



## Public Accounts Committee

### Public Hearing

# Witness: Treasurer of the States and Director General, Infrastructure, Housing and Environment

Thursday, 7th April 2022

**Panel:**

Deputy I. Gardiner of St. Helier (Chair)

Connétable K. Shenton-Stone of St. Martin (Vice-Chair)

Senator T.A. Vallois

Connétable J.E. Le Maistre of Grouville

Mr. A. Lane

Mr. P. van Bodegom

Mr. S. Warren, Deputy Comptroller and Auditor General

**Witnesses:**

Mr. A. Scate, Director General, Infrastructure, Housing and Environment

Mr. R. Bell, Treasurer of the States

Mr. P. Styles, Head of Group Reporting

[13:02]

**Deputy I. Gardiner of St. Helier (Chair):**

Good afternoon and welcome to the public hearing with the Public Accounts Committee, with the Treasurer of the States and the Director General for Infrastructure, Housing and Environment. We have 3 major subjects today to question and address. One is around the recommendation made by this committee for estate management, to update us how the implementation of recommendations would go. The second part, which we mentioned in several reports, is about arm's length

organisations. Some of them were mentioned in performance reports. Some of them were mentioned in the accounts, annual report and accounts. Some of them were mentioned in estate management and whole work with arm's length organisations and progress would be subject for the questioning. The third part of this public hearing will concentrate on the State's annual report and accounts that were published for 2021. But before we start with the questions, let us introduce ourselves. Deputy Inna Gardiner, Chair of the Public Accounts Committee.

**Connétable K. Shenton-Stone of St. Martin:**

Karen Stone, Constable of St. Martin and Vice Chair of the Public Accounts Committee.

**Mr. A. Lane:**

Adrian Lane, independent member.

**Senator T.A. Vallois:**

Senator Tracey Vallois, member of the Public Accounts Committee.

**Connétable J.E. Le Maistre of Grouville:**

Constable of Grouville, John Le Maistre, member of the committee.

**Mr. P. van Bodegom:**

Paul van Bodegom, independent member, P.A.C. (Public Accounts Committee).

**Director General, Infrastructure, Housing and Environment:**

Andy Scate, the Director General for I.H.E. (Infrastructure, Housing and Environment).

**Treasurer of the States:**

Richard Bell, Treasurer of the States.

**Head of Group Reporting:**

Peter Styles, Head of Group Reporting, Treasury.

**Deputy I. Gardiner:**

Thank you. We will start with estate management. I have the executive response in front of me and we know that several recommendations were accepted or partially accepted and should be implemented in quarter 1, 2022. We are now in April, beginning of quarter 2. Please could you provide an update how the implementation of this recommendation has progressed and which deadline you were unable to meet?

**Director General, Infrastructure, Housing and Environment:**

Thank you, Chair. I think I can say there are actions going on on many of the recommendations but many of them are probably not going to meet the quarter 1 of 2022 timeline. So some of them are straying in ... we are now into quarter 2, so some of those recommendations are certainly straying into quarter 2. So I would say that there is certainly a number. I have not gone through each one to tick, but what I can say is there is certainly a number of these recommendations that will slip into quarter 2 and potentially into later this year, into quarter 3. That is not because we are not doing anything on them. I think it is purely a function on, if you like, maybe our over-optimism on the timeline that we said we would do this work by and it is a function of time and resource from us. So we can go through each one and I can sort of indicate which ones we are delaying or are being delayed. I think it is fairly honest ... I will be honest to say a number of them are certainly slipping into quarter 2 and some may slip into quarter 3.

**Deputy I. Gardiner:**

Sure. We will go through the recommendations. I think that they are all concentrating around a theme, so we questioned the theme, like Corporate Asset Management Board. But before I am going into detailed recommendations, I would like to check with yourself. You said there are deadlines that were optimistic. Obviously, it is not deadlines that were set by the committee, it was deadlines that were presented to us by the Government, by yourself and your colleagues. When we work with recommendation tracker we see this as the theme that goes through the Government in other departments as well, so it is not just obviously your department. I would like to check with you. Would it be possible after this meeting to review deadlines and update this committee but with ... it is always possible to get it first time round. Now you know where you are standing, update the committee with renewed deadlines and be able to meet this deadline so we can pass to the next P.A.C.

**Director General, Infrastructure, Housing and Environment:**

Firstly, absolutely, I think that is something we can certainly do. I would agree with you. Our over-optimism is probably a sense of us trying to be helpful in terms of we are accepting or partially accepting things and we probably ... we are certainly over-optimistic and we over-egg the time that it sometimes needs to take. So when we say next quarter it feels a long way off and then literally 3 months later it is on us. So I do think it is a theme across many of our ... when we receive recommendations I think it is a theme on many of the things we do. We try to be helpful and say we will get on this and time slips away from us or other priorities appear. So I do think it is right that we do go through that and keep those trackers in as live a state as possible.

**Deputy I. Gardiner:**

I will start with the Corporate Asset Management Board. We understand that the paper on review of the governance structure of the Corporate Asset Management Board was expected to discuss at Corporate Asset Management Board in quarter 1, 2022. What is happening with it and do you have already the draft and can this draft be shared with us?

**Director General, Infrastructure, Housing and Environment:**

So we certainly do have a ... the terms of reference for the Corporate Asset Management Board are done. I literally checked with the office before I came here this afternoon and that has slipped from quarter 1 and we are now into quarter 2, but I would not be surprised if we can get that to the Public Accounts Committee within the next week or so. The terms of reference of the Corporate Asset Management Board are done, effectively, so that has literally just slipped and that is a live piece of work that is finished.

**Deputy I. Gardiner:**

Okay. Are formal records taken during meetings at the Corporate Asset Management Board?

**Director General, Infrastructure, Housing and Environment:**

Yes. So I think it is fair to say, firstly, the Corporate Asset Management Board, the C.A.M.B., is meeting. We have got agendas. We have got minutes. So the quick answer to that is yes, they are. I think they could be more formalised and we are working on how we are capturing that. We have had a range of people supporting the board over the past few months. So certainly, yes, we do have an agenda. We do circulate papers to members of the board and we do take an action following that. So we do have those minutes.

**Deputy I. Gardiner:**

So when you say they can be formalised, what is missing?

**Director General, Infrastructure, Housing and Environment:**

I think it is just probably a bit more rigour around making sure that we are getting the papers planned in advance, the agendas are planned in advance, the papers are circulated with enough time for members to contribute. They are circulated in advance. I think what I would like to see is the papers being given at least a week in advance so that members of the board can read them, as opposed to maybe a day or 2 in advance, and some rigour in terms of making sure that the minutes are captured and circulated as soon as possible after the meeting. So some of it is just about meeting protocol, I would say. We are capturing it and I think it just needs to be a bit more timely and rigorous in terms of just the rota that we go through.

**Deputy I. Gardiner:**

Thank you. What progress has been made in the review of effectiveness of the Corporate Asset Management Board asset management plan? So it was also should be reviewed in the quarter 1.

**Director General, Infrastructure, Housing and Environment:**

Yes. So work is under way with the team. Our head of ... the corporate landlord, effectively, the property strategy part of property, those dialogues are commencing now with the partners around their asset management plans. I know we have said that this one area we said quarter 1. I think we have certainly started that work in quarter 1. Some of these asset management plans in my view are going to take a substantial amount of time, many months to form, rather than it being done in one or 2 months. I think the key part of asset management plans are for us to work with services to understand how those departments and their services are evolving and changing as to what their requirement of their assets are. So that is going to be ... it is an ongoing piece of work we have with them but it has commenced.

**Deputy I. Gardiner:**

Anything happened ... I mean not anything, you said you are in discussions, but if we go to the practicalities, what would ... I accept that, by the way, I do not dispute, I realise that a corporate asset management plan is something that you put and it will evolve, it will be ongoing, it will change, depending on the situation. What was the practical outcome for quarter 1? What do we have in place that we did not have before?

**Director General, Infrastructure, Housing and Environment:**

I think the first practical outcome is the fact that we have started the work to talk with the partners about the formation of asset management plans. So we have our ...

**Deputy I. Gardiner:**

We did not speak about it 2 years ago when we just started as the P.A.C.

**Director General, Infrastructure, Housing and Environment:**

Yes, so we ...

**Deputy I. Gardiner:**

Sorry.

**Director General, Infrastructure, Housing and Environment:**

Yes, we have the structure in place now within Property Holdings. We have gone through our restructure, our target operating model, so those posts are in place. So that has been a journey we have been on through the back end of last year, going into the start of this year. So we do have our

tier 3 officers in place, our tier 4 officers in place. So some of this is about just getting our basic staffing infrastructure there ready to do this. So that is now there and the conversations have started with the departments in terms of what their asset management plans are. So that is effectively the tangible change from where we have been previously in 2021.

**Deputy I. Gardiner:**

Can the P.A.C. be provided with the results of discussions around sites and assets that are considered to transfer to arm's length bodies as outlined in response to the P.A.C. comments?

**Director General, Infrastructure, Housing and Environment:**

Yes. So I guess we have a number of levers that are going to free up sites or make us decide around sites. One is the hospital project. One is the office project. So we have those 2 key Government projects are going to result in change in our real estate in those 2 areas. So those sites are very known. We can certainly share those with the P.A.C. as to what those sites are and what our intended direction of travel is on those sites. So if I look at the office estate, we know that when we move into our new office in quarter 2 of 2024 we are still on track for that. We know that we will be coming out of a number of office buildings. We know what sites they are. We know indicatively what direction we think those assets are going to go in. Some of them are different assets. So some of them are leased properties that we do not own but we lease. Some of them are properties that we would potentially want to lease out to somebody else. Some of them are properties that we would want to transfer to the likes of Andium for housing delivery. We have a variety of those so we are more than happy to share the list from those 2 projects. What I will say is we also have a list, as part of our asset management work, of future needs from government departments as to future requirements for real estate and property. So it is always ... as part of this work, the estate strategies, it is a balancing act between what we can get rid of, so to speak, and what we need to keep to balance off against future needs.

**Deputy I. Gardiner:**

Sure. How are you working to improve the clarity of the audit trail between a recommendation of the Corporate Asset Management Board and action taken by the relevant Ministers?

**Director General, Infrastructure, Housing and Environment:**

Again, the Corporate Asset Management Board is an officer group. It is effectively chaired via I.H.E., myself, with the property director and we have attendance from the key departments. It is really clear to me that sometimes the Corporate Asset Management Board can resolve things. Sometimes it cannot resolve things because there is a tension between departments as to who wants what real estate, for instance. So sometimes the Corporate Asset Management Board is able to resolve that at an officer level. Sometimes it has to be recommended up to the Regeneration Steering Group,

ultimately to the Council of Ministers, before we make a ministerial decision. So, again, I think it is one of those points. It is one of the points around the rigour of the meeting in terms of what is being resolved at the C.A.M.B. and what is being elevated to the R.S.G. (Regeneration Steering Group) for resolution at a political level.

[13:15]

**Deputy I. Gardiner:**

Yes, we will come to R.S.G. in a minute, yes. Okay, thank you. Will the updated framework be published as a report to the States Assembly?

**Director General, Infrastructure, Housing and Environment:**

The terms of reference for the Corporate Asset Management Board? Yes, we certainly ... that is one thing we literally just have not done the paperwork to lodge that as an R. to the States, so that is literally being worked on as we speak.

**Deputy I. Gardiner:**

So it will be before the elections?

**Director General, Infrastructure, Housing and Environment:**

We certainly want to do that in the next couple of weeks, yes.

**Deputy I. Gardiner:**

Thank you. I will pass to Paul.

**Mr. P. van Bodegom:**

Director General, I will just ask some more questions on the Regeneration Steering Group. When can P.A.C. expect to see the updated terms of reference?

**Director General, Infrastructure, Housing and Environment:**

Yes, so the bit of work we are doing around the Regeneration Steering Group is being led through our strategic planning and policy department, which is where our regeneration team sits. It does overlap with what we do in I.H.E., certainly with our property hats on, and it overlays within other parts of S.P.3 (Strategic Policy, Planning and Performance), if I call them that, with our planning policy and land use policy team. So work has commenced to look at what R.S.G. is doing and how it works and what we think we could do with it. So the S.P.3 team are leading on that and we have had a lot of, I guess, stakeholder engagement. We are a stakeholder of R.S.G. as well from a property perspective. There is also a bit of work being undertaken as to where we go with

regeneration and there is some thought about a strategic regeneration programme for government. We have a number of moving pieces. We have R.S.G. as the decision-maker for Government property decisions. We have also got that body directing regeneration strategy and potentially land use planning strategy, which sits outside of I.H.E. but it does dovetail into that. So we have a couple of moving parts. The other moving part we have is our work that we have signalled that we have done with J.L.L., Jones Lang Laselle, around our relationship with the development company, for instance. So I guess we have a number of circles making a Venn diagram here in terms of if R.S.G. is relevant to all of those. The R.S.G. discussion has started as to what we think it is. I think all stakeholders have agreed it does need to change. It needs to be updated. It is one of those recommendations from the report that will certainly stray into quarter 2. I think some of the key recommendations on R.S.G. will undoubtedly wait for the next Government and potentially for another States Assembly because some of these issues I think will need to go to the States Assembly for decision in terms of the mandate for Property Holdings, for instance, the mandate for the States of Jersey Development Company, as 2 examples.

**Mr. P. van Bodegom:**

Okay. You talk about your connection with S.P.P.P. taking on more of the work. Will R.S.G. start to disappear, do you think?

**Director General, Infrastructure, Housing and Environment:**

No, I still think we need a ... it is effectively a subgroup or a subset of the Council of Ministers, so I still do think we need that working meeting to resolve some of the issues that certainly we have as a property landlord, if I can use that phrase. We cannot resolve all of those tensions as officers all of the time, so we do need to resolve that sometimes and make political decisions. I think regeneration strategy is also very much within the remit of the Minister for the Environment around land use policy, and again they are politically driven decisions around land use or strategy. So, yes, I still think we need an R.S.G. of some kind. In my personal view, it probably needs to do more of what it says on its label, steer regeneration. I think it needs to do more of that rather than we have been using it more as ... I guess it has been a vehicle that we could provide updates to, but actually I think it is a very useful political board to help steer strategy for the Island around some of these regeneration arguments and decisions.

**Mr. P. van Bodegom:**

My next question was ... sorry, Chair, did you ...?

**Deputy I. Gardiner:**

Yes, I would like to pause for a minute because I have a ... going back maybe 6 months ago about the Regeneration Steering Group - and I look at the deadlines towards October, November - we



were told that the Regeneration Steering Group was created in connection to S.O.J.D.C. (States of Jersey Development Company).

**Director General, Infrastructure, Housing and Environment:**

Yes.

**Deputy I. Gardiner:**

One of the reasons that recommendation was put here is because the original Regeneration Steering Group does not meet requirements for what we need now for the political oversight. We should connect it to the regeneration strategy, environment, planning, to S.P.P.P., to yourself. Now, when we will see ... and who is in charge? Because you from one side put in charge of the estate strategy, so who is ultimately in charge of the estate strategy and who needs to make a decision?

**Director General, Infrastructure, Housing and Environment:**

So the estate strategy certainly sits with I.H.E. and with myself within the I.H.E. Department. So the estate strategy is very focused on our public estate and how we are using our public land resources for public service. The ownership of the Regeneration Steering Group sits more with our S.P.3 department and our regeneration team. So we have a regeneration team now within strategic policy to direct ... because there is an overlap with planning policy and planning strategy, so that is where regeneration is sitting. That is why some of these recommendations have been delayed or are still being worked on because we are talking about how do we dovetail our land ownership ... we are a landowner and the estate strategy is about how we act as a landlord to meet our own business requirements. The core purpose of Property Holdings really is to own and run assets, land assets and property, to deliver public services from, so that is our core business and working with our tenants around their needs. Clearly, there are some sites that we do not need. They then go into the regeneration space and it is that, how do we make decisions around the regeneration space, that we are still ... I will be honest, we are still in discussions on as to how that can be better. How do we tie our own site disposals into a regeneration strategy and what is the regeneration strategy?

**Deputy I. Gardiner:**

No, the process, I absolutely agree with the process. I think this is what we need to do. Our process is completely correct. Who is performing? Who is in control of overall process?

**Director General, Infrastructure, Housing and Environment:**

Yes, so the ...

**Deputy I. Gardiner:**

The moment that we start to ... what I want to feel in the answer is again we have a division between Environment, Housing and Infrastructure Department to S.P.P.P. to some other people that are involved. So why can we not create easy, straight ... because recommendation accepted, membership that will answer the requirements to meet our objectives.

**Director General, Infrastructure, Housing and Environment:**

There is a division of work, although not a division between us effectively, and we are working very closely together with S.P.3. We are bringing our property mandate to that discussion. Clearly, there is a regeneration policy and strategy conversation being brought by S.P.3. So S.P.3 are leading on the review of the Regeneration Steering Group because the regeneration function sits with them, and strategy sits with them. We lead on the what do we do with our real estate that we currently have conversations.

**Deputy I. Gardiner:**

So this recommendation, basically implementation we need to go to Tom Walker and ask why it has not been done?

**Director General, Infrastructure, Housing and Environment:**

Well, you can ask him, yes. I can answer the question as well ...

**Deputy I. Gardiner:**

No, no, no, is it under your responsibility or is it under his responsibility to create a membership of and to create ...

**Director General, Infrastructure, Housing and Environment:**

Yes, so the R.S.G. review is being undertaken through Tom Walker's department, so S.P.3. We are working with them very closely in terms of what that looks like.

**Deputy I. Gardiner:**

But this is his responsibility to implement this recommendation?

**Director General, Infrastructure, Housing and Environment:**

Yes, and again it is linked to us thinking about what we need around the wider regeneration strategy. We have a regeneration unit of 2 people currently and when we have opened up the conversation about the R.S.G. review it has highlighted a lot of questions for us about how do we do regeneration. So once we from a corporate landlord perspective say we have a vacant site, where is the strategy that that fits in? It should be seen as a subset of the Island Plan possibly for if it is St. Helier focused,

but it is that regeneration strategy piece that we are still working on. It is a live piece of work with S.P.3.

**Senator T.A. Vallois:**

Just a few bits of clarification on some of the points that you have made. So mandate of Property Holdings, is that carried out in accordance with what has previously been agreed by the States Assembly?

**Director General, Infrastructure, Housing and Environment:**

Yes. We follow the 2005 mandate, P.93 I think it was, of 2005, which set Property Holdings up as effectively the custodians of the public land asset, trying to get good value for our public land, et cetera. So that proposition was agreed in 2005, which created Property Holdings. Fundamentally, we still follow that. It still does its job around that. I do think we need to update its mandate this year as part of these regeneration conversations because we have had a bit of work with J.L.L. around our own relationships with the development company, what we do, what they do. We have the wider conversations about regeneration going on as well. We would like to bring a remandated Property Holdings back to the States Assembly in the next term of the Assembly because I think it is right for us to do that; 16, 17 years later it needs to just be refreshed. I think we have constant challenges around making property decisions and how we go about doing that. We make many property decisions on a daily basis. Some of them should not really go to the States Assembly. I do not think they are of that nature, but we find ourselves with property decisions very often in the States Assembly, whether it be lease renewals. We have another one coming up in the next sitting of the Assembly around a lease. So we often get those conversations coming through. I would like Property Holdings to be mandated to get on to its job as a property agency, to make property decisions in the interests of the public to get good public value.

**Senator T.A. Vallois:**

Just on that basis, then, because I am listening and I understand what you are saying. What I am concerned about is there is going to be lots and lots of boards and lots and lots of chats and lots and lots of discussions and nothing actually coming out of that. I have seen that a lot in different areas. So you have vacant land, vacant building, go to regeneration steering. You have the property agencies, Property Holdings. The missing bit for me, and maybe you can tell me where this sits, is if you have a Minister that has a particular issue with their estate in order to provide their service, who do they go to? Do they go to the Regeneration Steering Group or do they go to Property Holdings and how does that work?

**Director General, Infrastructure, Housing and Environment:**

So in practical terms, when we have a department with a new need, so they have a new service requirement, they have a new site, they need a new office, whatever the property could be, that should come through to the Corporate Asset Management Board as an officer group to try and resolve. So it should come to Property Holdings. It gets put into the agenda of the Corporate Asset Management Board, so can we resolve this service need? We have many, many different service needs, whether it be blue light centres or places for training in or office space, whatever that may be. So it should come to the Corporate Asset Management Board. It should be for that officer group to try and resolve that. As the corporate landlord we should be saying: "This is what we currently hold. This is how we can meet the estates need. We have a free building here. We have a free site here. We can meet that requirement." If it cannot be met there or if there is a competing requirement for a site, that is when sometimes C.A.M.B. cannot resolve that and it has to go to the political level. So it should come through the officer group first.

**Senator T.A. Vallois:**

But what political level will it go to?

**Director General, Infrastructure, Housing and Environment:**

So then it should go to the Regeneration Steering Group, ultimately to the Council of Ministers, to try ... when we have a cross-portfolio tension, it is very hard for officers to resolve that. We can recommend what our recommendations would be on site A or site B and ultimately it would then be a political decision, ultimately in the Council of Ministers, to try and resolve that tension if there is one.

**Senator T.A. Vallois:**

Okay. I am just trying to understand the lines of accountability and decision making.

**Director General, Infrastructure, Housing and Environment:**

What we are trying to do, what we are trying to foster, is if any department has a property requirement they come to talk to property, we get it into the Corporate Asset Management Board space to try and resolve that requirement. If it cannot be resolved, then that is when we can take it further into the political decision-making tree.

**The Connétable of Grouville:**

So what advice do you give to service managers to make their property needs known to you?

**Director General, Infrastructure, Housing and Environment:**

Yes, I think that is the key part of the asset management planning process that we are starting with departments, for them to understand that property is a corporate resource as much as their I.T.

(information technology) estate is a corporate resource, as much as their people is a corporate resource. These are things they need to deliver their business with or from. So the real estate side of that is something that we need to improve. I think that part of our business planning in each of our departments ... and I.H.E. is no different. We need to also be clear what our land use and buildings requirements are for us to deliver our services. So an example of that is the changing landscape of Bellozanne Valley at the moment and where that is going into the future. We are building obviously a big sewage treatment plant. There is potentially some further additions to that that we may wish to make in the future. How does that affect our own land use resource at the moment? Even as our own department we have to be really clear what I guess land or property we would want to deliver from. We can go and talk to Property Holdings within our own department about that, the same as if we have an I.T. system change and we would have to go and talk to our M. and D. (Modernisation and Digital) Department about it.

**Deputy I. Gardiner:**

Can I ask a specific question on this one? Because thank you, John, asking about service providers.

[13:30]

Recently, I had an engagement with dDeaf Partnership Board about a hearing and resource centre that moved twice. I am not sure if you know their infrastructure needs but they are urgent now. When I met the board ... and they were people who provide services. We are not talking about director generals. When I asked: "With whom did you speak?" it was a big confusion because it is kind of a partnership between government and charity.

**Director General, Infrastructure, Housing and Environment:**

Okay, sure.

**Deputy I. Gardiner:**

What advice would you give to the hearing and resource centre? With whom do they need to speak and ask for premises in St. Helier, much needed premises in the centre of St. Helier?

**Director General, Infrastructure, Housing and Environment:**

If it is a government service within government, then the process I have outlined through Corporate Asset Management Board, Property Holdings, is the route.

**Deputy I. Gardiner:**

But it is a partnership between the audiology department of the hospital and between volunteers, so the funding coming from fundraising, but property infrastructure, the physical building, was always provided by the Government.

**Director General, Infrastructure, Housing and Environment:**

Yes. So if it is as part of that contract or that arrangement, it is very clear that Government provides the premises for the service, I would expect the first point of contact for that service would be to go and talk to their own department. I assume that would be Health and Community Services in that regard, which would then filter back up to the Corporate Asset Management Board as a requirement. So if that need is changing, we need to know about it. Either the need is stopping or if the need is increasing, we would expect those sort of filters to come back through to the Corporate Asset Management Board so that we have oversight of where these property pressures are. Because we are constantly asked about releasing land and sites and that is an obvious question we get asked about what is happening with our real estate and can it be used for other purposes, housing as an example. We have also got on the other side a very big demand list of people wanting more sites and premises as well, so that is the tension we have as a landlord: how long do we keep hold of public land and sites, bearing in mind that we know there is future demand coming down the track but we are also getting a lot of demand to release them for housing. Once we have released them, they have gone from our estate, so that is, I guess, the constant tension we have through that process.

**Deputy I. Gardiner:**

Okay, thank you.

**Mr. P. van Bodegom:**

Just going back to the Regeneration Steering Group's updated terms of reference, they will need to be lodged with the States Assembly. You have alluded that this will not happen before the general election and it will fall to the next Assembly. Do you see any risk with that?

**Director General, Infrastructure, Housing and Environment:**

I guess there is potential risk depending on the political makeup of that future Assembly. I think, however, to a degree I see it as a bit of a cross-political point, really. I think that most politicians of different political persuasions are generally agreeing with the need to do this, so I think while we will have different personalities potentially making those decisions in the next Assembly, I think the principle of what we are trying to achieve would be something that I think would be agreed. So, ultimately it is about getting a much cleaner, simpler process for regeneration and being more transparent about it and updating some of the mandates that we have. So the mandate given to

S.O.J.D.C. is over a decade old now. The Property Holdings mandate is 17 years old. So, again, I do think we need to revisit that and make sure they are still doing what we want them to do.

**Mr. P. van Bodegom:**

Thank you. Will the report supporting the proposed changes to the terms of reference be shared with the next P.A.C.?

**Director General, Infrastructure, Housing and Environment:**

Yes, I think because these are live recommendations and I think what I have signalled, they are going to be live going into the next Administration, I think it is only right that we share those with P.A.C. We would want to involve some of our thinking with the P.A.C. before we then go into a solution into the Assembly.

**Mr. P. van Bodegom:**

Okay, thank you. What mechanisms have been considered to monitor and track the effectiveness of the R.S.G.?

**Director General, Infrastructure, Housing and Environment:**

So I guess firstly we will look at some business indicators for our own functions, property. They will need to be better reflected in our business plan. We do not have many property indicators in our business plan currently. That is something that we are working live on this year, ready to inform the next business plan. I guess the key measure of the R.S.G. is: is it making decisions? It is a decision-making body, so I guess the key measure of it is: is it doing what it is being asked to do against its new terms of reference? So I guess that will be something that the new Assembly or scrutiny will hold it to account to.

**Mr. P. van Bodegom:**

Will the new terms of reference be ... and obviously the membership of the R.S.G., will they be published? Will that be on one of the Government websites?

**Director General, Infrastructure, Housing and Environment:**

I cannot see why not. I think if it is a decision-making body of government and that is how we do things, I do not see there is any reason why we would not make the terms of reference public. It is very clear then. I think a lot of the conversations we have been having, certainly through the P.A.C. process, is trying to demystify some of the processes of decision-making we adopt around property and regeneration. So I think it is a very good idea to demystify it and say that it is exactly what it is set up for, this is what it does.

**Mr. P. van Bodegom:**

Thank you. When will the state of the estate report be issued?

**Director General, Infrastructure, Housing and Environment:**

It is being worked on. It is going to be another ... if I am overoptimistic I will say quarter 2, 2022, but it is going to be this year. It is being worked on by our corporate landlord function at the moment, our strategy team. It seems to be a team of one. I say that a little flippantly. We have one or 2 people doing some of that work. So it is live at the moment and so we want to get that out. I am very guarded about giving a date in terms of it is going to be June, July, August, but we want to get that out this year, by the summer ideally. It is a bit of live work for us at the moment.

**Mr. P. van Bodegom:**

Okay. You had agreed to implement a coherent and objective rationale for the acquisition, disposal and management of property in the public estate. Again, this had an implementation date of quarter 1, 2022. Has this been completed?

**Director General, Infrastructure, Housing and Environment:**

I think the rationale around what we are doing, I think we are living that rationale now. I think we need to be more obvious about how and some of the tensions we have in making those trade-off decisions. Because as I have tried to explain, we have a very long demand list as well as a long potential disposal list and there is a balancing between there about when do we make a strategic release from our public landholdings. If we do that too early and do not balance it off against need, then we are going to need to acquire new land to meet our need, which is an expensive way for Government to do that, especially in a high-value Island. So we are sometimes reticent about giving land away too quickly or premises too quickly because we know the demands are coming in on the other end of the pipeline. So I think us sharing some of those tensions more publicly is probably a good idea because it does feel very often that Property Holdings gets accused of not releasing land for housing, we are sitting on lots of sites. We have a lot of sites. We have over 800 properties of various kinds within government ownership. They are valued over £800 million, £900 million worth of value, so we have a lot of real estate. The vast majority of that is in use of some kind. There are very few sites which are redundant. So, again, transparency around what we have, what we are doing, what is coming in is an answer to a lot of these questions, I think.

**Mr. P. van Bodegom:**

In the executive response to the P.A.C.'s 9th recommendation of its estate management review it was stated that the public estate strategy and related asset and management plans in the context of the Island and Government Plans will provide the rationale for the acquisition, disposal of and the



management of property and that this work would be done in the first quarter of this year. Is this still the case?

**Director General, Infrastructure, Housing and Environment:**

Yes, so I guess we do now have an Island Plan agreed so that sets I guess the land use policy context for the next 3 years. We have an estate strategy agreed and I think it is a live piece of work as to what our needs should be reflected in the Island Plan. If we have significant infrastructure needs or property needs, they should be reflected as a requirement for land use in the Island Plan. We have some of that in this Island Plan. It is a live debate because if we are then going to get a new Island Plan that has to take the Bridging Island Plan over as well. So, our estate strategy needs are always going to be changing. There is always a requirement as services will evolve. So to a degree, yes, we are doing it. Some of the current needs are reflected in the Island Plan. The hospital is I guess the most obvious example of that. By the time the next Island Plan comes down the line, we are also needing to be really clear what we are requiring, whether it be waste management, whether it be other services, primary schools, secondary schools, those sort of things. So it is a bit of an iterative process but I think we have started that. So to a degree we have delivered that recommendation; however, I do not think it is ever fully delivered because I think it is an ongoing requirement that we met our estates requirements with what the Government Plan says about our estate and funding it and what our land use plan is saying about if it is a new land use requirement, especially in a rezoned area or on a different land use. I guess my explanation of that: a lot of our sites are also within a built-up area so the Island Plan gives us a huge amount of flexibility around what happens in change of use on land in any case. But when we are looking at new zoning, if we needed a new school on a greenfield site, for instance, that should be reflected in the Island Plan and our estates planning and strategy work should inform that.

**Mr. P. van Bodegom:**

Thank you. We understand from the last public hearing that we had with the new chief executive that the next Island Plan is ... the work on that is already under way. How does that impact on the bridging plan?

**Director General, Infrastructure, Housing and Environment:**

The bridging plan has got a life of effectively 3 years, so the ink is just dry or it is just about to dry. I think it is just about to be published effectively in terms of a publication form. As I think States Members in the room here and ... it is a long process to get to that. The next Island Plan is going to need to take a 10-year time horizon so some of the work that the S.P.3 team will be doing - that is where that work is led through - will need to update the work and just validate the work that is currently done. There is an awful lot of work to inform the Bridging Island Plan. The key test is how much of that is relevant if we add another 7 years to the time horizon, how much additional thinking

we need to do to cover the remaining 7 years. So some of that work will be carried over but certain things such as housing demand, housing need, is a very key issue for the Island Plan. That is always going to have to be kept live. The census results are starting to be published so we are going to be seeing updated population demand, updated forecasts as a result of that, so the Island Plan has to reflect that. It also has to reflect a lot of other needs, whether it be water, waste, minerals. We have seen all of those debates in the last 3 or 4 weeks.

**Deputy I. Gardiner:**

I think that we ... I am looking at the time.

**Mr. P. van Bodegom:**

The time, okay, thank you. I will just finish with a final question then. Will you be able to provide the next P.A.C. with a copy of the updated long-term asset management plan by the end of quarter 2, Q2, 2022?

**Director General, Infrastructure, Housing and Environment:**

Yes, I think we just need to provide ... it goes back, I guess, to the point about the live tracker. I think it makes sense for us to keep the P.A.C. live to the progress of these documents. Many of these documents are conversations with departments, so some of these we will not be publicly publishing, but I do not see any reason why we cannot keep the P.A.C. up to date with all of our discussions around current needs, future needs, et cetera.

**Deputy I. Gardiner:**

Yes, it is helpful to have ...

**Mr. P. van Bodegom:**

It could be separate hearings. Thank you.

**Mr. A. Lane:**

Can I just ask one follow-up on the state of the estate report due in Q2? Presumably, the work is well under way. Just in summary what are the principal conclusions you are drawing about the state of the estate so far?

**Director General, Infrastructure, Housing and Environment:**

We have a big estate, I guess. Firstly, the work is under way, yes. I think the general conclusions I think it shows is that we have a large estate that is generally well used. It is probably under invested in, I would say absolutely probably ... that would be an absolute, it is an under investment. It is a valuable estate. It, however, is a safe estate. So I think some of the ... that would be some of my

summary conclusions as to what we have. We are running buildings which are compliant, they are safe. They probably do not get the love and attention they need.

**Mr. A. Lane:**

So have you now caught up on all the Disability and Discrimination Act requirements that were outstanding?

**Director General, Infrastructure, Housing and Environment:**

Some, and some I think will not be caught up with. To comply with the Disability and Discrimination Act, sometimes it will either need a building change for accessibility, for instance, or a potential service change to deliver service differently from that building. Some of our buildings are quite historic so they may not be allowed to be changed physically in that regard.

**Mr. A. Lane:**

My final question is you mentioned underinvestment. Your predecessor told us I think in December 2018 he quoted ... I forget if it was £10 million or £20 million maintenance backlog. How is that looking now? Is the work on the state of the estate report helping you to understand what that backlog now looks like?

[13:45]

**Director General, Infrastructure, Housing and Environment:**

I cannot ... it will help us understand that question, the answer to that question. I think the answer from my quick take will be that backlog number has not got any smaller. When I look at what we spend on our estate to what we should be spending potentially to enhance it or to keep it alive, I do think we probably would need to spend more money on our public estate. So I cannot see that backlog getting any smaller at the moment. So that is why some of the rationalisation conversations we are having when we truly do not need bits of estate, we need to get out of them, that will help some of our backlog pressures. But it is an ongoing pressure for us I think as to what we are spending on our property.

**Mr. A. Lane:**

Does not getting smaller actually mean getting bigger or does it mean staying stable?

**Director General, Infrastructure, Housing and Environment:**

It potentially could be getting bigger, yes. I cannot say it is going to be static. I think if it is going to go anywhere, I think it will go up, not down.

**Mr. A. Lane:**

Okay. Well, hopefully the report will make that clear.

**Director General, Infrastructure, Housing and Environment:**

Why have we not made that ...?

**Mr. A. Lane:**

Hopefully, the state of the estate report will make that clear.

**Director General, Infrastructure, Housing and Environment:**

Yes.

**The Connétable of St. Martin:**

Will you be able to provide the review of the purpose and aims of the States of Jersey Development Company in line with the C. and A.G. (Comptroller and Auditor General) recommendations of the P.A.C. and, if so, when can this review be expected?

**Director General, Infrastructure, Housing and Environment:**

So I think that is where we are straying into areas which I do not think I.H.E. are responsible for in terms of that strategic review of the development company. We have certainly done a lot of work around our relationship with the development company, which I do think informs their purpose, but we are not leading on, I guess, the strategic review of S.O.J.D.C. at that point.

**The Connétable of St. Martin:**

So you would not know what action has been taken to implement the findings?

**Deputy I. Gardiner:**

No, is it taken?

**The Connétable of St. Martin:**

Has it been taken?

**Deputy I. Gardiner:**

I am not sure. It was a recommendation that it was accepted. Did you start the strategic review?

**Treasurer of the States:**

The review at the moment is focusing on, as Andy says, the fact that we have a number of organisations that seem to overlap one another in the estates area. So that has been around firstly,

before you review then afterwards how S.O.J.D.C. works, is to review what it is you would like S.O.J.D.C. to do and what it is you would like J.P.H. (Jersey Property Holdings) to do, what Andium should be doing in particular, and then I suppose the 4th corner of that would be other States-owned entities. So that work is concluded, in final draft?

**Director General, Infrastructure, Housing and Environment:**

Yes. We have done the work which is I guess the 2 circles overlapping between Property Holdings and with S.O.J.D.C. as to what we think we should be doing and what we could potentially use S.O.J.D.C. to do. Our own view of that is that certainly S.O.J.D.C. has a role. It still has a role. I think it could potentially be a slightly larger role than it currently has and again it goes back to the point I made around updating the mandates that we have for these organisations, including Property Holdings. We would want to see ... there is still room, certainly room, and a need for a regeneration agency, a government regeneration agency, to do a lot of the work that it does for us. We certainly do not have the capacity within I.H.E. to do some of that work so ...

**The Connétable of St. Martin:**

I think it would be good if they took on board ... because it is obvious that there is a role for it, but I think everybody really needs to know what the purpose and the aims are with S.O.J.D.C. So I think ...

**Deputy I. Gardiner:**

When will the main findings be published or shared?

**Director General, Infrastructure, Housing and Environment:**

So we have promised to share the work that we have done with J.L.L. with P.A.C. We are not quite with the political signoff on that yet, so I am hoping that we will be with that very shortly, this week if not next week. We could then share that J.L.L. report out with the Public Accounts Committee because it does indicate some areas that they have suggested we look at, which has an impact on J.P.H. as much as S.O.J.D.C.

**Senator T.A. Vallois:**

Can I just ask a follow-up on that? Mentioning the fact that we have the likes of Andium Homes, S.O.J.D.C. and all these others, which are all forms of property, we are an Island 9 by 5, will there be an assessment of value for money?

**Director General, Infrastructure, Housing and Environment:**

Some of the thinking we have had is around what ... going back to our core business, we have all got different core business purposes between S.O.J.D.C., J.P.H. and Andium. If I look at Andium,

their core business is to maintain a housing estate for tenants at a good level and a decent home standard. Our core business is to keep our tenants happy, which are generally government departments, and S.O.J.D.C.'s mandate and core business is to look at regeneration opportunities, certainly on significant sites that we give them, so the waterfront being an example. So I do think there is real clarity certainly from my perspective and our agent that everyone has got a different role. It is the interrelationship between the organisations I think we just need to be clearer about in our regeneration decision-making, which site goes to which, if we do free up a site who gets it, which route does it go and what are we asking S.O.J.D.C. to do for us, what are we asking Andium to do for us. So, however, the core business of those, 90 per cent of their core business, are very discrete and distinct from each other.

**Senator T.A. Vallois:**

I was just asking in terms ... we always talk about efficiencies and rebalancing and it always seems to be more the social kind of areas that we look into in terms of those efficiencies. I think arguably there may be some bureaucracy around having lots of different ... what I suppose is an argument of an institution doing predominantly the same thing in a very small Island. So that is why I ask about that value for money. It would be useful to understand that argument.

**Director General, Infrastructure, Housing and Environment:**

Yes, and I think the work we have done with J.L.L. and the relationship we have with S.O.J.D.C. does open up a conversation about who develops what. So we do a lot of capital build projects led through I.H.E. ourselves. We could ask S.O.J.D.C. to do more of that for us. It might be more effective to get projects to market that way. It may not be, but that is one of the recommendations we look at, for instance, as to who leads on capital project delivery with a view that ... we struggle with resources sometimes within I.H.E. to lead capital projects and that might be a benefit that we can use our regeneration agency for as an example.

**The Connétable of St. Martin:**

Thank you. How are you working to ensure that arm's length bodies reporting to Treasury can align with the public estate strategy?

**Director General, Infrastructure, Housing and Environment:**

The public estate strategy is very focused about government and government itself. It does not cover the arm's length bodies, so it does not cover the public estates of Andium or Ports of Jersey as 2 examples. So the decision-making process that we have within government does not stray into Ports of Jersey estate decisions or Andium estate decisions because they are distinct from us.

**The Connétable of St. Martin:**

So do you intend to carry out a review of the arm's length body oversight board in the coming years to improve the Government of Jersey's understanding of its function and potential utility in delivering and aligning property strategy and management of the corporate landlord model alongside other opportunities?

**Director General, Infrastructure, Housing and Environment:**

I think that is an area ... so the arm's length body group is separate from our estate strategy so we certainly would not want our estate strategy or how we do government property to be straying into those 2 businesses and the arm's length businesses.

**The Connétable of St. Martin:**

I think in our public hearing with the Chief Executive, Suzanne Wylie, she felt that the arm's length bodies should all interact with each other more.

**Director General, Infrastructure, Housing and Environment:**

Yes, the conversations we have outside ... so I guess our estate strategy is very focused with us as government landlords with our government tenants. It is very focused internally about our own government land resource for public service delivery and how we make property decisions for our own requirements. How we interrelate as a government to our arm's length bodies, I think that is a conversation outside of that process. So I do not disagree, getting alignment with our States bodies on regeneration strategy, for instance, does make a lot of sense. I think it is just a distinct bit of work outside of what we do on the lifting around our estate strategy, which is I guess a fairly mundane approach between tenants and landlord, really, within government.

**The Connétable of St. Martin:**

My final one is: how do you intend to brief the next Council of Ministers on their roles and responsibilities regarding arm's length organisations, their governance and the management of the public estate and how will the in train updates, the frameworks and governance influence this?

**Director General, Infrastructure, Housing and Environment:**

I think for the areas that we are responsible within I.H.E., certainly the terms of reference for the Corporate Asset Management Board and what Ministers can expect as a result of that process, I certainly think that new Ministers coming in, our new Minister for Infrastructure especially is a key role in making property decisions for government. As part of their briefing, they will need to understand what these processes are, certainly, and where they sit. Ultimately, it is a ministerial decision rather than a Council of Ministers decision, so that is important. I also think there is a wider briefing of the other Ministers around the Council of Ministers table as to the role of the Minister for Infrastructure as property Minister and what that means. I will leave others to talk about the

responsibilities on arm's length bodies and as to where they sit in terms of ministerial responsibilities. Obviously, depending on the arm's length body, there are different Ministers associated with that. Certainly, from a Minister for Infrastructure perspective, I think we would need to very clearly brief that Minister. We would need to clearly brief the Minister for the Environment as well, which strays obviously into some of our portfolio as well.

**Senator T.A. Vallois:**

I think that answer leads us quite squarely on to a question for the Treasurer then about memorandums of understanding and whether we have them all in place for arm's length organisations and, if so, have they all been updated?

**Treasurer of the States:**

So if we are referring to States-owned arm's length organisations as opposed to grant aided arm's length organisations, then the answer to that is hopefully tomorrow the Minister for Treasury and Resources will be signing a decision to lay them before the States, present an R. They are all ready to go but there has been an undertaking further to the review of the Economic and International Affairs Scrutiny Panel that she does that before she signs them. So they are all ready to go. They are on the wholly owned States-owned entities within the arm's length body. We have a relationship document with J.E.C. (Jersey Electricity Company) but that is largely around and related to listing requirements, because shares of the J.E.C. are listed, or some of the shares are. We have in our work programme now to work on a relationship document - it is like an M.O.U. (memorandum of understanding) but it is not - with Jersey Water as well.

**Senator T.A. Vallois:**

Okay. So when we talk about laying before the States, we will be able to see every M.O.U. for a States-owned company now?

**Treasurer of the States:**

Wholly owned States-owned companies, yes.

**Senator T.A. Vallois:**

Thank you, just to confirm. Will the M.O.U.s include reference to the estates strategy or estates-related decisions at all?

**Treasurer of the States:**

I would have to go back and look at that specifically in the M.O.U.s. Of course, some of those things are more important in respect of S.O.J.D.C. and Andium - probably Ports is the bridging one - than it is for J.T. (Jersey Telecom) and Jersey Post. For those on my left-hand side, they are more ...



that is more what they are there to do, whereas Jersey Telecom is not there primarily about ... primarily for the delivery of public estate in that sense of it. What we have now, I think, is that we move beyond S.O.J.D.C. and in particular with Andium in the R.S.G. with a wider membership than it perhaps had 3 or 4 years ago. Their plans come there as well, as well as Andium's plans going through the Minister for Housing's approval as well, rather than it just being about the shareholder function. So in the past a bit more focus on just being about the shareholder function; it is now more and the director responsible for the shareholder function attends the R.S.G. So we have good alignment there and we have not got people having different conversations in different parts of the organisation and that not coming into one place. So that is all there now and a very good understanding of what R.S.G. wants to see out of those entities and where their plans are agreed. We would then look at the governance and finance related - and my emphasis on the finance - matters that come out of those proposals in terms of how much money that might mean for my state subsidy but in particular whether any borrowing that is associated with those plans can be repaid. So every time Andium, for example, comes forward with a new proposal we commission some work to ensure that the figures stack up.

**Senator T.A. Vallois:**

Okay. In terms of you lay the M.O.U.s, they will be in place, and how do you assess or monitor the performance in terms of the expectations between the 2 parties in that memorandum of understanding?

**Treasurer of the States:**

So we will monitor, for example, things like whether their meetings are taking place, whether we are responding to their ... if you like, the S.L.A. (service level agreement) between us and them on a timely basis. We also receive the strategic reports that will go to the most relevant Ministers for them to sign off. So in the case of housing and Andium it goes to the Minister for Housing. So that is largely where some of the concerns have been in the past that there is not a dialogue going on. The regular meetings were not happening. They do now happen on a very regular basis between the Assistant Minister and the director and other staff within the shareholder function and the chairs and chief executives of those entities.

[14:00]

We have far less instances of surprises, things we were not expecting. The way we assess in the case of ad hoc projects, it is all around what we see as we agree the strategic plan and business plan for the year. If the entity is working within that plan, they do not need to come for any further permissions. If, however, there was either a further project or a further sale or a further acquisition or further debt that they needed to take on, then it would have to come forward and we would

evaluate that. So we go through a process of evaluating their plans on an annual basis in coordination with R.S.G. for those that are relevant to those entities, and with the relevant Ministers, and then the Assistant Minister, after commenting, would approve those plans.

**Senator T.A. Vallois:**

What would trigger a review of an M.O.U.?

**Treasurer of the States:**

I guess if through that regular dialogue and regular meetings we found that it was not working. So that has been some of the pressure on making changes as well as over a period of time we should review them in any case, but what would probably force a more regular review would be if it is just simply not working. If the requirements within there are not being met, then you are setting yourself up to fail at every opportunity. If there is an S.L.A. that says: "You give us this, we will turn that round in so many days or weeks" it is just that regular monitoring to see how it is working and/or if indeed something happens whereby we do something or the companies do something that is not really forming, that would have required communication ...

**Senator T.A. Vallois:**

Can I just confirm then, the Assistant Minister is the one who is more directly involved with the shareholders and signs off the business plans, just the Assistant Minister?

**Treasurer of the States:**

No, they will have gone through ...

**Senator T.A. Vallois:**

They would have gone through the necessary discussions with the relevant Ministers or departments or ...

**Treasurer of the States:**

Yes, so the Minister for Housing and Communities would be very heavily involved in the Andium plan but the Minister for Treasury and Resources ... that is why we delegated those matters to the Assistant Minister.

**Deputy I. Gardiner:**

But is the Minister for Housing and Communities heavily involved, for example, are other Ministers, the Minister for Children and Education and the Minister for Infrastructure heavily involved with what is happening in other ...?

**Treasurer of the States:**

I think if we saw there was something relevant within the plans that needed to be addressed, then we would refer through to them, yes. S.O.J.D.C., for example, the Minister for Infrastructure sits on R.S.G. The vast majority of the things that S.O.J.D.C. do or have plans for come through R.S.G., so the Minister for Infrastructure is there.

**Senator T.A. Vallois:**

Okay. With the changes to the M.O.U.s and the way we now explain the working all happening between the shareholders and the Government, can the public expect any benefits to come out of this in terms of the closer working with the A.L.O.s (arm's length organisations), particularly on property matters?

**Treasurer of the States:**

I have a belief, other people do not have the same belief, that they only ever need to enter the M.O.U. when things are going wrong. The M.O.U. is the floor with which you would expect everything to happen for. I would say that what you do see now or what I see now is better co-ordination through R.S.G., more involvement with what is happening in Andium, more involvement in terms of S.O.J.D.C.'s role in regeneration, a much more enhanced role at this point in terms of the number of large-scale projects that we were using S.O.J.D.C. for. The review that Andy refers to will help clarify the overlaps or whether one or other of those bodies can do more and what the other currently does has been deliberately ambiguous because it has not been signed off as yet. I already see that we have far more of these plans in place, majority lies down in that part of town, if you like, which would come out well on the other side.

**Senator T.A. Vallois:**

Just to check because I am struggling to get a clear picture of all these different bodies and groups, to be perfectly honest. I think I understand it. I am sure it is not completely difficult but the Regeneration Steering Group has S.O.J.D.C. with those political figureheads who are making regeneration decisions. Do Andium Homes have a seat at the Regeneration Steering Group too?

**Director General, Infrastructure, Housing and Environment:**

They do not currently but I think that is one of the review points that we have certainly picked up on. There is a difference between our regeneration strategy and our estate strategy. The estate strategy work that we do as a land or Government landholder, that is where the Corporate Asset Management Board sits and that helps us make decisions as our own core business. Recommendations that we need to come out of that has to go to R.S.G. I would expect the other arm's lengths with their estates also to feed to a generation strategy, which is held by R.S.G. The estate strategy per se does only affect Government of Jersey, it does not affect our arm's length bodies, it does not affect Andium or

Ports, for instance. However, I would expect those arm's length bodies to be pertaining to the regeneration strategy, which is where the R.S.G. comes into play in deciding the future direction of land use and regeneration. I do not know if that helps but the ...

**Senator T.A. Vallois:**

Without seeing the M.O.U.s, there is, potentially, a risk going forward, play it out just slightly, in terms of the expansion of Andium Homes, not just providing tenancy to social housing Ministers but they are providing tenancy to charities and they are providing spaces, community spaces for people. Arguably that could be an argument about regeneration. It is only the Minister for Housing and Communities who has been consulted in terms of the business plans or the strategic plans and it is not the Regeneration Steering Group, there might be a missed opportunity, would there not?

**Director General, Infrastructure, Housing and Environment:**

I certainly agree with you in the sense I think we should have Andium represented at the Regeneration Steering Group. They are also with their housing hats on regenerative to certain parts of the Island, as well as maintaining their core business as well. I agree that I think they do need to be represented, that is one of the points that we are currently discussing.

**Deputy I. Gardiner:**

Yes, but with Andium going to the newspaper and saying that their vision is to Millennium Park to be a park, which is not really coming together with the Government's vision that maybe part of this will be a school, without consulting with the Government, does Andium need to be part of the Corporate Asset Management Board that it is looking into schools or the Regeneration Steering Group before they are going with an announcement to the press?

**Director General, Infrastructure, Housing and Environment:**

Yes, I certainly think they should be more a part of the regeneration strategy and Regeneration Steering Group process. The Corporate Asset Management Board process is for us, as a landlord Government property owner, to work out our own domestic needs before we get into the regeneration debates thereafter; that is how I would describe that. We have got domestic property where we have got a lot of needs to manage our own needs into the future; that is our estate strategy on the Corporate Asset Management Board. Once we do not need land or we think we are going to dispose of land, that is then into the regeneration space and that is where Andium should also be as well, to say that we do not have a disconnect between visions really.

**Deputy I. Gardiner:**

Yes, the vision should be a Government vision and States Assembly vision, yes.

**Senator T.A. Vallois:**

Okay, that is enough from me now.

**The Connétable of Grouville:**

Yes, Piquet House was originally earmarked for the Family Court in August 2020. They are now not going to use it. When were Jersey Property Holdings told that they no longer needed it?

**Director General, Infrastructure, Housing and Environment:**

I have got a note on this, if you bear with me, I have asked for a note on this. We have got the Victim Support Unit in there at the moment, I think until 2024. Your question relates to when we were told that the court was ...?

**The Connétable of Grouville:**

It seems to be it was earmarked for the court and because they did not take it up, effectively it has been another 18 months not being utilised. The property itself, I think I am right in saying, it is nearly 10 years since it has been utilised and it just seems to me the decision-making process ...

**Director General, Infrastructure, Housing and Environment:**

Yes, it was on the list for a disposal some time ago.

**The Connétable of Grouville:**

Yes, it was.

**Director General, Infrastructure, Housing and Environment:**

We had a decision in the Assembly not to do that. I am going to dredge my memory a little bit. It probably was earlier in 2021 where the Court Service decided on a different route for the Family Court, which was down at International House. It is a good example of a service reassessing their own business operation and what would work better for them as a department. We were certainly lining up Piquet House for that purpose at that time. It then became vacant. We have a need for another service, which was the Victim Support Service, and I guess it is an example of our estate strategy working in practice. A vacant premises we have a need and we have matched the 2 together in the short term, pending the S.A.R.C. (Sexual Assault Referral Centre) being delivered in 2024. Piquet House will again become free at that point and we have then got to go through a process of assessing it against current need or indeed whether it goes on to the disposal list again.

**The Connétable of Grouville:**

Presumably there is considerable refurbishment going on because it is going to be used by victim services.

**Director General, Infrastructure, Housing and Environment:**

It has had some refurbishment, I believe, yes. I think it is probably in the order of £100,000 or something of that order. I do not think it is full refurbishment by any stretch but I think the bigger refurbishment will be, depending on what we do with it, if we keep it in our ownership for something else and we have got other questions around, for instance, offices for States Members is part of the conversation. If it is going to go to a permanent use we would then look at assessing what its investment would be required for that use.

**The Connétable of Grouville:**

Because it is our understanding that the victim services were the only interested party, States party, of using it.

**Director General, Infrastructure, Housing and Environment:**

Yes.

**The Connétable of Grouville:**

Do you discuss all this at the Management Board or ...?

**Director General, Infrastructure, Housing and Environment:**

Yes, I guess it is just a live process whereby the Corporate Asset Management Board is the receiving point, it is the big end of the funnel, if I can describe it like that, in terms of departments' requirements. The property team are trying to match requirements with available stock, effectively, and if we have an available building there is a bit of toing and froing because you have got this need, will this building suit? That is exactly what happened, I think, at Piquet House, so it meets the need for a short period of time. Then the answer when we have got the S.A.R.C. completed in 2024 Piquet House will be up for grabs again, I think, in terms of that process.

**The Connétable of Grouville:**

But can we be assured that it will not stay empty for another 8 years after that? Because presumably you are going to know by 2024 when it is going to be vacant again and you should be able to either get somebody lined up to take it on ...

**Director General, Infrastructure, Housing and Environment:**

Yes, we either say we are going to line it up and take it on or we make a decision to strategically hold it as an asset. That is always the tricky bit for property because we are holding assets which, potentially, then are seen as vacant because we know something might come down the line that would require something. That is always the tricky part for Property Holdings, if you hold an asset

for a period of time to offset future needs, we then get accused of sitting on empty properties and we should be doing something with it. However, visible properties like Piquet House, I do think that we would need to be really clear what is happening to it in 2024.

**Deputy I. Gardiner:**

I would like to challenge you about the Corporate Asset Management Board and estate strategy work. What considerations were given to the non-ministerial departments and Morier House requirements that were on the table from 2018? We know that the non-mins are not moving into the headquarters, we know that refurbishment was 4 years overdue, we know that States Members ... we do not have any ... when you assigned Piquet House to Victim Support, which I am not telling it is right or wrong, what considerations were given or engagement? Have you asked non-mins what are their requirements since the estate office strategy was clear and not included them?

**Director General, Infrastructure, Housing and Environment:**

Yes. I think that is an open action in terms of what we now do with non-mins now they are not part of the Government headquarters proposal. They were going to be in, now they are not going to be in. If they stay at Morier House clearly there will be property work required at Morier House and investment into that building, so that has got to be programmed and timetabled. To be honest, we will need to assess that, the priority of that investment versus some of the other investments that we have to undertake across the rest of the estate. A lot of our property investment at the moment is very much about legal compliance around fire, water and the like.

**Deputy I. Gardiner:**

But what I am saying, if you are talking about the Royal Square one of the things that would be by default, at least to us, this building becoming ... basically did you go to the States Greffe and said: "This building is now available, do you need anything?" If the question was asked or just because the need from J.P.H. came to you direct there was no need to ask what the needs are around?

**Director General, Infrastructure, Housing and Environment:**

Yes, I guess the first part of the answer is that non-mins indicated it did need it and not having the Family Court there, so there was a part of non-mins did not require it.

**Deputy I. Gardiner:**

Yes, but not other parts.

**Director General, Infrastructure, Housing and Environment:**

We have got some feasibility money to look at Members' offices, so that is a live project we want to talk to the timetable for that with P.P.C. (Privileges and Procedures Committee) about. We have

got some budget set aside to do that feasibility for States Members' offices, which are non-ministerial offices, if I can put it that way, so that is a bit of a live project. Whether Piquet House is a solution for that, it may well be. We are also looking at Hill Street, potentially, again. It is another Government building within the same sort of sphere.

[14:15]

**Deputy I. Gardiner:**

Yes, we need to move to the accounts. Sorry, I have 10 minutes, it was 15, 20 probably. Yes, Adrian.

**Mr. A. Lane:**

I think this is the point where the accounts start to talk to each other, Richard, anyone else to lead if they wish. This is the second year in a row where you have had a principal accounting officer signing the accounts statement who was not the P.A.O. (principal accounting officer) in post during the year. What areas of scrutiny have you seen from the new C.E.O. (Chief Executive Officer), as she has come in to look at the accounts she is asked to sign?

**Treasurer of the States:**

Yes, you rightly point out it is not our first experience of that. We have some experience to fall back on when we found ourselves in that situation this year. Firstly to say it was handover between the 2 chief execs and I understand that will have addressed the key risks in the organisation and the key matters in the organisation. What we also did was do some work with the outgoing chief executive and he was comfortable with the things that we really did not need help to put to the report and then further work with the new chief exec, that is broadly how it is. There were assurances given by the outgoing chief executive to the new chief executive, as there were last time, in order to give comfort and assurance.

**Mr. A. Lane:**

Okay. Having had 3 chief executives in post over that 15-month period, effectively, and signing off 2 sets of accounts, what change in focus have you seen from that level in respect of those documents?

**Treasurer of the States:**

In respect of the accounts?

**Mr. A. Lane:**

In respect of the documents, yes.



**Treasurer of the States:**

In respect of the documents, as you have identified, there is a transition coming at quite an inconvenient time for the accountant in the room with the area of being 31st December. I would say each of the 3 of them approached the responsibilities they have for bringing forward the report in a similar way thoroughly in understanding what is within the report and what they might want to comment about through the chief executive's foreword. I think from an accounting and audit perspective I think that we have seen in the last 2 a far more realistic expectation of how quickly you could do the accounts and performance report for an organisation of the complexity and scale. Mr. Parker was very good in bringing and adding the ambition to bringing the accounts forward. We have seen the success of that through, in particular, Pete's team. We have got ourselves now to a position where I am firmly of the view you cannot do it quicker for an organisation as complex as ours. March is a fairly timely production of a set of accounts for an organisation on the scale of ours. I think you start to trade off some accuracy by trying to do it on a more timely basis. The ambition was set, we have delivered where we are and now it is more focused on the quality, even though there is quite a lot of quality work gone into the process to date and some of the other pieces of work that we need to deliver in terms of consolidation. I will return that question nicely back to a set of accounts and the people who are in accounting.

**Mr. A. Lane:**

You talked to us before about the supporting processes happening every month, the month we close. How is that also progressing in the meantime?

**Treasurer of the States:**

Within the last year and I think reflected, so when I talk about the last year we have set ourselves a target and lived within that target in terms of delivering the reports on a more timely basis. In the past what happened is that we measured that on the basis of whenever there was a meeting that we could take it to either E.L.T. (Executive Leadership Team) or C.O.M. (Council of Ministers). Now we get the report out, regardless of whether there is a meeting. In the past, for example, over the summer period they are in meetings or very few meetings with C.O.M. and, therefore, you could not get the report then. Now we circulate that report and aims because otherwise when they are looking at the report they are looking at the report as a group, they are looking at figures that are out of date, so that has worked well. Do you want to talk about the September close, Pete?

**Head of Group Reporting:**

Yes. Over the last few years we have focused on the September and what we call the hard close but, essentially, going through an interim audit process. But, again, we continued with that in the 2021 process and put a lot of rigour around that process to ensure that it is, in essence, a trial run

and ensures that we pick up any issues that we can deal with in the final close of the accounts. It does weed out anything where we want to spend a bit more time reviewing and has that quality assurance process, so the policy of no surprises coming into a December final close position. That has helped with that and a quality assurance process.

**Mr. A. Lane:**

You are talking there just about the cut of corn on this financials aspect in terms of the close?

**Head of Group Reporting:**

Yes.

**Mr. A. Lane:**

Just thinking more widely then in terms of the performance reporting, what improvements have been made this year in terms of the wider key performance indicators contained in the annual report?

**Treasurer of the States:**

We now include those performance measures within the report. What you will also see is a breakdown, rather than separate reports from departments, by department as well. It is, sadly, a journey but it is currently, shall I call it, comprehensive in terms of what it includes within the performance report. We would still need to mature that further and part of that relates to getting baseline going through and also perhaps finding other places that you benchmark against because that is very difficult, difficult often because of the uniqueness of our particular form of government. There are very few people you can compare it to and as soon as you start comparing it, sometimes either you go fantastic, Jersey is much better, and you do not even look for why there is a reason it is different, and then when it is not you are always looking for the reason, sometimes an excuse, as to why the performance is different. What we would like to see is that benchmark over time and the targets. We have stretched targets so that we can be repeatedly delivering a target that can be delivered and achieved each year. I think the baseline becomes important in terms of the continual improvement. But also I would say probably on the performance measures, and I do not say this from a Treasury perspective, is we are giving much more thought to those performance measures, whereas sometimes we would set them up but then you realise they are very difficult to come to anything other than a subjective view of whether you have achieved that measure or not. Certainly, in Treasury we have deleted some of the 2021 ones because they were very subjective and we have instead replaced them with more objective ones.

**Mr. A. Lane:**

Just to that point around baseline, you have obviously had an extremely odd year in 2020, a somewhat odd year in 2021. How are you thinking about kind of demonstrating that baseline or trend over a period of time in future reports?

**Treasurer of the States:**

On performance, obviously I think it is fair to say in 2021, you are right, we are still interrupted through COVID and disrupted through COVID, but I will say that for some services they were not as disrupted in 2021 as they would have been in 2020, not least for which ... I will call it the lockdown, for want of a better phrase, in 2020. But financially what we have done is we have - I think it might have been a P.A.C. recommendation indeed - taken out the COVID spend from the departments and reissuing it separately for 2020, first spend 2021, in the financial review, so that you can look to see how much money is being spent in those particular areas. Some of the performance data for some of our services will go back beyond but some of it does not. Some of it will go back beyond the start of the pandemic and, therefore, you can see the trend and start to look at where that is in the future. You have also got the Future Jersey outcomes work as well and we should assess ourselves periodically as to whether those outcomes have been achieved.

**Mr. A. Lane:**

Okay, I will come back to that in a second. Just thinking then on just the content of the reports, the C. and A.G. published a good practice guide and self-assessment tool, I think, last year with a view to what you might do with the 2021 report and accounts. Just thinking through those things, what consideration have you given now to the inclusion of sustainability reporting?

**Treasurer of the States:**

I will probably let Pete deal with some of the detail, and let him because he deserves the credit for the high-scoring self-assessment tool that he has applied against the annual report and accounts this year and also to cover off some of the things in respect of sustainability.

**Head of Group Reporting:**

Yes. We did do an assessment of ourselves and I think we scored ourselves 68 out of the 81 points. Obviously, that is a subjective view and we will share that with the C. and A.G. as well separately. What we have looked at is largely a lot of colleagues across the S.P.P.P. Department on policy development that looked at the content of the performance report. It is an evolving piece, as Richard says, and consideration must be given to the long-term development and measurability. We have those comparable years, rather than changing things more frequently and losing mass stability of the comparables. Colleagues have been looking at that in consideration as well to the U.N. (United Nations) Sustainable Development Goals. The performance framework as it stands is not built on the U.N. Sustainable Development Goals but there is obviously a very close alignment to all those

categories and how we can measure those different areas. There is a group set up already within government looking at that with the colleagues that specialise in that area and they are looking at how the recommendations of the C. and A.G. can be implemented in the performance report. We can do that in an evolving way that does not, as I say, destabilise the comparables of our performance reporting. We still have that continuation and we have the links to the Island outcomes indicators so it does not get thrown out entirely, so we have a continuation of a view. There is also looking at consideration of the sustainability reporting as environmental sustainability in that sense. There is work on the Carbon Neutral Roadmap and the work associated with Government decarbonisation on that as well. There is a hell of a lot of work going on in that area at the minute that you would expect across government and that is going to feed into the enhancement of that specific part of the report in 2022 and onwards.

**Mr. A. Lane:**

Just picking up on that multi-year point, do you have any plans to go further back or is that just the data set that you are building year on year as time goes by?

**Head of Group Reporting:**

I think it is largely a forward-looking process, so the ones we have built which we had the foundations we then look forward and build on that to build that data set and then have better performance measures based on that.

**Mr. A. Lane:**

Okay. Just turning to the sort of wider group of entities that form part of the States accounts, the C. and A.G. raised some questions about some observations about the quality of their annual reporting last year. What work is being done with them to now try and improve that?

**Treasurer of the States:**

While some of those related to financial matters, my impression of the report is more of them related to the annual reporting, as opposed to the financial reporting. There are a number of areas that we need to pick up from a financial perspective and have been giving some consideration to. I think the attention of the C. and A.G. in terms of follow-up works very well in terms of them being keen to share that they have improved and I think that is reflected to a degree with many of those arm's length organisations. States-owned entities, I think we are in a fairly good place to start with, as you might expect, with that commercial and corporate focus. But we have some outstanding recommendations to start to address. Do you want to deal with any specific outstanding ones, Pete?

**Head of Group Reporting:**

I think linked to what Richard is saying there is the body that has been set up in government in terms of the Arm's Length Bodies Oversight Board as well that looks at our relationship with all of those arm's length bodies. The annual reporting is part of that and will become a greater part of that. We are building our own baseline and what we are doing as a Government ourselves and setting a standard and then rolling that out through those arm's length bodies. It will be a critical part of the work that that group does.

**Treasurer of the States:**

For example, part of that group will look in particular at the grant agreements that are in place with the hope of improving the quality and consistency of those documents. We can use those documents to require a certain degree of or improvement in reporting and regularity of reporting.

**Mr. A. Lane:**

You said, yes, that there are a number of actions, I think you said. When you started the answer you were saying there is a number of actions you still had in train. Any that are particularly worrying you at the moment?

[14:30]

**Head of Group Reporting:**

I think most of the actions were around that level in the performance report and in the annual accounts from a Government perspective looking at what we include in the funds and is there scope to reduce some of the duplication that naturally comes out of the way that we are reporting on a department basis. Again, does that come under strategic priorities or if there is an opportunity to shift some of where we report that information and we focus the actual performance report and the accounts? Again, leading back to that U.N. Sustainable Development Goals work, I think those are the main crossovers of the outstanding actions that link to those activities and that work is ongoing.

**Mr. A. Lane:**

Okay. Then just the other thing is the development of the accounting framework with those bodies. We have talked for some time about the extension of the consolidation to capture, I guess, all of the entities that are currently accounted for as investments. What are the plans for implementing that now?

**Treasurer of the States:**

Keeping my fingers crossed at this point because we have announced plans previously and we have had some disruption to those plans in recent times. The disruption as it will be this year will give us an advantage going forward, and that is the implementation of I.T.S. (Integrated Technology

Solution), which we will prioritise because it meant a great deal of work to Pete and his team, particularly as experts there. Our plan at this point - we have discussed this elsewhere - is to start the work so that we get good comparables for 2023 with full consolidation by 2024.

**Mr. A. Lane:**

For the 2024 year-end.

**Treasurer of the States:**

Yes.

**Mr. A. Lane:**

Okay, thank you. You mentioned the separation of the COVID spends. If we think about expenditure now, and you have now reported then effectively an underlying cost number and a variable one, how are you thinking about continuing to improve the sort of underlying cost run rate reporting?

**Treasurer of the States:**

Cost run rate? Sorry, I am ...

**Mr. A. Lane:**

Cost run rate reporting going forward. So you have separated out, if you like, exceptional spend. There are other things that you talk about when we come to the efficiencies about one-offs and recurring and that sort of thing. How are you thinking about that in the future in terms of where you show that to the public?

**Treasurer of the States:**

So there is potentially something there to be done around progress against growth spend as opposed to base spend against real spend and we had spend most recently approved by the Assembly. What we do now have in respect of expenditure progression or transparency leading to some headlines and some comments recently around under spend funds, with the corporate portfolio management oversight, we are also going to have the key gateways in there so that we can more accurately assess how projects and capital in particular are running as financial maturity is raised and, in particular, falling out of the I.T.S. We want to move away from, in finance, a fair degree of transactional activity to more value added activity in helping departments understand the drivers for their businesses, for want of a better phrase. There has been quite a bit of work done there in health already and someone that came to work for us for a couple of years was working to try to improve the understanding of the health drivers who were within H.C.S. (Health and Community Services). We need to start doing more of that. We have been rolling out Z.B.B. (Zero Based Budgeting) so that we achieve that aim of understanding better whether the budgets that are

the base budgets which just keep rolling forward every year are still valid. That is probably pushing out more suggested needs for further spend than it is efficiencies but we always knew the prime purpose of it was to validate the spend and that it is appropriate to the services that are delivered.

**Mr. A. Lane:**

We talked about Zero Based Budgeting so you say it is rolling out. When do you expect that it will be done throughout government?

**Treasurer of the States:**

I had previously hoped by the end of the year. I suspect it might fall slightly into the following year now.

**Mr. A. Lane:**

So for the 2023 budgeting run for 2024.

**Treasurer of the States:**

Yes, so that is as we are doing it. If we are setting up a new unit, we use the principles of Zero Based Budgeting to set it up in any case. This is about control of spending rather than ... we have done quite a lot of work with health. We have done some work on treasury and as the structures are established, we do the work and use it there. We have not gone through every single budget across the States though.

**Mr. A. Lane:**

Do you have a feeling for what coverage you now have?

**Treasurer of the States:**

Pardon?

**Mr. A. Lane:**

What coverage you now have.

**Treasurer of the States:**

I would not want to put a number on it as a percentage of spend but as we have been through health, probably quite a large one.

**Mr. A. Lane:**

Quite a ...?

**Treasurer of the States:**

Quite a good one as opposed to a lesser number as a percentage of the number of departments.

**Mr. A. Lane:**

All right, okay, it will be interesting to hear about that in the future I think if there is progress there. Just going back to the disclosures maybe in the accounts, you separate out your COVID spend. Are you able to separate out the COVID related headcount impact?

**Treasurer of the States:**

I am sure with a bit more analysis, we could do so I think, yes. I do not have the answer in front of me but I believe that would be possible.

**Mr. A. Lane:**

Okay, so there is no plan to include that sort of disclosure going forward at the moment?

**Treasurer of the States:**

Well, I am very much hoping that, by the time I am sat here in a year's time, we are no longer talking about considerable COVID spend.

**Mr. A. Lane:**

Yes. Inna, I need to ask if it is okay for you to stay an extra 10 minutes.

**Deputy I. Gardiner:**

However time.

**Treasurer of the States:**

Why not?

**Mr. A. Lane:**

When you are enjoying yourself so much. Just looking at the stuff from costs, we do see obviously a 5 per cent increase in staff costs year on year. I suspect that is before the impact of inflation has taken hold which will sharpen next year's numbers. How are you seeking to manage that increase in staff costs against the need to deliver efficiencies and rebalancing?

**Treasurer of the States:**

So that number is, of course, net of the delivery of the rebalancing totals that are built into the plan. I would say that some of that obviously does relate to COVID and is temporary and I would be hoping to see at the end of the year, or I would be looking to see at the end of this year, the impact of COVID



on headcount reducing. Of course, there will be areas where COVID will lead to headcount that is needed in the future. That is one of the learnings that has come out the pandemic experiences which is a need to have more public health experience and capacity so that is an area for, if you like, permanent investment that is needed. What I would say is that the majority of growth in headcount you see is directly attributable to the investment made in services through the Government Plan process so it is visible upfront where the majority of that is. I do not think I am saying anything new. I think the interim chief executive previously, when we are talking about investment in services, seems to be heavily staff focussed and when we are talking about rebalancing, seems to be somewhat light on savings that come from reductions in headcount historically.

**Mr. A. Lane:**

Okay. Sticking with the theme of COVID for a second, you have a number of monies paid to individuals and businesses under the co-funding schemes and other schemes where you will start to seek recovery. Do you have a timetable now for when you expect to recover those funds?

**Treasurer of the States:**

So Ministers have approved repayment out to 2 years for those amounts and in individual cases where there is either a large amount and/or particular risk of financial hardship, that can be extended to 5 years.

**Mr. A. Lane:**

Did you make any provisions in the accounts for potential write-offs against these amounts?

**Treasurer of the States:**

No, not at this stage. Our position is the majority of that should be recovered and recoverable.

**Mr. A. Lane:**

Okay, so do you expect to recover the vast majority of that?

**Treasurer of the States:**

Yes.

**Mr. A. Lane:**

Okay, I have one other question just on asset values and specifically about the Le Catillon II Hoard. So that is included I think in the annual report and accounts at the acquisition price. Have you got yourselves comfortable that the acquisition price represents an appropriate value in the accounts?

**Treasurer of the States:**

The short answer to that is by contemplating for quite an extended period of time when asked to do so. So from the perspective of discussions I had with both sides of this transaction that the hoard was available for sale at ... and I will call it roughly the £4 million sum and not available at the lower sum that we quoted by one of the valuations, that sum is then supported by at least 2 of the 3 valuations undertaken. So giving it long consideration, we are currently comfortable. We also discussed this with the auditors before giving our view who will give their assessment. Of course, it is our decision and we had ongoing discussions about that before the audit and through the audit to satisfy themselves that they are happy. Would you like to talk about the accounting policy under which we assess it?

**Head of Group Reporting:**

Yes, so I think, as Richard says, we went through a long discussion on this but consideration was largely focussed around the fact that the Crown would only accept that value so, essentially, that value was determined as the market value for the hoard. So that was the fundamental basis for the valuation being held at that basis. It is held as a heritage asset so it is not going to be revalued. It is held at that value and kept in that value in the books and will be on an ongoing basis.

**Treasurer of the States:**

So held at cost, in other words.

**Head of Group Reporting:**

Yes.

**Mr. A. Lane:**

But presumably you will have to get ourselves comfortable that the valuation remains supportive in future years and that would be absent a recent sale.

**Head of Group Reporting:**

I think we have discussed that with our auditors. The auditors' advice is consistent in that they would not expect to have to revalue the asset. They are comfortable that it is held at cost. The nature of the asset is we are holding it for the benefit of the Islanders and there is no intention to sell the asset so there is no ongoing future market value, in essence.

**The Connétable of Grouville:**

Did the Treasurer say there were 2 other valuations?

**Treasurer of the States:**

Off the top of my head, yes, there were. There was the original valuation and at least one other and not 2 others that has come back on that, yes, but they were in excess.

**The Connétable of Grouville:**

They were in excess of what was paid?

**Treasurer of the States:**

Yes.

**The Connétable of Grouville:**

Thank you.

**Mr. A. Lane:**

Performed by third party independent valuers. If we just turn to the audit for a second, we talked last year about some concerns raised by Mazars about the lack of supporting documentation on some of the journals raised or the availability of the documentation. Have you addressed that for this year?

**Head of Group Reporting:**

So some of that is a limitation of the way in which our systems work, unfortunately, so we do not have inbuilt controls around general approvals in our financial systems, hence, the kind of technical points around it. So part of the work that we are looking at on the I.T.S. and the replacement financial system is it is a new modern system, it has those controls inbuilt and that is one of the key controls that we are looking at in the development of that new system. So that was one of the fundamental elements of the point raised by Mazars is having that physical and consistent system-based control around journal approvals. In terms of the support, the argument made was so there are 2 sides of it in terms of the support that was provided for the balance in the accounts and the nature of the transactions not directly associated or attached to the journal that created that balance. So, for example, the journal posted to create the estimate that is used for the personal income tax accrual, the documentary evidence is attached to the balance and the value of that accrual and not the journal that has been posted, so there were lessons learned around that.

**The Connétable of Grouville:**

It is a technical point or a sort of efficiency point more than a lack of controls point.

**Head of Group Reporting:**

Yes.

**The Connétable of Grouville:**

Okay, can we just pick up on the efficiencies then please? So I think you are calling now a carry forward of £4.5 million efficiencies so £32.2 million have delivered against a £35.5 million target of which £1.5 million was not a one-off basis. So how do you now intend to resolve catching up on those efficiencies?

[14:45]

**Treasurer of the States:**

I suppose the first point to be made is that the target for 2021 including £15 million carried forward from 2020 gives me some confidence that we can deliver a far less sum on that basis and indeed E.L.T. are discussing how that happens. The majority of that money will be locked into budgets, as is already the case, for the department to deliver. I do believe that the targets will become more difficult to achieve into those future years but we monitor it at E.L.T. level regularly. Just to come back to the question on valuations, 2 were done by the T.V.C. (Treasury Valuation Committee). They were beneath and the other one was in advance but they were about £2 million above the value we paid and there was some work done, I believe, on assessing that valuation. There was not another valuation done. There were 2 done by the same one and a second one, if you like, but with some work. A third valuation was referred to on the second higher valuation.

**Mr. A. Lane:**

So there was a debate about whether the lower valuation was valid.

**Treasurer of the States:**

There was a debate clearly between some in government who held a view, and it is well documented through letters between A.O.s (accountable officers) and Ministers. Without wanting to go into that in too much more detail, it is documented. The letters were of public record.

**Mr. A. Lane:**

All right, thank you for that. I am going to just run forward. I have a couple of other questions, so one is around the performance reporting. So you have mentioned a couple of times departmental performance reports and I think, clearly, there is a balance between asking for more and getting that more in a form that lends itself to understanding by the public. How are you going to mitigate against the risk of the performance reporting that becomes disaggregated over time and not available in a sort of central simple record?

**Treasurer of the States:**

Plus the majority of the performance reporting is now in this document. There are progress reports held elsewhere but on a similar place on the website so you can access the different reports that were delivered either during the year, be it the half-yearly financial and update against the business plan or the quarterly performance figures that are put out on the website.

**Mr. A. Lane:**

Okay, so it is the linking through that website to basically consolidate it.

**Treasurer of the States:**

Yes, and there are links in the electronic recorded accounts to other places as well and I am sure you have read them all, yes.

**Mr. A. Lane:**

Okay, Richard, I am going to ask you the question that you will really love from me now which is the accounting standards do not require you or they do not permit you to record a large liability for the States which is the payment of pensions to citizens accrued over time for various reasons. How do you think about the overall solvency of the Government's position currently reported as an £8 billion net asset when you bring that number into account and, particularly how that number might change over time as we move into the high inflation, high interest rate world?

**Treasurer of the States:**

So referring here to the accounting for the state pension and the future moral, if you like, liability that is formed by that, obviously pension schemes were established at a point in time without being fully funded in the way that you would fully fund or aim or be required by regulators to fund an employee pension scheme. In a more simplistic way of looking at it - and I will qualify that in a minute - current pensions are essentially paid out by funds that are being paid in now and that was the way in which the pension scheme was started in the first place. The pensioners that were created when the scheme was first put in place were being funded by the people who put funds in at this point in time. We are, I would say, fortunate, thanks to the foresight put in place through increasing the contribution rate above that required to break even, that we have probably 6 to 7 years of assets within the pension scheme which is not the case in most other places. Most other places do fund state pensions on an entirely almost pay as you go basis similar to income support or anything like that. So I do view that potential liability into the future differently. I understand where you are coming from. If it was an employee scheme or a private sector scheme, we would have to be thinking about the liabilities from that. We do do actuarial valuations and actuarial reviews of the schemes that will tell us how long the funds will pay out from but, as you correctly say, from an accounting standard perspective, it would not be appropriate to include those liabilities.

**Mr. A. Lane:**

When you talk about the assets, it is the bulk of the social security fund that represents the assets of £2.2 billion or whatever the number is.

**Treasurer of the States:**

Yes, £2.3 billion.

**Mr. A. Lane:**

That is currently 6 to 7 years and that is the number we should track going forward as a multiple of payments.

**Treasurer of the States:**

Yes.

**Mr. A. Lane:**

Okay, I will stop there. If we could follow-up with some written questions, that would be very helpful.

**Deputy I. Gardiner:**

Yes.

**Treasurer of the States:**

We could stay for another 10 minutes. Andy is enjoying himself.

**Director General, Infrastructure, Housing and Environment:**

I am learning lots, Richard.

**Deputy I. Gardiner:**

Thank you for your answers. Thank you for your time and thank you for the extra time.

[14:51]