

STATES OF JERSEY



REVIEW OF ESTATE MANAGEMENT (P.A.C.1/2019): EXECUTIVE RESPONSE (P.A.C.1/2019 Res.) – COMMENTS OF THE PUBLIC ACCOUNTS COMMITTEE

**Presented to the States on 27th February 2020
by the Public Accounts Committee**

STATES GREFFE

FOREWORD

In accordance with paragraphs 64–66 of [P.56/2018](#), the [Code of Practice](#) for Engagement between ‘Scrutiny Panels and the Public Accounts Committee’ and ‘the Executive’ (February 2018), the Public Accounts Committee presents its comments on the [Executive Response](#) to its [Review of Estate Management](#).

Background

The Comptroller and Auditor General (“C&AG”) published a [Report on Operational Land and Buildings](#) in June 2018. Since then, the PAC has sought to chart the progress by the Property Department (formerly Jersey Property Holdings or “JPH”) of the Growth, Housing and Environment (“GHE”) Department, on its strategy for, and management of, States-owned property.

The PAC undertook a review on estate management and published its [report \(P.A.C.1/2019\)](#) in February 2019. It made 5 main recommendations, which the GHE accepted, as follows –

Recommendation 1: 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 (now Property Department) should be prioritised.

Recommendation 2: Key Performance Indicators (“KPIs”) should be identified and reported by the department, or at corporate level, indicating the benefits or improvements that arise from the progress and completion of the actions. Actions should be prioritised, and where those actions fell short of what was originally envisaged, explanation of the factor(s) that hindered progress and steps taken to address the identified failings, should be provided.

Recommendation 3: Clarify the ownership, responsibility and delivery of the GHE Target Operating Model, specifically how it will deliver the aims, objectives and goals of the Property Department.

Recommendation 4: A joined-up approach and written strategy which incorporates acquisition/ disposal/ utilisation/ maintenance should be developed as a priority.

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

In order to assess progress on the implementation of those recommendations, the PAC held a private briefing on 20th January 2020, followed by a [public hearing](#) on 3rd February 2020, with the Director General of GHE, the Acting Director of the Property Department, and the Principal Planning Officer of Strategic Policy, Planning and Performance. The PAC wanted to ensure that estate management of States-owned properties would be developed in line with the new policies and aligned to the consultation [document](#) for the new Island Plan.

The PAC heard assurances from the GHE Director General that the following issues would be resolved –

- the GHE departmental target operating model would be finalised shortly;
- the Estate Management Strategy would be made public by the end of February 2020;
- the Concerto database would be 'live' by March 2020; and
- the property audit for disability compliance is underway and should be ready by March 2020.

It decided to delay a full follow-up review of Estate Management strategy for a short time in order to allow the GHE to complete the above actions. However, in lieu of a full review, the PAC provides the following comments on the outstanding work to be undertaken by the GHE, as follows:

Growth, Housing and Environment Target Operating Model (“TOM”)

The PAC noted that the Director General, in response to the recommendations of the PAC report, had agreed to clarify the ownership, responsibility and delivery of the GHE TOM, specifically how it would deliver the aims, objectives and goals of the property division with the wider corporate plan. He had advised that the TOM would provide both a strategic forward-looking planning function and an operational co-ordination function for property management. The PAC was disappointed to note therefore, that a year later, the TOM had not yet been produced. The Director General told the Committee: *“The growth and the capital ambitions for this Government are significant, probably the biggest capital programme that has been signposted ... We have got a revised structure for the whole of the organisation, which we will be going out to consultation for imminently, so we will try and get through it as quickly as possible. But it is really difficult when the tier 2, the senior people have not been recruited as yet.”*¹

Recruitment

The Director General of GHE advised the PAC that the Property Department had been struggling to recruit a new Director, and that the Acting Director was on a contract, renewable every 6 months. He advised that because of the problems with the TOM in terms of the constitution of GHE, the long-listing process undertaken before Christmas 2019 had a very limited response. He advised that 2 specialist agencies had been involved in the recruitment process with the Human Resources (“HR”) Department, and that he had another ‘long-list’ meeting soon. The PAC urges the Director General to take a proactive approach in conjunction with the HR Department to present a cohesive job description of the Director role and to widen the search for a suitable candidate.

Regeneration Steering Group (“RSG”) and Corporate Asset Management Board (“CAMB”)

The Acting Director of the Property Department clarified for the Committee that a CAMB had recently been created; it was headed by officers and would: *“look across the current asset estate to understand effectively what we have got, what we are doing with it, but also to look forward to understand what the future needs are and to ... be able to propose an effectively prioritised work list in terms of disposals, acquisitions and strategic decision-making.”*² He confirmed that the strategic decisions are then forwarded to the RSG, the political forum, for debate, discussion and ultimately

¹ [Transcript of public hearing PAC and GHE Director General and others, 3 February 2020](#)

² [Transcript of public hearing PAC and GHE Director General and others, 3 February 2020](#)

approval. The Committee recalled that the remit of the RSG, established in 2010³, was to ‘provide a political steer and/or guidance in order to inform policy guidelines for all major public property and infrastructure regeneration projects in Jersey’.

The PAC was concerned to note that, given that the establishment of a CAMB had been recommended as a matter of urgency by the C&AG in November 2018, the CAMB had only just held its inaugural meeting in November 2019. Further, it noted that the RSG had been set up a decade ago, with its primary focus on steering the States of Jersey Development Company (“SoJDC”). The PAC was concerned that there appeared to be no written aims and objectives for the RSG working with the restructured Property Department, the newly formed CAMB, or the wider GHE, all of which had undergone huge changes since its inception. The PAC emphasises the importance of clarifying the RSG terms of reference and relationship with GHE and, in particular, the CAMB.

Communication with Stakeholders

The PAC recalled that it had recommended that the Property Department engage in a comprehensive discussion with stakeholders at the earliest opportunity. In its report of February 2019, it had criticised the Director General for holding ‘bilateral discussions’ with individual departments, instead of comprehensive overarching corporate discussions which would consider competing needs and timetables of all departments (and arm’s-length organisations such as Ports of Jersey and Andium Homes), in relation to their property requirements. The Acting Director of the Property Department confirmed to the Committee that such discussions would take place at the CAMB, as well as discussions about prioritising property maintenance. The PAC emphasises the importance of engaging with stakeholders through a structured corporate communication process. The Acting Director of the Property Department confirmed to the Committee that such discussions would take place at the CAMB, as well as discussions about prioritising property maintenance.

Estate Management Strategy

The PAC reminded the Director General that he had assured the Committee the Estate Strategy would be drafted by July 2019. It was expected to be a comprehensive high-level strategy to be adopted by all departments and used to direct asset management of the entire States estate. However, the PAC was concerned that the draft document presented at its private briefing on 20 January 2020 did not start with a list of what the Island needs nor how to prioritise and accommodate those needs. At the public hearing of 3 February 2020, the Director General advised that the draft Estate Strategy “... was not going to solve those problems, this strategy is going to give you the structure to enable those problems to be solved.”⁴

The Director General, GHE, told the Committee that the Estate Strategy was not a ‘tactical’ document but rather a way of working. He stated that an asset management estate report would be produced every year, alongside a 5-year asset management plan, which would describe the tactical elements, that is, the intent for any property, drawing from the [Common Strategic Policy](#) and/or the [Government Plan](#) and other initiatives such as [Putting Children First](#) or the [Wellbeing programme](#). Progress would be monitored on an annual basis. He commented: “Perhaps one of the reasons (the draft Estate Strategy) looks so unpractical as a strategy is not having a decision on where to

³ [P.73/2010 Property and Infrastructure Regeneration](#)

⁴ [Transcript of public hearing PAC and GHE Director General and others, 3 February 2020](#)

put a hospital has a significant knock-on effect to a significant number of sites and not having a decision in terms of future office has a similar effect ... For us, those decisions need to be made as quickly and effectively as possible and ... then we need to work out what plan B is and what is the best use of the sites that are going to be vacated, what the timeline is going to be and all those other mechanisms. To start pre-guessing those things is an infinite amount of permutations and combinations at present.”⁵

Having noted that there are many decisions to be made about prioritising the States-owned properties by the RSG, the Committee considers that the publication of the Estate Strategy is a vital first step. Given the assurance by the Director General that it should be published after approval by the RSG by the end of February 2020, the PAC urges the Director General to prioritise this or to advise the Committee if there is any further delay.

Property Management Database

The Director General told the Committee⁶ that the property management system was now at the stage of ‘user acceptance training’. There had been a delay mainly because the data cleansing process had been more complex than anticipated. He expected the system to be ‘live’ in 2 months, that is by the end of March 2020, and that it would deliver the information necessary to develop a property performance framework, giving the property department data on the spend and building maintenance. Prioritising maintenance would be decided by CAMB. The Director General told the PAC: “... *the priorities we hit last year were significantly led around health and safety, water, asbestos. We (had to) focus on the basics of making sure we were safe. The worst-case scenario is that we refurbish a building that is not needed and the other worst-case scenario is we are in a building which is not safe and not fit for purpose for the occupants and the customers within that building.*”⁷ The PAC urges the Director General to prioritise the property management system being fully operational or to advise the Committee if there is any further delay.

Disability Legislation

The PAC recalled that [disability legislation](#) approved by the States Assembly in 2018 had extended the description of indirect discrimination to include a duty to make reasonable adjustments ‘*where a physical feature of premises causes a disadvantage (e.g. the approach to or exit from a building, stairs, or bathroom facilities)*’. In deciding whether reasonable steps have been taken to prevent or remove the substantial disadvantage, factors would be taken into account such as the cost, the extent to which the steps taken would be effective, and the extent to which the organisation could reasonably have foreseen the need for the adjustment in question. Noting that the requirement to make adjustments to physical premises should come into force with effect from 1st September 2020, GHE had [pledged](#) in 2018 to “*undertake an audit of the public property portfolio to assess its suitability in relation to the forthcoming [Disability discrimination] legislation. An initial assessment of a sample of public buildings indicates that a significant investment, potentially running into some millions of pounds over a period of time, will be required to implement improvements. A prioritised and cost investment strategy will be brought forward for consideration in the next Medium-Term Financial Plan from 2020.*”.

⁵ [Transcript of public hearing PAC and GHE Director General and others, 3 February 2020](#)

⁶ [Transcript of public hearing PAC and GHE Director General and others, 3 February 2020](#)

⁷ [Transcript of public hearing PAC and GHE Director General and others, 3 February 2020](#)

The Acting Director of the Property Department told the PAC at the public hearing on 3rd February 2020, that all the new-build public buildings were DDA (Disability Discrimination Act) compliant, but admitted that the audit of the existing public property portfolio had not been completed. He expected it to be complete within a month. He told the Committee: *“There is money that has been put into the Government Plan to effect the changes that are required, but what we are doing is having a re-look at the premises that we have currently got to determine exactly where the focus should be ... We are going through a prioritisation process with disability bodies, charities and the like to make sure that we can get a workable solution that will then get proposed to the Minister to approve expenditure, so that we can provide to the best of our endeavours the access that the law requires.”*⁸ The PAC considers that the GHE must prioritise this work to fulfil its pledge.

Risk

The Committee asked the senior officers what work had been undertaken to assess the risk of non-compliance with the disability legislation. The Director General advised the Committee that once the prioritised list of actions is presented for approval, it would show *“... what efforts have been made, what endeavours have been undertaken to provide access, whether it be visual, audible or meeting mental (health) requirements and that those risks will be logged.”*⁹ He told the Committee that a significant risk would be added to the (central) corporate risk register. As a matter of urgency, the PAC would like to see evidence of how the risk of States-owned properties being non-compliant with the [disability legislation](#) by September 2020 have been assessed.

Conclusion

In determining to delay a full follow-up review of Estate Management strategy, the PAC notes the assurances of the GHE and Property Department that the Corporate Asset Management Board was now functioning and would undertake a strategic overview of the acquisition, disposal, maintenance and use of all States-owned properties. The PAC urges the Director General to advise the PAC if there is further slippage of the timescale for delivery of –

- the GHE departmental target operating model
- the Estate Management Strategy
- the property management database
- the property audit for disability compliance.

It will monitor progress on the implementation of its recommendations, and agreed that the future review would commence from April 2020, and examine the effectiveness of the database, the Estate Strategy and CAMB’s relationship with RSG and property stakeholders, as well as the property portfolio’s compliance with disability legislation.

Senator S.C. Ferguson

Chairman, Public Accounts Committee

⁸ [Transcript of public hearing PAC and GHE Director General and others, 3 February 2020](#)

⁹ [Transcript of public hearing PAC and GHE Director General and others, 3 February 2020](#)