

2.10 Deputy R.G. Le Hérisier of the Minister for Treasury and Resources regarding the total cost of the negotiations for the purchase of the Lime Grove House building:

What was the total cost of the negotiations for the purchase of the Lime Grove House building and who was in charge of these negotiations at civil service and political level?

Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

The negotiations for Lime Grove House involved a range of activities, including valuations, building, structural surveys, architectural design, cost advice and support in the negotiation process. I have already explained that the total costs are in the region of £100,000 some of which, of course, will not be abortive costs as they relate to another building or another site. Until early in November 2010, the negotiations were the responsibility of the Director of Property Holdings. After this date, the Chief Executive of Resources took over responsibility for the negotiations but I am, of course, ultimately politically responsible.

2.10.1 Deputy R.G. Le Hérisier:

Could the Minister outline the circumstances - for example, an adverse Scrutiny report - under which he would feel that the consequences were such that he would have to resign? Could he outline that scenario?

The Bailiff:

No, that is a hypothetical question, Deputy. [Laughter]

Deputy R.G. Le Hérisier:

Could the Minister resign? [Laughter] Immediately?

The Bailiff:

You can ask him that.

Senator P.F.C. Ozouf:

I hope not. I am being held accountable and I am more than happy to be held and I am delighted that Scrutiny are doing a report. I hope they are going to be and I have got no doubt that they are not going to be other than entirely fair and balanced, although their questioning has been interesting to say the least in relation to some matters. I am responsible for safeguarding public money. This Assembly wants Ministers to be tough and I almost lifted the lid on an interesting case study of where a Minister is pressured to sign something but is not absolutely happy and I was not absolutely happy. I am not absolutely happy. I am not happy with the performance of property matters in the States and I am doing something about it. That is what this Assembly expects Ministers to do so, no, I am not going to resign. My track record is making fast decisions, making good decisions and my track record is saving tens of millions of pounds, not wasting it, which I have not done on this occasion.

2.10.2 Deputy P.V.F. Le Claire:

The Minister says he is not happy. Has he spoken to the Minister for Home Affairs to see how his mood is today?

Senator P.F.C. Ozouf:

It is a little uncomfortable when another Minister, for whatever reason, is attacking you in public. I did speak to my good friend, the Minister for Home Affairs. I am sad he is not here to smile at me at the moment but we have enjoyed some robust discussions in the Council of Ministers on lots of issues and I want to find a solution for him for the police. He knows that I believe that we should have found the police relocation solution years ago, not just in the last 6 months, but years ago. It has gone on for far too long. He has my absolute commitment to do so and I am sure we are going to by working together, by working as a team, not using political issues against each other, we can work together and find a solution. I have put together a steering group. I am going to invite the Minister, the Assistant Minister, under the chairmanship of my Assistant Minister. I will join if appropriate in order to have a steering group, with weekly meetings to sort this issue, deliver a project within budget and value for money that the public are going to agree with.

2.10.3 Deputy D.J.A. Wimberley of St. Mary:

I shall leave to one side the Minister's claim that there is a track record of fast successful decisions, which might be questionable. I want to ask the Minister about the timeline. He repeats again and again October 2010 he was presented with a business case. That is what he said in answer to the first question and in answer to the second question on Lime Grove House: he was first presented with a business case formally in October. I would like the Minister for Treasury and Resources to tell Members whether that business case in October was the first he knew about this and if not, can he fill in Members as to what the timeline was about his awareness of this project?

Senator P.F.C. Ozouf:

There is a detailed set of evidence from Scrutiny which has been put forward. There is a lot of information that has been put to the Scrutiny Panel in relation to this issue. There is a detailed timeline. I was originally made aware of it I think in the middle part of April, or early May, I was originally being briefed as to the fact that this was an option but I certainly did not have a business case to justify a purchase of Lime Grove House. The most important point is that an offer was made for Lime Grove House without the accounting officer's and without the Minister's knowledge. I do not think that that is good communication. It is just not the right thing to do in shared decision-making. In relation to the ultimate near completion of a Ministerial Decision, one was drafted in October, that is what I am talking about when I speak of October, when a Ministerial Decision was drafted but not authorised by the accounting officer for signature because he was not satisfied with it and we were both, I think, right not to sign that transaction. We would now be faced with a massive overspend and a project on a dual site which could not meet the budget. Frankly, Members would criticise me, quite rightly, for all of those issues.

2.10.4 The Deputy of St. Mary:

Supplementary, if I may. The Minister says that he was briefed on this as an option. Can I just ask what sort of questions he asked at that point or whether he just smiled and said: "Oh, well, that is all right then, carry on"?

Senator P.F.C. Ozouf:

Most certainly that is not my normal work. In fact, I asked questions and got increasingly frustrated. On 14th July 2010 I sent an email saying: "Following our meeting this morning I just want to confirm what my expectations are in relation to

the property plan. A commitment has been given to issue an office strategy to the States by the beginning of the summer recess. This should be prepared for circulation by at least the close of play next Thursday. The property plan I have seen is not sufficient and defensible and I am not prepared to sign it. The plan needs to be strengthened in terms of its implementable proposals with an appropriate timescale for execution. I wish to formally record that the development of an office strategy has taken far too long. My political reputation is on the line and I need you to deliver me something which I can sign-off and defend. It is important that it is delivered so that I can regain confidence in Property Holdings.” Those are circumstances in which ... is an example of me asking difficult questions and rarely, for me, recording something in strong terms to a department that is not performing.

2.10.5 The Deputy of St. Mary:

With respect that is nothing to do with Lime Grove House, it is to do with the property plan. My question was when the Minister was briefed about this option being pursued, what kind of conversation then ensued or did he nod and say: “Carry on”?

Senator P.F.C. Ozouf:

No, I did not nod and say carry on, that is the point. It is that I was being faced with an enormous property plan with a whole of web of complex property transactions, including the sale of South Hill immediately, within 12 months, a whole plan that frankly should have been braced. What I said to the department is: “Please break this down into manageable chunks that can be worked on with a financial appraisal and a delivery plan.” I was getting tired of delivering with very well-intentioned, probably very good feasibility studies of an overall plan that was not able to be delivered. Indeed, somebody has suggested to me in evidence in the work that we have done that the problem with Property Holdings is they had a fantastic plan up there but it was not brought down into individual component details that could be agreed. The track record is that nothing was really delivered, lots of talk about big plans but no individual projects delivered and that is what concerns me and I am trying to move on to.

2.10.6 Deputy A.T. Dupré of St. Clement:

I seem to remember before I was in the House that there was a discussion that the Police Headquarters was going down to the Esplanade Quarter, whatever happened about that?

Senator P.F.C. Ozouf:

The Deputy is right, that was the bomb-blast wall option, which was going to be at Esplanade Square; that was an enormous complex down on the Waterfront which was then aborted later on in relation to being a viable option. There have been all sorts of plans for the police. I want to find a site that it is capable of delivering our valued police a suitable site that is within their budget from this Assembly. This Assembly sets a budget and expects it to be lived within and that is what I am going to do. I am going to find a site. I am not going to release the options that are in the process of discussion at the moment but I am confident that something can be done within the budget.

2.10.7 Deputy A.T. Dupré:

Supplementary. We seem to be putting more and more flats down there. Why are we putting more flats down there when we ...

Senator P.F.C. Ozouf:

I think the Deputy does make an important point. But certainly the additional costs on land that one owns are going to be less than having to buy more land and so I think a very remote reserve option is the Esplanade in the terms of an alternative for Lime Grove House. It is probably cheaper than some other options but I am confident and can say to the Deputy that I am confident that we have 2 short-listed sites now that will deliver a single police station on the ring road within the budget, which will be operationally efficient and the public will say: "That is a good decision" and that will be delivered within the appropriate timescale.

2.10.8 Deputy M. Tadier:

We are getting a lot of questions, not many answers so maybe the Minister would like to answer this. Would he agree that, essentially, this is not about bad communication, it is simply a case that the Minister thought he knew better than the professionals who were handling the job. He thought that the price that he would seek, rather than their price, would be better and that was the price which got rejected. Therefore, he should take responsibility for it rather than obfuscating mentioning October, confusing States Members with timelines and say that the offer that he put in, second-guessing professionals in the Jersey Property Holdings who are of the utmost quality in my experience even though they cannot always deliver what we want for political reasons. This was the real reason and the Minister must accept responsibility that he caused this transaction to fail.

Senator P.F.C. Ozouf:

No, no and no again. The offer was made without an independent valuation. There was no information to the Minister. It was on a business case that could not be delivered. If I am to be challenged on effectively trying to save money then, frankly, challenge me because I am more than happy to be tough in relation to the use of taxpayers' money. It is a strange state of affairs that I am being held to account of being difficult to ensure that we get the best value for money on a transaction that would have been one of the biggest property transactions that the States have ever made. I do not believe that the States should be buying more property. I do not believe that we should be competing with financial services and I do not believe that we should be paying financial services' prices for our offices. We have got enough land and we should be building on our own land. If I have been tough then fine but ultimately we will deliver something that is better within a reasonable timetable and is affordable. I wish the new lessees of the Lime Grove House building every success in their relocation, which is a great statement of confidence for Jersey too.

2.10.9 Deputy M. Tadier:

May I have a supplementary? The Minister is basically guilty of cognitive dissonance I think is the only way to say it. He is trying to tell us that he does not agree we should be buying property but he was the one who made the announcement in the States only a few months ago backing the idea to buy the Lime Grove House property. So will he confirm that the reason that Lime Grove House has fallen through is not because of a political ideology that we should not be buying it but because there was ... I cannot say that word, but a mess up, shall we say, in what should have happened. That is the reason, it is not ideological; it is not because we should not be buying

property because the Minister, himself, only a few months ago was backing this transaction.

Senator P.F.C. Ozouf:

I was backing this transaction up to a certain amount of money and when there was certainty that we were going to buy a building that did not have attendant risk in terms of the costs of basically putting it up to 100 per cent, the state that it should have been bought. If that is a problem for the Deputy, then fine, but I am afraid I have got a job to do and I think the Deputy and other Members would have made the same decision. I do not believe that the States should be buying investment property at investment prices. We should not be paying for our own covenant, for our own leases on buildings. It is a flawed argument. Why on earth should the States be buying the valuation of a property with the benefit of a 21-year lease with a blue chip financial services entity? It is absolute madness. I was agreeable at a certain price.

The Bailiff:

Very well. Senator, I must ask you please to keep your answers as concise as possible. We still have several more questions on this topic.

2.10.10 The Deputy of St. John:

How many feasibility studies have been carried out on any proposed site for new Police Headquarters please and at what cost?

Senator P.F.C. Ozouf:

Too many, over far too long. I am hopeful that we are now going to find a solution. I think there were 24 sites that were originally looked at but not as a full feasibility study. There have been 2 or 3, the bomb-blast wall option, the Sacre Coeur in issue. Yes, it has been far too long hence my frustration, I say to the Deputy. Just how much time has being put in place on highfalutin feasibility studies and we still have not got anything. We have not got office rationalisation. We have not got a new Police H.Q. We are not delivering social housing and we have got no solutions for health care properties. We need to do something and I am getting on and doing it.

2.10.11 The Deputy of St. John:

The supplementary; the core styles of all these feasibilities studies over the years?

Senator P.F.C. Ozouf:

I would like to spend... I am very happy to serve the Scrutiny Panel in terms of the questions they have asked and to answer Members' questions this afternoon but we need to move on. We need to spend the time on finding a solution rather than constantly revisiting the ...

The Bailiff:

Do you have the costs, Minister, or not?

Senator P.F.C. Ozouf:

No, I think I have explained that. It is over years.

2.10.12 Deputy R.G. Le Hérisier:

Would the Minister not concede that the incredible concentration of power he has been in charge of - property, human resources, I.T. (Information Technology) - is at

the heart of this problem? That he is trying to do too much and that there do not exist, within his Ministry, the right checks and balances.

Senator P.F.C. Ozouf:

I think the concentration of power is an important one because there was, as Clothier set out, as the Deputy will recall, the setting up of a Treasury and Resources Department, there is a clue in the title. Resources were, until recently, part of Chief Minister's Department. There was not a joined-up strategy in relation to dealing with it. It was only until the appointment of the Deputy Chief Executive that a single point of responsibility for resources was put in place.

[16:15]

I think that there has not been the sufficient progress on dealing with the resources issues and each of the resources departments has had problems. We have had to do lots of work with Procurement. We have got to do lots of work with I.S.D. (Information Services Department); our H.R. (Human Resources) needs to be improved, quite apart from Property Holdings. So I have been given a very difficult set of issues, a concentration of difficult issues which we are making significant progress on. At the heart of modernising the public sector and delivering better value for money and serving departments properly of their I.T., H.R. and property needs which has not been the case in the past but significant progress has been made in recent months which I am very pleased about.