

Review of Estate Management

Public Accounts Committee

4th February 2019

P.A.C. 1/2019



States of Jersey
States Assembly



États de Jersey
Assemblée des États

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1. Chairman's Foreword

- 1.1 The Public Accounts Committee (PAC) is concerned with holding the Executive to account and ensuring taxpayers' money is spent wisely and for its allocated purpose. When the Comptroller and Auditor General (C&AG) presents a report containing recommendations to the States Assembly, part of the PAC's role is to follow up on those recommendations and request an Executive Response from the Chief Executive and/or the Accountable Officer of the relevant department. The response should include which recommendations are accepted, which rejected and why, with a clear plan of action as to how and when the accepted recommendations will be implemented.
- 1.2 The PAC requested an Executive Response from the Director General of Growth, Housing and Environment (GHE) following the publication in June 2018 of the C&AG's Report on Operational Land and Buildings. The initial response was over a month late and incomplete, and the Committee requested a further response before its public hearings in October 2018. The Public Accounts Committee notes that, following the disappointing response, the Chief Executive has appointed his Chief of Staff to oversee all Executive Responses to PAC and C&AG reviews.
- 1.3 However, considerable time has elapsed since the C&AG's report and the many assurances of improved coordination and delivery by GHE on matters of property management. It is disappointing to learn that it will take at least six months before an up to date plan is in place and that there was no timescale in place for implementing the C&AG's recommendations. The foundation for better management of property by the States was laid around ten years ago so it is disappointing to find that the development of a strategic plan is still in its nascent stage.
- 1.5 There is pressure on the public purse and more attention should be given to releasing some of the unnecessary property assets that the States holds, but this is not easy to work out in the absence of a comprehensive strategy plan for all States property. It is not assisted by the fact that some States Departments often regard property as a 'free good' and have been profligate in their use of it. It also appears that Jersey Property Holdings (JPH) has not been supported in access to resources in order to develop any detailed plans.
- 1.6 The strategy plan and asset management group for property are extremely important. The Director of JPH spoke of undertaking bilateral discussions with departments. However, there are other main agencies dealing with States property, including Ports of Jersey, Andium Homes and the Development Company (SoJDC). The plan and the asset management group would ideally cover the coordination of all property holding bodies within the States to ensure that decisions are congruent with overall States Policy.
- 1.7 Measures have been instituted to prevent any conflict of interest in the reconfigured departments. Unfortunately the Committee only learned of these after the hearing but it will question the efficacy of these measures in its follow-up hearing, with particular reference to non-compliance with statutory requirements.
- 1.8 The Committee is concerned to note that the Chief Executive has undertaken to lease a building in Broad Street for States' workers, although it appears they will not move in for several months. The Committee hopes that this is not another example of bad property management and a waste of taxpayers' money. It will be following up on this report with a public hearing in July 2019 with the Director General of GHE and it will raise this issue and others at its quarterly meetings with the Chief Executive.

1.9 I thank the Committee members for their invaluable contributions to this report and our indefatigable officer for her skilful organisation.



Senator Sarah Ferguson, Chairman, Public Accounts Committee

PAC Members (States of Jersey)

Connétable John Le Bailly
Deputy Rowland Huelin
Deputy Carina Alves

PAC Members (independently appointed)

Ms Moz Scott
Mr Tim Rogers
Mr Adrian Lane

2. Executive Summary

- 2.1 The Public Accounts Committee decided to undertake a review into Estate Management following the C&AG's Report on Operational Land and Buildings, which made several recommendations about managing the States portfolio of over 500 operational properties valued at over £1 billion.
- 2.2 The PAC held a public hearing with the Director General of GHE and the Director of JPH, to ascertain what their plans were for the estate and asked several follow-up questions. The PAC explored the extent to which the recommendations of the C&AG had been implemented in a wide-ranging discussion referencing the many properties under States ownership.
- 2.3 The PAC is disappointed to note, that despite one of the key objectives in establishing JPH being to form a corporate asset management group to oversee the acquisition/disposal and rationale for managing the estate, this has still not happened. There is still no joined-up thinking or strategy in place for managing and developing the estate and JPH and its parent department of GHE face further challenges in recruiting, funding and developing its role.
- 2.4 The Director General advised that the ultimate aim was to reduce the number of buildings in the portfolio, thereby reducing the cost of maintenance to the remaining buildings and costs overall. However, he has been looking to the implementation of the new Target Operating Model (TOM) before taking such action while also waiting for the post recently vacated by the Director of JPH (also known as Director of Special Projects) to be filled in the absence of a formal succession plan.
- 2.5 Without a written and States-wide strategy in place, and without clear direction for the Director-General, it will be hard to foresee which buildings need to be disposed of, maintained, demolished or utilised as part of a clear and cohesive management plan. In view of the size and value of the property portfolio, this delay is likely to create substantial costs to the taxpayer and it is difficult to see matters improving in the near future.
- 2.6 Notwithstanding the Director of JPH advising the PAC that he had suffered from a lack of strategic direction, he notified the PAC that he had engaged in 'bilateral' discussions with departments about their individual property needs. The Committee strongly recommends that a co-ordinated strategy should be in place at the earliest opportunity, where competing interests are resolved and an Island-wide rationale for the retention, maintenance, disposal or utilisation of States-owned property is adhered to.
- 2.7 The annual maintenance budget for JPH is almost £12 million, but the Committee noted that there is a backlog of maintenance work to be carried out, which could bring the real cost to around £20 million, although it is difficult to put an exact figure on the total cost, when there is no medium, or long-term plan for rationalising the use of the buildings.
- 2.8 The Committee urges the Director General and relevant Ministers to progress the implementation of the C&AG's recommendations without delay, to establish a Corporate Asset Management Group and to develop an agreed strategy as soon as possible, working with stakeholders and corporate management. It looks forward to meeting with the Director General and the successor to the Director of JPH, at a public hearing in July 2019, to determine what progress has been made.

3. Key Findings and Recommendations

1. **Finding: Recent responses to C&AG recommendations did not contain commitments to implementation with firm dates or deliverables.**

Recommendation: The Director General should make a much clearer commitment to what would be actioned, by whom, and with clear deadlines. The establishment of a Corporate Asset Management Group and recruitment of a replacement Director of JPH should be prioritised.

2. **Finding: No Key Performance Indicators (KPIs) had been identified**

Recommendation: 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.

3. **Finding: There was specific reference to a TOM (target operating model), but with no agreement on how its implementation would progress a meaningful plan of action.**

Recommendation: Clarify the ownership, responsibility and delivery of TOM, specifically how it will deliver the aims, objectives and goals of JPH.

4. **Finding: JPH cannot demonstrate ongoing improvements in building performance and efficiency, including the condition and suitability of buildings.**

Recommendation: A joined-up approach and written strategy which incorporates acquisition/disposal/utilisation/maintenance should be developed as a priority.

5. **Finding: ‘Bilateral discussions’ with individual departments are not good substitutes for comprehensive overarching corporate discussions which would consider competing needs and timetables of all departments in relation to their property requirements.**

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

4. Introduction

Terms of Reference for Estate Management Review

4.1 Efficient and effective management of operational land and buildings is a key means of securing value for money in delivery of public services. Most operational land and buildings are managed by JPH. The States has a portfolio of over 500 operational properties valued at over £1 billion and an annual maintenance budget for JPH alone of almost £12 million. The C&AG published a [Report on Operational Land and Buildings](#) in June 2018, which concluded that many of the objectives set for JPH since its inception in 2005 had not been secured. The C&AG made 25 recommendations, including:

- establish a comprehensive property strategy;
- establish a corporate group to lead strategic asset management;
- set a timetable for completion of a rolling programme of property reviews;

4.2 When deciding to undertake a review, the PAC took into consideration the significance and scale of the JPH property portfolio and the number of important issues highlighted in recommendations made by the C&AG.

Objectives of this PAC Review

4.3 The Public Accounts Committee agreed to review key aspects of Estate Management and the resulting report to the States should maintain the accountability of States Departments to deliver value for money in respect of the ongoing estate management programme. It has relied on relevant written submissions, before and after public hearings, from States officers and public hearings with the Chief Executive, JPH Officers and the Director General of GHE. The Committee agreed to focus on four main areas:

1. **Overall arrangements** (including the organisation, skills and capacity of the States' strategic property function)
2. **Vision, strategy and organisation** (including plans to develop a comprehensive property strategy linked to corporate objectives, maintain deteriorating buildings and consider sales of non-necessary buildings/land)
3. **Assessing, monitoring and challenging performance** (including using a comprehensive asset management system for all States property assets)
4. **Consulting and engaging with stakeholders** (including plans to develop a robust process for consultation with community and stakeholder groups as part of all property proposals)

4.4 The review does **not** extend to property held by Andium Homes, Ports of Jersey and the States of Jersey Development Company (SoJDC). The PAC is aware that the C&AG is undertaking a separate review of SoJDC.

Executive Responses to the C&AG Report

4.5 On receipt of a late, unsatisfactory and incomplete Executive Response to the C&AG's Report on Operational Land and Buildings, the Committee advised¹ the Director General of GHE that

¹ Letter to Director JPH, Director General Growth, Housing Environment and Chief Executive, dated 11th October 2018

in addition to expecting more timely and detailed Executive Responses in future, it would be helpful to receive a spreadsheet or similar document used to catalogue the C&AG recommendations and progress on their implementation. It noted an assurance from the Director General of GHE that it would receive a 'more comprehensive report expanding on the history and milestones which have shaped the management of land and property for the States of Jersey', prior to the public hearing of 22 October 2018.

- 4.6 It received a second Executive Response shortly before the public hearing of 22 October 2018, but was dismayed to note that it was still incomplete, albeit with a longer introduction. The action plans for implementation on most of the recommendations were marked 'TBA,' denoting 'to be advised'. Both Executive Responses received are at Appendices 1 and 2 of this report.
- 4.7 The Committee agreed to delay the presentation of the Executive Response to the States, but mindful that the department had had ample time to respond, agreed that it should insist that the department provide a fulsome response by Thursday 18th October 2018, to give the members time to consider questions for the public hearing.

Public Hearing and Written Questions

- 4.8 The PAC held a public hearing on 22 October 2018 with the Director General GHE and the Director, JPH. The link to the full transcript is [here](#).
- 4.9 Following the hearing, the Committee sought points of clarification and the Director General submitted a letter with responses to those points on 14 December 2018. The full questions and responses are at Appendix 3.

5. Overall Arrangements

Background

- 5.1 JPH was established in 2005 to provide a single point of accountability for property. Its main objectives were to develop a property strategy, progress a phased programme of rationalisation and consolidation of the property (including releasing property that was no longer needed) and evaluate whether to recommend a transfer of surplus property to the States of Jersey Development Company. It was also charged with maintaining land in line with requirements of the Island Plan. The Director General of GHE had outlined the movement of JPH over time:

‘Since its inception, JPH had been within the Treasury Department, then the Department of the Chief Executive, returning to Treasury prior to being incorporated into the Department for Infrastructure. The property function now forms part of Growth Housing and Environment (GHE). This will enable the property function to be delivered alongside the overarching responsibilities of GHE and provide a platform to take a strategic, rather than a departmental, view of responsibilities for managing and delivering the property requirements of the States.’²

Transfer of Responsibility

- 5.2 In 2015, JPH became part of the newly established Department for Infrastructure (formerly Department of Transport and Technical Services) with a view to maximising the potential synergies related to planning, project management and maintenance across all infrastructure assets. The Corporate Services Scrutiny Panel (CSSP) reviewed the rationale for the transfer and highlighted the absence of a feasibility study, business case and merger plan supporting the change³ in its [Comments Paper, December 2015](#).
- 5.3 The expert advisers to CSSP, Concerto, told the Panel that its analysts were expecting to see ‘a lot more rigour and subsequent analyses’. It perceived the transfer to be a missed opportunity for change and believed more could have been done to use the transfer as a catalyst for public sector reform. Concerto explained that post-election 2018, there would need to be strong Ministerial leadership and the integrated Department would need to be reorganised and stable by then. The CSSP noted that the transfer had apparently been instigated without an actual vision plan and listed benefits and risks of the proposed transfer:

Benefits of the transfer:

- Project managers were deemed a “scarce commodity”. Bringing them together in 2 Departments would give Jersey greater strength and depth allowing flexibility for people to have more varied careers as they move from topic to topic.
- The transfer as proposed is to a Minister who has had previous experience with JPH.

Non-benefits of the transfer

- No business case has been brought forward for the transfer.
- No joined up transition plan for the transfer, potentially leading to missed synergies.
- The Island’s assets would be moved without any appraisal undertaken.
- Transfer seems to be proposed on a “follow the man” strategy rather than best for reform.

² From the 2nd Executive Response to C&AG Report on Operational Land and Buildings, 19 October 2018

³ Link to: [Comments Paper by CSSP, December 2015](#)

Failure to establish a Corporate Asset Management Group

- 5.4 The PAC questioned the Director JPH and the Director General of GHE about what progress had been made in establishing a Corporate Asset Management Group with clear membership, remit and engagement with departments. It was surprised to hear that although they had accepted the C&AG's recommendations, they had not 'moved forward' on a plan, and were still trying to find the 'right structure' to do that:

*"To bring it all together and to set up a governance, that is going to be at least 6 months. There is a lot of work to do there ..."*⁴

- 5.5 When asked whether there was a plan on how to progress, the Director General of GHE admitted there was not, that even the terms of reference for such a plan had not been established; that there was no formal group set up to discuss how the group might be formed and that it might take at least six months to set up such a group.

- 5.6 The Director, JPH advised that in the absence of such a group, the way to communicate comprehensive objectives for the management of land and buildings across the States was by way of bilateral conversations with departments which are significant property users.

*"... So, for example, we meet regularly monthly with senior officers and with politicians where appropriate ... in the Education Department, for example ... That estate by area is about 50 per cent of the States' overall property portfolio, so it is a very important area ... there is not a corporate organisational structure that holds property decisions in an arrangement which reports into executive and political corporate structures other than into the Council of Ministers."*⁵

- 5.7 The Committee noted that the States Property function (JPH) had developed and implemented plans at a department level. The Director General argued that JPH has worked to provide improved facilities for Police, Prison, Court Services, Health and Social Care, Sport and Recreation and many other departmental functions.

Lack of robust property review process

- 5.8 The C&AG, in her report, advised that best practice involves a formal, robust process for review of the existing property portfolio with a work programme that covered all land and buildings, engaged with the user department and led to formal reporting and agreed actions.
- 5.9 However, JPH had failed to undertake a formal programme to review all property assets over a defined period. It did plan six reviews in 2017, of which one was completed. Four were (at the time of this report) still in progress and one had not started.

Lack of formal property acquisition process

- 5.10 The C&AG also outlined best practice to establish clear processes for acquiring and disposing of property assets. The Financial Directions in place do not cover the different routes to dispose of property nor a way to decide which approach is best. In practice, most surplus property identified for disposal is marketed via local agents. JPH has responsibility for several properties throughout the Island, but the Committee has not been able to determine which strategy documents those which are still in use and those which are redundant.

⁴ Director General, Growth, Housing and Environment at PAC public hearing 22 October 2018

⁵ Director JPH (Ray Foster), PAC public hearing 22 October 2018

Lack of corporate objectives or rationale

- 5.11 When asked how the States manages property in line with its corporate objectives, the Director General of GHE agreed that drawing ‘all properties together’ was needed.⁶ He advised that JPH was still in a transition period although the vast majority of properties was under its administration. The Director JPH listed a few exceptions such as Philip Le Feuvre House, car parks and the Energy from Waste plant. He also told the Committee that the SoJDC had taken on a lot of property when it had been established, for example the Jersey College for Girls building which was developed to deliver mixed commercial and social affordable housing. He did not offer a clear rationale, or explanation, for how it was decided that the building was surplus to requirements other than that the Education Committee, or any other body of the States, did not want the site for educational purposes.

Asset Management System

- 5.12 In his follow up written answers on this topic, the Director General accepted that there is no established live link between the States Enterprise Resource planning, or any other reporting systems, ‘although there is a bi-directional daily link with JD Edwards.’ The Committee notes that the JD Edwards system has long been considered outdated and costly to maintain. The Committee was concerned to note that although all of Property Maintenance’s Asset portfolio exists within Concerto at Site & Block (Building) level, this did not include area and space information (i.e. rooms). The management of lease agreements was still held on another system although it was hoped this would be transferred by Quarter 2 of 2019. However, he accepted that wider adoption of Concerto to manage assets across all States departments is yet to be approved and that resources for other departments to use it had not been allocated.

PAC Findings and Recommendations

- 5.13 JPH has been under the direction of different departments, but the PAC did not see that as a reasonable excuse for delaying the development of a comprehensive strategy. In 2015, the CSSP cautioned against transferring JPH to another department without a strategic plan and yet the potential risks were not heeded.
- 5.14 Following the public hearing with the Director General of GHE and the Director JPH (who had announced his imminent departure), the Committee wrote follow up questions. It asked the Director General of GHE whether it was satisfactory that there was no plan to deal with the findings and recommendations of the C&AG report. The Director General responded that the C&AG report was drafted during a restructuring of the States to produce a new Target Operating Model (TOM). That work has yet to complete and so is unable to address the shortfalls of the silo mentality identified in the original C&AG report. He emphasised that the new model for operation is a priority for the States and the GHE department follows that priority. The Committee was extremely disappointed to note that there was a lack of urgency around developing a plan to move forward and that at the time of writing this report, no timescale had been set for the necessary work.
- 5.15 The PAC was concerned to note that recent responses to C&AG recommendations did not contain commitments to implementation with firm dates, or deliverables.
- 5.16 The Committee urges the Director General of GHE to clarify the ownership, responsibility and delivery of TOM, specifically how it will deliver aims, objectives and goals of JPH.

⁶ Director General, John Rogers, PAC public hearing 22 October 2018

- 5.17 Further, the Committee agreed that 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. Additionally, 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
- 5.18 It is hoped that the findings and recommendations made in this report will assist the Department in producing a cohesive and co-ordinated strategy for the Island's public estate management.

6. Vision, Strategy and Organisation

Lack of Long-Term Vision

- 6.1 The Committee received the following explanation (as part of an Executive Response) from the Director General of GHE regarding why JPH had not successfully delivered a long term property plan:

'... that plan needs to be rooted in a wider strategic planning context that is both stable and certain. This requires a long term view not only of the estate itself, but of the property requirement aligned to future business need. Throughout the lifespan of JPH, medium term planning processes have failed to deliver a set of corporate priorities and associated funding streams. Five year plans approved by the States Assembly have inevitably changed on an annual basis; not marginally, but fundamentally, to adapt to new departmental priorities and external pressures'.⁷

- 6.2 The Committee agrees with the C&AG that there is a need to link an effective property strategy with corporate objectives and plans. Despite JPH acknowledging the need to develop a strategy, there is no concrete plan or timetable for its development. The Committee is disappointed to note that this means there is still no mechanism to plan expenditure on capital and infrastructure over the long term and consider carefully the appropriate sources of funding for major projects, including borrowing.⁸

- 6.3 In the Executive Response, the Director General of GHE had advised that the way to a long-term strategy was:

'... planning for the delivery and management of assets that have a life in excess of 50 years needs to be set within a direction of travel that has the necessary mandate to flow from one government to another. The most recent experience of the Future Hospital project is a clear example of the property function being unable to rely on the mandate provided by the States, which compromises the effectiveness of delivery.'

Target Operating Model (TOM)

- 6.4 As part of the summary of the (second) Executive Response to the C&AG's report, regarding the overall arrangements, vision and strategy, (recommendations 1-10), the TOM was described as:

'an involved and complex process, which will see change throughout the organisation both in the way it operates functionally and how it deals with its internal and external customers and stakeholders. At its heart, the need to bring together previously disparate business activities that functioned in very different ways.'

- 6.5 The Director General of GHE characterised it as a new term that the States has developed over the last 12 months, to mean:

" ... the reorganisation of the States of Jersey and its function in terms of how the civil service is set up and how (it will do) business in the future."⁹

- 6.6 In an Executive Response to the C&AG's recommendations, the Director General of GHE accepted that an Action Plan that contains SMART targets needs to be developed with rigour to ensure that progress is made. He envisaged the TOM driving that as it became embedded

⁷ 2nd Executive Response to the C&AG's Report on Operational Land and Buildings 19 October 2018

⁸ Asset and property references in States Strategic Plan 2015-18

⁹ Director General, Growth, Housing and Environment at PAC public hearing 22 October 2018

across the organisation. He also agreed that the action plan would be shared with the Committee.

- 6.7 When asked why there was so much confidence in the TOM being able to facilitate the types of changes needed, when those changes had not been possible in the last 14 years, the Director General of GHE advised that the linkage between planning, property, asset management, and infrastructure is all in one place. He said there was now an opportunity for a step change in reinvestment:

“ ... We are going to set the framework. We are going to set the ambition ... I will use my best endeavours to try and promote that and win that argument, but there is that political essence which needs to be the final bit which enables that to happen.”

- 6.8 When pressed by the Committee in the public hearing, the Director General of GHE agreed that a business plan would be more easily achievable if the Island Plan was revised to suit strategic requirements. He argued that the Island Plan should be a more co-ordinated document:

“ ... I think we now have an opportunity with the new structure and the new operating model to make it a far bigger and more ambitious piece of work, which then underpins the Government plan and underpins the long-term strategy for our Island.”¹⁰

Rolling Property Reviews

- 6.9 The PAC concurs with the C&AG's report that effective management of property is dependent on comprehensive and reliable information on property, including:

- a comprehensive property database providing information on matters such as location, age, construction, condition, fitness for purpose, maintenance requirements and expenditure, accessibility, valuation and energy efficiency;
- clear arrangements for the maintenance of the database;
- procedures to ensure that the database is promptly, accurately and completely updated; and
- sharing of property information with partner organisations.

- 6.10 In his Executive Response to the Committee, the Director General of GHE advised that the integrated asset management system (Concerto) will provide a management tool for delivering property and other infrastructure projects. The system will import core data from legacy systems. The Director JPH advised that the software platform and mechanism would make reporting and monitoring easier and better. However, the rolling out reviews were still taking place at a departmental level, for example the Prison and Fort Regent. He advised that he had not managed to join the discrete reviews together although he understood that:

“ ... if we move into a more strategic view of how we use our estate, then we can plan our reviews in a much more ordered manner and we can get better value out of them.”

- 6.11 The C&AG had warned that there were limited arrangements in place to enhance data accuracy and that the use of the system was not mandatory across the States. Space utilisation and occupancy data was not included and the data which was collected for the Office Management Project has not been maintained. The Committee also noted that details of all maintenance expenditure on operational land and buildings across the States was not routinely kept or used to inform effective management of the estate.

¹⁰ Director General, Growth, Housing and Environment at PAC public hearing 22 October 2018

IT Systems

6.12 When quizzed by the Committee about the integration of systems, the Director General of GHE agreed that having one system throughout the States would be ideal but because of the diversity of undertakings of the States, this was not possible and so specialised systems were necessary:

“ ... There is a real fundamental discussion about I.T. in terms of making sure the systems are fit for that transference of data and that management. Concerto is a modern system that can transfer its data and interface with JD Edwards currently but also any other bigger management system.”

6.13 The Committee questioned the Director General of GHE on the gaps within the IT strategy and asked if additional budget had been allocated to ‘future-proof’ efficient digital working.¹¹ The Director General replied that Concerto programme had been rolled out across all the asset management process. The mobility and communications of all States employees was subject to a bid, led by the Chief Operating Officer and the I.T. strategy. He advised that rationalisation measures also included ‘working from home’ and ‘working closer to customers and their clients’. The Director JPH assured the Committee that the governance structure for the office modernisation project includes the new I.T. director, and there was a willingness to move forward.

Condition surveys

6.14 The last major condition survey of buildings managed by JPH was carried out in 2011 (excluding 2014’s HSSD non-hospital property transfer). Maintenance budgets are therefore in practice rolled forward from year to year. JPH management accepts that up to date information on the condition of buildings is required. The Director General submitted that surveys are planned across the portfolio for 2019, including compliance with statutory requirements, such as the Discrimination Law and its subordinate regulations and suitability for delivery of services. The outcome is likely to see a requirement for significant investment in public buildings to bring them into a condition that is ‘fit for purpose’, reflecting the legacy of decades of structural under-investment. He admitted that the condition and input was supposed to be completed between April and June 2018, but had been pushed back to 2019.¹²

DDA (Disability Discrimination Law) compliance

6.15 The Director JPH told the Committee that the department had “held back” on completing condition surveys until the Discrimination Law requirements had been added. He advised that because the department had not been involved in the proposition stage of the law, there had been little understanding of what the full financial implications would be to the public – and they could be significant:

“So there is another area of not just joining up the property requirements of different departments ... but also some of the other aims and aspirations of government ... we do not want to set a law and then not be able to comply with it ... I would expect the disability discrimination requirements to run into a 7-figure sum, possibly £10 million plus”.

¹¹ Director General, Growth, Housing and Environment at PAC public hearing 22 October 2018

¹² Director General, Growth, Housing and Environment at PAC public hearing 22 October 2018

Backlog maintenance

6.16 The Director, JPH, advised that in terms of backlog maintenance, the sum would be factored into the MTFP, although the wider asset framework would preclude the improvement to buildings that were not kept.

6.17 The Director, JPH was confident that once the data was captured, reports would be worked up to integrate with the business case development within the States Treasury and Exchequer function:

“ ... So we will be working hand in hand with those particularly for keep, lease out, buy, sell decisions. The States has redundant assets and we have identified some of them and we have disposed of a number over the years. ... We need to ensure that we do not simply have a: “Is it operationally useful, yes/no?” and a binary decision to dispose.”

Rationalising Office Space

6.18 Proposals for rationalisation of the main States departments such as those in Cyril Le Marquand House and Philip Le Feuvre House, have been made since 2001. In 2009, a detailed analysis concluded that the office accommodation was disparate, inefficient and, in many cases, no longer fit for purpose, but the subsequent business case was not adopted. In 2013 a thorough review of office accommodation confirmed that the existing estate was inefficiently used with space per employee far more than the public sector average in the UK (UK average = 9.3 square metres, Jersey average = 16.0 square metres).

6.19 The States' Strategic Plan for 2015-2018 included specific reference to rationalising office accommodation. In late 2016, a revised strategic case for a single main office building was adopted. Despite the obvious benefits outlined such as cost savings and alignment with the Strategic Plan, funding was not agreed and the project stalled.

6.20 The Director General of GHE told the Committee that 'best practice metrics in terms of space per employee' was an issue, and that office space had been used inefficiently over the last 30 years. He advised that, as part of the new office strategy, better ways of working and achieving a more efficient 'footprint', were key, plus 'recycling' some of the buildings left over from the rationalisation programme. He cited Maritime House as a model for the new ratios and layout.

6.21 The Director, JPH, said he expected an efficient office ratio to be approximately 8 to 10 square metres, or 80 to 100 square feet, per person, although on average, currently it was around 150 square feet per person, between 30 and 50 per cent more than it could be. He added that the Broad Street building, acquired recently, will be based on a ratio of 7.5:10, so for 10 staff there would be 7.5 workstations on average. The replacement 'end state' building will not be delivered for another 3 to 4 years. He advised that with the strategic group in place leading project governance, "huge strides" had been made.

Strategy in written form

6.22 Subsequent to the JPH 2017 business plan remaining in draft form throughout that year, the Committee noted that discussions for the 2018 business plan did not commence until February 2018. The Committee wanted to probe whether there had been consultation with stakeholders and a setting out of priorities and desired outcomes. It was also concerned to note that a Corporate Property Board had not been established, despite this being a central objective from

2005 at the inception of JPH. The Committee cannot envisage how overarching strategies for the corporate portfolio can be advanced if asset management is undertaken on a piecemeal basis.

- 6.23 The Director JPH told the Committee that an outline business case had been approved by the Council of Ministers, but was still in draft form because some of the details had to be finalised, particularly the funding source. He added that it was not ‘reflective of the current aspirations (of the Chief Executive) under the current operating model’ so it needs to be reviewed. He added it would be ready within the next few months.

Competing Capital Investment

- 6.24 When asked who would be responsible for producing the clear criteria for which competing capital investment would be compared, the Director General of GHE replied that a new process for dealing with capital and revenue bids was currently being developed in parallel with Treasury and Exchequer and the Chief Minister’s Department. He said his responsibility under GHE was to lead on the property elements of those bids. The Director JPH concurred and added that business case development and production has scope for improvement. One project could be £450 million and others a few hundred thousand pounds, but the principles of good business case development across all of those elements needed to be embedded. He warned against taking a complex process to apply it across straightforward decisions. However, he also said he did not have a clear understanding of how relative priorities sit across the organisation, for example how to decide if a new school is more or less important than a new sewage works.
- 6.25 He advised that since his appointment as Director to JPH in 2006, the department had not made the necessary improvements to become a high-performing organisation as it was effectively a management organisation.¹³ :

“ ... We do not have people who are particularly the doers. We have a small team of architects and mechanical, electrical and project managers, but they have specialist knowledge about public buildings so they are a very valuable asset. Could we do more with those resources? I am sure we could ... Are those resources targeted to long-term planning and strategic management? Not nearly enough is the short answer. Do they get diverted to reactive activities? Yes, they do. Can we plan better in the future? Yes, of course, we can.”

PAC Findings and Recommendation

- 6.26 The Committee asked a series of follow up questions to the Director General after the public hearing to better understand the plans being set in motion. The Director General advised, as late as December 2018, that the terms of reference for any strategy planning would be ‘early 2019’.
- 6.27 The Committee was also frustrated by answers which seemed vague and non-committal, not bound by any measurable outputs, such as the ones below:

Question 3
3. Please clarify whether the responsibilities for management of property assets are to change under TOM?
A: Bilateral basis means that both the JPH and other States departments can have obligations and liability for the same properties. ‘Significant Property users’ are Education and Health. To a lesser extent there are a number of agencies such as

¹³ Director, Property Holdings at PAC public hearing 22 October 2018

the Jersey Overseas Aid Commission who operate from States Premises. Some responsibilities will change under the TOM.

Question 4

4. What measures are being taken to ensure that the bilateral discussions do not prejudice the future necessary projects of other Departments?

A: The new departmental structure, with additional resources in areas where there are gaps, driven by clarity of vision provided by the restructured corporate team and the new government, will improve coordination of the management of property assets and reduce the tendency for unilateral action, but it does require those structures to coalesce.

- 6.28 The PAC agreed, that as there was specific reference to a TOM, it would be useful to have a definition of how its implementation would progress a meaningful plan of action. It cannot understand why the formation of an overall management strategy should be delayed by awaiting the new TOM.
- 6.29 A major concern of the Committee is the financial consequence of the lack of direction, strategy and organisation. The Committee is dismayed that JPH has incurred costs by not planning ahead, for example proper costings of future-proofing buildings, making current stock compliant with expected legislation, and maintaining building stock to appropriate levels of repair. The Director General of GHE advised that the JPH Director's imminent departure was also 'a real challenge' in terms of how and when the department could plan. When pressed, he accepted it would be between six months and a year before a strategy was in place. The Committee considers this to be an unacceptable lack of foresight or planning for a multi-million pound portfolio across the Island. The lack of succession planning only adds to the lack of management and overall inefficiencies. Property is investment and management of this valuable portfolio has been haphazard. The Committee urges the Director General of GHE to assist a Corporate Asset Group to set clear priorities.
- 6.30 The Committee looked forward to the public hearing in July 2019 to assess whether meaningful progress had been made.

7. Assessing, Monitoring and Challenging Performance

- 7.1 The Committee concurs with the C&AG report which notes clear ways to assess, monitor and challenge performance. It stipulates that the effective management of land and buildings involves managing the performance of the estate against outcomes, developed in the context of strategic objectives and reflecting both financial and non-financial considerations.
- 7.2 The Committee notes that JPH (along with many other departments) does not have the benefit of effective and embedded arrangements for performance management, including the collation and use of KPIs) The Director General of GHE was asked¹⁴ how senior officers of the JPH were tasked and recruited to achieve the four objectives of the JPH at the time it was established and what prevented management from achieving three of these objectives over the past ten years. He responded that the JPH was established incrementally over a period of time, migrating property functions from a variety of departments:

'... Objectives have been difficult to achieve, because although the team was established, a silo mentality was sustained elsewhere, and separate departments such as education and health maintained anachronistic and independent approaches to their own estate. These lessons will be addressed in the new Operating Model.'

Concerto (Asset Management System) and KPIs

- 7.3 In his Executive Response to the Committee, the Director General of GHE advised that the integrated asset management system (Concerto) will provide a platform to capture key data to enable SMART KPIs (key performance indicators) to be developed that measure usage and activity in addition to the existing 'hard' building data. When asked (in the public hearing) what he was hoping to achieve from the management reporting and how it would link into the KPIs, he responded:

"... it is going to be exception reporting, customer portfolio and a simpler methodology ... to look quickly at the information ... Predominantly getting rid of properties is our ultimate goal. The less (sic) properties the better is our intent."

He advised the Committee that the department would work with the Chief Executive to identify KPIs, property measures and service level indicators:

"... so we get proper objectives that can improve the business on a day-to-day basis, on a tactical basis, but also make sure we meet the strategic objective. That is going to be probably 5 years' work for the whole of my organisation but we will start doing that. It is basically starting in the next year."

He explained that although he was committed to KPIs and the delivery of objectives across the organisation, he would need the right people in place to do that. He noted that the Director, JPH, was leaving although he would undertake that position in the meantime:

"... It is about capability and competence of resource and getting someone with that understanding of the role here. Jersey is peculiar and has lots of particular issues, we also have an issue with the workload we have. It does not really match the amount of people we have in this area. ...a lot of that will be dependent on the outcome of the hospital review because that is a monster in terms of our time and effort, both myself and Ray's and the subsequent teams. ...getting that resource plan right in the new operation, but it will need more people than we have now."

¹⁴ Written responses received 14th December 2018

Financial incentives

7.4 When JPH was established in 2005, one of the key objectives was to incentivise building occupiers through charging internal rents. JPH has 'income' of approximately £4 million per year, but the application of charges for occupiers of buildings is inconsistent. In the Executive Response to the PAC, the Director General of GHE explained that:

'... charging for occupation of space can be viewed as a 'wooden dollar' exercise that places an overhead on the organisation. However, comparison of the costs of service delivery with benchmarked organisations on or off Island will be skewed without the inclusion of this key component. A charging mechanism also provides some means of 'rationing' space ... in the absence of direct corporate landlord control mechanisms. Such an approach is limited in its effectiveness for [a school], where the physical facility is 'fixed'

*...There is some merit in considering applying a charge to more generic space, such as office accommodation, but this is likely to be at odds with ... flexible working arrangements where space is provided for all relevant users ...'*¹⁵

Building Performance – Energy

7.5 The Committee noted that JPH's Energy Manager monitors energy consumption and allows the identification of trends and anomalies. Reports are provided to building users and departmental managers but unfortunately the initiative is not a key objective and is not used to drive corporate decisions on investment to improve energy efficiency. The C&AG outlined some possible KPIs for property, which the Committee endorses:

Accessibility	% of buildings and floor area accessible to the mobility impaired
Maintenance costs	Costs per m2 by building and over time
Maintenance backlog	Backlog per m2 by building and over time
Water use	Water consumption per m2 by building/over time
Occupancy	Percentage of floor area unused over time
Utilisation	For office buildings, m2 per head by building/over time

PAC Findings and Recommendations

7.6 The Committee is of the opinion that a good property management organisation should provide a rational plan/process to demonstrate ongoing improvements in building performance and efficiency. It considers that JPH has failed to do so.

7.7 Charges for a building mean that user departments would take into account the full costs of occupying buildings in their decision making and take measures to incorporate efficiency into their usage. The Committee recommends that a joined-up approach and written strategy are developed as soon as possible.

7.8 Regarding personnel, the Committee noted the written responses provided by the Director General in December 2018, namely that 'the Target Operating Model (TOM) currently under consideration will shape the GHE department and allow succession planning.' He advised that recruitment for a new Director, Special Projects, would complete in early 2019, but an interim Director had been appointed. However, because 'the new Operating model has yet to be confirmed, objectives and hence KPIs have not yet been set'. He admitted that the post for the Director of Estates and Asset Management has been vacant for at least 3 years because there

¹⁵ 2nd Executive Response to the C&AG's Report on Operational Land and Buildings 19 October 2018

have been no suitable applicants for the job, which had increased pressure on the Director of the JPH and the Chief Officer of 'whichever department JPH sat in at the time.' The Committee does not understand why this was not addressed as a matter of urgency, given the value and importance of the States' property portfolio.

- 7.9 When asked to provide the KPIs the department was currently working to, he advised that they were in 'transition and developing in line with the new organisational and operational model'. The Committee understands this to mean that there are no KPIs to demarcate success or failure of any objectives or strategy and no timescale to set them.
- 7.10 The Committee looks forward to a more comprehensive succession planning and structure to be put in place, and the rapid development of departmental KPIs by which to measure progress.

8. Consulting and Engaging with Stakeholders

8.1 The Committee was concerned that without a comprehensive strategy, the JPH would struggle to convey Island-wide changes to the property estate. Reviews initiated by individual departments obviously do not take into account competing demands across all departments, they are rightly focussed on their own needs. An absence of a joined up approach means the JPH cannot utilise property more effectively across the States departments. The C&AG, in her report, recommended that the development of a property strategy should take place alongside a proactive collaborative approach with stakeholders. She recommended that there should be clear established consultation channels and processes, and that JPH should be involved at the initial assessment stage of all major property proposals.

8.2 The Director, JPH advised that the current way to communicate comprehensive objectives for the management of land and buildings across the States was by way of bilateral conversations with departments which are significant property users.

“ ... So, for example, we meet regularly monthly with senior officers and with politicians where appropriate ... in the Education Department, for example ... That estate by area is about 50 per cent of the States’ overall property portfolio, so it is a very important area ... there is not a corporate organisational structure that holds property decisions in an arrangement which reports into executive and political corporate structures other than into the Council of Ministers.”¹⁶

8.3 The Executive Response from the Director General of GHE stated that the new asset management system would require data input from occupiers, which requires movement from the existing ‘landlord-tenant’ relationship to a more structured ‘corporate landlord’ role for JPH.¹⁷ :

‘ ... In order to produce measures that challenge efficiency of usage, particularly in the absence of financial incentives to utilise space efficiently, JPH will need to have the authority to require occupying departments to produce timely and accurate information.’

8.4 The Director General advised that JPH already meet regularly with other States arm’s length bodies that have active property portfolios, such as Andium Homes, States of Jersey Development Company and Ports of Jersey. He stated that the meetings are ‘a valuable means of exchanging information and seeking to co-ordinate deliver of projects so as not to skew the local market.’ The meetings were usually held at officer level, together with officers from the Treasury, where proposals have the potential to impact on existing financial planning.

8.5 The TOM has identified key stakeholder interaction as a function of the new GHE department, which is an opportunity to extend these arrangements to other arm’s length bodies and other public bodies. He reassured the Committee that:

‘ ... JPH is adept and experienced in working collaboratively with such stakeholders whilst maintaining appropriate relationships that put the public interest alongside commercial business drivers.’

8.6 The Director General emphasised that JPH had worked hard to develop these relationships in the absence of an overall corporate structure which would have provided an assessment of relative priorities. He cited the consultation regarding the site for the new Les Quennevais school as an example of good communication with stakeholders, but advised that there were additional burdens on staff time:

¹⁶ Director JPH (Ray Foster), PAC public hearing 22 October 2018

¹⁷ 2nd Executive Response to the C&AG’s Report on Operational Land and Buildings 19 October 2018

'Demands on the time of core staff ... has increased exponentially as a result of a greater opportunities for interaction with government processes. Responding to greater levels of scrutiny, for example thorough the newly created Review Boards, formal inquiry through Freedom of Information and now e-petitions, questioning by the traditional and social media as well as direct communication with key stakeholders, has placed an additional burden on a small core number of staff.'

Specific Projects

- 8.7 Given that there was no discernible overall strategy and the Director, JPH had described 'bilateral discussions' with individual department as the main way to progress projects, the Committee was interested to hear about the strategy to deal with major buildings in the JPH portfolio.

Fort Regent



- 8.8 The Director JPH confirmed that the operational management of Fort Regent sits with GHE, having transferred from the Economic Development Department. JPH worked with the sports division to develop a set of service level agreements to agree who was responsible for each area of the building. Budgets are allocated accordingly to the landlord and the tenant for those areas. He admitted that notwithstanding investing around £750,000 per year on maintenance, Fort Regent was 'a very difficult building', which was degrading due to water penetration and ageing mechanical, electrical and drainage systems. Areas of the Fort had been recently closed off because of health and safety concerns. However, he denied there had been a conscious policy to allow it to deteriorate and that discussion about its future would take place. A recent scheme to improve it had 'fallen away' due to insufficient funds but "as a piece of work I think it still has a lot of merit." He also advised that the demolition of the cable car station was complex and expensive to undertake so long after the system was decommissioned.

Future use

- 8.9 The Director General of GHE opined that the closing of the swimming pool and the closure of the cable cars marked the end of the Fort's viability as a leisure venue. He advised he was not sure what should happen to it, but:

"... what was successful in the fort 25 to 30 years ago would not be now ...it is now my responsibility to come up with a plan but it is going to cost money. It is going to be a significant investment. Hopefully it will be a public and private partnership where there are alternative uses ..."



Piquet House

8.10 The former police station situated in the Royal Square had been unused for several years apart from very recent short-term usage e.g. for 'pop-up' art exhibitions. The Director JPH expressed his frustration that he had tried to dispose of the building three times but was unable to. The Director General of GHE told the Committee that it was:

“ a building that is really difficult to get people with any disability in there, a building that was not fit for purpose, a building that had a value to the private sector to do something different on, and we have not been able to get rid of it - we still have to maintain it and look after it and keep it watertight. It becomes very frustrating because you are not getting rid of those issues and you are still carrying on with those while still trying to drive other things forward.”

Overdale Hospital

8.11 The Director General of GHE advised the Committee that he had been shocked when he visited the back of the building and saw the condition of the non-refurbished parts:

“... there are properties there that are absolutely awful and so there has been a huge legacy; the cost to replace, the cost of stock, you have to have a strategy, you have to have the funding, you have to start making good.”

Sea Cadets' building

8.12 The Director General of GHE called the process for dealing with the building, “a long drawn out, difficult affair where we have come up with plans and strategies which have been knocked back for various reasons”. The Director JPH concurred and expressed frustration that the “terrible building” needed to be demolished. He said that there was a need to have discussions with Ports of Jersey (to whom the management of the building had been transferred) to ensure that it could provide a home for the sea cadets until ‘something better comes along’. He advised it would be much cheaper to build an alternative building somewhere else than to continue to maintain it.

PAC Findings and Recommendations

- 8.13 The Committee is of the opinion that ‘bilateral discussions’ with individual departments are not good substitutes for comprehensive overarching corporate discussions which would consider competing needs and timetables of those departments in relation to their property requirements. It appears that the demise of Fort Regent and the Sea Cadets building, amongst others, had not been a matter of policy, but rather a lack of priority and/or funding. In the case of Fort Regent, the PAC does not understand why such a significant piece of project work was undertaken in the absence of any strategic corporate decision making.
- 8.14 The PAC is concerned that decisions were made on an *ad hoc* basis and in the absence of a coherent strategy. The Committee urges the Director General to engage in a comprehensive thorough discussion with stakeholders at the earliest opportunity to gauge “buy-in” to an informed strategy.

9. Conclusion

- 9.1 The Committee was concerned to note that the strategy for managing the Island's property portfolio had not been developed and there is evidence of a lack of joined up thinking. It does not accept that piecemeal 'bilateral' discussions between individual departments and JPH (wherever that department sits) is a sustainable way forward. The process for identification of property as surplus to requirements is *ad hoc*, relying on potential users volunteering to use the property. There is a lack of human resource and no sophisticated strategy for disposing of unwanted buildings in a timely way or passing on costs of maintenance (for example, by leasing out a building on a temporary basis prior to sale).
- 9.2 As a result, the Committee concludes that the transfer, or retention, of properties has not been thought through and may not always have been the right decision. When decisions are made to dispose of properties, sometimes these appear to be second guessed by other interests and/or sale processes have fallen through. The Committee is concerned that this could result in the States not being seen as a reliable counterparty for transactions.
- 9.3 Notwithstanding that the Committee is sympathetic with the JPH that it has had many management issues and funding problems, it considers that it has had ample time to identify those issues and provide a way forward. The lack of direction and focus are major problems with significant cost implications and the Committee cannot understand why the property portfolio was not treated as an important part of the States' overall investment.
- 9.4 The Director General of GHE seems to be awaiting the implementation of the TOM to solve all the inherent difficulties. The Committee notes that there is not even a plan in place to actively implement the recommendations of the C&AG, and that the Director General does not expect any "fruits of change" for at least one year. This delay appears to be partly due to the resignation of the Director, JPH and a lack of succession planning.
- 9.5 Without a business plan, or comprehensive plans, or strategies, in place, the Committee is concerned that the department will not be equipped to face the challenges ahead. In the 12 years since the Director JPH took charge, a formal or informal corporate asset management group has not been established, despite this being a core requirement of the business plan approved by the Council of Ministers. The Director General accepted the recommendation of the C&AG (in June 2018) to set up the corporate asset management group, and yet at its public hearing of October 2018, advised that it would take at least 6 more months to devise a plan on how to do this. By December 2018, there had still been no progress and the Director General advised in written responses that he was awaiting the implementation of the TOM.
- 9.6 In the absence of a corporate asset management group, there is no mechanism to communicate or manage objectives. The Committee is very concerned that JPH still operates in a silo, dealing with departments' property needs in an unstructured non-methodical way. Its dependence on the new TOM, which was established around June 2018, is indicative of a need to be led rather than be given the responsibility of overarching management of States' property. Despite the ambition of the TOM, in the absence of an overall strategy, or establishment of a corporate asset management group, there could be limited progress or buy-in from stakeholders, i.e. departments and the public.
- 9.7 The Committee has established that annual maintenance of States property is approximately £12 million and yet the projected outstanding maintenance is more than £10 million. The Committee noted that the significant backlog in maintenance expenditure, both within the general work programme and as a result of specific new legislation, could exceed £20 million. It did not hear reassuring evidence that there was a serious attempt to plan for closing this backlog, with realistic timescales and acknowledgement of the impact it will have on spending.

The Director General offered no evidence for the mid-term or long-term planning period, nor any rationale for increased risk of health and safety issues, or mitigation against potential litigation against the States.

- 9.8 It is noted that the rolling programme of property reviews (which was supposed to be underway by April – June 2018) will be progressed in 2019, but there is still no firm timetable. Although there has been mention of a bias towards disposing of surplus assets in an effort to reduce maintenance costs, this is not a formed strategy or rationale agreed upon by stakeholders.
- 9.9 The States continues to manage property across a number of silos, with engagement happening on a bilateral basis. There is not yet clarity on the future destination of control of property assets under the TOM. Therefore, it is impossible to assess the benefit achieved from the consolidation of premises currently in progress and how or when this is delivered. The Committee can only reiterate the urgent need for an agreed (with stakeholders) strategy mid-term and long-term.

Appendix 1 – 1st Executive Response to C&AG Report

Summary of response

The report of the Comptroller and Auditor General is welcomed. It has drawn attention to an area where a stronger and more co-ordinated approach is needed and can be delivered within the emerging Target Operating Model.

The review covers a number of areas that include resources, policy and strategic development planning, prioritisation and stakeholder management, information and performance management. The delivery of improvements in the way the States manages its land and property assets requires a sea change in approach at a corporate level and the provision of the necessary support at departmental level, both within Growth, Housing and Environment and through investment in fostering the necessary intelligent client functions within operation departments and property users.

The report rightly considers at its heart the effectiveness of decision making processes within the States and identifies barriers to realisation of effective strategic management. The report provides a valuable set of recommendations that will be incorporated within the organisation change underpinned by the development of the new Target Operating Model. An initial response is set out in the form of an Action Plan under the groupings provided in Appendix 1 of the report ‘Summary of Recommendations’.

The target dates will be forwarded in due course after we have redesigned our Target Operating Model and developed our property strategy moving forwards.

A fuller narrative covering the history and content of the report will be presented to the PAC in advance of the meeting.

Action Plan

Recommendation	Action	Target date	Responsible Officer
Overall Arrangements			
R1 Review the organisation, skills and capacity of the States’ strategic property function in light of the findings of this review.	Restructure of Growth, Housing and Environment (GHE) within the new Target Operating Model (TOM) to include a review of capacity and capability. The creation of the Property and Special Project Function will be structured to address, inter alia, findings of this review.	Commenced – complete Dec 2018	Director General GHE
Vision, strategy and organisation			
R2 Prioritise development of a comprehensive property strategy linked to corporate objectives and other strategies and plans.	Develop a Strategic Property Plan framework for Corporate agreement; Incorporate into framework approved Corporate Objectives insofar as they relate to property;	Commenced –	Director property and special projects

	Obtain Corporate approval to strategy, including relative priorities as determined; Set out strategic delivery plan in conjunction with Government Plan		
R3 Following consultation, develop and communicate comprehensive objectives for the management of all operational land and buildings.	Structure high level cross-departmental property working group; Develop and agree Corporate objectives; Identify and agree any exceptions to Corporate Objectives; Develop communication strategy and plan	Commenced -	Director property and special projects
R4 Develop outcome measures to drive attainment of objectives for property.	Agree outcome based Key Performance Measures; Develop methodology for capturing and reporting relevant data within Property Management system (Concerto); Align with Corporate reporting cycle.	TBA	Director property and special projects
R5 Focus business management of property around the delivery of priorities, outcomes and outputs taking into account the recommendations made in my Review of Financial Management - Part 2 (February 2016).	Incorporate agreed Corporate priorities within Strategic Property Plan and GHE Business Planning processes; Agree and align property outcome objectives with financial and other States objectives.	TBA	Director property and special projects
R6 Establish a corporate asset management group with a clear remit and representation of departments occupying operational property.	Group established with appropriate personnel representing the new TOM structure.	TBA	Director General GHE
R7 Formally document the arrangements for, and recording decisions relating to, the strategic management of property.	Develop an agreed governance structure for the cross-departmental property working group; Review Ministerial and officer delegated	TBA	Director General GHE

	approval arrangements in conjunction with revision of Financial Directions.		
R8 Develop and roll out a corporate training programme for building occupiers to equip them to discharge their responsibilities.	Identify 'Persons in Control' and officers with delegated PIC responsibility for all States owned and occupied properties; Review and update (where required) log book information for all sites; Develop training for PIC's and their delegates; Develop awareness training for all staff/occupiers within wider States training regime.	TBA	Director property and special projects
R9 Assess the effectiveness of existing arrangements for soft facilities management and ensure arrangements are reflected in the Service Level Agreements.	Produce assessment of soft FM requirements with occupiers; Review existing contracts and on-Island providers; Create procurement strategy; Integrate with review of internal SLA's.	TBA	Director property and special projects, Director of operations and Transport, Chief Operating Officer
R10 Alongside development of a property strategy, develop an approach proactively to propose changes to the property portfolio, working collaboratively with other stakeholders.	Incorporate into cross-departmental property working group programme of works;	TBA	Director property and special projects
Consulting and engaging with stakeholders			
R11 Ensure that JPH is involved at the initial assessment stage of all major proposals relating to property.	JPH/GHE inclusion in strategic policy formulation to align Strategic Property Plan with Government Plan; JPH/GHE representation at relevant Corporate strategy and policy development meetings;	TBA	Director General GHE

	Provide JPH/GHE with necessary authority and empowerment to act as the 'Corporate Landlord'.		
R12 Develop and implement a robust process for consultation with community and stakeholder groups as part of all property proposals.	Incorporate into cross-departmental property working group programme of works; Develop external stakeholder engagement programme to include: States arm's length bodies Other Public sector/third sector bodies Relevant industry representation Umbrella bodies such as IoD and Chamber of Commerce	TBA	Director property and special projects
Implementing plans and programmes			
R13 Set out clear criteria against which competing capital investment proposals are compared.	Incorporate capital investment criteria within Treasury review of Business Case process;	TBA	Treasury and Exchequer
R14 Establish a forward programme for property reviews, covering all property assets over an agreed period, and monitor delivery of the agreed programme.	Structure portfolio into coherent segmentation (e.g. primary schools, medical facilities); Determine framework for review based on strategic priorities; Identify cross-cutting issues; Establish and agree success criteria; Produce and agree review programme timetable; Procure resources and implement.	TBA	Director property and special projects
R15 Reflect in Financial Directions the choice between different routes for the disposal of surplus properties.	Incorporate capital investment criteria within Treasury review of Business Case process;	TBA	Treasury and Exchequer

Assessing, monitoring and challenging performance			
R16 Ensure the use of the asset management system for all States property assets whether managed by JPH or not.	Complete implementation of Concerto property management system; Ensure dataset is accurate and complete; Develop management system to update dataset in a timely manner;	TBA	Director property and special projects
R17 Add utilisation and occupancy data where available to the asset management system.	Undertake baseline assessment of usage with departments; Ensure dataset is accurate and complete; Develop management system to update dataset in a timely manner;	TBA	Director property and special projects
R18 Establish arrangements for validating the completeness and accuracy of data held in the asset management system.	Develop verification processes including site visits; occupancy surveys; cross-referencing with other source information (planning, building control etc.); Create and manage 'change request' process from occupiers and record.	TBA	Director property and special projects
R19 Consider sharing key property information with partner organisations.	Incorporate into external stakeholder engagement programme (see R12)	TBA	Director property and special projects and external stakeholder team
R20 Adopt a concrete plan for undertaking condition surveys of operational land and buildings on a routine basis.	A programme for delivering rolling condition surveys of land and buildings to be developed; Implementation of programme	TBA	Director property and special projects
R21 Review maintenance budgets in light of the results of the condition surveys undertaken.	Review outcome of surveys (see R20)	TBA	Director of operations and Transport

R22 Agree and measure property performance against a suite of KPIs.	Develop KPI structure in accordance with Corporate performance management structure (to be agreed); Collate data within Concerto property management system	TBA	Director property and special projects
R23 Identify and participate in arrangements for benchmarking the management of land and buildings.	Set appropriate benchmarks in accordance with KPI structure (see R24)	TBA	Director property and special projects
R24 Set targets for property management activities and report performance against them.	Targets set in accordance with KPI structure (see R24)	TBA	Director property and special projects
R25 Review the arrangements for charging for the occupation of property and, if an asset rent model is retained, apply it on a consistent basis.	Align charging and cross-charging policy to Corporate policy on internal recharging when developed.	TBA	Director property and special projects, Treasury and Exchequer

Recommendations not accepted

	Recommendation	Reason for rejection
	None	

Appendix 2 – 2nd Executive Response to C&AG Report

Summary of response

The report of the Comptroller and Auditor General is welcomed. It has drawn attention to an area where a stronger and more co-ordinated approach is needed and can be delivered within the emerging Target Operating Model.

The review covers a number of areas that include resources, policy and strategic development planning, prioritisation and stakeholder management, information and performance management. The delivery of improvements in the way the States manages its land and property assets requires a sea change in approach at a corporate level and the provision of the necessary support at departmental level, both within Growth, Housing and Environment and through investment in fostering the necessary intelligent client functions within operational departments and property users.

The report rightly considers at its heart the effectiveness of decision making processes within the States and identifies barriers to realisation of effective strategic management. The report provides a valuable set of recommendations that will be incorporated within the organisation change underpinned by the development of the new Target Operating Model. Initial responses in the form of an outline Action Plan under the groupings provided in Appendix 1 of the report 'Summary of Recommendations' was provided to the Public Accounts Committee. This report provides a developed response in a number of areas.

Overall Arrangements/ Vision, Strategy and Organisation (Recommendation 1-10)

The restructuring of the States as an entity to produce a new Target Operating Model (TOM) is an involved and complex process, which will see change throughout the organisation both in the way it operates functionally and how it deals with its internal and external customers and stakeholders. The revised structure has been formed at a corporate level and its structure and content is beyond the scope of this review and the response provided, however, it is essential to understand the context of the work that is happening across the organisation.

At the heart of the new TOM is the need to bring together previously disparate business activities that functioned in very different ways. Applying corporate oversight and direction in an organisation that displayed significant 'silo' mentality requires clear vision, direction, a culture of long term planning and support. The report recognises this in paragraph 2.4 '*...the inherent challenges in establishing a corporate property function with a wide remit in a highly departmental organisation cannot be underestimated*'. The report recognises the difficulties of developing successfully a Strategic Property Asset Plan in this environment. The States Property function (JPH) has not been able to achieve this at a corporate level, but has developed and implemented plans at a department level to address failings within the estate inherited from individual departments which neither had the resources nor skill sets.

An example provided to C&AG is the 2012 ESC Property Review. As a result of the review, an investment strategy was produced and implemented that has delivered a primary and secondary school estate that, when concluded, will fully meet the requirements of the service and provide the Island with fit for purpose facilities for the next 50 years. This was only achievable because of the close working relationship developed between the then Education department, JPH and individual Head teachers. This was achieved despite the lack of coherent corporate planning.

JPH has worked with other departments in a similar way to provide improved facilities for Police, Prison, Court Services, Health and Social Care, Sport and Recreation and many other departmental functions. It continues to provide support to departmental initiatives and take the delivery lead with consolidation of the Office Estate, Future Hospital and Mental Health requirement, the development

of the Further and Higher Education sector as well as the progressing the diverse of heritage buildings and commercial properties within its remit.

The report comments that certain properties still remain outside the portfolio managed by JPH. Indeed, there is a wider issue of developing the role of a Corporate Landlord, which is essential to provide clarity of roles between JPH and the occupying departments. This is an area that will need to be considered within the new TOM so as to ensure the balance between corporate direction over property use – including its acquisition and disposal – is appropriately aligned with the needs of individual departments. These needs flow from strategic decisions that are integral to the delivery of the Government's long term plan. For the incoming government, that process is still in its embryonic stages.

Since its inception, JPH had been within the Treasury Department, then the Department of the Chief Executive, returning to Treasury prior to being incorporated into the Department for Infrastructure. The property function now forms part of Growth Housing and Environment (GHE). This will enable the property function to be delivered alongside the overarching responsibilities of GHE and provide a platform to take a strategic, rather than a departmental, view of responsibilities for managing and delivering the property requirements of the States.

To successfully deliver a long term property plan, that plan needs to be rooted in a wider strategic planning context that is both stable and certain. This requires a long term view not only of the estate itself, but of the property requirement aligned to future business need. Throughout the lifespan of JPH, medium term planning processes have failed to deliver a set of corporate priorities and associated funding streams. Five year plans approved by the States Assembly have inevitably changed on an annual basis; not marginally, but fundamentally, to adapt to new departmental priorities and external pressures. Whilst any good plan must be adaptable to change, planning for the delivery and management of assets that have a life in excess of 50 years needs to be set within a direction of travel that has the necessary mandate to flow from one government to another. The most recent experience of the Future Hospital project is a clear example of the property function being unable to rely on the mandate provided by the States, which compromises the effectiveness of delivery.

With regard to the specific recommendations R1 to R10. These recommendations reflect the structure of a high performing property function and here is no doubt that they form a sensible set of objectives, which need to be embraced and delivered within the restructured TOM. It is also accepted that an Action Plan that contains SMART targets needs to be developed with rigour to ensure that progress is made, decisions implemented and reviewed, and targets set are achieved.

This is something that will absolutely be driven forward as the TOM is embedded across the organisation. The new departmental structure, with additional resources in areas where there are gaps, linking into the clarity of vision provided by the restructured corporate team and the new government, will deliver against these recommendations. To do this in an ordered manner requires those structures to coalesce. The need to deliver an action plan is fully acknowledged and one will be brought forward and shared with the Public Accounts Committee.

Consulting and Engaging with Stakeholders (Recommendations 11 & 12)

The need for the property function to be involved at the earliest stage of any project that has, or may have, property implications is a welcome commentary in the report. JPH has regular meetings with departmental representatives at an officer level to understand the likely future needs of those departments. The meetings are, in the main, between JPH and the relevant department, incorporating officers from the Treasury, to ensure they are 'sighted' with regard to proposals that have the potential to change cost, timescales or other matters that impact on existing financial planning.

JPH have worked hard to develop these relationships in the absence of an overall corporate structure that provides an assessment of relative priorities. Recommendation 11 is too narrow in its context – JPH does need to be involved in early discussions. Moreover, the corporate structure for investment need and appraisal must be a forum for the inclusion of all relevant contributors to ensure a shared understanding of the issue is obtained and parties are able to contribute to consideration of an appropriate way forward. A property solution may not be the only solution; indeed, it may not be the most efficient and effective solution. An ISD or HR based solution, a change in policy or some other means to deliver the service need may be more appropriate. JPH cannot weigh property options against non-property solutions if it does not have the necessary input of others into the right decision making body.

Communicating with wider stakeholders and the wider public is an area the States has recognised as being deficient. There are examples of good communication in respect of property issues; the consultation in respect of the site for the new Les Quennevais school being one. The reorganisation and injection of resources to provide a dynamic communications function will be of great benefit. As with recommendation 11, it is essential that the views and skills of communications professionals are included at the very outset.

Demands on the time of core staff across the States has increased exponentially as a result of a greater opportunities for interaction with government processes. Whilst the movement to a higher level of transparency in government activity is to be applauded, the calls on officer time has increased. Responding to greater levels of scrutiny, for example thorough the newly created Review Boards, formal inquiry through Freedom of Information and now e-petitions, questioning by the traditional and social media as well as direct communication with key stakeholders, has placed an additional burden on a small core number of staff.

Implementing Plans and Programmes (Recommendations 13 - 15)

The absence of a set of prioritised criteria within corporate strategic and business plans is a barrier to producing and, more importantly, evaluating competing bids for capital investment both between property projects and when compared with other non-property capital requirements, such as Information Systems or Equipment.

JPH works with bidding departments to complete the business case forms required by Treasury and Exchequer, and as the report states in paragraph 5.4, *'In my view, they were completed in accordance with the relevant guidance'*. JPH has sought to apply HM Treasury Green Book principles in its business case development, most recently in the delivery of the Future Hospital Outline Business Case, which was independently reviewed by Concerto Partners and rated 'amber/green'. Similar approaches have been taken with respect to the business cases underpinning the Office Modernisation Programme and Mental Health Replacement Facility projects. However, as is recognised in the report, there is scope to improve the business case process. This is an activity in train as part of the Finance Transformation programme and JPH will take a leading role in supporting the delivery of an effective business case process that is appropriately scaled and tailored for the range of projects typically delivered in Jersey. Successful delivery of this programme of work will go a long way to addressing the issues raised in recommendation 15.

Recommendation 14 sets out the need to deliver a forward programme of property reviews. This is accepted and the departmental restructure under GHE will provide sufficient resource to focus on forward planning whilst dealing with the increasing calls on officer time as a result of unplanned and reactive workload.

The disposal of properties has always been a matter of political interest and debate. In its early days, JPH produced a 'Property Plan' alongside the States Strategic Plan, for debate in the States Assembly. The Plan identified properties targeted for disposal and provided a mandate to progress disposal to achieve the best return for the Public. Whilst the final decision on disposal sits with the

respective Minister under Standing Order 168, the inclusion of a delay in effecting the decision until the expiry of 15 working days effectively gave the Assembly the ability to challenge and overturn the decision, despite it being in accordance with the mandate previously given.

Assessing, Monitoring and Challenging Performance (Recommendations 16-25)

JPH has introduced a replacement integrated asset management system called Concerto, which continues to be developed to provide a repository not only for property data, but also to provide a management tool for delivering property and other infrastructure projects. Its adoption as the single system dataset for all property assets, as set out in Recommendation 16, is accepted and Concerto will be rolled out across the organisation. The system will import core data from legacy systems as well as providing a platform to capture other key data to enable SMART KPIs to be developed that measure usage and activity in addition to the existing 'hard' building data. This will require data input from occupiers, which requires movement from the existing 'landlord-tenant' relationship to a more structured 'corporate landlord' role for JPH. In order to produce measures that challenge efficiency of usage, particularly in the absence of financial incentives to utilise space efficiently, JPH will need to have the authority to require occupying departments to produce timely and accurate information.

JPH already meet regularly with other States arm's length bodies that have activity property portfolios, such as Andium Homes, States of Jersey Development Company and Ports of Jersey.

These meetings are a valuable means of exchanging information and seeking to co-ordinate delivery of projects so as not to skew the local market. It is accepted that this information sharing can be extended to other metrics in respect of 'best practice' activities. The TOM has identified key stakeholder interaction as a function of the new GHE department, which is an opportunity to extend these arrangements to other arm's length bodies and other public bodies. Exchange of information will need to respect the commercial position of these organisations. JPH is adept and experienced in working collaboratively with such stakeholders whilst maintaining appropriate relationships that put the public interest alongside commercial business drivers.

Condition surveys are planned across the portfolio for 2019. These will examine physical condition, compliance with statutory requirements, including preparedness for the implications for public buildings under the Discrimination Law and its subordinate regulations and suitability for delivery of services. The outcome is likely to see a requirement for significant investment in public buildings to bring them into a condition that is 'fit for purpose', reflecting the legacy of decades of structural underinvestment.

With regard to recommendation 25, charging for occupation is a complex matter that requires a joined up approach across occupying departments and in conjunction with emerging States Treasury and Exchequer policy. At its simplest level, charging for occupation of space can be viewed as a 'wooden dollar' exercise that places an overhead on the organisation. However, comparison of the costs of service delivery with benchmarked organisations on or off Island will be skewed without the inclusion of this key component. A charging mechanism also provides some means of 'rationing' space or providing incentives for using space more efficiently in the absence of direct corporate landlord control mechanisms. Such an approach is limited in its effectiveness for property units, such as a school, where the physical facility is effectively 'fixed' and renatllising provides no incentive to change as the step change (i.e. fewer schools) is in the gift of the Education Department and not individual school budget holders. There is some merit in considering applying a charge to more generic space, such as office accommodation, but this is likely to be at odds with the delivery of flexible working arrangements where space is provided for all relevant users and not compartmentalised. In summary, the review proposed in recommendation 25 is welcomed and will be a necessary component of the way the provision and management of public space is controlled and paid for going forward.

Summary

The report raises a number of fundamental areas for review and improvement. These are accepted as valid and necessary. The action plan set out below will need to be developed alongside the changing structure within the States as a whole and in relation to the reorganisation and resourcing requirements of GHE.

A more detailed action plan will be developed in conjunction with this restructuring and shared with the PAC once that process has reached an appropriate juncture.

Action Plan

Recommendation	Action	Target date	Responsible Officer
Overall Arrangements			
R1 Review the organisation, skills and capacity of the States' strategic property function in light of the findings of this review.	Restructure of Growth, Housing and Environment (GHE) within the new Target Operating Model (TOM) to include a review of capacity and capability. The creation of the Property and Special Project Function will be structured to address, inter alia, findings of this review.	Commenced – complete Dec 2018	Director General GHE
Vision, strategy and organisation			
R2 Prioritise development of a comprehensive property strategy linked to corporate objectives and other strategies and plans.	Develop a Strategic Property Plan framework for Corporate agreement; Incorporate into framework approved Corporate Objectives insofar as they relate to property; Obtain Corporate approval to strategy, including relative priorities as determined; Set out strategic delivery plan in conjunction with Government Plan	Commenced –	Director Property and Special Projects
R3 Following consultation, develop and communicate comprehensive objectives for the management of all operational land and buildings.	Structure high level cross-departmental property working group; Develop and agree Corporate objectives; Identify and agree any exceptions to Corporate Objectives; Develop communication strategy and plan	Commenced -	Director Property and Special Projects
R4 Develop outcome measures to drive attainment of objectives for property.	Agree outcome based Key Performance Measures; Develop methodology for capturing and reporting relevant data within Property Management system (Concerto); Align with Corporate reporting cycle.	TBA	Director Property and Special Projects
R5 Focus business management of property around the delivery of priorities, outcomes and outputs taking into account the recommendations made in my Review of Financial Management - Part 2 (February 2016).	Incorporate agreed Corporate priorities within Strategic Property Plan and GHE Business Planning processes; Agree and align property outcome objectives with financial and other States objectives.	TBA	Director Property and Special Projects

R6 Establish a corporate asset management group with a clear remit and representation of departments occupying operational property.	Group established with appropriate personnel representing the new TOM structure.	TBA	Director General GHE
R7 Formally document the arrangements for, and recording decisions relating to, the strategic management of property.	Develop an agreed governance structure for the cross-departmental property working group; Review Ministerial and officer delegated approval arrangements in conjunction with revision of Financial Directions.	TBA	Director General GHE
R8 Develop and roll out a corporate training programme for building occupiers to equip them to discharge their responsibilities.	Identify 'Persons in Control' and officers with delegated PIC responsibility for all States owned and occupied properties; Review and update (where required) log book information for all sites; Develop training for PIC's and their delegates; Develop awareness training for all staff/occupiers within wider States training regime.	TBA	Director Property and Special Projects
R9 Assess the effectiveness of existing arrangements for soft facilities management and ensure arrangements are reflected in the Service Level Agreements.	Produce assessment of soft FM requirements with occupiers; Review existing contracts and on-Island providers; Create procurement strategy; Integrate with review of internal SLA's.	TBA	Director Property and Special Projects, Director of Operations and Transport, Chief Operating Officer
R10 Alongside development of a property strategy, develop an approach proactively to propose changes to the property portfolio, working collaboratively with other stakeholders.	Incorporate into cross-departmental property working group programme of works;	TBA	Director Property and Special Projects
Consulting and engaging with stakeholders			
R11 Ensure that JPH is involved at the initial assessment stage of all major proposals relating to property.	JPH/GHE inclusion in strategic policy formulation to align Strategic Property Plan with Government Plan; JPH/GHE representation at relevant Corporate strategy and policy development meetings; Provide JPH/GHE with necessary authority and empowerment to act as the 'Corporate Landlord'.	TBA	Director General GHE

R12 Develop and implement a robust process for consultation with community and stakeholder groups as part of all property proposals.	Incorporate into cross-departmental property working group programme of works; Develop external stakeholder engagement programme to include: States arm's length bodies Other Public sector/third sector bodies Relevant industry representation Umbrella bodies such as IoD and Chamber of Commerce	TBA	Director Property and Special Projects
Implementing plans and programmes			
R13 Set out clear criteria against which competing capital investment proposals are compared.	Incorporate capital investment criteria within Treasury review of Business Case process;	TBA	States Treasury and Exchequer
R14 Establish a forward programme for property reviews, covering all property assets over an agreed period, and monitor delivery of the agreed programme.	Structure portfolio into coherent segmentation (e.g. primary schools, medical facilities); Determine framework for review based on strategic priorities; Identify cross-cutting issues; Establish and agree success criteria; Produce and agree review programme timetable; Procure resources and implement.	TBA	Director Property and Special Projects
R15 Reflect in Financial Directions the choice between different routes for the disposal of surplus properties.	Incorporate capital investment criteria within Treasury review of Business Case process;	TBA	States Treasury and Exchequer
Assessing, monitoring and challenging performance			
R16 Ensure the use of the asset management system for all States property assets whether managed by JPH or not.	Complete implementation of Concerto property management system; Ensure dataset is accurate and complete; Develop management system to update dataset in a timely manner;	TBA	Director Property and Special Projects
R17 Add utilisation and occupancy data where available to the asset management system.	Undertake baseline assessment of usage with departments; Ensure dataset is accurate and complete; Develop management system to update dataset in a timely manner;	TBA	Director Property and Special Projects
R18 Establish arrangements for validating the completeness and accuracy of data held in the asset management system.	Develop verification processes including site visits; occupancy surveys; cross-referencing with other source information (planning, building control etc.); Create and manage 'change request' process from occupiers and record.	TBA	Director Property and Special Projects

R19 Consider sharing key property information with partner organisations.	Incorporate into external stakeholder engagement programme (see R12)	TBA	Director Property and Special Projects, External Stakeholder team
R20 Adopt a concrete plan for undertaking condition surveys of operational land and buildings on a routine basis.	A programme for delivering rolling condition surveys of land and buildings to be developed; Implementation of programme	TBA	Director Property and Special Projects
R21 Review maintenance budgets in light of the results of the condition surveys undertaken.	Review outcome of surveys (see R20) and prepare Business Case/Prioritisation Process to prioritise and resource works accordingly	TBA	Director of Operations and Transport
R22 Agree and measure property performance against a suite of KPIs.	Develop KPI structure in accordance with Corporate performance management structure (to be agreed); Collate data within Concerto property management system	TBA	Director Property and Special Projects
R23 Identify and participate in arrangements for benchmarking the management of land and buildings.	Set appropriate benchmarks in accordance with KPI structure (see R24)	TBA	Director Property and Special Projects
R24 Set targets for property management activities and report performance against them.	Targets set in accordance with KPI structure (see R22)	TBA	Director Property and Special Projects
R25 Review the arrangements for charging for the occupation of property and, if an asset rent model is retained, apply it on a consistent basis.	Align charging and cross-charging policy to Corporate policy on internal recharging when developed.	TBA	Director Property and Special Projects, Treasury and Exchequer

Recommendations not accepted

	Recommendation	Reason for rejection
	None	

Appendix 3 – Response to PAC Written Questions

Following the PAC Public Hearing of 22nd October 2018 (received 14th December 2018)

Question 1

1. Do you regard it as satisfactory that JPH currently has no plan for dealing with the findings of the C&AG report, which might take a further six months to prepare? If not, what measures or support will you be seeking to accelerate this process?

A: The C&AG report was drafted during a restructuring of the States to produce a new Target Operating Model (TOM). That work has yet to complete and so is unable to address the shortfalls of the silo mentality identified in the original C&AG report. The new model for operation is a priority for the States and the GHE department follows that priority.

Overall Arrangements

Question 2

2: Please provide the terms of reference for the project referred to early in the hearing. If these are not yet prepared, when will they be?

A. The terms of reference will be forwarded once they are complete, which will be early in 2019.

Vision, Strategy, Organisation

Question 3

3. Please clarify whether the responsibilities for management of property assets are to change under TOM?

A: Bilateral basis means that both the JPH and other states departments can have obligations and liability for the same properties. 'Significant Property users' are Education and Health. To a lesser extent there are a number of agencies such as the Jersey Overseas Aid commission who operate from States Premises. Some responsibilities will change under the TOM.

Question 4

4. What measures are being taken to ensure that the bilateral discussions do not prejudice the future necessary projects of other Departments?

A: The new departmental structure, with additional resources in areas where there are gaps, driven by clarity of vision provided by the restructured corporate team and the new government, will improve coordination of the management of property assets and reduce the tendency for unilateral action, but it does require those structures to coalesce.

Transfers to States of Jersey Development Company

Question 5

5. Please provide the list described which outlines all property transfers (and their values) to SoJDC, including dates and bases of valuation.

A: Most of SoJDC's (formally "WEB's") land was transferred by proposition P.156 lodged on 07 Nov 1995, this pre-dated JPH. The Policy and Resources committee was the driver behind the creation of WEB and the land which transferred to it was at no or nominal cost.

Question 6

6. Have any transfers been done at a value other than a professionally confirmed market valuation for the site in question? If so, which ones, and why?

A: The former JCG site was transferred to SoJDC under MD-PH-2014-0215. This was transferred for £1.5m, a figure derived from an independent professional market valuation carried out by BNP Paribas.

Question 7

7. What planning gain is acceptable to JPH to leave on the table for SOJDC to take?

A: It is generally the case that planning gain is decided by the planning department and the Minister.

Question 8

8. Given your view of a public and private partnership for Fort Regent what are the Pros, Cons and recommendations vis-à-vis a transfer to SoJDC – how does it fit with the adopted proposition about transfers to SoJDC?

A: The scope of the Fort Regent project is considerable and in its nascence. No decisions have yet been made about the role of the SoJDC or any other parties.

Condition & Maintenance**Question 9**

9. How much funding has gone into JPH for each of the last 3 years, and what is the assessed shortfall against maintenance needs for each year?

A: The maintenance budgets for the past three years are;

2016: £12,924,913

2017: £12,520,834

2018: £12,572,485

Shortfall is difficult to assess because work that hasn't occurred because it isn't prioritised hasn't been costed.

Questions 10 & 11

10. Please provide an estimate of backlog maintenance, organised by significant heads of spend (e.g. Disability Discrimination Act, general expenditure, other Health and Safety compliance costs), and as a value for each property.

11. Please outline current plans to close this backlog. Over what period do you intend to catch up? What impact, annually, will this have on spending on the estate?

A: The maintenance backlog cannot be quantified because the review of properties has not yet been scheduled as it is dependent on the programme for office modernisation which is still being developed.

Question 12

12. Are there any other adverse changes anticipated to expenditure over the mid-term planning period? And, for what cause?

A: No.

Question 13

13. As a result of the backlog, do you perceive any increased risk of H&S issues, or litigation against the States?

A: Maintenance is reactive and at the moment we are mitigating such risks as they arise. The risk of increased litigation is not a risk that is easily quantifiable or can be easily valued.

Questions 14 & 15

14. Please provide a list of all properties (their use and their approximate value) that have NOT had a "condition review/survey" in the past 36 months.

15. Please provide a list of all properties [their use and their approximate value] that have had a "condition review/survey" and where the cost of maintenance and reparations (including necessary work for disabled access) is greater than 5% of the asset value.

A: We haven't undertaken comprehensive surveys of any buildings in the last 36 months, partly because we have been waiting for the disability access requirement to be framed. The maintenance

programme identifies areas and systems that are due a review and these are looked at in isolation. Similarly we haven't completed up to date valuations of the estate.

Empty Buildings

Question 16

16. It has been reported (BBC radio 13/11/18) that 22 States owned properties have been empty for years. In the public hearing, you described difficulties in selling certain buildings such as Piquet House (the former Police Station on the Royal Square). Could you please:-

- a) specify the buildings in the JPH portfolio that you have attempted to sell and which remain unsold; and
- b) describe the process by which you have attempted to sell buildings in the JPH portfolio that you have attempted to sell and whether you have considered the use of local agents, and
- c) in the case of tender offerings including that of Piquet House, whether you strictly followed the tender process in each case House and if you approached the unsuccessful tenderers after the sale fell through on each occasion?

A: a) Piquet House / 11 Royal Square

b) The property was valued by a local commercial surveying practice/agent and marketed for sale by tender.

c) The tender process was strictly followed, and the retained agent was asked to inform the unsuccessful tenderers.

Office Space

Question 17

17. What is the benefit achieved from the consolidation of office premises currently in progress and how/when does this get delivered? Please provide your business case.

A. The current consolidation will free up premises that will support the generation of capital funds to complete the Office modernisation Programme. The business case is in draft.

Question 18

18. Please confirm the 150 sq ft per person estimate for corporate/office functions and the proportion of States office accommodation (and total sq ft) used in this way.

A: All states offices will adopt a space allocation based on the quoted 150 Sq Ft per person. In certain circumstances, it may be less as planning consideration will conform to the configuration of the premises and be designed to give most the comfortable, effective, health safety and wellbeing compliant commercial working space.

Question 19

19. Please can you provide a list of all properties [their use and their approximate value] which are likely to be considered surplus within 5 years [when JPH has moved from 236 to 100 sq feet per person (as referenced by Mr Foster)]. How much space will be freed up and what are the financial consequences?

A: It is expected that Cyril Le Marquand House, Philip le Feuvre House, and South Hill are likely to be considered surplus. They will be valued early in 2019 which will inform the plan for their disposal or development.

Assessing, Monitoring, Challenging Performance

Question 20

20. Which other areas are using this platform, and for what? When and with what benefits?

A: The platform is used to manage the Future Hospital programme, using the projects and financials modules, linked through to the States of Jersey Financial system, JD Edwards. Operational infrastructure areas of GHE are using this in Planned & Reactive Maintenance, including Mobile working using handhelds. In addition asset management, project management, financials and document management are used by the transport team.

Question 21

21. How does it link into other parts of the States Enterprise Resource Planning or reporting systems?

A: There is no established live link between the States Enterprise Resource planning or any other reporting systems, although there is a bi-directional daily link with JD Edwards.
Question 22
22. What percentage of JPH's assets are now on the Concerto property management system?
A: All of Property Maintenance's Asset portfolio exists within Concerto at Site & Block (Building) level. Data does not currently exist for all granular fixed assets e.g. Fire Alarms, Fire extinguishers, AHU's, although there is a programme to go to this granular level and upload all area/spaces information e.g. Rooms, from CAD drawings.
Question 23
23. To what extent does the former system remain in use? When is your target date for it being out of use?
A: The former system, Technology Forge, is still in active use for managing Lease Agreement records by the Estates Team. It is anticipated that this will be migrated across to Concerto by the end of Q2 2019. Some areas within Operations and Transport used to use a system called 'Service Manager' the archiving of this has only recently been completed.
Question 24
24. When is it anticipated that all SOJ assets will be on the Concerto property management system?
A: The wider adoption of Concerto to manage assets across all States departments is yet to be approved.
Question 25
25. Are there any difficulties in making the Concerto property management available for use by other Departments
A: Adoption of Concerto by other departments has been proven, however there is limited resource to deliver the project.
Question 27
27. How do you anticipate addressing the anomalies in categorising properties such as the Energy from Waste Plant, car parks and other physical structure more akin to plant and machinery and bringing them under the same management umbrella?
A: Concerto is a dynamic system that can accommodate different categories. Development work has been completed to accommodate a variety of infrastructure assets.

Personnel/Human Resources/Training

Question 28
28. What succession plans are in place for senior management positions, and what arrangements are being put in place to ensure that succession plans are strengthened?
A: The Target Operating Model currently under consideration will shape the GHE department and allow succession planning.
Question 29
29. What actions have been taken so far to find a new Director, Special Projects? When will that process conclude?
A: A recruiting campaign is under way and will complete early in 2019.
Question 30
30. What interim arrangements have been put in place to cover any interregnum period?
A: A local interim Director has been appointed to cover the interregnum.
Question 31
31. Please explain why the KPIs of the next Director of Property, Special Projects is to be agreed after his appointment rather than before?
A: As the new Operating model has yet to be confirmed, objectives and hence KPIs have not yet been set.
Question 32
32. How were senior officers of the JPH tasked and recruited to achieve the four objectives of the JPH at the time it was established and what prevented management from achieving three of these objectives over the past ten years? What lessons have been learned from this?

A: The JPH was established incrementally over a period of time, migrating property functions from a variety of departments. Objectives have been difficult to achieve, because although the team was established, a silo mentality was sustained elsewhere, and separate departments such as education and health maintained anachronistic and independent approaches to their own estate. These lessons will be addressed in the new Operating Model.

Question 33

33. Please provide a list of any positions in JPH which have been vacant for more than 3 months in the past 3 years, with reasons for those vacancies and the impact.

A: The Assistant Director of Estates and Asset Management position has been vacant for at least 3 years because there have been no suitable applicants for the job. This has increased pressure on the Director of the JPH and the Chief Officer of whichever department JPH sat in at the time.

Question 34

34. Please provide a list of any training or course in planning or strategic management in JPH which have been applied for and rejected in the past 3 years.

A: No courses have been rejected as far as we are aware.

We note Key Performance Indicators (KPIs) are work-in-progress with some in place now and others taking up-to 5 years.

Question 35

35. Please provide the KPIs you are currently working to, as at October 2018, and their current 'score', and thereafter, on a quarterly basis.

A: KPIs are in transition and developing in line with the new organisational and operational model.

