

STATES OF JERSEY



LAND TRANSACTION UNDER STANDING ORDER 168 (3) – OFFICE ACCOMODATION PROJECT, UNION STREET, ST HELIER: DEFERRAL OF APPROVAL

Lodged au Greffe on 8th March 2021
by the Scrutiny Liaison Committee
Earliest date for debate: 20th April 2021

STATES GREFFE

PROPOSITION

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

To request the Minister for Infrastructure to defer approval of the land transaction agreement as proposed in the Reports R.19/2021 and R.19/2021 Add. presented to the States by the Minister on 16th February and 22nd February 2021, pending the outcome of –

- (i) a Scrutiny review of the Office Accommodation Project (“the Project”) which is to be taken as completed upon presentation of a Scrutiny report to the States no later than 1st June 2021;
- (ii) the provision to the Scrutiny review of the minutes of all meetings of the Council of Ministers, One Government Political Oversight Group and Regeneration Steering Group in relation to the Project; and
- (iii) a debate on a Proposition, lodged by the Minister subsequent to the presentation of the Scrutiny report, that provides for agreement or otherwise of the States for the Minister to proceed with the land transaction.

SCRUTINY LIAISON COMMITTEE

REPORT

Background

The terms of reference for the Scrutiny Liaison Committee state under Standing Order 143 (a) that it acts as a co-ordinating body for the work of the PAC, Scrutiny Panels and Review Panels, to ensure that there is no intended overlap in the work undertaken and to ensure that all aspects of the work of the Council of Ministers are, over time, reviewed. The Office Modernisation Programme interconnects with numerous Government workstreams including the Island Plan, estate management strategy, other major capital project programmes and carbon neutral strategy. These in turn cut across multiple Panel remits, and it is in this context that the Committee has agreed to bring this Proposition. It will not conduct the referenced Review, which is subject to ongoing planning and will be undertaken by either a sub-Panel of the Corporate Services Panel or a standalone Review Panel

Programme Timeline

The Strategic Outline Case approved by the Council of Ministers in 2019¹ for the Office Modernisation Programme confirmed that in 2021 it was the intention of Government to finalise the contractual arrangements for the development of the new office arrangements. The detailed project plan in the Strategic Outline Case specified key stages and target dates which confirmed that the Final Business Case would be completed and approved March – May 2021 and that the agreement with final price would be signed with the developer in May 2021.

The Corporate Services Scrutiny Panel and One Gov Review Panel received two private briefings in 2020 on the Office Modernisation Programme (3rd July & 15th October) from the Chief Minister and Officers. The prevailing nature of these briefings and accompanying confidential papers (provided on the 16th September, 25th September, 9th December and 26th January) focussed on developer procurement and multiple sites being taken through the different stages of design, development and consideration prior to selection which correlated to the project plan laid out in the Strategic Outline Case. However, at no point did the Corporate Services Scrutiny Panel or One Gov Review Panel receive a copy of any relevant minutes from the Council of Ministers or other panels in relation to this project to ascertain decision making.

The Corporate Services Scrutiny Panel and One Gov Review Panel were advised that an additional briefing would occur with the Chief Minister and Officers prior to the end of 2020 but this was cancelled by Government on several occasions due to diary constraints and did not take place until the 3rd February 2021, with additional attendance of the Public Accounts Committee.

On the 8th January 2021 the Minister for Infrastructure presented R.4/2021 – Land Transaction Standing Order 168 (3) – Office Accommodation Project, 31-41 Broad Street & 19-29 Commercial Street, St Helier - Lease to the States. Thus, notifying the States that the Minister had accepted the recommendation of Jersey Property Holdings to agree a land transaction and enter the Public of the Island into a 25 year lease agreement with LMN Jersey Investments Limited on the basis of terms and conditions set out in an accompanying report.

¹ [Government Plan 2021-24 Annex p.107](#)

The Corporate Services Scrutiny Panel and States Members received no briefing prior to the presentation of R.4/2021 to the States, neither did it receive any open communication on the Full Business Case and terms and conditions.

On the 14th January 2021 the Corporate Services Scrutiny Panel Chair was advised in a letter from the Chief Minister that the Government was withdrawing Standing Order 168 “Land Transaction under Standing Order 168 (3) – Office Accommodation Project, 31-41 Broad Street & 19-29 Commercial Street, St Helier - Lease “due to some last minute and unexpected commercial issues that need to be resolved in advance of entering into a contract and that these issues were not the Government’s making.”²

A proposed Corporate Services Scrutiny Panel briefing on the Office Accommodation Project which was planned for the 15th January 2021 was cancelled by the Chief Minister until the commercial issues were resolved.

On the 3rd February 2021 various Scrutiny Panels (Corporate Services, One Gov and the Public Accounts Committee) received a private briefing from the Chief Executive Officer and Government Officers. This was the first briefing in which Land Transaction – Office Accommodation Project, Union Street, St Helier was discussed with Scrutiny as the new preferred option and the terms and conditions were muted. Following this briefing the draft of R.19/2021 and the Full Business Case was directly forwarded to the various Panels on the 10th February 2021.

States members received a briefing on the draft of R.19/2021 on the 12th February 2021.

R.19/2021 was presented to the States on the 16th February 2021 but was required to be re-issued as further information needed to be provided to the States about the transaction to which it related. As part of this, an addendum to the report (R.19/2021 Add.) was presented.

On the 22nd February 2021 the Minister for Infrastructure presented the revised R.19/2021 – Land Transaction SO168 (3) – Office Accommodation Project, Union Street, St Helier to the States. Thus notifying the States that the Minister had accepted the recommendation of Jersey Property Holdings to agree a land transaction and enter the Public of the Island (as the Client) into commercial arrangements with Jersey Office Development (1.J) Limited (as the Developer) and a guarantor, in order to enable a contract arrangement to be made, subject to final negotiations, to build a new office accommodation for the benefit of the Government located on a site in Union Street, St Helier based on the terms and conditions as set out in an accompanying report R.19/2021 Add.

In accordance with Standing Order 168 (3), the period of 15 working days (before which any binding agreement can be made for the reported transaction) commenced on the day of the re-issued report: 22nd February 2021.

Key Issues and Concerns

The Minister for Infrastructure has presented two recommendation reports to the States within 6 weeks referring to two completely different conclusions on a significant project. The decision making which constituted this change therefore requires an

² [Letter - Chief Minister to Corporate Services Scrutiny Panel re Office Accommodation Briefing - 14 January 2021](#)

independent review as the detail has not been assessed and the government has therefore not been held to account.

Due to commercial sensitives only certain information can be provided to the public and without scrutiny this provides no assurances that Government has been effective or accountable to its actions to the Public to which it serves.

Scrutiny cannot be adequately conducted on such matters until decisions have been concluded by Ministers. The decision was presented by the Minister for Infrastructure report on the 22nd February 2021 which provided a 15-day period prior to completion. Scrutiny cannot complete an appropriately informed review to this timeframe.

It is therefore concerning that given the nature of this project that the final Business Case has not been subject to detailed independent scrutiny, to ensure alignment to the Nolan principles and therefore expectations of the public to ensure that the -

- principles of the Strategic Outline Case and the assessment of the implications of the pandemic on the project and considerations that the case to build a new office remains valid.
- contractual arrangements of the development of the new office arrangements and ensuring the effective, efficient, and sustainable management of public finances, with anticipation that a new building will be operational by early 2024.
- alignment to other key strategies and projects (estate management strategy, island plan, hospital project, carbon neutral strategy) to ensure transparent strategy setting.
- impact and outcomes in terms of sustainable economic, social, and environmental benefits.
- interventions necessary to optimise the achievement of the intended outcomes.
- capability of its leadership and the individuals within.
- risk and performance and ensuring robust controls and strong public finance management.
- implementation of good practices in transparency, reporting, and audit, to deliver effective accountability in decision making.

Financial and manpower implications

Financial information to confirm what the implications would be if the land transaction 'Office Accommodation Project, Union Street, St Helier' was deferred for approval until 1st June 2021 was requested on Tuesday 2nd March 2021. The following statement was received from treasury on Monday 8th March 2021:

Estimating the financial implications of a delay in the building of the new Government Office on the site of Cyril Le Marquand House faces the difficulty of various

uncertainties and risks. The Project Team has reviewed the impacts from the perspective of increasing building costs pressures, delays to the delivery of savings associated with the project and internal team costs which would arise. Costs have been prepared in absolute cost terms, (i.e. not on a net present cost/value methodology) over the lifetime of the project, 25 years.

From that work an estimated financial impact over the life of the project is just short of £1million for each month of delay, but is subject to many variables, which could either reduce or increase that cost. Longer delays would very likely increase the costs of delay more considerably.

Re-issue Note

This Project is re-issued because the lodging date was incorrect when originally published.