

Thursday 21 June 2018

RESOLUTE ACTION AND CONSISTENT BUY-IN REQUIRED TO SECURE IMPROVEMENTS IN PROPERTY MANAGEMENT

Comptroller and Auditor General issues latest report

Comptroller & Auditor General (C&AG) Karen McConnell has today, 21 June 2018, published a report on Operational Land and Buildings.

The C&AG has undertaken a review of the effectiveness of arrangements for the strategic management of operational land and buildings. The review covered land and buildings included within the States accounts other than those held by Andium Homes, Ports of Jersey and the States of Jersey Development Company. The States have a portfolio of over 500 operational properties valued at over £1 billion. Most operational land and buildings are managed by Jersey Property Holdings (JPH) which has an annual budget for maintenance of almost £12 million.

Karen McConnell concluded that operational land and buildings were not being managed efficiently and effectively across the States and that many of the objectives set for Jersey Property Holdings when it was established in 2005 had not been achieved. She makes wide ranging recommendations aimed at ensuring that the States' property management is fit for purpose.

The report identifies the key priorities as:

- establishing a comprehensive property strategy;
- establishing a corporate group to lead strategic asset management;
- establishing clear criteria for assessment of competing proposals for capital expenditure;
- setting a timetable for completion of a rolling programme of property reviews;
- utilising the new asset management system to best effect;
- undertaking and using the results of an up to date condition survey;
- using KPIs as an integral part of property management; and
- implementing a consistent approach to internal charging for property that incentivises users appropriately.

Karen McConnell said:

“Over a decade ago the States recognised that they had not managed operational land and buildings effectively and responded by establishing JPH. However, many of the objectives set for JPH have not been secured and as a result the benefits of strategic management of property have not been realised. I am concerned, for example, that the proposals for a new, fit for purpose, main office building for the States, although backed by a compelling business case, took too long to develop and have stalled due to lack of an agreement on funding.

“I am also concerned that, despite highlighting the problems arising from the absence of a property strategy in my 2013 report *Management of Major Property Transactions: Learning from the proposed acquisition of Lime Grove House*, a strategy is still not in place.

“There is no single reason why the benefits expected from changing the way in which property was managed have not been achieved. However, establishing a corporate operation in an organisation that was not committed to corporate working presented substantial challenges to implementation. The move to a new corporate way of working, following the adoption of the Machinery of Government (Miscellaneous Amendments) (Jersey) Law 2018 and the implementation of the Target Operating Model proposed by the Chief Executive, should provide an environment where it is easier to drive home the benefits of corporate management of property.

“My findings and recommendations have been positively received by officers and I anticipate prompt and effective changes in this area as the States modernise.”

The report will be available on the Jersey Audit Office’s website from 0930 on Thursday 21 June at (www.jerseyauditoffice.je).

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Notes to Editors:

- The Office of Comptroller and Auditor General ('C&AG') was established in 2005 and operates under the Comptroller and Auditor General (Jersey) Law 2014
- The remit of the C&AG includes the audit of financial statements and wider consideration of public funds, often expressed as 'value for money'
- Karen McConnell was appointed in 2013 and the term of office was extended in 2014 to December 2019
- Formerly of the UK Audit Commission ('the Commission'), Karen held a variety of senior positions, including leading the Audit Practice
- The Office of Comptroller & Auditor General is known as the 'Jersey Audit Office'
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- Other press releases/ statements may be made on an occasional basis and not necessarily dependent upon the publication of a report. They will be subject to the same embargoes where set
- With any report issued, the opportunity is available for members of the press to request factual clarification, by email, of points contained therein
- Any comments made additional to any reports, will be included within any press release(s) as issued by the Jersey Audit Office, in the form of a quotation by the C&AG. These comments will be available for publication; but there will not be any supplementary live or pre-recorded interviews offered or undertaken by either Karen McConnell or the employees of the Jersey Audit Office
- The C&AG is prepared, on an occasional basis, to provide articles for publication in the local media, following a specific request and consideration of the relevant topic
- All public information, including press releases and reports, are accessible on the Jersey Audit Office website at www.jerseyauditoffice.je

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