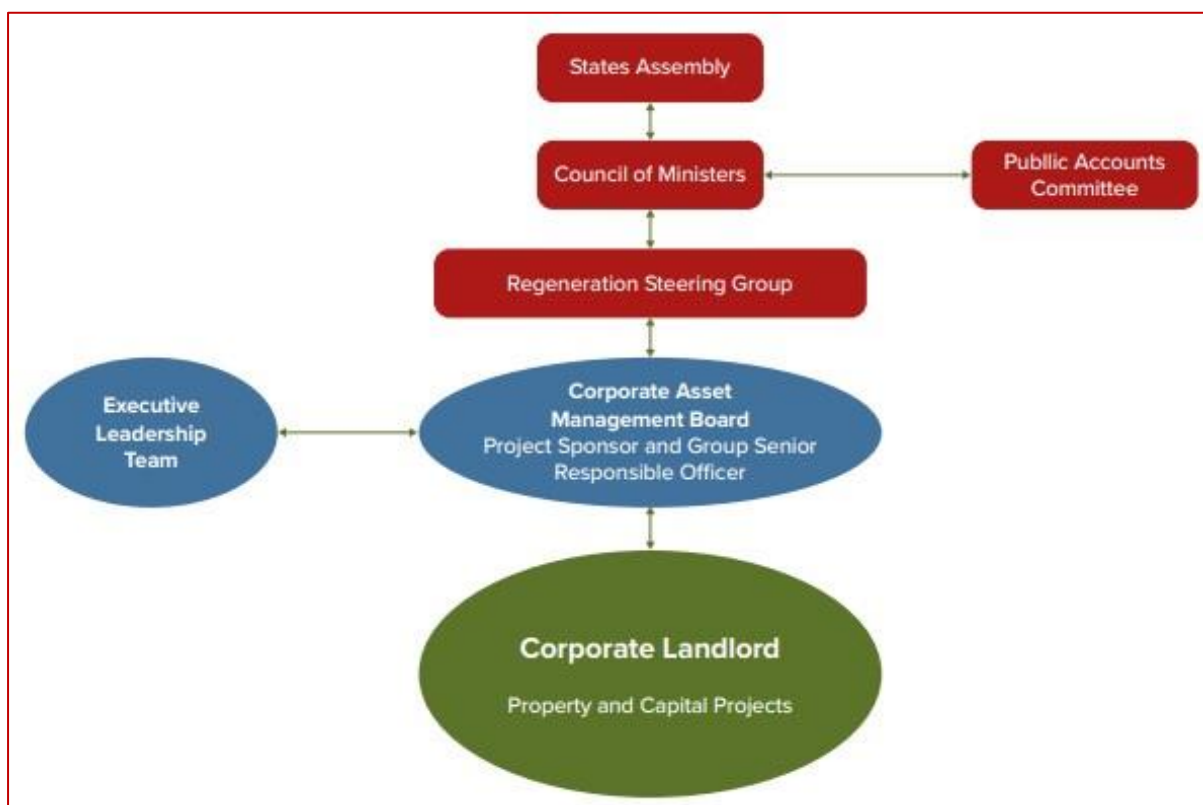
...the work of the Government to move towards (the Estate Strategy's) implementation is a sign of improvement but from a low base. We know the reason that the base is low is because the legacy is of property management being contained within each of the departments in the Government of Jersey with probably an inconsistent approach to understanding stock condition, health and safety issues, usage...That will be ...a

¹¹³ [PAC Quarterly Hearing with the former Chief Executive, 27 July 2020, p.17](#)

¹¹⁴ [PAC Quarterly Hearing with the former Chief Executive, 27 July 2020, p.17](#)

number of years. Not least because Jersey Property Holdings only currently has a minority of the total estate of the Government of Jersey within its own framework. So there is a process ... of moving management of the estate from the department in which it is currently based into Jersey Property Holdings. ...we should expect that during the lifetime of the next Government that this progress should be complete.¹¹⁵

8.7 The Committee sought to clarify this seemingly non-urgent timeline with the Director of Estates, Jersey Property Holdings and the Director General IHE in a follow up letter to the Department in July 2021.¹¹⁶ It asked what obstacles were in the way of faster implementation. The PAC was directed to view the governance structure (below) set out in the [Estate Strategy and](#) advised that 'the new TOM structure will set out further clarity of responsibilities and roles for making property decisions under the new corporate landlord model.'



¹¹⁵ [PAC Public Hearing with interim Chief Executive 7 June 2021, p.12](#)

¹¹⁶ Letter to DG IHE and Director JPH 29 July 2021, response received 25 August 2021

Corporate Landlord Model

- 8.8 The PAC notes the definition of the 'Corporate Landlord Model' as derived from the Estate Strategy (opposite).¹¹⁷ The interim Chief Executive confirmed his understanding of the Corporate Landlord Model at the Quarterly public hearing in September 2021:

Interim Chief Executive:

*... I think it is around the uniformity of structure and approach and the consistency that the States **will be** adopting towards its responsibility for estate management... where what had previously been departmental responsibilities in teams are drawn in towards a corporate responsibility, which has ...the benefit of an economy of scale in terms of capacity and procurement and expertise and the consistency of ensuring that departments are supported professionally, that advice given to them is well-informed, expert and also sometimes the departments are challenged on what they believe to be their estate requirements...because the governance structure is unified ...(this) means that States Members can have an assurance that decisions are being taken in a consistent and well-informed way.¹¹⁸*

The concept of a Corporate Landlord aligns governance, decision making and budget management around all property assets and the responsibility for their management and maintenance in one place. Under this model, this provides a clear framework and leadership for the management of property assets. Departments will no longer be responsible for both the strategic and day to day decision making around land and property assets that they occupy or use in delivering their service. The function of the Corporate Landlord is to ensure that service departments are adequately accommodated to ensure that the asset requirements for each service are identified and procured and to maintain and manage the property assets in accordance with corporate strategic priorities and standards and relevant property and health and safety legislation.

- 8.9 The PAC attempted to understand when and how JPH would take on managing HCS and CYPES property with the Director of Estates, Jersey Property Holdings and the Director General IHE in a follow up letter to the Department in July 2021:¹¹⁹

PAC Question: Given the expertise and potential economy of scale¹²⁰ efficiency benefits, are there plans to take on managing the 'Health' estate and 'Education' estate within JPH management and, if so, what is the timing and what's the likely resources necessary?

Note: We are informed that Health manages its own property portfolio, we believe that it is safe to conclude that this has included training personnel to undertake this work. Therefore, are there personnel skills to be shared with IHE to assist with the current shortfall of adequately trained staff within IHE?

IHE & JPH Response: There are plans to reconcile the estate and bring all property under JPH. There are however some facilities that have specific medical technical or security specifications and maintenance requirements across Health and JHA that will

¹¹⁷ [Island Public Estate Strategy 2021-35, p.26](#)

¹¹⁸ [PAC Quarterly Hearing with Interim CEO and others, 13 September 2021, p.8](#)

¹¹⁹ Letter to DG IHE and Director JPH 29 July 2021, response received 25 August 2021

¹²⁰ For the purposes of this report the PAC refers to the widely accepted definition of 'economy of scale', i.e. cost advantages that can occur when the Government becomes more efficient, and fixed and variable costs are spread over more units of production, or a fall in average non-fixed costs by operational efficiencies and synergies.

require specialised or regulated maintenance and management and these will stay with the operating organisation.¹²¹

- 8.10 Given that the written answers from the Director General and the Director JPH had been afforded an extra week, the PAC considered their response to be wholly inadequate and lacking in any meaningful detail.

Education

- 8.11 The PAC noted that Jersey Property Holdings considered that individual departments such as CYPES should initiate a review and identify their own property needs, for example, *“if Education Department come to us and say they are conducting a review, they want a new school, we can then look across the portfolio and say, okay, in terms of the schools that are operating these are areas that we might focus that because they are currently not as efficient as they might be. Then to solve a problem, if you like, we can look across the rest of our estate and say: “Here we have premises and buildings that are suboptimal and that they would be right for exploitation, for redevelopment or refurbishment.”*
- 8.12 The Director General for Infrastructure, Housing and the Environment confirmed that he considered JPH not to have an overarching strategy role but rather to apply technical standards:

“...Clearly Education come from a position of what they think they need in terms of numbers on the school... We ...apply building standards and site standards through the process to match the need against something physical in terms of this is what a 3-form, 2-form school should have, and then there is the practical stuff behind the scenes in terms of matching that requirement against estates that we have currently got.”¹²²

Health

- 8.13 At its public hearing with the Director General for Health and Community Services (HCS) in June 2021, the PAC asked about the department’s involvement with JPH and CAMB¹²³:

The Connétable of St. Peter:

How is H.C.S. represented on the Corporate Asset Management Board and what direct involvement do you have in the development of decisions and plans regarding the department’s property needs and future property portfolio?

Group Managing Director, Health and Community Services:

We are part of the Corporate Asset Management Board. I attend it with my head of estates ...we feed in our estates requirement from backlog maintenance from a short, medium and long-term perspective. All of our major capital programmes are fed through to that board...We have our own estates and facilities service and it is part of our non-clinical support services care group...We provide our own reactive support for our estate with that team but when it comes to planning and changes required within the estate we feed through as the customer - as I would describe - through to those 2 other bodies.¹²⁴

¹²¹ IHE/JPH response to letter of 29 July 2021 was sought by 17th August, later extended to 20 August 2021, and received on 25 August 2021.

¹²² [PAC Hearing - Director General for Infrastructure, Housing and Environment - 12 July 2021, pp.7-8](#)

¹²³ [PAC -Director General for Health and Community Services - 28 June 2021, p.35](#)

¹²⁴ [PAC -Director General for Health and Community Services - 28 June 2021, pp.34-5](#)

- 8.14 The Director General HCS confirmed that Jersey Property Holdings was not responsible for maintenance and management of HCS buildings and that the department had its own maintenance area.

Group Managing Director, Health and Community Services:

*...the reactivity and the ability to deploy quick change in an emergency situation within the Health estate is very different to the wider Government estate...There are options to integrate that into a one government approach but at the moment that expertise does not sit within that other portfolio, it sits with H.C.S.*¹²⁵

- 8.15 In a written submission from HCS¹²⁶, the Director General confirmed that:

The 5–10-year plan is being developed to further understand what estate will be required or not due to the impending new hospital...The development of the Jersey Care Model will support the longer-term vision...HCS colleagues working alongside IHE and the Our Hospital delivery team have been working through proposals to cover the current estate issues, which are heavily reliant on Backlog Maintenance funds to remain operational.

Infrastructure, Housing and Environment (IHE) and Jersey Property Holdings (JPH)

- 8.16 In its first report on [Estate Management](#) in February 2019, one of the PAC's key recommendations was to clarify the ownership, responsibility and delivery of the Infrastructure, Housing and Environment Department's (IHE) Target Operating Model (TOM), specifically how it would deliver the aims, objectives and goals of the Property Division (Jersey Property Holdings):

- Recommendation 1: The Director General should make a much clearer commitment to what would be actioned, by whom, and with clear deadlines.

The PAC noted that the Director General of the Growth, Housing and Environment (now Infrastructure, Housing and Environment or IHE) Department and the (former) Chief Executive accepted¹²⁷ the recommendations and advised in the [Executive Response](#) that the TOM would provide **both a strategic forward-looking planning function and an operational coordination function for property management.**

2020

- 8.17 The PAC heard assurances from the then Growth Housing Environment Department Director General and the Property Department¹²⁸ in January 2020, that the GHE departmental Target Operating Model (TOM) would be finalised shortly. The PAC was disappointed to note therefore, that six months later, the TOM had not been progressed. At its Public Hearing with senior officers¹²⁹ on 29th June 2020, it pressed the Director General:

Senator S.C. Ferguson:

Where is the new Target Operating Model and how will it deliver the aims and objectives of the property division?

¹²⁵ [PAC -Director General for Health and Community Services - 28 June 2021, p.37](#)

¹²⁶ HCS submission letter 21 June 2021

¹²⁷ The [Executive Response](#) to the PAC's Report was published in April 2019

¹²⁸ [Public Hearing with the Director General for Growth, Housing and Environment, 3 February 2020, p.25](#)

¹²⁹ [Public Hearing with the Acting Director General for Growth, Housing and Environment, 29 June 2020 -](#)

Witnesses: Mr. A. Scate, Director General, Growth, Housing and Environment (now Infrastructure, Housing and Environment), Mr. T. Daniels, Interim (now permanent) Director, Jersey Property Holdings

Acting Director General, Growth, Housing and Environment:

*...We have been through various stages of consultation so we have had a generic consultation about what the new department is... we put in place most of our jobs at tier 2 and most of our jobs at tier 3 levels... and we were immediately, pre-COVID, about to go into tiers 4 to 6, which is the rest of the department. That part of the recruitment process and staffing process has been delayed because of COVID and it is still in that paused state at the moment.*¹³⁰

2021 Progress

- 8.18 Having been advised of the imminent publication of the Estate Strategy, the Committee wanted to understand Jersey Property Holding's role and responsibilities in its implementation. It therefore wanted to know if IHE and JPH had advanced further from the stage that the Director General, IHE had outlined in a letter of December 2020¹³¹:

I have ultimate responsibility for the Property function and management of the estate portfolio, however, my role as Director General is to provide a high level governance and oversight rather than an operational hands on function, which lies with the Director of Property Holdings...I have advanced resolution of the Organisational challenges facing Property Holdings by placing the JPH TOM higher up the list of priorities in IHE and have shepherded the Estate Strategy to final production and release.

PAC Question: What is your expected work programme on this area of work in 2021?

IHE & JPH Response: My work programme for 2021 is to support the Director JPH in completion of the TOM and recruiting to fill the gaps in the organisation.

- 8.19 The PAC considered that the above response was too generic and lacked informative detail, and therefore asked more in-depth questions in a follow up letter of July 2021, to which the DG of IHE and JPH responded in August 2021:

PAC Question: The C&AG's report on Operational Land and Buildings in June 2018 pointed out that one of the fundamental roles of the Property Division, or Jersey Property Holdings as it was formerly known, is 'To progress a phased programme of rationalisation and consolidation of the States' property portfolio, with the objective of reducing the cost to the public, enabling greater efficiency of occupation, and release of latent assets for alternative use or disposal'.

We are three years on. Given that the above still holds true, and that you recently told us that property was your department's "number one biggest priority", where is your evidence that the current Property Division's role and responsibilities are fit for purpose?

IHE & JPH Response: The formation of the CAMB, subsequent publication of the Island property Estate Strategy to provide a clear roadmap, and re-organisation of the property team to enable and support the new corporate landlord model, are the principal new components that makes me feel confident that the current Property Division's role is fit for purpose.

PAC Question: Last year when you were Acting DG, you said it was your intention to "gear our staffing structure to deliver the recommendations ...but also to give us the much-needed capacity to deliver the property strategy." Since then, you've become the Director General, and The Acting Director of Estates is now the Director. You have also

¹³⁰ [PAC Public Hearing with Director General for Growth Housing Environment - 29 June 2020, pp.2-3](#)

¹³¹ 21 December 2020 letter to PAC from DG IHE

put in place the new departmental Target Operating Model. How is this progressing and what are your top 3 accomplishments to date? What is missing?

IHE & JPH Response: In terms of progress, a significant amount of work has been undertaken over the last few months on the new TOM structure, which is to be in place on October 1, 2021.¹³² The missing elements are that there are several new posts within the new structure that will need filling in order to get the team fully operational and able fulfil it's potential.

PAC Question: You told us at the public hearing of 12th July 2021 that the department lacked resources, both human and financial, how will you undertake the establishment of an implementation strategy when you will have several large capital projects to oversee?

IHE & JPH Response: Once the new TOM structure is in place and fully resourced, the capacity will be sufficient combined with any necessary bought in consultancy to support the capital programme and run an efficient estate.

PAC Question: Do you consider JPH to have the right human and financial resources to undertake the delivery of an Estate Strategy, given its already much delayed response and lack of progress so far?

IHE & JPH Response: The current resources are not sufficient to deliver all of the objectives in the expected timescales, but these are being addressed as described above and I am confident that we will soon be in a positive position to deliver a more effective service.

Resources and Vacancies

8.20 The PAC was advised in the same letter that the Jersey Property Holdings salary budget is about £3.5m, including the design, project management and capital teams. When the PAC probed about the obstacles and challenges facing the JPH division, specifically how many vacancies remained, it was told there were currently 11 vacancies but that the *'new TOM structure has been developed to meet the anticipated capacity'* and that the budget had been set and was in the Government Plan. Further the PAC was assured that once the TOM was in place, a 'gap/skills register' would be developed whereby the department could map out the skills and resources it had against those it would need. The DG IHE advised that teams already worked collaboratively across the property divisions under the direction of CAMB *'to ensure that the best knowledge and expertise can be shared and utilised.'*¹³³

8.21 The Director of Estates further assured the Committee in his response¹³⁴ that all of the operational resources will be in place once the new TOM structure is in place and all the roles have been recruited. He did not answer the questions, *'Do you have the resources in place to implement the strategy? If not, why not and what has to change before you can get the correct resourcing? And over what timescale?'*. The Committee found his partial and short answers to be unsatisfactorily lacking in detail.

¹³² At the time of producing this report in October 2021, the Committee note the TOMs had not been finalised.

¹³³ Letter to DG IHE and Director JPH 29 July 2021, response received 25 August 2021

¹³⁴ Letter to DG IHE and Director JPH 29 July 2021, response received 25 August 2021

- 8.22 At the public hearing with the interim Chief Executive in June 2021, the PAC was given an update on resources and vacancies within the IHE/JPH departments:

Interim Chief Executive

... something that has held us back (from Strategy implementation) (is) having the right people in the right roles. I think 5 additional people have been appointed or in place over the last year progress has been made ...we both have a strategy and a capacity within IHE (Infrastructure, Housing and Environment) ...and also an imperative and a momentum (so) that we are moving in the right direction (although) progress does not get completed in a year.¹³⁵

- 8.23 The PAC quizzed the interim Chief Executive on his understanding of the resources needed at its Public Hearing in September 2021:

Deputy I. Gardiner:

... reflecting on your answers about why (implementation of the Estate Strategy) was delayed ...we realise that COVID has a major delay. At the same time we have been told by the Director General about the vacancies. Which one played the greater role in the delay of the implementation plan to be published?

Interim Chief Executive:

I think that both are relevant. Probably going forward the more relevant one (is) the capacity issues we have in Jersey Property Holdings... there is no question that looking throughout 2022 and beyond, our capacity to recruit and retain the level of expertise we need for the ambitions that Jersey has, that is a major challenge and risk to Jersey Property Holdings.¹³⁶

The Connétable of Grouville:

When do you think Jersey Property Holdings will achieve their goals, their objectives?

Interim Chief Executive:

...I think that it will be a process and I think putting an end date against that process would not be a very straightforward thing to do. The important thing is for us to have a clear sense of destination and to measure our progress as we achieve it.

The Connétable of Grouville:

...do you consider that JPH. have the right resources to undertake delivery of an estate strategy, given its already much delayed response and lack of progress so far?

Interim Chief Executive:

I think perhaps the resource in terms of the finances made available through the States Assembly is not inadequate. I do not think that the level of financial resourcing is the principal issue. The principal issue perhaps is access to skills and expertise...¹³⁷

- 8.24 At the same hearing, the interim Chief Executive put the number of vacancies in JPH alone, at fifteen:

Interim Chief Executive:

I do not know what proportion that is of the total staff group. But they are ...in significant areas so I want the committee to be realistic and aware. We do have a significant level of vacancies in important areas. We cover those with agency staff or with staff sourced from outside of the civil service, from the local market. We need to be careful about that

¹³⁵ [PAC - Public Hearing with Interim Chief Executive - 7 June 2021, p.11](#)

¹³⁶ [PAC -- Quarterly Hearing with Interim Chief Executive - 13 September 2021, pp.5-6](#)

¹³⁷ [PAC -- Quarterly Hearing with Interim Chief Executive - 13 September 2021, p.11](#)

as well because we need to be alert to any possible conflicts of interest that might exist in that regard. We are covering these vacancies **but that represents... I think probably the single biggest risk to the operationalising of the strategy.**

Director General, Infrastructure, Housing and Environment:

The total staff complement for the new structure is 54 staff, so 15 of 54, so it is a significant percentage - high 20s - and that does vary. **So that is one of our biggest operational risks at the moment that we have.** The (corporate landlord model) structure does give us clarity as to the roles and responsibilities across the 4 areas of property.... a fairly heavy lifting team in property around leases and estate management but also maintenance. Also we have a project delivery arm ...it is one of our biggest risks at the moment trying to attract people to come and do those roles for us.

The Connétable of Grouville:

Given those quite large amounts of vacancies, do you have the resources in place to implement a strategy?

Director General, Infrastructure, Housing and Environment:

I would not say we have the full resource to implement the strategy fully so we are absolutely needing to get the target operating model in place, get the staff that we do have in their jobs confirmed. ...property and property professionals will be one area where once the target operating model is in place we are seeking to attract by one way or another into the Island, into these roles. We are finding ourselves a bit behind the market at the moment in some of these jobs. ...I think (Government has) huge opportunities from some of the lowest level jobs all the way through to the highest level jobs. Certainly within I.H.E. we can appoint 16 year-olds with very few qualifications all the way through to people with PhDs. So we have an amazing offer to offer people and Islanders to come and grow their career and get into a profession with us. I think that has to be our solution. Trying to attract specialists from off-Island is increasingly difficult with the cost-of-living issues, especially around housing, but we are looking again at specialist recruitment campaigns in certain areas.¹³⁸

- 8.25 However, at the same public hearing in September 2021, the Director General IHE appeared to suggest that urgent action to recruit more people was not a priority for the department:

Mr. A. Lane:

You gave a response to written questions into the States last September which said 13 vacancies within J.P.H. to 15, I think you just told us now. Did you feel last September that there was action that needed to be taken to try and fill those?

Director General, Infrastructure, Housing and Environment:

I think the first action we need to get into place is to finalise our property structure, which is where we are now. We have been on a journey with our staffing structure across I.H.E. so we have done that directorate by directorate and property and projects now are having that joy of their structure being advertised, consulted on and people slotted into roles. That is an important stepping point because people know where they are. They know what they are recruiting into and they know what sort of organisation we are expecting them to work in. So that is an important point. But I think recruitment is not one of those things we will never finish. We do lose staff as well as attract them...I think when we get into double digits that is where I start to get concerned about our ability to be able to deliver services...as long as we have got a firm pipeline of people coming into the organisation then that is our solution longer term.¹³⁹

¹³⁸ [Transcript – PAC Quarterly Hearing with Interim CEO - 13 September 2021, p.10](#)

¹³⁹ [Transcript – PAC Quarterly Hearing with Interim CEO - 13 September 2021, p.12](#)

- 8.26 The PAC noted a written answer by the Minister for Infrastructure to a question tabled in the States, in September 2021, where he accepted that, even with competitive tenders, discrete packages of property management work were more expensive than keeping those functions in-house.¹⁴⁰
- 8.27 The Committee remains concerned that the lack of a co-ordinated approach to Estate management must mean that the JPH/IHE, currently running at a vacancy rate of 30% and 25% respectively, cannot have a full understanding of the skills and resources needed to undertake the tasks. It is uncertain how meaningful discussion about vacancies throughout the department can be made without first undertaking a skills gap analysis, showing the skills they lack and formulating a plan to match what they need to do with who they need to employ (or redeploy) to do it.

Performance of IHE and JPH

- 8.28 The PAC recalled that another of the recommendations from its [Estate Management Report of February 2019](#) had been that:

*Key Performance Indicators (KPIs) should be identified and reported by the department, or at corporate level, indicating the benefits or improvements that arise from the progress and completion of the actions. Actions should be prioritised and where those actions fell short of what was originally envisaged, explanation of the factor(s) that hindered progress and steps taken to address the identified failings, should be provided.*¹⁴¹

- 8.29 The PAC was disappointed to note that the IHE department's [Annual Report 2020](#) only included one measure of property performance – the value of the estate. It did not measure the effectiveness of the property function. When asked what performance indicators the department used to assess the effectiveness of the property function including the maintenance functions, the Director General IHE responded in a letter of August 2021, that, 'Statutory and Regulatory maintenance requirements are tracked and these are used as the basis of understanding the performance of the maintenance function.'
- 8.30 The PAC enquired which (if any) of these indicators are reported publicly and were advised that an annual estate summary would be completed at year end of 2021 and made public. In the same letter, in response to a query about how the success or failure of the department would be measured, the DG replied, "It will be reviewed against the performance indicators in development."
- 8.31 The PAC notes that in the Estate Strategy, there is a short reference in the 'Risk' section, to Jersey Property Holdings' responsibility for ensuring that they have an appropriate risk management framework for the Estate, 'which is essential to ensure they can remain financially viable and meet the objectives.' It was envisaged that the benchmark assessments, metrics and measures referred to earlier in the Strategy should be 'included in the reporting section of Asset Management Plans and will provide information to compare with past performance within Jersey Property Holdings and enable comparisons with other similar organisations elsewhere. **This comparative benchmarking provides a valuable insight into performance trends, potentially giving 'sightings' of how the operations might be re-engineered to further improve services.**' The PAC considered this to be inadequate, considering JPH's central pivotal role in property management.

¹⁴⁰ States Assembly Order Paper: W.Q 362/2021 – question submitted by Connetable of St. Brelade on 13th September 2021, Written answer tabled on 20th September 2021

¹⁴¹ [P.A.C.1/2019, p.4](#)

Cost of TOMs

- 8.32 The PAC, at its Quarterly Public Hearing with the interim Chief Executive in September 2021, wanted to know the cost of the Target Operating Model to date, particularly in relation to Infrastructure Housing and Environment (IHE) department and Jersey Property Holdings (JPH):

Interim Chief Executive:

In terms of costs, which you asked about, the base budget is £3.64 million. The budget before the Target Operating Model was £3.4 million so the total difference is £250,000, subject to the finalisation of the T.O.M. and there is a net growth of 3 posts as a consequence of the T.O.M.

- 8.33 The PAC was grateful for this clear answer on the costs to date but struggled to understand what benefit had been achieved for such a major departmental restructure:

Interim Chief Executive:

*Probably it would be premature of me to claim benefits because it is not yet fully implemented...The principal benefit that I can see at the moment is that the senior staff, the director general and his team, **are very clear on what is being asked of them on the requirements of the Government of Jersey and therefore there is a clarity and a prioritisation being given to estate management.***¹⁴²

- 8.34 The Committee disagrees with the interim Chief Executive as it has found little evidence of clarity and prioritisation, and furthermore, as far as it can ascertain from the responses received, believe that although the restructuring of departments via Target Operating Models has rationalised parts of their function, it has not had any major positive impact on their property function or progressing the rationalisation of the Public Estate. Furthermore, considering the IHE and JPH TOM was supposed to provide both 'a strategic forward-looking planning function and an operational coordination function for property management', there is little evidence of either. The PAC is disappointed to note that there has been no review of the role and responsibilities of Jersey Property Holdings since it was established in 2005, and it urges such a revision as soon as possible, with particular regard to clarifying its expected role in the implementation of the Estate Strategy.



FINDING 30: There remains a lack of clarity around the success and implementation of the Infrastructure, Housing and Environment Department's (and Jersey Property Holdings) Target Operating Model (TOM), especially how priorities are determined in alignment with the Estate Management Strategy.



FINDING 31: The Committee is not satisfied that the Infrastructure, Housing and Environment Department and Jersey Property Holdings are working to create a clear and organised set of priorities within the TOM that align with the aims and values set out in the Estate Management Strategy.



FINDING 32: Jersey Property Holdings and its parent department, Infrastructure Housing and Environment are currently running at a vacancy rate of 30% and 25% respectively.



FINDING 33: Meaningful progress for reducing vacancies throughout the Infrastructure, Housing and Environment Department and Jersey Property Holdings department cannot be made without first undertaking a skills gap analysis, showing

¹⁴² [Transcript – PAC Quarterly Hearing with Interim CEO - 13 September 2021, p.8](#)

the skills they lack and formulating a plan to match what they need to do with who they need to employ (or redeploy) to do it.



FINDING 34: The PAC was disappointed to note that the IHE department's Annual Report 2020 only included one measure of property performance – the value of the estate. It did not measure the effectiveness of the property function.



FINDING 35: Although the restructuring of all departments via Target Operating Models has rationalised parts of their functions, it has not had any major positive impact on their property function or progressing the rationalisation of the Public Estate.



FINDING 36: The Director of Infrastructure, Housing and Environment had committed to completing the TOMs by Oct 1, 2021. However effective implementation of these TOMs is restricted by a lack of resources, both human and financial.



FINDING 37: There has been no review of the role and responsibilities of Jersey Property Holdings since it was established in 2005.



RECOMMENDATION 19: The role and responsibilities of Jersey Property Holdings should be revised as soon as possible, with particular regard to clarifying its expected role in the implementation of the Estate Strategy.



RECOMMENDATION 20: There must be an urgent assessment of the human and financial resources needed to deliver the implementation of the Estate Strategy.



RECOMMENDATION 21: Filling vacancies in IHE/JPH needs to be given top priority.



RECOMMENDATION 22: The Infrastructure, Housing and Environment Department should include in future Annual Reports an assessment of the effectiveness of the property function (including maintenance functions), incorporating fully developed and operational performance indicators and target completion dates.

Section 9 – Property Management and Maintenance

Term of Reference: 3. To assess the progress in developing a coherent and cohesive Property Management and Maintenance programme, with specific reference to:

- a. maintaining deteriorating buildings and considering sales of non-necessary buildings/land in line with the [Common Strategic Policy](#)

Background

- 9.1 Since the former Comptroller and Auditor General (C&AG) published her [Report on Operational Land and Buildings](#) in June 2018, the PAC has sought to chart the progress by Jersey Property Holdings (JPH) and its 'parent' department Infrastructure Housing and Environment (IHE, formerly Growth Housing and Environment) in maintaining deteriorating buildings and considering sales of non-necessary buildings/land in line with the [Common Strategic Policy](#) and [Government Plan](#).¹⁴³
- 9.2 In the PAC's published report on Estate Management in February 2019¹⁴⁴, the PAC urged senior officers to produce a strategy that would set out which land and buildings could be put to better use, which should be sold, and which repurposed. The Executive accepted all of the recommendations in its formal response¹⁴⁵, however when the [Public Estate Strategy](#) was eventually published in March 2021, it did not include a property management and maintenance programme.

Delays 2020

- 9.3 At a private briefing on 20th January 2020 and a [public hearing](#) on 3rd February 2020, with the Director General of GHE (now IHE), the Acting Director of Jersey Property Holdings (now Director), and the Principal Planning Officer of Strategic Policy, Planning and Performance, the PAC received assurances¹⁴⁶ that the Corporate Asset Management Board (CAMB) was functioning and would undertake a strategic overview of the acquisition, disposal, maintenance and use of all States-owned properties. The PAC has made findings in previous chapters of this report on the effectiveness or progress of the Corporate Management Board.

COVID-19

- 9.4 The PAC understands that the pandemic would have delayed some elements of a property maintenance programme, however it assumed that where a property was closed over a period of time, this would enable the maintenance team to gain unlimited access to buildings and therefore be able to progress other elements of the programme more quickly. This was confirmed early on during the pandemic by the Director of Estates at a public hearing in June 2020:

Interim Director, Jersey Property Holdings:

The first and very timely benefit is that at the beginning of the COVID crisis we suddenly find ourselves with schools and offices and a number of States buildings that are no longer fully occupied. This gave us the opportunity to determine what sort of legionella flushing regimes were required in the absence of normal use of the facilities so that we were sure that we had a safe establishment, a safe estate, and when we were able to

¹⁴³ At the time of writing this report the revised [Government Plan 2022-2025](#) had been published in draft form, to be debated in the States Assembly in December 2021.

¹⁴⁴ 4 February 2019: [PAC publishes report on Estate Management](#)

¹⁴⁵ 11 April 2019: [Executive Response to PAC Report is published](#)

¹⁴⁶ [PAC Public Hearing with the Director General for Growth, Housing and Environment, 3 February 2020, p.5](#)

*reoccupy we could do so ... We were able to task our contractors with repair works. We were able to then determine the tasks had been completed satisfactorily...*¹⁴⁷

- 9.5 The Committee was therefore surprised to note that opportunities had been lost, over the course of the pandemic when properties were closed, to progress the completion of long-overdue maintenance works¹⁴⁸ so that, once open for business, the publicly accessed buildings would not have to close again for maintenance works.

2021 Progress

Budget

- 9.6 In a letter from the DG IHE and Director of Estates in August 2021, the department confirmed that JPH currently has an annual maintenance budget of about £9m. The Director General advised that *'Other departments also have maintenance budgets and those figures are being collated to inform and facilitate the transfer of all property to JPH'*. A timeline was not given, nor a total annual return to the estate from rented properties and any other income, which the Director General advised was *'being collated by the finance department as it has been affected by COVID and lockdown restrictions.'* The interim Chief Executive, at the PAC's public hearing in September 2021, confirmed that:

Interim Chief Executive

*COVID certainly has meant that it has been more difficult for people to get into premises, to schools and offices, and medical facilities. There have been issues around shielding, as everybody will understand, around vulnerable individuals, and there have been other priorities over the last period during COVID around the management of tenants with rent demands, rent waivers, the erection and then taking down the Nightingale centre, test, track and trace. So there have been a variety of other things taking place which have contributed to the delay that you reference.*¹⁴⁹

Term of Reference 3: To assess the progress in developing a coherent and cohesive Property Management and Maintenance programme, with specific reference to:

- b. reducing liability to the States and reducing risks to customers, staff and the general public.

Risks

- 9.7 The PAC wanted to understand the progress in managing the risks associated with maintaining the Public Estate, noting that the [Estate Strategy](#) refers to Jersey Property Holdings' responsibility for ensuring that they have an appropriate risk management framework for the Estate, *'which is essential to ensure they can remain financially viable and meet the objectives'*.
- 9.8 Having been reminded by the interim Chief Executive in June 2021¹⁵⁰ that, *"We do not yet have a comprehensive assessment of the condition of all of our properties. So we are not yet in a position to have a comprehensive plan on all our sites. What we have is*

¹⁴⁷ [PAC - Public Hearing with DG Growth Housing Environment - 29 June 2020, pp.15-6](#)

¹⁴⁸ [Don't plan to reopen before next July, theatre is advised | Jersey Evening Post](#)

¹⁴⁹ [PAC - Quarterly Hearing with CEO and Treasurer of the States - 13 September 2021, p.4](#)

¹⁵⁰ [PAC - Quarterly Hearing with CEO and Treasurer of the States - 7 June 2021](#)

a growing and developing plan, which is about where the greatest risks that we are aware of are and how those are being addressed.”, the PAC was assured by the Director of Risk and Audit at the same public hearing that at least a partial programme was in place:

Director of Risk and Audit

...From a governance point of view, at officer level there is a board that has a focus of attention on health and safety which brings all the departments together to share good practice. ...it focuses on risk management as well, so learning from any incidents that do happen.

Deputy I. Gardiner

Just to clarify, on 19th May what was presented to E.L.T., the report about health and safety, like a status, or the maintenance plan?

Interim Chief Executive

It was a current assessment of health and safety risks and priorities.

Deputy I. Gardiner

Do you expect to see a plan, even though it will be split over the years, as it is within this year or do you think the plan will be finalised?

Interim Chief Executive

So I think what we expect is that there will be consistent reporting from my colleagues in Health and Safety to E.L.T. on progress in implementing the priorities.

Deputy I. Gardiner

But would they present you what are their targets for quarter 3 and quarter 4 in 2022? What is their plan going forward, not just the progress?

Interim Chief Executive

Yes. It would be, as Mike has said, a risk managed and prioritised programme and their reporting on the implementation of it...¹⁵¹

- 9.9 At the [public hearing with the Director General, Infrastructure, Housing and Environment \(IHE\) on 12 July 2021](#), the PAC pressed for an answer as to whether risk to the public and the cost of holding onto empty properties had been calculated meaningfully:

Director General

*I do not think we have a full value on that, if I am being honest. We are pretty clear what the risks are. **The longer we hold on to properties not being used it becomes a liability, either through health and safety or through management of access.** ... We have to spend money securing it and then monitoring it. Also there is a perception and an image risk for us, as well as Government, because it is sitting there and it is a very clear image for everybody that we have vacant estates.¹⁵²*

- 9.10 However in a follow up letter of August 2021 this point of view was seemingly contradicted¹⁵³

PAC Question: *Have you calculated the risks and costs of holding onto empty properties that are falling into disrepair? Please give us your best estimate.*

¹⁵¹ [PAC - Quarterly Hearing with CEO and Treasurer of the States - 7 June 2021, pp.12-3](#)

¹⁵² [PAC Public Hearing with Director General Infrastructure Housing and Environment and Director of Estates, 12 July 2021, p.7](#)

¹⁵³ Letter to DG IHE and Director JPH 29 July 2021, response received 25 August 2021

IHE & JPH Response: *In an island context with growing population Real Estate is an appreciating asset. There continues to be competing demand for the space which confers the ability to provide housing and services for public benefit such as education, health and amenity and so it is assessed to be more cost effective to hold space and hence flexibility.*

9.11 The Director General in the same letter stressed that maintenance was prioritised against needs, and whilst labour and material costs increase, they will never outstrip the appreciating value of the land. However, he also advised that the insurance market is undergoing a hard cycle at the moment, which had started prior to Covid-19 and had hardened considerably since the beginning of pandemic. This had translated into higher premiums, deductibles and exclusions under policies. He advised that the market position meant that, *'Government will have to make some decisions around its risk appetite and possibly self-insure in some areas going forward. Early indications, for example are that the insurers will further reduce the sum insured for the Energy from Waste plant from £50m to £25m in 2021-22'*

9.12 Because Asset Management Plans and up to date assessments had not yet been completed, the PAC wanted to know how risks of personal injuries and other claims against the Estate could be managed, when the condition of the Estate was unknown. The DG responded:

Managing the risks of personal injuries is undertaken though having a sound maintenance regime. The estate is considered to be maintained in a safe and compliant manner and all buildings and land are compliant with the necessary legal health and safety laws and guidance, including fire certificates, legionella, and radon gas checks, etc. The condition surveys will identify the maintenance requirements and associated costs and what future options should be taken to develop and create an efficient fit for purpose property estate.

9.13 By the time the second Quarterly Public Hearing with the interim Chief Executive took place in September 2021, he had been in the role for six months and the Committee was keen to see if he had assessed risks associated with the Public Estate:

Interim Chief Executive:

*There are metrics in the strategy around risks...There are self-evident risks in estate management around health and safety and compliance with statutory requirements, as you would expect. There are risks in delay as well... The estate, I think it is widely acknowledged, is currently inefficient and evidently any delays in implementation will only increase the inefficiency of our existing arrangements. Without doubt there are risks in delay, which we are seeking to mitigate...*¹⁵⁴

9.14 The PAC considers that the current inaction and lack of a joined-up approach to property maintenance not only limits potential 'economy of scale' cost savings, but more importantly increases the States' liability and risks to the public. Condition surveys are not complete on all buildings in the Public Estate and it agrees with the Director General that the longer disused properties are held in the Estate portfolio, the more potential risks the Government is exposed to, either through health and safety claims or through management of access to the buildings.

¹⁵⁴ [Transcript – PAC Quarterly Hearing with Interim CEO - 13 September 2021, pp.4-5](#)



FINDING 38: The current inaction and lack of a joined-up approach to property maintenance limits potential 'economy of scale'¹⁵⁵ cost savings.



FINDING 39: The current inaction and lack of a joined-up approach to property maintenance increases the States' liability and risks to the public.



RECOMMENDATION 23: As a matter of urgency, clarification of overall responsibility and management of property maintenance, as envisaged in the Estate Management Strategy and One Government objective should be put in place to obtain economy of scale cost benefits, efficiencies and appropriate risk management of this function.

Term of Reference: 3 To assess the progress in developing a coherent and cohesive Property Management and Maintenance programme, with specific reference to:

- c. Ensuring the asset management system (Concerto) is fully utilised and demonstrates value for money
- d. Enabling a co-ordinated approach to property management and maintenance

Background to Concerto

9.15 As part of its efforts to improve property management and maintenance, the Government of Jersey purchased and installed a [Property Asset Management Framework](#), named 'Concerto', which is designed to manage reactive and planned maintenance and project processes within the Government. The [Estate Strategy](#), published in March 2021, outlines its function as per the opposite information box¹⁵⁶.

9.16 The PAC has been concerned that the Concerto Asset Management System has not been utilised to its full potential to maximise its benefit and value for money and aid a co-ordinated approach to property management and maintenance.

2020

9.17 In February 2020, the Director General of GHE (now IHE) told the Committee¹⁵⁷ that the property management system was at the stage of 'user acceptance training'. The PAC requested an update on the utilisation of the Property Management Database (Concerto)

Gathering in and logging this data onto Concerto will deliver benefits because excellence in the property asset management process is more achievable if operational and management data is available, accurate and comprehensive. Data is a crucial prerequisite for the development of property Asset Management Plans, evaluating and appraising options, decision-making and planning, and in the performance management processes.

Concerto (in conjunction with the Asset Management System) will be used to:

- Maintain a complete and accurate property asset register
- Enable accuracy in property asset management reviews, appraisal, decision-making and planning processes
- Monitor and assess the implementation of property Asset Management Plans and property asset performance
- Satisfy statutory and other external reporting and compliance requirements
- Support the continuous management and maintenance of the property asset base.

¹⁵⁵ For the purposes of this report the PAC refers to the widely accepted definition of 'economy of scale', i.e. cost advantages that can occur when the Government becomes more efficient, and fixed and variable costs are spread over more units of production, or a fall in average non-fixed costs by operational efficiencies and synergies.

¹⁵⁶ [Island Public Estate Strategy 2021-35, p.19](#)

¹⁵⁷ [Public Hearing with the Director General for Growth, Housing and Environment, 3 February 2020](#)

and the Director of Estates agreed to provide real cost benefit analysis of its use at the end of June 2020). However, during its public hearing with the Director General for GHE and Director of Jersey Property Holdings on 29 June 2020, it noted that although the system had been useful in some respects, the Government was unable to track performance against previous management systems given the lack of existing comparators:

Interim Director, Jersey Property Holdings:

*We do not have any business as usual to be able to compare previous use against so the simple fact of management of invoices we will be able to see work that has been completed, issue invoices against them and make sure that the invoices have been paid, make sure that our budgeting process is complete, which means that we can track the budgets for the various properties much more closely.*¹⁵⁸

9.18 From the Quarterly Hearing with the Chief Executive on 7 December 2020 the Committee learned that Concerto was active in all intended departments, but still needed to be “rolled out” to a number of key areas of the Government of Jersey. These include:

- The Health Service;
- Justice and Home Affairs;
- Customer and Local Services; and
- Sport¹⁵⁹

Funding Concerto

9.19 During the Quarterly Hearing on 7 December 2020, it was confirmed during this hearing that around £240,000 had been spent on the system to date, including procurement, licences, development support and maintenance costs. However, this is not the final, total spend of the system. This is because the figure does not include the internal time spent supplying information to it, or the cost to procure and install the four remaining reporting modules:

Mr. A. Lane:

Just following up on the points around Concerto. Can you tell us now how much has been spent in total on that system, please?

Former Chief Executive:

*Since 2015 I think it is about £240,000, which includes procurement, licences, development support and maintenance costs.*¹⁶⁰

9.20 The Director General of Infrastructure, Housing and Environment confirmed the costs in his letter to the PAC of 21 December 2020:

The spend to date on Concerto is £240K. There is currently no limit on the value of the Concerto contract.

PAC Question: How does that compare to the original business case for this system? (please include figures)

¹⁵⁸ [PAC - Public Hearing with the Director General for Growth, Housing and Environment - 29 June 2020, p.16](#)

¹⁵⁹ [PAC - Quarterly Hearing with the Chief Executive - 7 December 2020, p.4](#)

¹⁶⁰ [PAC - Quarterly Hearing with the Chief Executive - 7 December 2020, p.4](#)

IHE & JPH Response: The system was originally specified for a limited roll out in GHE for £70K. Its success meant that it was extended for use gradually across a number of departments and asset classes to the current situation. It will however continue to be extended and is currently in limited use with Sports, CYPES and HCS for incident reporting. It is replacing JD Edwards for billing and payments in IHE and that functionality could be extended to the other areas outlined above. The system was first considered for introduction in 2015 for a much more limited function. **There is no comparison with the original business case.**

PAC Question: What monetary benefits have been realised compared to the original business case? (please include figures)

IHE & JPH Response: The financial benefits of the System are tracked at a high level at the moment with simple metrics like the reduction in paper receipts and manual handling of incident forms. As the system fully replaces JD E, the values will be easier to compile.

PAC Question: Please outline in which department(s) Concerto is active and how this compares to the original plans.

IHE & JPH Response: The system is in use across all of IHE, partially Sport which transferred in from EDTS and also for discrete elements of the HCS and CYPES. Originally it was intended for limited areas of the Infrastructure department.

PAC Question: Please also provide an outline of the current plans and stages for the final implementation of Concerto within each of these departments.

IHE & JPH Response: The system will either have its data transported into, dovetail into as a module or be replaced by the Enterprise Asset Management system, currently being scoped.

2021 Progress

- 9.21 At the [PAC Public Hearing with the Director General Infrastructure Housing and Environment and Director of Estates on 12 July 2021](#), the PAC was keen to chart progress on the use of the Concerto system:

Dr. H. Miles:

So at the moment we do not have any assessment of what kind of land or property use the States will need for the next 12 months, 5 years, 20 years?

Director, Jersey Property Holdings:

We do. We have a core understanding. But the point that I am keen to get to is that we, through the use of Concerto, our asset management tool, is we have an understanding of what facilities each of our premises has. Then we can scan a list that says, if somebody wants a musical performance space, we have 200 square metres available that could be used. I do not have the permission of the building so I cannot say that at the moment we know that this building is under-used so we can look and see that the electricity is needed after hours. So we do not have that information.¹⁶¹

¹⁶¹ [PAC Public Hearing with Director General Infrastructure Housing and Environment and Director of Estates, 12 July 2021, p.32](#)

- 9.22 In its follow up letter of 25 August 2021 from DG IHE and Director of Estates, JPH provided a further update on the system since its installation two years before, including an update of its cost to date:¹⁶²

PAC Question: You told us last year that there were several remaining modules that will need to be installed before the System is finalised, with this expected to take place by the end of 2021.

- a. Please send set up costs plus a breakdown of its annual maintenance?

IHE & JPH Response: Set up costs £300,000.

2019 Support and maintenance £15,000 split between JPH, Future Hospital, GHE Ops and Transport

2020 Support and Maintenance £15,000, split between JPH and IHE Ops and Transport

2021 Support and Maintenance £25,000 covering roll out of Concerto to unlimited users in all departments

PAC Question: Please send a total cost to date of investment with a full cost benefit analysis and how you calculate value for money?

IHE & JPH Response: Concerto was selected in a competitive tender process that identified it as being the best performing and most cost-effective solution. It is an essential system to running an efficient and compliant estate, and the annual costs are in proportion to the overall value of the estate that it is administering. **On this basis, no explicit full cost and benefit analysis has been undertaken and so it is considered to be value for money.**

- 9.23 Given that the Mid-Year Review to the Government Plan, published in August 2021, mentioned future changes in facilities management as part of the enterprise asset management project within the I.T.S. (Integrated Technology Solution) programme, the PAC was keen to ascertain the expected 'shelf-life' of the Concerto system. It asked the Chief Executive at its Quarterly Public Hearing in September 2021:

Interim Chief Executive:

...In order to fully implement the States management strategy and the corporate landlord function there needs to be a sort of comprehensive and modern payment supplier management and accounting system and that will be provided through I.T.S., I believe.

Mr. A. Lane:

What does that mean for Concerto, your asset management database?

Director General, Infrastructure, Housing and Environment:

That means that the Concerto asset management database is then subsumed into the new product through I.T.S., so it stops being used at a point in time in the future.

Mr. A. Lane:

Treasurer, does that cause you to have a write-off of the investment in that system? Will you have to write off the investment in Concerto as a result?

Treasurer of the States:

If at that point it is replaced and there is a remaining balance in our books then that would be. If on the other hand it is integrated - I am not 100 per cent certain is the ambition, maybe (the Director of IHE) is - then, no, it would remain on our books.

¹⁶² Letter to DG IHE and Director JPH 29 July 2021, response received 25 August 2021

Mr. A. Lane:

Have you been planning within I.T.S. about where the future investment goes? The point I am trying to get to: are you continuing to invest in a platform which is becoming defunct?

Director General, Infrastructure, Housing and Environment:

*I can answer that. I think it is absolutely vital that we move as many of our functions into Concerto at this point in time to get that consistency of working across both our property assets.... **I do not think the investment in the way of working is going to be lost because if we then move into a different product in terms of a future release of I.T.S., which then is a different system for asset management, we are well placed to then use that product. The big journey for Concerto at the moment and asset management is to get consistency of behaviour.***

Interim Chief Executive:

*I think that is right and, in addition, we need the data to populate any information system. **With a new system in I.T.S. it will need to be populated with data from Concerto.** The most disadvantageous position to be in is where one does not have the data to transfer.¹⁶³*

- 9.24 The PAC respectfully disagrees with the Director of Property Holdings that the Concerto system offers a ‘core understanding’ of property needs. Property needs are not captured on Concerto, which of course is a database dependent on the input of quality data and it cannot formulate future property requirements. For example, the draft Arts Strategy¹⁶⁴, currently out for public consultation, raises the notion of establishing a National Gallery. If JPH, CAMB or any other property-related division had first proactively sought out needs of departments (including non-Ministerial) over the short, medium and long term, this would be more likely to capture an overview of property requirements that would be in addition to the properties already identified on Concerto. The team would have then been able to assess whether land or buildings needed to be acquired, or whether it could be accommodated in the current Estate portfolio. Assessments could be conducted objectively, against all the other competing needs of Government departments and ALOs, using a standardised rationale with clearly understandable criteria and prioritisation techniques and tools.
- 9.25 The PAC is disappointed that it has taken so long to set up, install and input data to Concerto so that it is already surpassed and will probably be relegated for use as a very expensive database, from which to transfer information to another system, before its potential had been fully realised.
- 9.26 The Committee can only guess at the human and financial resources that will be necessary to transfer the data, which will further stretch the already insufficient resources of the department. It suspects that whatever system replaces Concerto, unless it is developed with proper strategic vision and oversight, will be under-utilised and more public money will be wasted. The Committee strongly urges the Government to undertake a cost benefit analysis of the Concerto system to understand where mistakes were made and how they can be avoided in the future. It also recommends that some basic ‘future-proofing’ steps are undertaken to further ensure that when installing a data system for Public Estate maintenance and management, there is an objective, measurable, relevant, timely and cost-effective strategy of what the Government wants it to do and the expertise in place to do it.

¹⁶³ [Transcript – PAC Quarterly Hearing with Interim CEO - 13 September 2021, p.29](#)

¹⁶⁴ [Views sought on arts sector plans \(gov.je\)](#)



FINDING 40: The asset management system, Concerto, is still not utilised to its full potential to maximise its benefit and value for money and is likely to be replaced by another system.



RECOMMENDATION 24: The PAC urges the IHE Department and its Property Division to undertake a cost-benefit analysis of the Concerto system to understand where mistakes were made and how they can be avoided in the future.



RECOMMENDATION 25: Any future asset management system should be fully utilised, to ensure value for money and aid a co-ordinated approach to property management and maintenance.

Term of Reference 3: To assess the progress in developing a coherent and cohesive Property Management and Maintenance programme, with specific reference to:

- e. Examining the IHE and Property Division's efforts to ensure that States-owned properties comply with disability legislation.

Background

9.27 The PAC recalled that [disability legislation](#) approved by the States Assembly in 2018 had extended the description of indirect discrimination to include a duty to make reasonable adjustments 'where a physical feature of premises causes a disadvantage (e.g. the approach to or exit from a building, stairs, or bathroom facilities).' In deciding whether reasonable steps have been taken to prevent or remove the substantial disadvantage, factors would be taken into account such as the cost, the extent to which the steps taken would be effective, and the extent to which the organisation could reasonably have foreseen the need for the adjustment in question.

9.28 Noting that the requirement to make adjustments to physical premises should come into force with effect from 1st September 2020, GHE had [pledged](#) in 2018 to:

*"...undertake an audit of the public property portfolio to assess its suitability in relation to the forthcoming [Disability discrimination] legislation. An initial assessment of a sample of public buildings indicates that a significant investment, potentially running into some millions of pounds over a period of time, will be required to implement improvements. A prioritised and cost investment strategy will be brought forward for consideration in the next Medium-Term Financial Plan from 2020."*¹⁶⁵

Progress 2020

9.29 At public hearings in both February and June 2020¹⁶⁶, the PAC reminded the Acting Director General that the department had pledged to undertake an audit of the public property portfolio to assess its suitability in relation to the forthcoming Disability Discrimination legislation. The Director of Estates confirmed he was completing a register of works needed, however he stated there was acceptable access to most buildings in the Estate, and that the officers had taken reasonable steps to comply with the upcoming legislation.

9.30 The Director General advised the PAC that once the prioritised list of actions is presented for approval, it would show "... what efforts have been made, what endeavours

¹⁶⁵ [MD-S-2018-0007, p.11](#)

¹⁶⁶ [Public Hearing with the Acting Director General for Growth, Housing and Environment, 29 June 2020](#)

*have been undertaken to provide access, whether it be visual, audible or meeting mental requirements and that those risks will be logged and acknowledged.*¹⁶⁷

Risks of Non-Compliance with Disability Legislation

9.31 He told the PAC that a significant risk would be added to the (central) corporate risk register. The PAC wanted to see evidence of how the risk of States-owned properties being non-compliant with the disability legislation by September 2020 had been assessed:

Deputy I. Gardiner:

...I will move to the Disability Law that comes in force in September and my question is where is the register of works needed for the estate to comply with disability legislation?

Interim Director, Jersey Property Holdings:

At the moment we have completed surveys on the majority of our buildings that have public access and for each of those buildings surveyed we have the survey itself and then we have a recommendation of works, so at the moment we have individual work packages ...

Deputy I. Gardiner:

Thank you. It will be very helpful. Can you please confirm what percentage of buildings will be compliant by September?

Interim Director, Jersey Property Holdings:

I cannot give you that precise figure. The requirement of the Disability Act is to show best endeavours to complete compliance. ...

Deputy I. Gardiner:

It would be helpful also to get an understanding of where we stand, what percentage will be compliant, if it is money issues or not, by September when we should be compliant and many will still need to catch up after. The last question about disability; there are many types of disabilities. What have you done to engage with the public and stakeholders' groups to make the States-owned buildings more accessible, for example the public gallery of the States Chamber? What can be done? I know it is really difficult to make it accessible but there are ways around it, if somebody would like to access it.

Interim Director, Jersey Property Holdings:

...The requirement for the Disability Act is to not disadvantage somebody through their disability,

Deputy I. Gardiner:

What engagement have you done with the groups that represent various disabilities that are currently on the Island?

Interim Director, Jersey Property Holdings:

*The survey has included consideration from a number of local bodies. I do not have the bodies off the top of my head but again I can forward them to you and let you know.*¹⁶⁸

¹⁶⁷ [PAC - Public Hearing with the Director General for Growth, Housing and Environment - 3 February 2020, p.29](#)

¹⁶⁸ [PAC Public Hearing with the Acting Director General for Growth, Housing and Environment and Acting Director of Estates, 29 June 2020, pp.19-20](#)

2021 Progress

- 9.32 At the public hearing with the Health and Community Department on 28 June 2021, the PAC asked whether bids to fund areas of improvement for disabled access had been prepared:

Group Managing Director, Health and Community Services:

That is quite challenging for us, I would say, particularly within the general hospital... To be able to support people with disability needs in terms of access at the hospital, we have had to physically put in place a worker who is able to direct people to be able to get into a close entrance area in order to drop off people conveniently.¹⁶⁹

- 9.33 The PAC was surprised and disappointed to hear in a follow up hearing with the Director of Jersey Property Holdings in July 2021 that the survey for disability legislation compliance was not complete and that furthermore he considered that the Property Division is not responsible for all elements of compliance.¹⁷⁰ The Chair of the Committee wanted to ascertain how confident the Director of Jersey Property Holdings was in demonstrating best efforts to determine if buildings within the estate complied with disability legislation and what works would be required to bring buildings up to that standard:

Director, Jersey Property Holdings:

... Property Holdings are responsible for physical access ... The more recent disability discrimination also includes aspects such as training reception staff and soft areas of managing people with special needs. Clearly those fall outside of the Property Holdings remit. So in terms of the physical access, we have completed a survey of the key buildings that have public access to them. What we are now doing, and unfortunately interrupted by COVID-19, we have been trying to get the local charity, Liberate, who are a diversity and inclusivity charity, to go around and do reviews and assessments of those key buildings. ...Those reviews are still ongoing, in particular the Liberate education reviews. They will tend to get programmed for the summer because the schools are not going to be in operation and it will be easier to get access. ...We do have money in the Government Plan for the next 2 years to support those reviews and also any work that needs to be done.

Mr. P. van Bodegom:

You mentioned 80 per cent of premises have been surveyed. Has that figure increased?

Director, Jersey Property Holdings:

At the moment we are only looking at those buildings with public access. At the moment, in terms of physical access, I believe we have undertaken all the physical surveys. What we do not have yet are the full Liberate reviews and we are probably about 40 per cent of those.

Deputy I. Gardiner:

Any follow-ups on the risks? We have seen some of the reports from Liberate and they are very detailed, they are very good and they have something that can be done in the short term and something that can be done in the medium and the long term. Do you have plans in place going forward for implementation based on the reviews that have been done over the last year and a half?

Director, Jersey Property Holdings:

¹⁶⁹ [PAC - Director General Health and Community Services - 28 June 2021, p.38](#)

¹⁷⁰ [PAC - Director General for Infrastructure Housing and Environment - 12 July 2021](#)

Yes, we do. But at the moment, as I say, what I have are the physical access requirements ...

Deputy I. Gardiner:

Do you have written plans to implement what Liberate has already suggested?

Director, Jersey Property Holdings:

The point I am trying to make is the review recommendations from Liberate are not physical access. I have no power over tenant organisations. So if it is talking about signage or if it is talking about colour schemes or way of greeting, then I do not have that power to implement a change in a light switch or something. But what we are working towards is part of an overall working group on accessibility to start to understand

Deputy I. Gardiner:

Who has the power to change the switch if it needs to be put down for the level that, if you are a person with disability, can switch on? Who has the power? Who is responsible for this?

Director General, Infrastructure, Housing and Environment:

The starting point will be what reasonable adjusting is being recommended, whether it be a physical access and some physical building works as an adjustment and is that reasonable for the building. Or is it more of a service adjustment in terms of how the service is delivered from that building or for a member of staff or whatever it may be. So we have to, as part of that process, understand is this the landlord's job because it is a building issue or is it going to be something within the building that it is the tenant organisation's responsibility.

Deputy I. Gardiner:

The States Assembly, Government Building at Broad Street, which is a public building, Government is responsible. So have you looked through the reviews that already have been submitted by Liberate and created the plan going forward? I do not mind if it is by Jersey Property Holdings or who is responsible within the Government building to address very clear straightforward recommendations from Liberate. Can we see the plans for the physical changes that have already been recommended last year for the Liberate? Can you share with the committee on whatever?

Director, Jersey Property Holdings:

I can show the ones we have, yes.¹⁷¹

9.34 The Committee has not been sent these. In its follow up letter of August 2021, the DG IHE and Director of Estates admitted that none of the 80% of premises which had been surveyed for compliance with recent disability legislation, were 100% compliant. The DG did not respond to a further request for the 'plan for the physical aspects of the buildings' surveyed.



FINDING 41: The PAC is concerned that the Government of Jersey has not given full consideration to the full need for a cohesive and continuous disability strategy regarding property.



RECOMMENDATION 26: A detailed plan to ensure all States owned properties comply with disability legislation should be put in place and shared with

¹⁷¹ [PAC - Director General for Infrastructure Housing and Environment - 12 July 2021, pp.19-21](#)

stakeholders and property users clarifying needs and priorities along with associated implementation plans and anticipated costs and timing.



RECOMMENDATION 27: The designated 'responsible' team should produce an up-to-date, coherent and cohesive Property Management and Maintenance programme to include a programme/schedule of works on all buildings in the States Estate, linked to the Estate Management Strategy with regards to short-term/medium term and long-term plans for each property.



RECOMMENDATION 28: The Government should have clear ownership and pragmatic proactive oversight over a full, comprehensive property management and maintenance programme, using standardised industry recognised tools and processes, effective economy of scale, and close communications with service users to ensure minimum disruption to 'business as usual' of the service users.

Section 10 - Conclusion

Since the PAC's 2019 Estate Management Review, the Committee has received assurances¹⁷² that there would be a strategic overview of the acquisition, disposal, maintenance and use of all States-owned properties, and that the following issues would be resolved soon:

- the IHE departmental Target Operating Model (TOM) would be finalised 'shortly';
- the Estate Management Strategy would be made public by the end of February 2020;
- the Concerto system (a database which would list and detail all States-owned properties and assets) would be 'live' by March 2020; and
- the property audit for disability compliance was underway and should be ready by March 2020.

Notwithstanding Covid-19 (which the Committee notes only took hold after most of the deadlines had passed) the Committee is frustrated that there is so little progress. Although the Estate Strategy was eventually published in March 2021, there is no realistic and comprehensive implementation plan in place, and the Committee has been told it will not commence in earnest until March 2022. The PAC concluded that the various boards and groups designated to take the lead in property management decisions, including the Regeneration Steering Group, the Corporate Asset Management Board and Jersey Property Holdings are confused about who is to take the lead to ensure proper and timely implementation.

The PAC was concerned to note that there is little overall acknowledgement of the lack of expertise, skills and resources (both human and financial) nor clear plans to fill staff shortages with which to deliver a timely Estate Strategy with realistic implementation objectives and measured performance tracking.

The Committee is not satisfied that either Jersey Property Holdings or its 'parent' department, the Infrastructure, Housing and Environment Department are working to create a clear and organised set of priorities within the Target Operating Model (TOM) that align with the aims and values set out in the Estate Management Strategy. They are currently running at a vacancy rate of 30% (JPH) and 25% (IHE), but the Committee concluded that meaningful progress for reducing vacancies cannot be made without first undertaking a skills gap analysis, showing the skills they lack and formulating a plan to match what they need to do with who they need to employ (or redeploy) to do it.

The PAC found that the lack of clear leadership and strategic vision and an absence of any prioritisation process or rationale for property decisions, led to poor decision making. Moreover, without clear guidance, it is difficult for individual departments to assess their own property requirements unprompted and relay them in an optimal manner to the correct team in a timely manner.

Property decisions are formed on a "first come, first served" basis, and not supported by an objective rationale, overall needs and benefit for the Island. The Public Accounts Committee found that estate management remains an *ad hoc* reactive process. Neither IHE or CAMB proactively approach departments to assess their need; instead, Government departments with differing resources and understanding of the property management process must submit their property requirements without adequate guidance. Departments that are not equipped to bid for property or assume they will be allocated property based on their needs, may not be fairly represented and therefore not even considered when property or land is allocated. Every

¹⁷² [PAC Public Hearing with the Director General for Growth, Housing and Environment, 3 February 2020, p.5](#)

department should not need to have its own property experts to bid for property - the portfolio should be managed in an equitable and logical way.

There has been little comprehensive engagement with stakeholders including non-Ministerial departments, States Owned Entities and Arms-Length Organisations. There is little evidence of progress on departmental and ALO's 'buy-in' to a comprehensive Strategy. Departments, especially non-Ministerial departments, and community groups are still engaging on 'bilateral' discussions rather than participating in a stakeholder engagement programme.

This cannot be right and must be rectified without delay.

The Committee concluded that the property needs of departments (including non-Ministerial), States Owned Entities and Arms-Length Organisations should be actively sought and consolidated into one working register. There should be comprehensive, consistent and regular stakeholder engagement to ensure that any future acquisition, disposals or improvement to properties meet their requirements in the short, medium and long term. It is essential that every stakeholder 'buys in' to the rationale and logic behind property decisions and understands what standards and processes are being applied.

We need clear and objective referral processes for property/land through the governance structure, based on clearly understood criteria, such as size, cost and/or strategic importance in the Public Estate. This should be included in the Terms of Reference of both the political decision-making body designated to 'drive' the rationalisation of the Public Estate and the officer-led body designated to implement it. There must be a clear objective rationale for the prioritisation of property assets against departmental/States-Owned Entity and Arms-Length Organisation property requirements.

The rationalisation process should be robust and fair, using industry recognised prioritisation tools and techniques, and communicated to all stakeholders. Although not every department or States-Owned Entity/Arms-Length Organisation would have every property requirement met, at least the public would be able to see the rationale for the decisions and conclude that acquisitions, property disposal, and property repurposing goes through a co-ordinated and fair process, taking into account the current and future property requirements of the public as a whole.

The Committee found that there was also no co-ordinated approach to property maintenance of the current Estate, which limits potential 'economy of scale' cost savings. The costly asset management system, Concerto, has never been fully utilised to its full potential and is likely to be replaced by another system. The PAC urges the Infrastructure Housing and Environment Department to undertake a cost-benefit analysis of the Concerto system to understand where mistakes were made and how they can be avoided in the future. Any future asset management system should be fully utilised, to maximise its benefits and ensure value for money.

The designated 'responsible' Property Management and Maintenance team should produce an up-to-date, coherent and cohesive Property Management and Maintenance programme to include a programme/schedule of works on all buildings in the States Estate, linked to the Estate Management Strategy with regards to short-term/medium term and long-term plans for each property.

The PAC understands that this report is critical of many departments/boards although it would like to take an opportunity to emphasise it is not intending to be critical of any individuals. Rather it concludes that there have been collective failings. The PAC has struggled with the question of whether it is the current departmental structures at fault, or whether it is the lack of appropriate resources, skills and capacity which prevent the timely and efficient implementation of an Estate Strategy. It concludes that 'drivers' with the necessary leadership and authority must be identified to properly manage and implement the Estate Strategy. It is

imperative that whoever takes the Estate Strategy forward must instigate a clear delegation of authority so that property decisions can be made at the right level with an agreed-to, disciplined approach that takes into account the property needs of all the Government departments (including non-Ministerial) and States-Owned Entities and Arms-Length Organisations. This must be coupled with a high priority staffing initiative based on a skills gap analysis, matching what needs to be done with who should do it.

The members of the PAC are unanimous in their conclusion that the Government must act without further delay to maximise the value and use of States properties and restore and maintain public trust and confidence in its ability to manage the Public Estate. Accepting and fully implementing the recommendations from this report in a timely fashion will go a long way towards that aim.

Appendix 1 - Public Accounts Committee Membership

Deputy Inna Gardiner, Chair



Connétable Karen Shenton-Stone, Vice-Chair



Senator Tracey Vallois



Connétable John Le Maistre



Connétable Richard Vibert

(resigned from the PAC on 7 July 2021)



Connétable Andy Jehan

(joined PAC on 14 September 2021)



Non-States Members (independently appointed):

Dr Helen Miles

Mr Adrian Lane

Mr Graeme Phipps

Mr Paul van Bodegom

Appendix 2 – Terms of Reference

1. To assess the progress on overall arrangements of the Government's strategic property function since the previous PAC's [report](#) of 2019, including:
 - c. The role and performance to date of the Corporate Asset Management Group, its relationship to the Regeneration Steering Group and its development of a Corporate Asset Management Plan.
 - d. The role and responsibilities of the States of Jersey Development Company regarding Estate Management strategy implementation.
 - e. The role of States-owned organisations and relationships to each other in respect of developing and implementing a cohesive and comprehensive Estate Strategy linked to corporate objectives.
2. To examine the restructuring of departments and their Target Operating Models (TOMs) where they relate to managing States' land and property assets, with particular reference to:
 - a. Education, Health, Infrastructure, Housing and Environment Departments
 - b. the Property Division (formerly Jersey Property Holdings);
3. To assess the progress in developing a coherent and cohesive Property Management and Maintenance programme, with specific reference to:
 - a. maintaining deteriorating buildings and considering sales of non-necessary buildings/land in line with the [Common Strategic Policy](#)
 - b. reducing liability to the States and reducing risks to customers, staff and the general public.
 - c. Ensuring the asset management system (Concerto) is fully utilised and demonstrates value for money
 - d. Enabling a co-ordinated approach to property management and maintenance
 - e. Examining the IHE and Property Division's efforts to ensure that States-owned properties comply with disability legislation.
4. To assess the progress on consulting and engaging with stakeholders including community groups and non-Ministerial departments as part of all property proposals (in line with the recommendations of the PAC in its [report](#) of Estate Management in February 2019).

Appendix 3 – Evidence Used for Report

References

- Former C&AG's [Report on Operational Land and Buildings](#), June 2018
- [Executive Response](#) April 2019
- PAC [Estate Management](#) Report February 2019
- Former PAC [Comments Paper](#) February 2020
- [Legacy Report](#) December 2020
- [C&AG Report on SOJDC](#) (June 2020)
- [Executive Response to C&AG Report \(July 2020\)](#)
- [PAC Comments on the Executive Response to C&AG Report](#) (August 2020)
- [P.73 \(2010\) – establishment of SOJDC](#)
- [P.93/2005 – establishment of Jersey Property Holdings](#)
- [PAC Public Hearing with DG of CYPES 24th May 2021](#)

Documents

- Letters from all Departments (March 2021) and follow up responses (June 2021)
- States Annual Report and Accounts 2020
- Government Plan 2020-2023
- Island Plan (Bridging)
- [Common Strategic Policy](#) and [Government Plan](#)

PAC Public Hearings

- [Transcript - Estate Management - Jersey Property Holdings - 22 October 2018](#)
- [Transcript - Estate Management - Director General for Growth, Housing and Environment - 15 July 2019](#)
- [Transcript - Estate Management - Director General for Growth Housing Environment - 3 February 2020](#)
- [Transcript - Estate Management - Director General for Justice and Home Affairs - 26 April 2021](#)

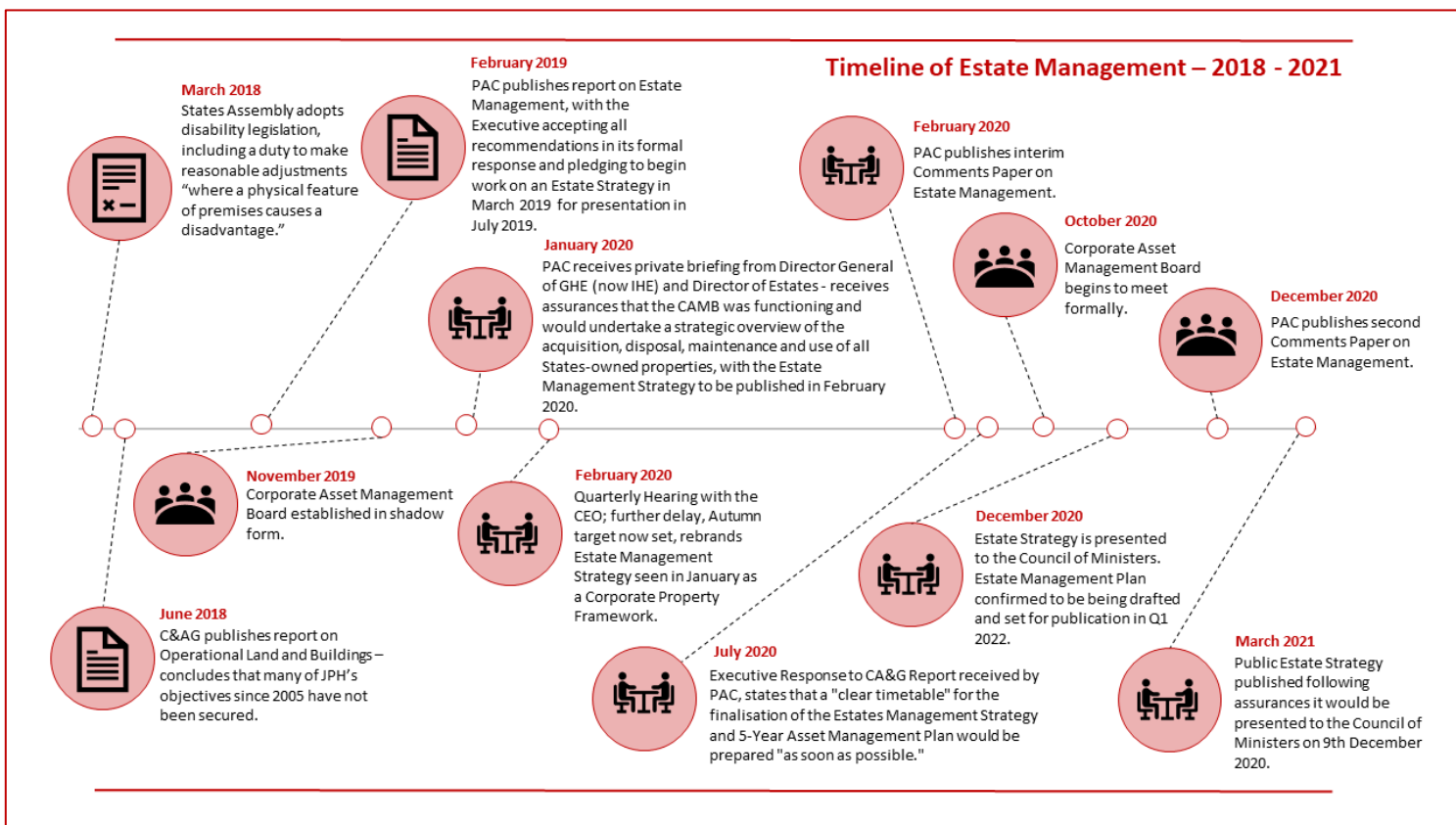
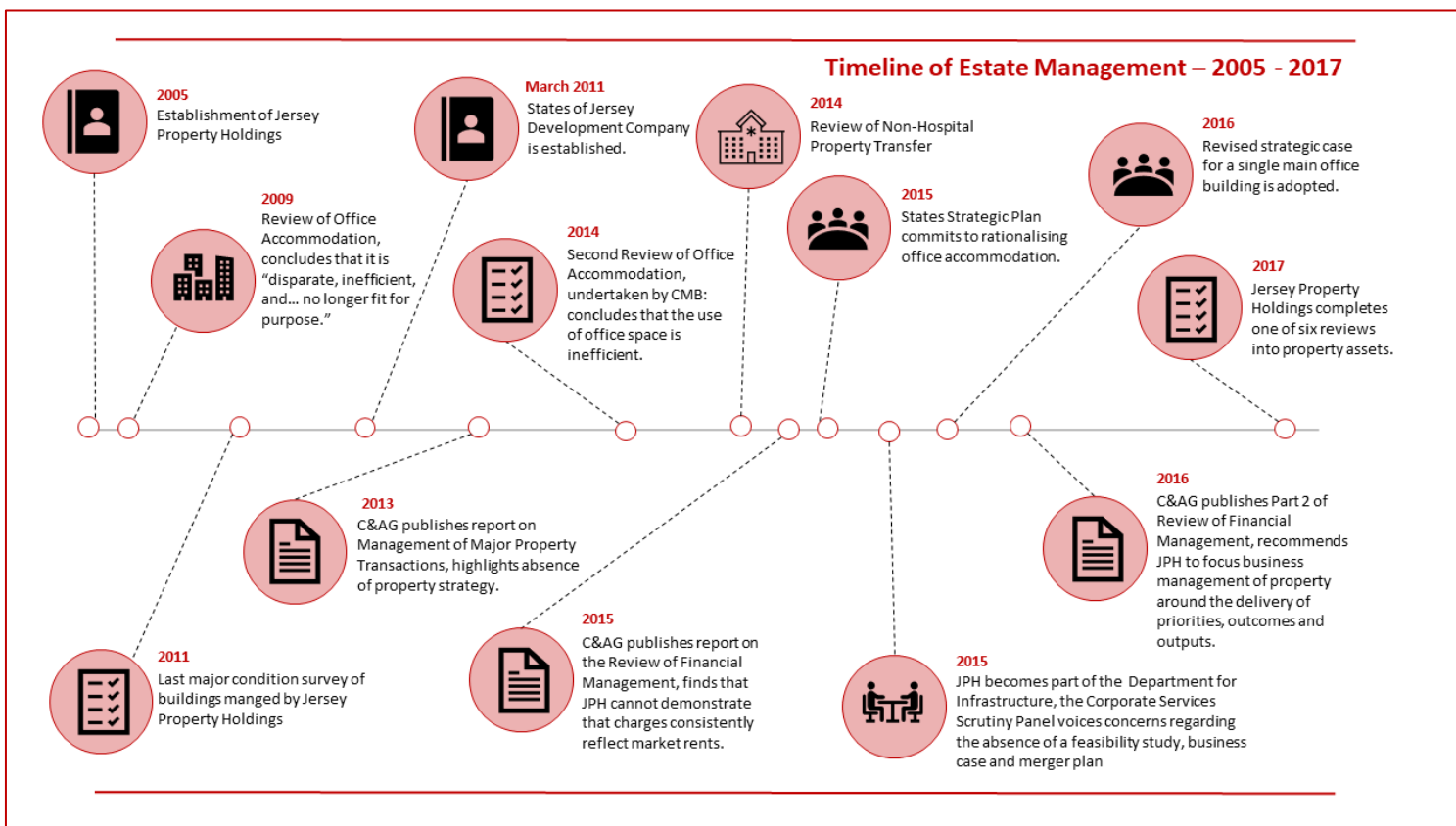
- [Transcript - Estate Management - Director General for Customer and Local Services - 10 May 2021](#)
- [Transcript - Estate Management - Director General for Children, Young People, Education and Skills - 24 May 2021](#)
- [Transcript - Estate Management - Chief Executive and Treasurer of the States - 7 June 2021](#)
- [Transcript – Estate Management – Director General for Health and Community Services – 28 June 2021](#)
- [Transcript - Estate Management - Director General for Infrastructure Housing and Environment - 12 July 2021](#)
- [Transcript - Estate Management - Director General for Growth, Housing and Environment - 29 July 2020](#)
- [Transcript – PAC Quarterly Hearing with CEO and Treasurer of the States 13 September 2021](#)

Environment Housing and Infrastructure Scrutiny Panel Hearings

- [Transcript - Affordable housing - Supply and Delivery Review - Jersey Development Company - 13 July 2021](#)

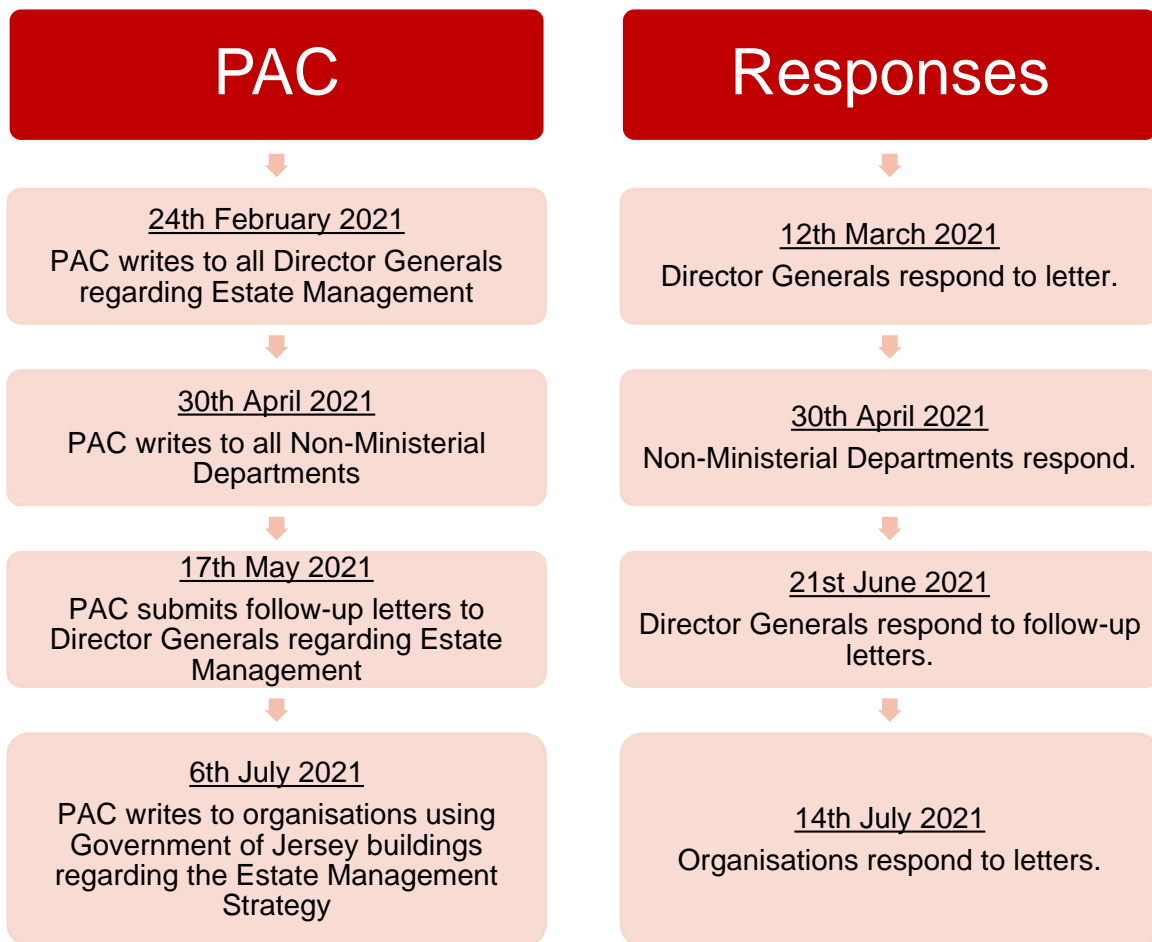
Appendix 4 – Timelines

Timeline of Estate Management and the Development of an Estate Management Strategy



Timelines of Evidence Gathering

Date	Item	Comment	Status of Estate Management Strategy
21 June 2018	C&AG publishes review of Operational Lands and Buildings	Recommends that the development of a “comprehensive property strategy” is prioritised.	Recommends development
4 February 2019	PAC publishes report on Estate Management	Recommends creating “a joined-up approach and written strategy to improve building maintenance and utilisation.”	Recommends creation of a strategy
11 April 2019	Executive Response to PAC Report is published	Notes that work on the Estate Management Strategy is “set to begin on 25 March 2019”	Provision of starting date of Strategy development
20 January 2020	Private Briefing with Jersey Property Holdings	A draft of the Estate Management Strategy is sighted	PAC Sights draft Strategy
27 February 2020	PAC publishes a comments paper on Estate Management	Confirms that an Estate Strategy should be published “by the end of February 2020”	Published Strategy promised by end of February
29 June 2020	Public Hearing with the Director General for Growth, Housing and Environment and the Director of Jersey Property Holdings	Confirms a delay to the Strategy, with “final ironing out” to take place “in the next month” before being sent to CoM	Strategy delayed, completion expected by August 2020
27 July 2020	Quarterly Public Hearing with the Chief Executive	Confirms that the Strategy will not be published until the autumn to give time to develop a “user-friendly” version. Claims that Estate Management Strategy seen in January was in fact “about a corporate property framework”.	Further delay, Autumn target now set. Rebrands Estate Management Strategy seen in January as a Corporate Property Framework.
20 November 2020	Government Plan Review Panel Public Hearing with the Chief Minister	Confirms that an Estate Strategy is “quite literally a very few weeks away”	Estate Management Strategy Imminent in coming weeks
7 December 2020	Quarterly Hearing with the Chief Executive	Confirms that the Estate Management Strategy “goes to the Council of Ministers this Wednesday [9 December]”	Estate Management Strategy Imminent in coming days



Appendix 5 – Email to Director General for Infrastructure, Housing & Environment re. Questions on Estate Management – 18 December 2020 (with Answers)

Dear Mr Scate,

As part of the Public Accounts Committee's ongoing review into Estate Management, the Chair would like to submit the following questions to you. Please respond by **9am on Friday 18 December**.

Answers were received on 21 December 2020 and are included in italics.

1. Please could you outline the work you have personally undertaken since assuming the role of Acting Director General for GHE (now IHE) regarding the Government of Jersey's existing property portfolio.

I have ultimate responsibility for the Property function and management of the estate portfolio, however, my role as Director General is to provide a high level governance and oversight rather than an operational hands on function, which lies with the Director of Property Holdings. I am a member of the Regeneration Steering group, supported the Our Hospital project on the Political Oversight Group, Project Board and relocation of the Bowling green working groups. I sit on the One Gov Office project board and have also attended quality panel meetings. I managed the process to continue the provision of an Interim Director for Property Holdings and advocated completion of the recruitment process to fill the post permanently. I have advanced resolution of the Organisational challenges facing Property Holdings by placing the JPH TOM higher up the list of priorities in IHE and have shepherded the Estate Strategy to final production and release

- a. What is your expected work programme on this area of work in 2021?

My work programme for 2021 is to support the Director JPH in completion of the TOM and recruiting to fill the gaps in the organisation. The Corporate Asset Management Board has sat tentatively, however, as the Estate Strategy was not yet approved, it has not been able to embark fully on the role of coordinating prioritising allocating and developing the property needs of the various elements of the government, this will be a priority for 2021.

- b. What items from the portfolio have been escalated onto the Corporate Risk Register?

Fire strategy, Asbestos management, Legionella mitigation and radon monitoring.

2. How do you quantify the risks raised in your internal report (the PM report), also highlighted in an Internal Audit report?

There are a variety of risks identified in the PM report, key amongst which is the ability to synthesise and analyse the activity of Property Maintenance in the Estate. There has been a degree of instability in the property team, with maintenance being part of, then removed from then returned to the property function and a reorganisation that has been blighted by lack of resource.

- a. How do you intend to mitigate against the risks presented in the report?

Mitigation against the risks of the report are met by the appointment of a permanent Director of the property function, the introduction of a strategy, the bringing into service of an asset management system, the extension of use of that system beyond IHE and the move to fulfil the original vision of JPH by giving it a pan government remit. Risk issues are reviewed by me in my regular briefings with the Director of Risk and Audit.

- b. What actions have already been taken and what proportion of the portfolio does this remediate?

The actions outlined above affect the entire portfolio.

- c. What is planned to mitigate the risks identified?

The PM report forwarded in November includes the actions that are being undertaken to mitigate risks identified in the report.

- d. Which of the identified risks have been accepted with no actions planned on their mitigation?

All issues identified will be prioritised and resources allocated to address them. It is anticipated that those few high priority issues that have yet to be completed will be undertaken in Q1 2021 and the remainder will be completed by Q3 2021.

3. How is your work on property management and maintenance tracked?

The property and maintenance work is tracked monthly by budgets and then reconciled annually. I have weekly meetings with the Director to review current activity and report on progress and there are twice weekly meetings of the IHE department Senior Leadership team to address routine activity, monthly reviews of the budgets, HR, health and safety and risk.

- a. How do you ensure that this work aligns with the property and estate strategies that have been submitted to the Council of Ministers?

The strategy was drafted by the property team in response to the issues raised in the C&AG report. That team are implementing the strategy.

- b. How are your present plans and rationale tracked to ensure that they align with the corresponding strategy/strategies?

Estate Management projects are tracked and monitored through the 'Perform' system.

4. What is the total cost of the consultancy work that you have commissioned the SoJDC to undertake to assess the best location to dispose, acquire and develop real estate activities on behalf of the Government and to make recommendations on the activities of the SoJDC and Jersey Property Holdings, in order to inform both organisations' delivery models in the future? How much of this work will be funded directly by the Government of Jersey?

The consultancy work being carried out for SoJDC has not yet been let. It will be funded from SoJDC funds.

5. Is there a tender document for this contract, and, if so, please provide this in confidence to the PAC?

The Invitation To Tender will be forwarded.

- a. Can you confirm whether any third party reports are being provided to both parties in respect of this contract?

No third party reports are being provided.

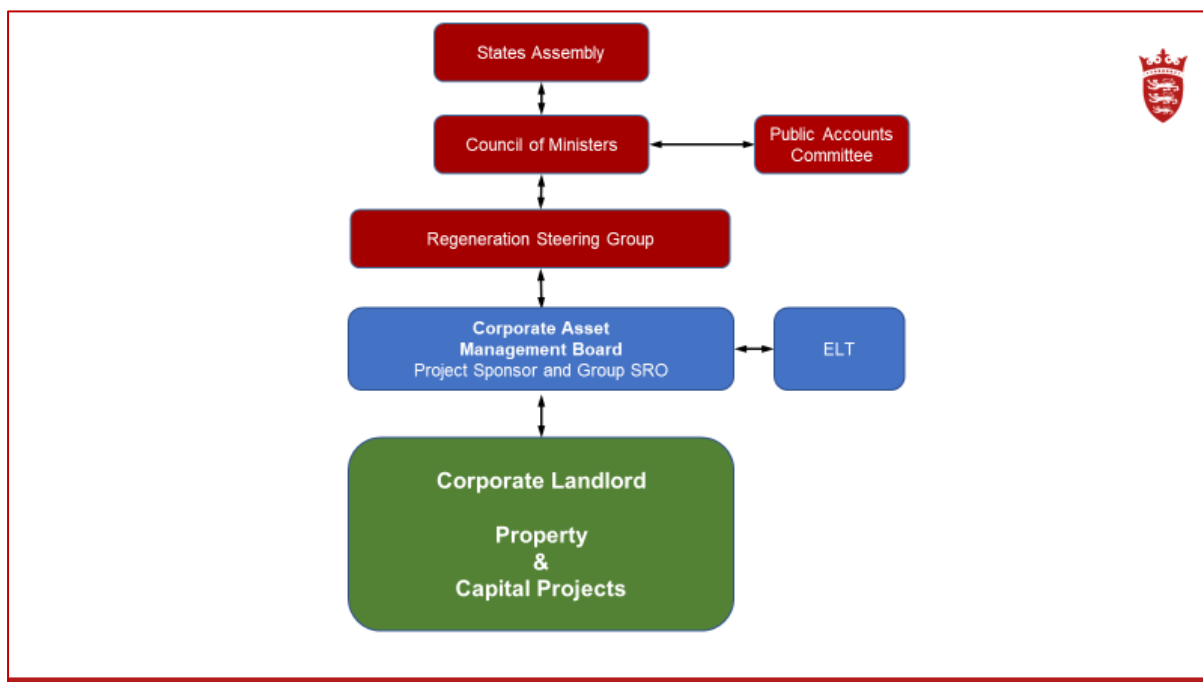
- b. Can you confirm, and how are you ensuring, that the terms of the tender and the scope of the work are not subject to any conflicts of interest on the SoJDC's part?

The terms of the tender will be subject to the SoJDC board and Ministerial oversight and scrutiny in order to avoid possible conflicts

6. We were told by the Chief Executive that CAMB (Corporate Asset Management Board) takes 'operational' rather than strategic decisions – so who takes the strategic decisions?

The decisions taken by the CAMB are in line with the strategy approved by CoM and are ratified by the RSG and the CoM. The CAMB is an officer body and RSG and CoM are political. Once a proposal is approved by the political bodies, it is notified to the Minister for Infrastructure for executive action.

- a. Are you able to provide a schematic of the framework that you are operating to - including who reports to who - in respect of property management and the States of Jersey Estate?



7. How much will the total spend be for the Concerto Asset Management System?

The spend to date on Concerto is £240K. There is currently no limit on the value of the Concerto contract.

- a. How does that compare to the original business case for this System? (please include figures)

The system was originally specified for a limited roll out in GHE for £70K. Its success meant that it was extended for use gradually across a number of departments and asset classes to the current situation. It will however continue to be extended and is currently in limited use with Sports, CYPES and HCS for incident reporting. It is replacing JD Edwards for billing and payments in IHE and that functionality could be extended to the other areas outlined above. The system was first considered for introduction in 2015 for a much more limited function. There is no comparison with the original business case.

- b. What monetary benefits have been realised compared to the original business case? (please include figures)

The financial benefits of the System are tracked at a high level at the moment with simple metrics like the reduction in paper receipts and manual handling of incident forms. As the system fully replaces JD E, the values will be easier to compile.

- c. Please outline in which department(s) Concerto is active and how this compares to the original plans.

The system is in use across all of IHE, partially Sport which transferred in from EDTS and also for discrete elements of the HCS and CYPES. Originally it was intended for limited areas of the Infrastructure department.

- d. Please also provide an outline of the current plans and stages for the final implementation of Concerto within each of these departments.

The system will either have its data transported into, dovetail into as a module or be replaced by the Enterprise Asset Management system, currently being scoped.

8. Following on from the submissions we received as part of our Call for Evidence for our Estate Management review, please outline what work has been undertaken this year by your department on property management and maintenance, (and please include reference to the Education department) as part of the Estate Management?

JPH has responded to more than 2,000 reactive help desk calls, across the Office, residential, health, education and sport portfolios, most requiring urgent site visits and contractor engagement. It dealt with additional pressure at the start of the pandemic, when the team had to maintain safe building practices while continuing their business as usual works and dealing with urgent building issues. The maintenance team took responsibility for site safety, conducting statutory tests in all vacated buildings, completing legionella flushing routines which enabled all buildings including schools to open promptly in a timely manner with minimal risks to the building users. They have responded to floods, landslides and boundary tree issues. In spite of the Covid impact on travel and site access, the team successfully delivered over 95% of the annual PPM schedule, which consists of 5,500 orders. In addition to the business as usual administration of the estate in managing leases, boundaries and transactions, The estates team have had an additional COVID burden. They managed rent enquiries from 223 tenants, have found additional premises for track and trace teams, vaccination, centres, testing centres and disaggregated working for those who are unable to work from home. The team found, conducted the legals for and coordinated the provision of construction of the Nightingale hospital.

Appendix 6 – PAC Comments on Executive Response to C&AG’s Report on the States of Jersey Development Company (R.65/Res.Com./2020)

Background

The Comptroller and Auditor General’s (C&AG) [Report on the States of Jersey Development Company](#) (June 2020) made recommendations to both the Government of Jersey (GoJ) and SoJDC. The PAC is supportive of improving the governance of SoJDC and is in agreement with the C&AG’s recommendations for improvement on shareholder functions, transfer of land and overall accountability. The C&AG’s report also considers the role of [P.73/2010](#) (henceforth “P.73”) which established the current functions of the SoJDC and provided the relevant Memorandum and Articles of Association for the Company’s operation, and examines whether the SoJDC are adhering to the requirements set out in this legislation and its appendices.

The [Executive Response](#), issued jointly by the Chief Executive and the Director General for the Department for Treasury and Exchequer (DG) (formerly the Treasurer of the States), was received by the Public Accounts Committee (PAC) on 24th July 2020 and presented to the States and published shortly thereafter. In their response, they noted that the DG has engaged with SoJDC in relation to the findings that are directly related to the Company, and that the SoJDC’s responses to these findings have been included in the Executive Response. Although the Government of Jersey (GoJ) has accepted all of the recommendations contained in the C&AG’s report, the PAC seeks assurance from the Executive that they will be implemented in a timely and robust manner as set out in the PAC’s comments below.

C&AG Findings and Recommendations

The C&AG’ main findings included:

- The Government does not yet have an integrated strategic framework for asset management and regeneration,
- Since the establishment of SoJDC, the Government has not undertaken a formal review of the role of SoJDC to satisfy itself that the outcomes to date are meeting the objectives set out in the original proposition, and whether any changes could enhance delivery of Government property objectives;
- the Regeneration Steering Group (RSG) has not functioned as intended. It failed to meet for a year (which included a Government election period) and attendance was limited at other times;
- Despite the proposition stating that SoJDC will procure development schemes in conjunction with the private sector unless there are specific reasons for direct development, all but one of the developments to date have been undertaken directly by SoJDC;
- The MoU between the Government and SoJDC lacks clarity in places; and
- The shareholder function has developed and improved since SoJDC was established but requires further development.

To address these issues, the C&AG recommended that the Executive:

- Prepare a clear timetable for finalisation of the Estates Management Strategy and 5-year Asset Management Plan as soon as possible;
- Ensure that future plans are fully integrated across all areas of the Government including States Owned Entities (SOEs);
- Undertake a strategic review of SoJDC to confirm that it remains the most appropriate vehicle and operating model to deliver Government regeneration objectives in the longer term;

- Clarify the respective roles and responsibilities of Director of Partnerships in the context of current monitoring and accountability arrangements
- Finalise the revised draft MoU for discussion and agreement with SoJDC as soon as possible;
- Agree a process for a regular, structured review of the appropriateness of the MoU; and
- Ensure benefits realisation is reviewed at periodic shareholder meetings so that a balance is demonstrated between retention and distribution of profits in the context of the development programme and available reserves at the time.

The C&AG noted that, although the SoJDC had delivered a range of major projects for the Island with profits available for future development, the Government has not systematically assessed or reported the benefits to the taxpayer arising from its relationship with and investment in SoJDC, with the C&AG recommending that this should be done on an ongoing basis. The C&AG further suggested that the Government should undertake the strategic review of the SoJDC as proposed from the outset, which should seek to confirm whether it is meeting Government objectives and whether the current delivery model is most appropriate. The C&AG also concluded that the SoJDC should ensure greater clarity in remuneration policies, including bonus arrangements, whilst also providing greater transparency in reporting the results of SoJDC to reflect overall performance including the impact of land provided by Government at no cost.

Executive Response and PAC Comments

Recommendations to the Government of Jersey

Recommendation 1: Prepare a clear timetable for finalisation of the Estates Management Strategy and 5-year Asset Management Plan as soon as possible

The Executive Response states that a “clear timetable” for the finalisation of the Estates Management Strategy and 5-Year Asset Management Plan would be prepared “as soon as possible”. Although the PAC is welcoming of the commitment to completing work on the development of an Estates Management Strategy, the PAC notes that there has been a continued failure to deliver a comprehensive property strategy, alongside historic failings in managing land and buildings across the States. The former [Comptroller and Auditor General's June 2018 report on Operational Land and Buildings](#) concluded that operational land and buildings had not been managed efficiently and effectively across the States, and that many of the objectives set when Jersey Property Holdings was established in [2005](#) had not been achieved.

During the PAC's [public hearing with the then-Director General of GHE in February 2020](#), the Committee heard from the then-Director General that the GHE Target Operating Model would be finalised shortly and the Estate Management Strategy would be made public by the end of February 2020. This did not happen, despite the PAC having access to the Strategy in draft form on a confidential basis at the private briefing in January 2020, and delaying its follow-up review into Estate Management on the grounds that this Strategy would be imminently published or at least widely circulated for consultation, as outlined in the PAC's [February 2020 Comments Paper](#).

At the private briefing in January 2020, the PAC criticised the draft strategy's lack of assessing the key needs of the Island and prioritisation of sites, and was told that there were 'too many permutations' for that undertaking, for example because the site for the future hospital had not been decided and that would have a knock on effect on the future use of other sites. At the public hearing in February 2020, the PAC reminded the Director General that he had previously assured the Committee the Estate Strategy would be drafted by July 2019, and that

this was expected to be a comprehensive, high-level strategy to be adopted by all departments and used to direct asset management of the entire States Estate.

Further, the PAC was not reassured by the Chief Executive's statement in a [Quarterly Public Hearing with the PAC on 27 July 2020](#) that there existed an Estates Management Strategy (later confirmed by email of 5th August 2020 that it was in fact the same Strategy that the PAC had seen on a strictly confidential basis on 20th January 2020, in draft form), but that it was being adjusted to account for COVID-19 and contained technical language "aimed at professional property people" and was not user-friendly for the general public. The PAC were informed that a "plain English version" of the strategy would be imminent and could be expected in the Autumn. It considers there to be no reason for the ongoing delay of the Strategy's circulation.

In the Executive Response to the C&AG's Report on SOJDC, the Executive stated that the coherent Estates Management Strategy within Government would seek to address some of the factors that contributed to the findings of the C&AG's report. It was further confirmed that this would be delivered through a One Gov strategy approach and enabled by working between the shareholder function in Treasury & Exchequer and other departments with responsibility for policy development, with additional resources being provided to the shareholder function as part of the implementation of the Treasury & Exchequer Target Operating Model to help address strategic matters. The PAC is concerned that there appears to be ever-increasing factors to consider before producing an Estates Management Strategy, which it was not advised of in July 2019, nor in February 2020 when it was assured the Strategy was 'imminent'.

Recommendation 2: Ensure that future plans are fully integrated across all areas of the Government including States Owned Entities.

The PAC is welcoming of the commitment to integrate all future plans across all areas, including States Owned Entities. However, it notes that little information is publicly available on the Corporate Asset Management Board (CAMB), its remit and its composition, and it thereby urges the Chief Executive to ensure that information on the CAMB's structure and work programme is listed on a relevant webpage.

Recommendation 3: Undertake a strategic review of SoJDC to confirm that it remains the most appropriate vehicle and operating model to deliver Government regeneration objectives in the longer term.

The PAC is pleased to note the commitment to a strategic review of SoJDC and the Director General of GHE's commitment to a review of property management and construction activity across Government. However, as previously noted in the above Recommendation, the PAC wish to stress the need to ensure that information regarding this review is made publicly available, as should the membership, work programme and relevant minutes of the States Owned Entities and Larger Arms' Length Bodies Oversight Board.

The PAC further note that, in its public hearing with the Chief Executive held on 27 July 2020, he confirmed that a piece of work would also be undertaken to look at the relationship between SoJDC and the Property Division (formerly known as Jersey Property Holdings), in order to determine who would be better to deliver the operational requirements for managing the government's estate. He noted that this may include "creating more capability" in SoJDC to deliver results. The PAC advise in the strongest possible terms, that the SoJDC should be reviewed in line with the accepted recommendation of the C&AG to confirm it remains the most appropriate vehicle and operating model to deliver Government regeneration objectives in the longer term before taking on additional roles. It is also extremely concerned that this means an Estate Management Strategy will yet again be delayed.

Recommendation 4: Clarify the respective roles and responsibilities of Director of Partnerships in the context of current monitoring and accountability arrangements.

The PAC is pleased to note a commitment to ensuring greater clarity on senior roles responsible for stakeholder relationships. The PAC would like to recommend that this clarification is developed in partnership with the C&AG in order to ensure that independent approval is provided to these plans. The PAC also believes that this recommendation holds true for Recommendations 5, 6, 7, 8 and 9.

Recommendations to SoJDC:

Recommendation 15: Review the recommendations from the external Board review after 12 months to confirm actions are completed and to evaluate improvement.

The PAC are welcoming of the commitment to consistent evaluations for improvement. However, the PAC wish to request that they and the C&AG are provided with copies of the respective reports arising from each review in order to independently monitor the progress made by SoJDC on these issues.

Recommendation 20: Consider reporting cumulative achievements in the Annual Report including more meaningful representations of the value added by SoJDC in developing sites, taking into account issues such as:

- the value of land donated by the Government;
- return from developments;
- costs that would not normally be incurred by wholly commercial developers, such as improvements to the public realm;
- and the length of time the project has taken.

The PAC are welcoming of efforts to improve Government understanding when it comes to meaningful representations of value in site development. However, the PAC would request that any qualitative values and the methodology used to measure them are independently from SoJDC, in order to reduce unconscious bias.

Recommendation 22: Develop a consistent methodology and evidence model as required by P.73 to demonstrate that each development delivers the most appropriate risk profile and return.

The PAC are welcoming of a commitment to keep to the efforts required by P.73, but notes that this action should not be necessary, and that the senior leadership team should commit to examining whether their model of governance is sufficient for keeping to P.73.

In its Executive Response, the Executive advised that the recommendations made by the C&AG would be addressed as part of a review into the Memorandum of Understanding (“MOU”) of all States Owned Entities.

The Chief Executive and DG confirmed that the new MOU will include a focus on how States-Owned Companies contribute to Island outcomes by delivering Government policy objectives, and that policy documents for each Company will be expected to be part of the delivery and be identified and referenced within the MOU to clarify what is in scope for each entity, although it is noted that some policy documents have yet to be developed.

The Response also confirms that a process for setting Key Performance Indicators will be formalised as part of the MOU and monitoring will be included as part of the strengthened Strategic Business Plan agreement. The Key Performance Indicators will be used to monitor compliance within the terms of the MOU.

Through these monitoring arrangements, the shareholder function will have an overview of each SOE’s performance. This reflects the Government of Jersey Target Operating Model and the need for a more joined up ‘One Government’ approach to relationships with each SOE. In the response to the C&AG’s review on Remuneration of Board Members, it was proposed to establish a new Arms’ Length Body Oversight Board. This Board is in the process of being set

up and is expected to be the main forum for the coordination of joint policy delivery. Overall, the PAC is welcoming of the positive response made to the recommendations of the C&AG. However, it is clear that a significant amount of work remains before all concerns are adequately addressed by the Government of Jersey. Further, whilst the PAC are encouraged by the intention to undertake work to better-understand the relationship between SoJDC, its stakeholders and its partner companies such as the Property Division (Jersey Property Holdings) it is clear that SoJDC have experienced continuous failings across its history that require urgent address before the organisation is ready to undertake additional roles.

The PAC welcomes the positive response from the Chief Executive and Director General for Treasury & Exchequer. However, it notes that many of these recommendations, such as a commitment to self-evaluation and remaining to the scope as laid out in P.73, should have been implemented without the need for a C&AG report. It concludes there is a need for more work on SoJDC's governance and ability to demonstrate value in its services for the Government of Jersey. The PAC will continue to assess progress throughout 2020 and into 2021.

