# STATES OF JERSEY

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# ANNUAL BUSINESS PLAN 2007: PROPERTY PLAN

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**Lodged au Greffe on 6th March 2007**
**by the Chief Minister**

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**STATES GREFFE**

# PROPOSITION

**THE STATES are asked to decide whether they are of opinion** −

to approve the Annual Property Plan for 2007, including the schedule of properties recommended for disposal in 2007, as detailed in Appendix A.

CHIEF MINISTER

## REPORT

### Introduction

This report has been slightly amended and updated since first published as part of the draft States Annual Business Plan 2007. The States decided to refer the Property Plan to the Public Accounts Committee for a report and defer debate of the Plan until after the presentation to the States of that report. The Public Accounts Committee presented its report, P.A.C.1/2007, to the States on 13th February 2007. The Committee –

> '… *recommends the 2007 Property Business Plan for approval by the States as a step towards the achievement of:*
>
> *(1) effective property management,*
>
> *(2) efficient departmental management,*
>
> *(3) maximisation of the value of the States property holdings.'*

The full text of the Committee's report is attached as Appendix B.

From 1st January 2006, the Property Holdings division took over responsibility for States land and property other than Social Housing and that managed by States Trading Operations. This portfolio has been conservatively valued at £1.6 billion, which represents an investment of some £18,000 for every person on the Island.

The Property Plan for the period to 2011, incorporated into the States Strategic Plan that was approved in June 2006, contained the following key objectives –

- Meet the current and future property requirements of States services in order to improve performance;
- Ensure that property is used, managed and maintained effectively;
- Acquire assets only when to do so makes a contribution toward achieving States strategic or business objectives; and
- Dispose of, or extract better value from, property that is not contributing satisfactorily toward service delivery or the achievement of States objectives.

The States Strategic Plan also identified a number of properties for disposal in 2006 and a further list, in principle, for 2007. A schedule of properties identified as surplus to requirements, and proposed for disposal in 2007, is included in the accompanying Appendix A. Future States Business Plans will update the position on an annual basis and seek the approval of the States to disposals and any proposed acquisition of land and buildings.

It is intended to publish a revised and more detailed Strategic Property Plan toward the end of 2007.

### Budget position and savings targets

The overall revenue base budget position for Property Holdings has yet to be finalised. For clarity, Property Holdings revenue budget as shown in the 2007 Business Plan includes funding transferred from those areas where agreement to transfer budgets to Property Holdings has been obtained. Other budget transfers from States departments into Property Holdings, representing relevant maintenance and other property related sums, will take place during 2007.

It is anticipated that, once the budget transfer position is completely resolved, the revenue budget for Property Holdings in 2007 will comprise expenditure of some £11.3 million and income of some £6.3 million, giving a ne cash limit requirement of around £5 million. **This is not new funding – it merely represents a reallocation of property-related budgets, which were previously allocated across States departments.**

Property Holdings is charged with delivering a significant proportion of the States' overall savings targets to

2009. The savings comprise two distinct elements –

- Revenue efficiency savings targets rising to £1.5 million a year by 2008, when compared with the base 2005 budget position; and
- Annual net capital receipts targets rising to £4 million a year by 2009.

Revenue Savings

The build-up of revenue savings targets from Property Holdings is shown in Table A below–

**Table A – Property Holdings Revenue Savings Targets**

| | 2006 £'000 | 2007 £'000 | 2008 £'000 | 2009 £'000 | 2010 £'000 | 2011 £'000 | 6Year Total £'000 |
|---|---|---|---|---|---|---|---|
| Annual Additional Savings Targets | 400 | 500 | 600 | – | – | – | |
| **Cumulative Impact on 2005 Base Budget** | **400** | **900** | **1,500** | **1,500** | **1,500** | **1,500** | **7,300** |

The revenue savings represent a reduction, against the anticipated gross expenditure position of £11.3 million, of around 4.5% in 2007 and a further 5.5% in 2008.

At this early stage, particularly without having finalised the span and scope of Property Holdings operations, it is not possible to provide definitive proposals as to how the revenue savings targets will be achieved.

To provide a framework for achieving the necessary base budget reductions, the following areas identified in Table B below have been targeted for further analysis –

**Table B – Targeted Allocation of Property Revenue Savings**

| | 2007 £'000 | 2008 £'000 |
|---|---|---|
| Procurement | 300 | 300 |
| Staff Savings | 70 | 130 |
| Other Operational Savings | 130 | 170 |
| **Total** | **500** | **600** |

In addition to the targeted areas, as Property Holdings becomes a mature organisation it will achieve performance benefits from improved strategic management, better utilisation of the estate, more effective management of capital projects, collaboration over service delivery, a single point of authority and expertise and broader opportunities for property people.

The proposed development of an asset rental system in 2007, to be fully implemented for 2008, will be initially 'budget neutral' as the income received into Property Holdings will be offset by corresponding adjustments to departments' expenditure allocations. However, identifying the true cost of occupying property will improve enormously statistical and management information on the cost of operating services, providing real incentives to shed surplus property.

The charge will form a significant proportion of the controllable base budget. It will promote the review of the use of assets as departments attempt to reduce costs to meet efficiency savings targets or employ financial resources to higher priorities. The review process will identify expensive sites and equipment, by providing a more realistic figure for the cost of holding and maintaining property.

The procurement and successful implementation of an integrated property management system in 2007 is a pre-requisite to achieving these objectives.

Net Capital Receipts

In pursuing its primary objectives of more efficient and effective use of States property assets, Property Holdings will identify properties that are not contributing optimally to the delivery of priority services. This may be through under occupation, high maintenance costs, inappropriate size or location, or a number of other factors.

Having identified such properties, Property Holdings will determine an appropriate future use, which may be alternative in-house use, short or long-term lease to a third party or disposal. The net capital receipts achieved from disposals will initially be received in the Acquisition of Land (Major Reserve) account from which annual allocations in accord with the targets below (Table C) will be made to the Consolidated Fund. The value of capital receipts in any one year will not necessarily match the annual allocation targets, which are incorporated in the States financial planning process – in the first 2 years receipts are expected to be greater than the annual allocation.

It is intended in 2007 to seek approval from the States for Property Holdings to be established as a States Trading Organisation. If this approval is gained, capital receipts will be credited to that organisation’s Trading Fund and a corresponding adjustment will be made to reflect the reduced call on the Consolidated Fund to provide for capital maintenance and redevelopment.

The amount to be raised from the sale of surplus assets will be dependent on a number of factors, including availability, current market situation and legal or other impediments, in addition to approval at a strategic level in the States Business Plan and at a detailed level by the Minister for Treasury and Resources.

It is anticipated that net capital receipts of £15 million will be achieved in the period to 2011, on the basis shown in Table C below –

**Table C – Targeted Property Net Capital Receipts**

| | **2007 £’000** | **2008 £’000** | **2009 £’000** | **2010 £’000** | **2011 £’000** |
|---|---|---|---|---|---|
| Annual Net Receipts from Disposals | 700 | 2,300 | 4,000 | 4,000 | 4,000 |
| **Running Total** | **700** | **3,000** | **7,000** | **11,000** | **15,000** |

**Organisational Structure and Implementation**

Structure and Governance

The organisation is established as a division of the Treasury and Resources department, along with the Treasury and Income Tax divisions.

The Director of Property Holdings, who is the designated Accounting Officer, reports directly to the Treasurer of the States and, through him, to the Treasury and Resources Minister (who has delegated responsibility for property to the Assistant Minister).

A Property Board, representing the principal States departments receiving property services, will be established in 2007 to monitor the performance of Property Holdings.

If approval is gained to become a trading organisation, this will provide a more appropriate level of flexibility to deal with the management and allocation of income and expenditure, and an accounting vehicle which is more suitable for Property Holdings activities.

The organisational structure of Property Holdings has now been established and comprises three principal service sections –

- Design and Maintenance: All services associated with the design, construction and maintenance of buildings.

- Property Management: All professional property and estate management services.

- Finance and Strategy: All high level financial services; all aspects of property strategy (including the asset management process), 'client' management of the capital building programme and securing of development input to the work of the organisation.

Each section is headed by an Assistant Director, who, together with the Director, forms the internal Senior Management Team.

The service delivery sections are supported through a directly employed (contract or secondment) change manager and administration staff as well as finance, human resource and ICT services delivered through the relevant central bodies.

Implementation Timetable

A comprehensive implementation programme, containing several specific work streams, has been produced to transfer appropriate responsibilities for property from individual departments to Property Holdings and to develop experience, knowledge and efficient methods of working.

The main streams of work are –

- Implementation of Organisation Design

  Implementation will continue through 2007 but certain core areas are now established. The Health and Social Services property functions are likely to be the last to be transferred in the second half of the year.

- Develop Asset Management Process

  The Strategic Development team will undertake research, produce guidance and work with departments in the production of departmental asset management plans and a States of Jersey asset management plan. Review of major sites identified in the Property Plan will commence. This work will form the basis of the revised Strategic Property Plan to be produced by the year-end.

- Procurement

  The implementation of a procurement strategy to deliver identified efficiency savings across Departments, followed by the development of procurement processes to meet both medium and longer term targets.

- Information Systems

  The development of functional requirements and the selection and implementation of a solution for integrated property management. Work to develop a records management solution and web-site presence will also be undertaken.

- Development of Financial and Asset Recharge Systems

  Information gathering (including valuation surveys), research, development of options and an approach to the development of an asset charging system. Implementation of 'pilot' followed by full implementation of system.

The implementation plan establishes key milestones and targets to create the new organisation over a period as its elements are brought together and are developed. A risk register has been developed that sets out the main risks to the implementation process.

The ‘one-off’ costs of implementing and developing the organisation over the next two to three years will be contained within funding previously allocated to the Change Programme for this purpose.

**Financial/manpower implications**

The financial and manpower implications of adopting this proposition are as outlined in the body of this report.

**APPENDIX A**

**Properties proposed for disposal in 2007**

1. Hue Street/Dumaresq Street Site, St. Helier
2. 2 and 4 Dumaresq Street and 19 and 20 Charing Cross St. Helier
3. Seaton Youth Centre, Seaton Place, St. Helier
4. Samarès School Houses 1 and 2
5. Headingley, La Route du Fort, St. Helier
6. 74 and 76 La Colomberie, St. Helier
7. Drury Lane Workshop, St. Helier
8. Le Rondin Farm Fields, Trinity
9. Fields 373, off La Rue des Champs, St. Brelade
10. Acorn Lodge, Les Quennevais School
11. Development site at Belle Vue, Les Quennevais
12. 1 Oxford Road, St. Helier, offices and workshop
13. La Mabonnerie Houses 1 and 2, Trinity
14. 12 Le Clos de la Ville

**Hue Street/Dumaresq Street Site, St. Helier (PBA 12/338/1-3)**

**Description**

A site which is used for car parking – car park “A” (18 spaces) being let to Deutsche Bank, car park “B” (18 spaces) being let to B.G. Romeril Ltd, and car-park “C” being operated by Transport and Technical Services for public use (27 spaces).

The site is split into two parts by an accessway which is in shared ownership between the public and B.G. Romeril Ltd.

| | | |
|---|---|---|
| The site area is approximately: | car park A | 353 sq.m. |
| | car park B | 313 sq.m. |
| | car park C | 575 sq.m. |
| | accessway | 151 sq.m. |
| | total: | 1,392 sq.m. |

Initially it is proposed to sell only part of the site, comprising all of car park B and part of car park C.
The remainder of the site will be subject to a feasibility exercise to determine the most appropriate form of development.

**Location**

The site fronts onto Hue Street and partly onto Dumaresq Street (see attached location plan).

**Current/previous use and any special features**

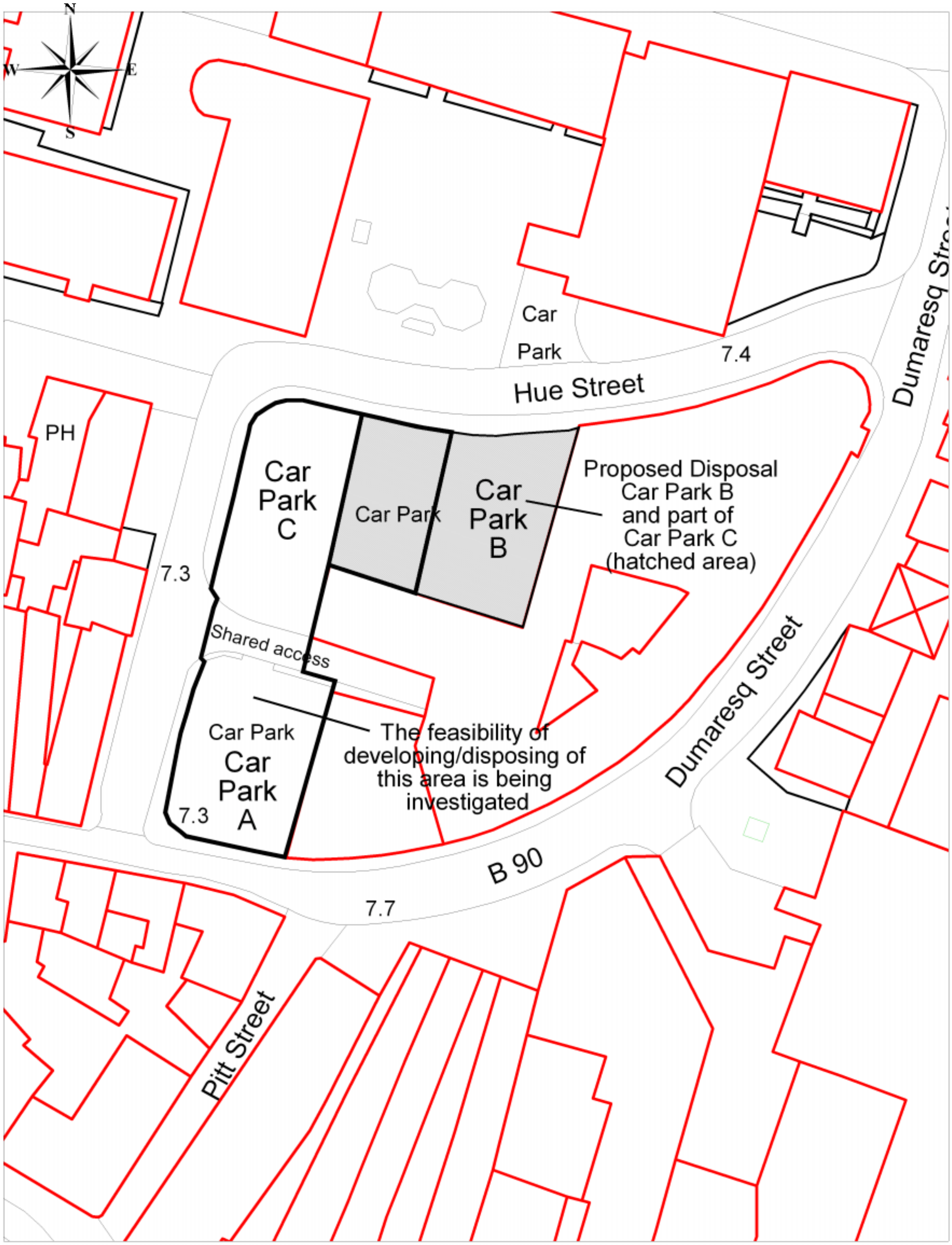
As mentioned above, the site is used as car-parking, partly for private use and partly for public use.

**Reasons why the property is no longer required**

This site has long been identified as being suitable for disposal/development, and negotiations have been taking place with B.G. Romeril Ltd. for a number of years to achieve a mutually beneficial outcome.

**Redevelopment potential (if any)**

The negotiations with B.G. Romeril Ltd. to date have been based on the principle of the company ceding its shared ownership of the accessway to the public, along with a capital payment, in exchange for part of the site to create a new unloading access and expansion of its retail area.




**Hue Street?Dumaresq Street Car Parks**

Drawing No: **338/1-3 D1**

**Boundary Information Supplied by the States of Jersey Planning Office, but no responsibility can be accepted for error.**

States of Jersey

**2 and 4 Dumaresq Street and 19 and 20 Charing Cross, St. Helier (PG 1463/1)**

**Description**

This now vacant site is made up of the former sites of 2 and 4 Dumaresq Street and 19 and 20 Charing Cross, St. Helier, all residential properties. They were acquired between 1973 and 1978 in 3 separate land transactions for a total consideration of £85,125. The approximate site footprint is 153 sq.m. (1,650 sq.ft.) with exposed party gable on two sides.

**Location**

The site is a corner plot in the Charing Cross Parade area of town surrounded by commercial property owned by the Channel Island Co Operative Society Limited.

**Current/previous use and any special features**

The site is currently unofficially used as public open space by the Parish of St. Helier as well as for the placement of euro bins. In the past it has been used for parking.

**Reasons why the property is no longer required**

The properties where acquired as part of the Dumaresq Street road-widening scheme which was abandoned in 1996. The site currently produces no income for the Public purse.

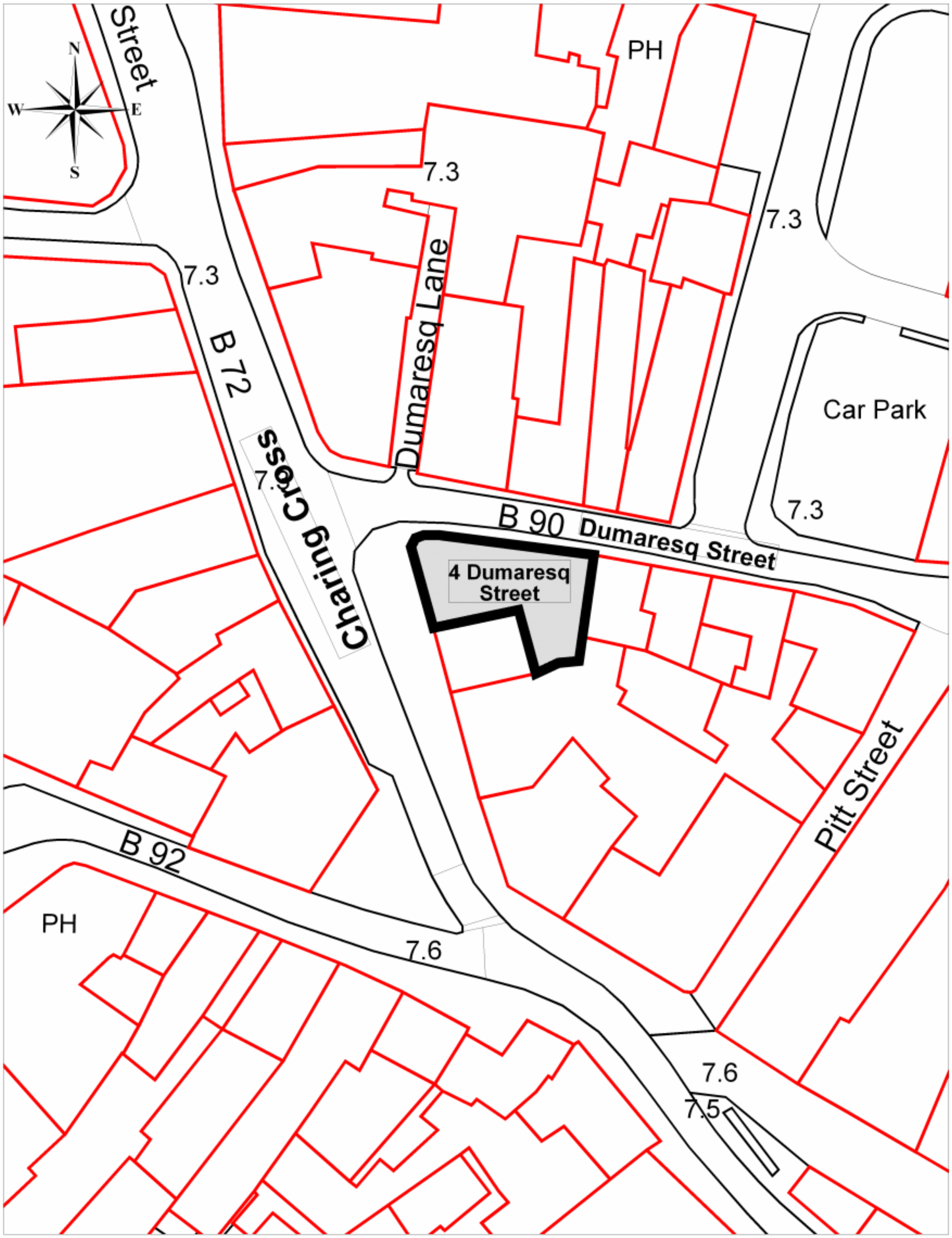
There are currently no known schemes by the Public with capital funding for which this land would be suitable.

**Redevelopment potential (if any)**

The site could be redeveloped as a stand alone unit or as part of a larger scheme by the adjacent landowner.

A full planning brief was prepared in 2004 by the former Planning and Environment Committee, with possible uses for the site including ground floor retail and storage with first and second floor offices or other uses to be agreed. The former Committee has stated that the "regeneration and refurbishment of the group of buildings would be the final element in the wider urban renewal initiatives in the west of town from Union Street to York Street".

The States on 16th May 2006 decided to reject P.38/2006 which proposed that this site be designated as an Area of Important Open Space.




**4 Dumaresq Street**

Drawing No: **1463 D1**

**Boundary Information Supplied by the States of Jersey Planning Office, but no responsibility can be accepted for error.**

States of Jersey

**Seaton Youth Centre, Seaton Place, St. Helier (PBA 5/137/1)**

**Description**

A former church acquired by the States in 1959, which has been used as a youth centre.

The site area is approximately 394 sq.m. (4,240 sq.ft) and the gross floor area of the building is approximately 619 sq.m. (6,670 sq.ft.).

**Location**

The site fronts onto Seaton Place at its junction with Seale Street (see attached location plan).

**Current/previous use and any special features**

As mentioned above, the property has been used as a youth centre.

**Reasons why the property is no longer required**

The property is considered to be unsuitable for continued use as a youth centre due to its internal layout and condition. The means of escape in the event of fire is sub-standard and the cost of repairing and modernising the property is considered to be excessive in relation to the quality of the building. There is no other identified use for the property by any States department.

**Redevelopment potential (if any)**

The building has been included on the Planning Department's historic buildings listing as a "Building of Local Interest" (BLI). If this status cannot be successfully challenged, the development potential of the site will be limited.


| Seaton Youth Centre | Drawing No: 137 D1 |
|---|---|
| Boundary Information Supplied by the States of Jersey Planning Office, but no responsibility can be accepted for error. | COPYRIGHT PLANNING & ENVIRONMENT COMMITTEE |

**Samarès School Houses 1 and 2 (PBA 97/2&3)**

**Description**

A pair of detached two-storey houses built circa 1990. Each house has a floor area of approximately 98 sq.m (1,060 sq.ft.) and the accommodation includes 3 bedrooms.

Externally there is a garden and a parking area with each house, but no garages. Vehicular access to House No. 1 is via the front driveway of House No. 2.

**Location**

The houses are located on the south boundary of Samarès Primary School in St. Clement. They are accessed via Le Haugie Close (see attached location plan).

**Current/previous use and any special features**

The houses were built to accommodate teachers at the peak period when contract staff were being brought into the Island. The need for that use has now declined and there are no teachers wishing to occupy the houses – they have therefore been unoccupied for some time.

The houses are not designated for social housing.

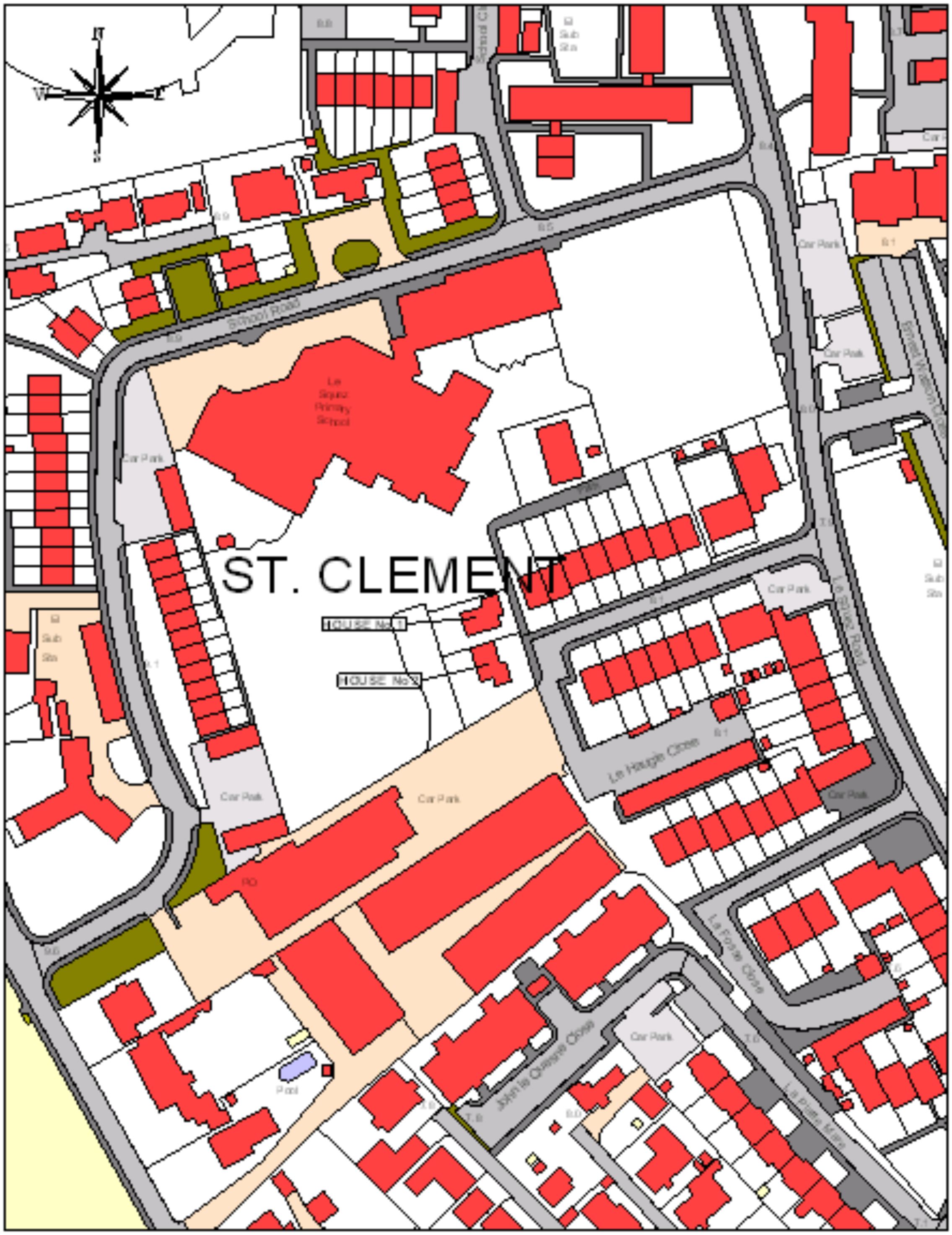
**Reasons why the property is no longer required**

As mentioned above, there is no longer a need for the houses to be used to accommodate contract teachers, and the properties are unoccupied with no prospective tenants anticipated.

Subject to there being no requirement for staff accommodation it is proposed to sell the houses on the open market.

**Redevelopment potential (if any)**

The houses are relatively new and adjacent to the Le Squez Phase 1b Housing development.




| | |
|---|---|
| Samares School Houses 1 & 2 | Drawing No: 97 D1 |
| Boundary Information Supplied by the States of Jersey Planning Office, but no responsibility can be accepted for error. | COPYRIGHT PLANNING & ENVIRONMENT COMMITTEE |

**Headingley, La Route du Fort, St. Helier (PBA 16/38/1)**

**Description**

A substantial 9-bedroom dwelling acquired by the States in 1990 to provide accommodation for nursing staff employed by Health and Social Services.

The site is roughly rectangular in shape having an average width of approximately 26’0” and a total depth of some 165’0”. The building is centrally located on the site and comprises some 349 sq.m. (3,760 sq.ft.) of accommodation.

**Location**

The property is located on the north side of La Route du Fort between its junctions with Hastings Lane and Cleveland Road (see attached location plan).

**Current/previous use and any special features**

As mentioned above, the property was acquired to provide accommodation for nursing staff employed by Health and Social Services but will be wholly vacated by mid 2007.

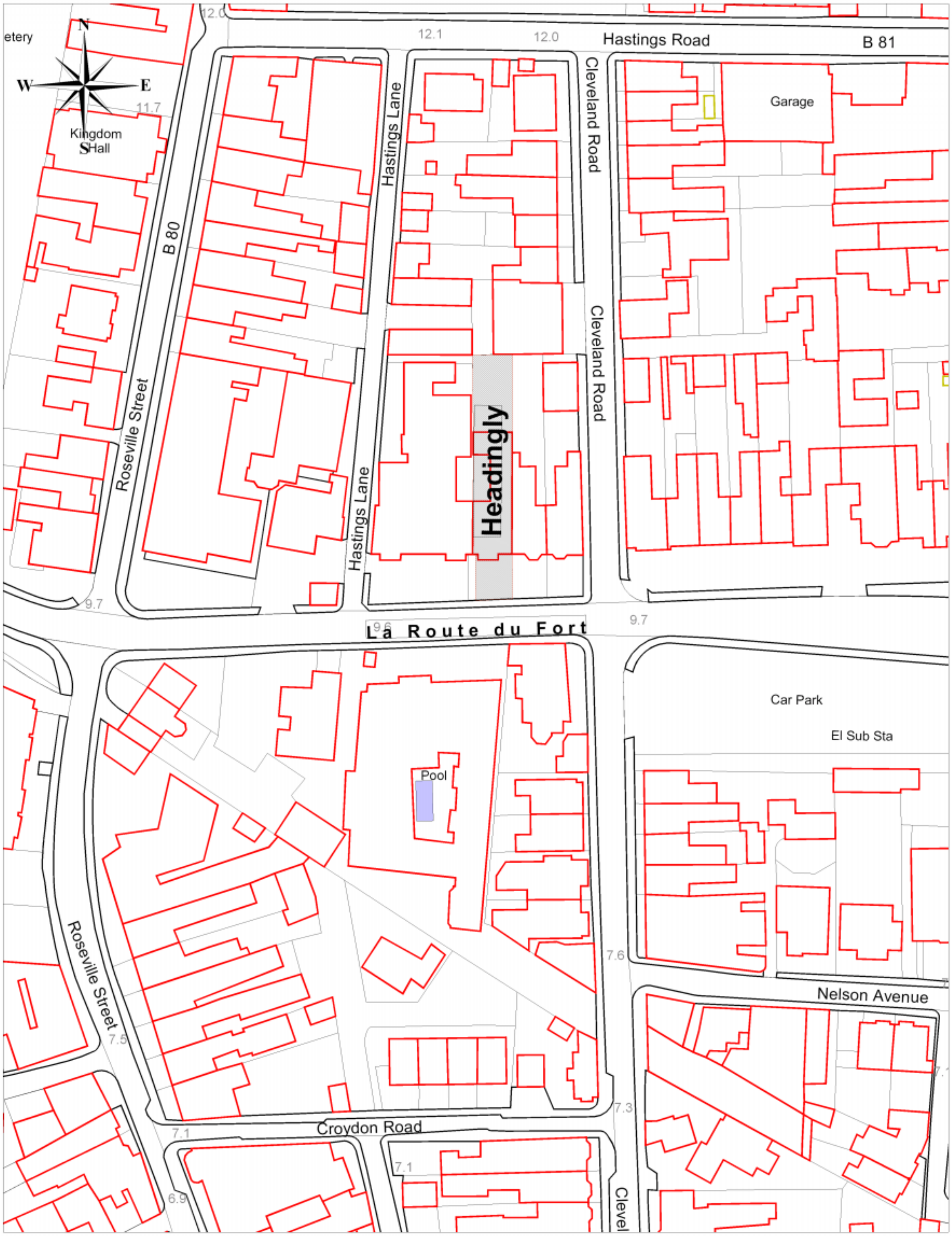
**Reasons why the property is no longer required**

The accommodation offered by the property is now sub-standard for use by nursing staff. The demand for nursing accommodation has also reduced, and Headingley is therefore considered to be surplus to requirement. At least £100,000 would have to be spent refurbishing the accommodation to bring it up to acceptable standards.

It is therefore recommended that the property be offered for sale on the open market.

**Redevelopment potential (if any)**

There is no known development potential for the property to meet specific needs of the States.




**Headingley, La Route du Fort**

Drawing No: **38 D1**

**Boundary Information Supplied by the States of Jersey Planning Office, but no responsibility can be accepted for error.**

**74 and 76 La Colomberie, St. Helier (NS 2008 & 2009)**

**Description**

A pair of ground floor lock-up shop units.

**Location**

The shops front onto La Colomberie in what is regarded as a secondary retailing location, directly adjacent to Keith Baal Gardens housing development.

**Current/previous use and any special features**

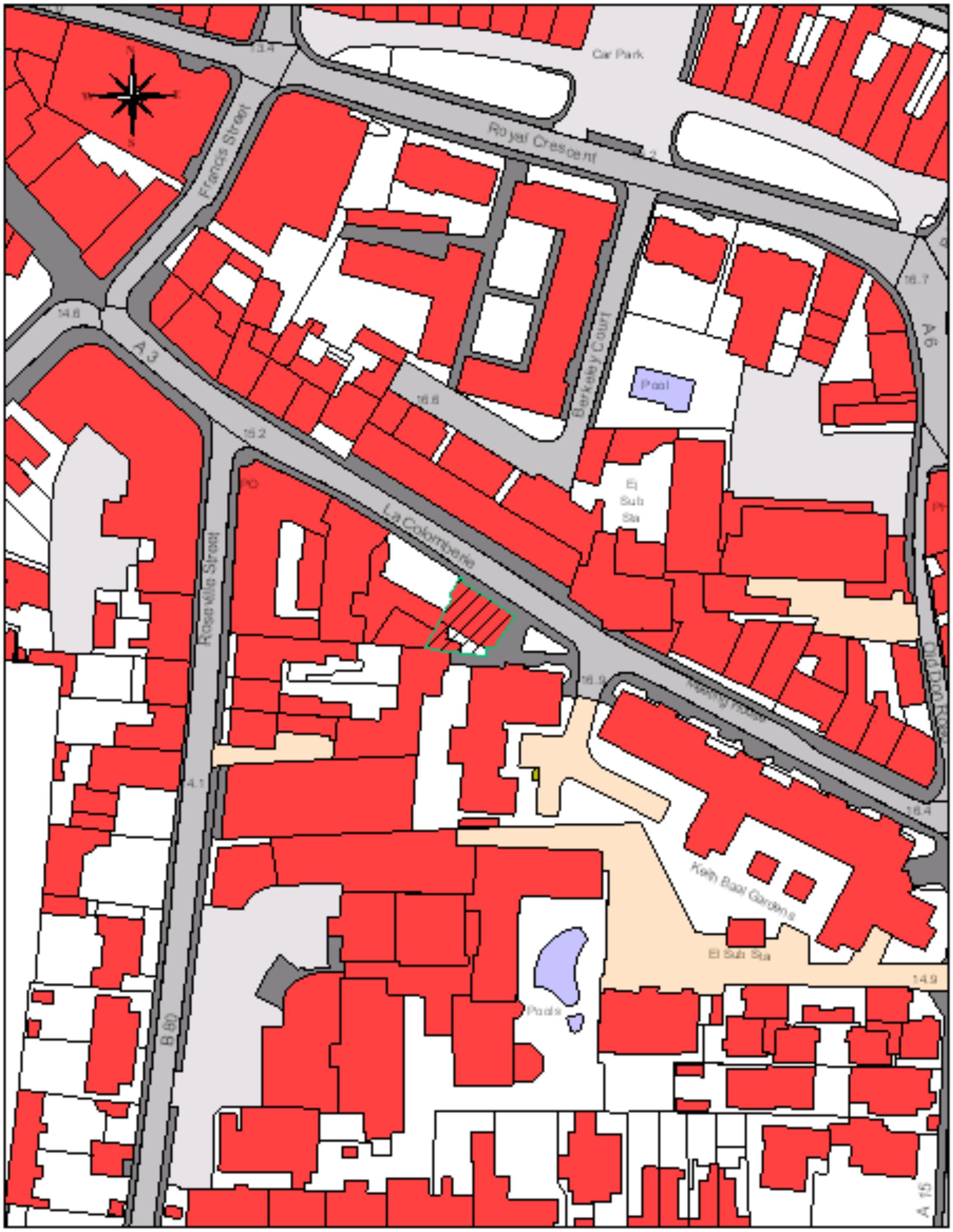
The shops are established commercial units that were acquired by the public in 1991. In the case of both shops, 9-year leases have been granted which expire in 2013/2014.

**Reasons why the property is no longer required**

The shops were acquired with the prospect of incorporation into the Keith Baal Gardens housing development, but were ultimately omitted from the scheme. Though generating a combined return of £17,650 per annum, the properties are not required for any strategic public purpose. Due to their age and condition, the public has had to retain the external repairing structural liability as detailed in the leases for both units.

**Redevelopment potential (if any)**

The site itself has limited redevelopment potential due to it relatively small area – 1,679 sq.ft./156 sq.m. It ma have greater redevelopment potential if included within a possible redevelopment of the neighbouring property in private ownership.




| 74 & 76 La Colomberie, St Helier | Drawing No: 2008 and 2009 |
|---|---|
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**Drury Lane Workshop, St. Helier (PBA 12/1180/1)**

**Description**

A workshop acquired by the States in 1995, which has been let to the voluntary group “Tools for Self-Reliance”. The property was acquired to remove a “bad neighbour” from a residential area.

The site area is approximately 114 sq.m. (1,230 sq.ft.) and the gross floor area of the building is approximatel 87 sq.m. (936 sq.ft.).

**Location**

The site fronts onto Drury Lane (see attached location plan).

**Current/previous use and any special features**

As mentioned above, the property is let to the voluntary group “Tools for Self-Reliance”. Only a nominal rent of £12 per annum is charged.

**Reasons why the property is no longer required**

The property was acquired by the States primarily to remove a bad neighbour from a residential area, and as such, it was not purchased with a use in mind. However, it was suggested at the time of purchase that the most likely use of the site would be for redevelopment to create a single dwelling unit. It is now considered an appropriate time to advance the proposal to sell the site to create a residential unit.

**Redevelopment potential (if any)**

The site would appear to be suitable for redevelopment as a single residential unit.


| Drury Lane Workshop | Drawing No: 1188 D1 |
| --- | --- |
| Boundary Information Supplied by the States of Jersey Planning Office, but no responsibility can be accepted for error. |  |

**Le Rondin Farm Fields, Trinity (SRS 845/21, 23, 24, 25, 26 & 27)**

**Description**

Field 823 is an isolated field known as “Le Clos de la Verte Rue”, and measures about 3 vergées 20 perch.

Field 849 is known as “Le Clos Marett”, and measures about 5 vergées 16 perch.

Field 851 is known as “Le Clos des Setteaux”, and measures about 3 vergées 31 perch.

Field 853 is at two levels, side by side, known as “Le Long Jardin” and “Les Alleurs”, and measures about 2 vergées 37 perch.

Field 864 is known as “Le Pre” and is at the lowest part of the meadow, between Fields 853 and 865, and measures about 1 vergée 38 perch.

Field 865 is in two parts side by side, known as “Le Jardin a Potage” and “Le Clos de Bas et le Pendant”, and measures about 1 vergée 34 perch.

None of the six fields are subject to the Howard Davis Farm restrictive covenant.

**Location**

Field 823 is to the East of Le Rondin Farm, across the lane known as La Rue du Mont Pellier.

Fields 849 and 851 are to the south-east of the RJA&HS Headquarters.

Fields 853, 864 and 865 are all together in the meadow directly in front of Le Rondin Farmhouse.

**Current/previous use and any special features**

Field 823 is currently used as an orchard for ‘The Jersey Cider Apple Collection’.

Fields 849 and 851 are currently used under licence by the RJA&HS.

The upper part of Field 853 is currently used by the RJA&HS under licence.

Field 864 is currently used for horse grazing under licence.

Field 865 is planted as an orchard, like Field 823.

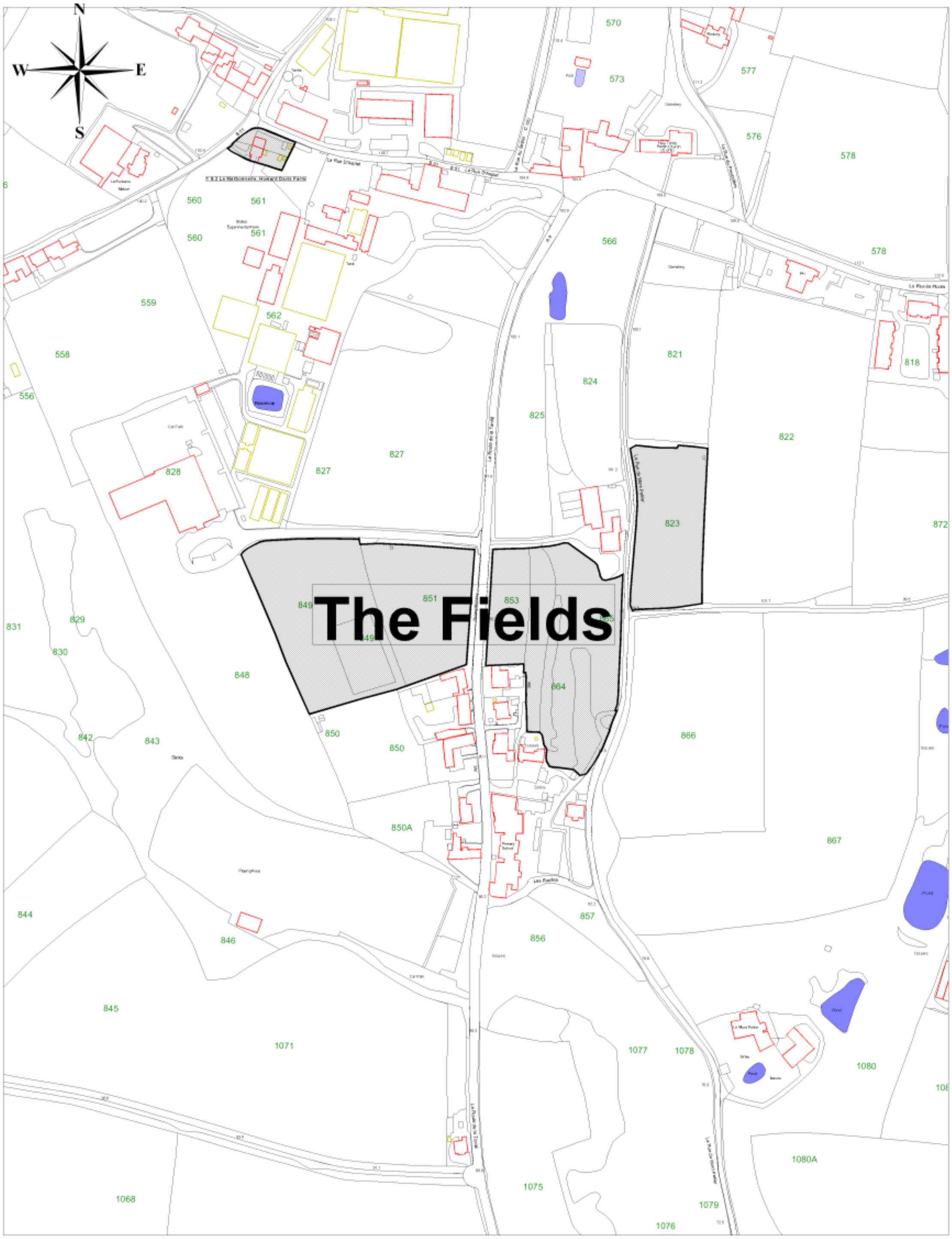
**Reasons why the property is no longer required**

The fields were purchased at a time when the use of Howard Davis Farm for crop trials was expanding. This situation has reversed and the fields are no longer needed. Field 823,“The Jersey Cider Apple Collection” field should stay established as an orchard and it is suggested that the field is offered to either the National Trust for Jersey or La Société Jersiaise in the first instance, due to their involvement in setting up the orchard.

The RJA&HS has previously shown interest in acquiring Fields 849 and 851 which it currently uses under licence.

**Redevelopment potential (if any)**

None. Field 864 is in the Green Zone. The other 5 fields are in the Countryside Zone.




Le Rondin Farm Fields, Trinity

Drawing No: **845/21 D1**

**Boundary Information Supplied by the States of Jersey Planning Office, but no responsibility can be accepted for error.**

States of Jersey

**Fields 373, off La Rue des Champs, St. Brelade (PBA 2/1683/1)**

**Description**

An agricultural field, which the States purchased in 1994 to add to a land bank for the creation of a municipal golf course in the "Les Creux" area.

The field area measures about 2.5 vergées.

**Location**

The field is located to the north of La Rue des Champs, St. Brelade, and is accessed via a track on its east side (see attached location plan).

**Current/previous use and any special features**

The field is presently let on an annual rolling licence to a sheep farmer, the licence fee being £50/annum.

**Reasons why the property is no longer required**

In October 1986 the States rezoned 262 vergées of land at Les Creux as a site for a municipal golf course.

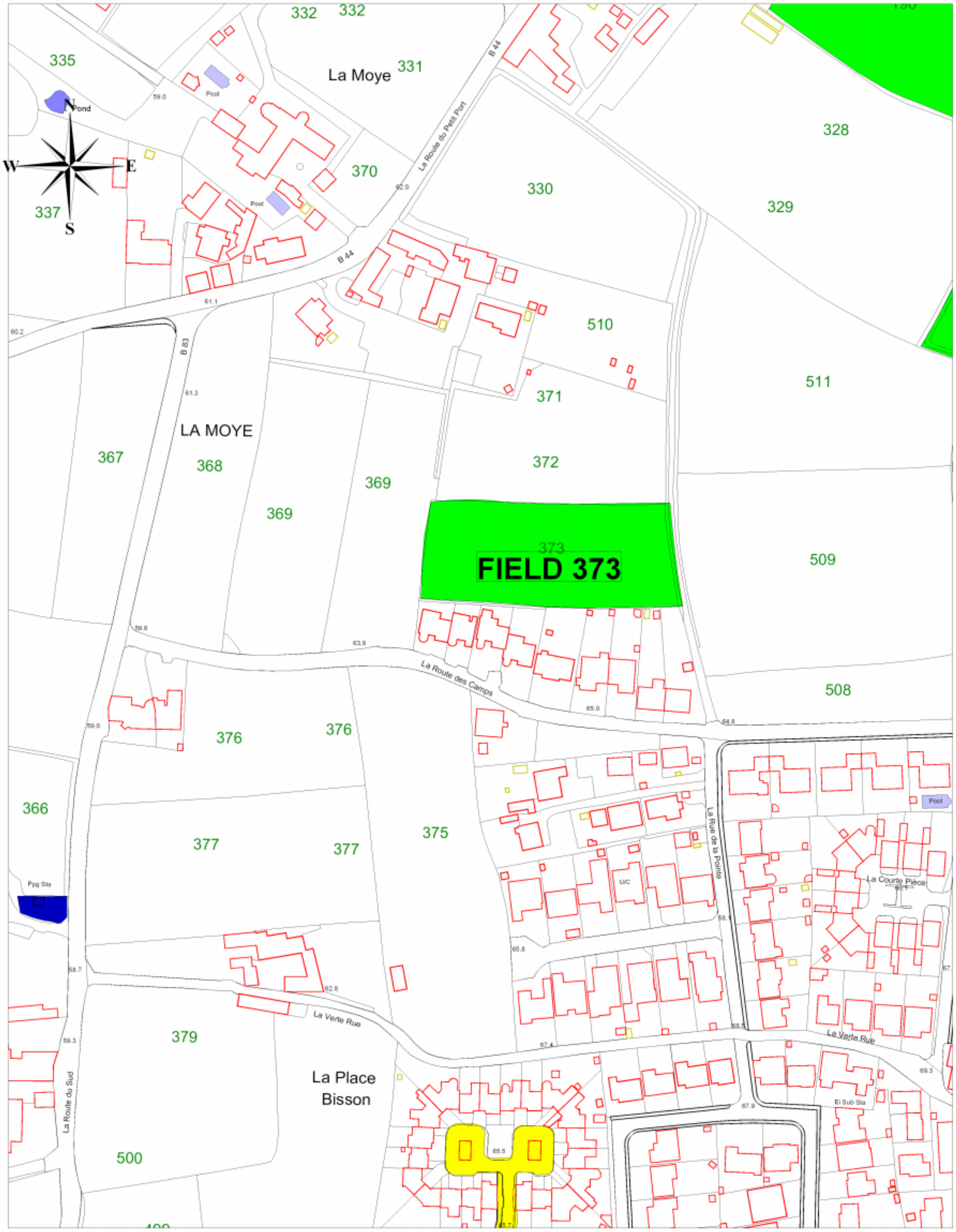
However, the States was not successful in acquiring all of the land necessary to create the golf course. It was therefore decided that the golf course project be replaced with the "Les Creux" Country Park.

Field 373 does not form part of the Country Park, nor will it do so in the future. The States has no planned use for the field.

The present licence fee is modest at £50 per annum, and the land offers no scope for earning a significantly higher rent in its current form.

**Redevelopment potential (if any)**

There is no known development potential for the land.




| Field 373, Les Creux, St Brelade | Drawing No: 1683 D1 |
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**Acorn Lodge (PBA 5/112/5)**

**Description**

Acorn Lodge is a detached three-bedroom dwelling constructed circa 1990. It is one of a pair of houses, its neighbour being known as Oak Lodge.

**Location**

Acorn Lodge, along with its neighbour Oak Lodge, are located adjacent to the Les Quennevais School boundary – see attached location plan.

**Current/previous use and any special features**

The two houses were previously used as staff accommodation for teachers but this is no longer required. An additional special needs facility is urgently needed by the school and a proposal was submitted to convert one house to meet this need, with the other house to be used for the Youth Action Team as part of the Kathy Bull initiative.

As the houses are only 12 years old, there were concerns about converting both these houses when they have a higher value as residential accommodation, and would only be providing a partial answer to the school's needs.

A survey of the houses has confirmed –

- One of the houses (Oak Lodge) would be very difficult to sell or lease – it is effectively part of the school playground.
- The other house (Acorn Lodge) can be separated and, with Planning agreement to increase wall heights, could be sold.

The school has developed plans for a purpose built extension to the existing SEN facility at an estimated cost of some £500,000. This extension would offer a significantly better facility than a converted house which is separated from the main building by the playground.

In Property Holdings' view, Acorn Lodge is best used for residential purposes and should be sold. Subject to the necessary approvals, and identification of the additional funding requirement, sale proceeds could be earmarked to deliver the purpose built extension for SEN use.

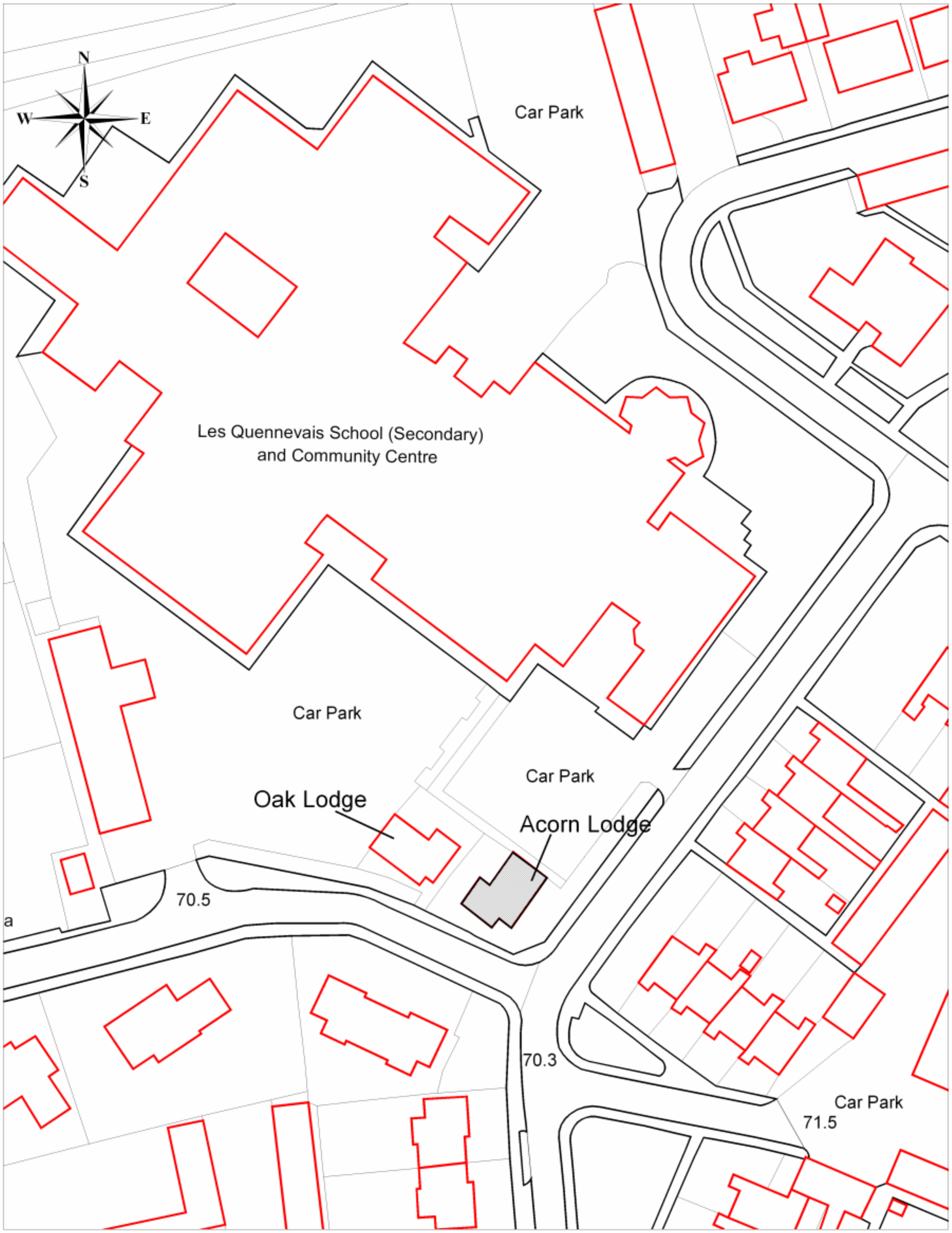
The remaining house, Oak Lodge, would be utilised by the Youth Action team.

**Reasons why the property is no longer required**

Acorn Lodge and Oak Lodge were previously used to house teachers but are no longer required for that purpose and have both been empty for some time.

**Redevelopment potential (if any)**

There is no feasible redevelopment potential for the States, and it seems unlikely that a private party would seek to acquire one or both houses with a view to redeveloping the site.




Drawing No: **115/5 D1**

**Acorn Lodge, Les quennevais School**

**Boundary Information Supplied by the States of Jersey Planning Office, but no responsibility can be accepted for error.**

States of Jersey

**Development site at Belle Vue, Les Quennevais (PBA 12/1091/15)**

**Description**

The remaining parcel of development land at Belle Vue Estate – the major part of the site was developed for first-time-buyer and social rental housing in the late 1990s.

The site area is approximately 2.2 acres or 4.9 vergées.

**Location**

The site is located on the east side of Belle Vue and borders La Route des Quennevais (see attached location plan).

**Current/previous use and any special features**

The Belle Vue master plan identified this remaining parcel of land for community use and the options that were considered included a branch library, crèche, care home and medical centre.

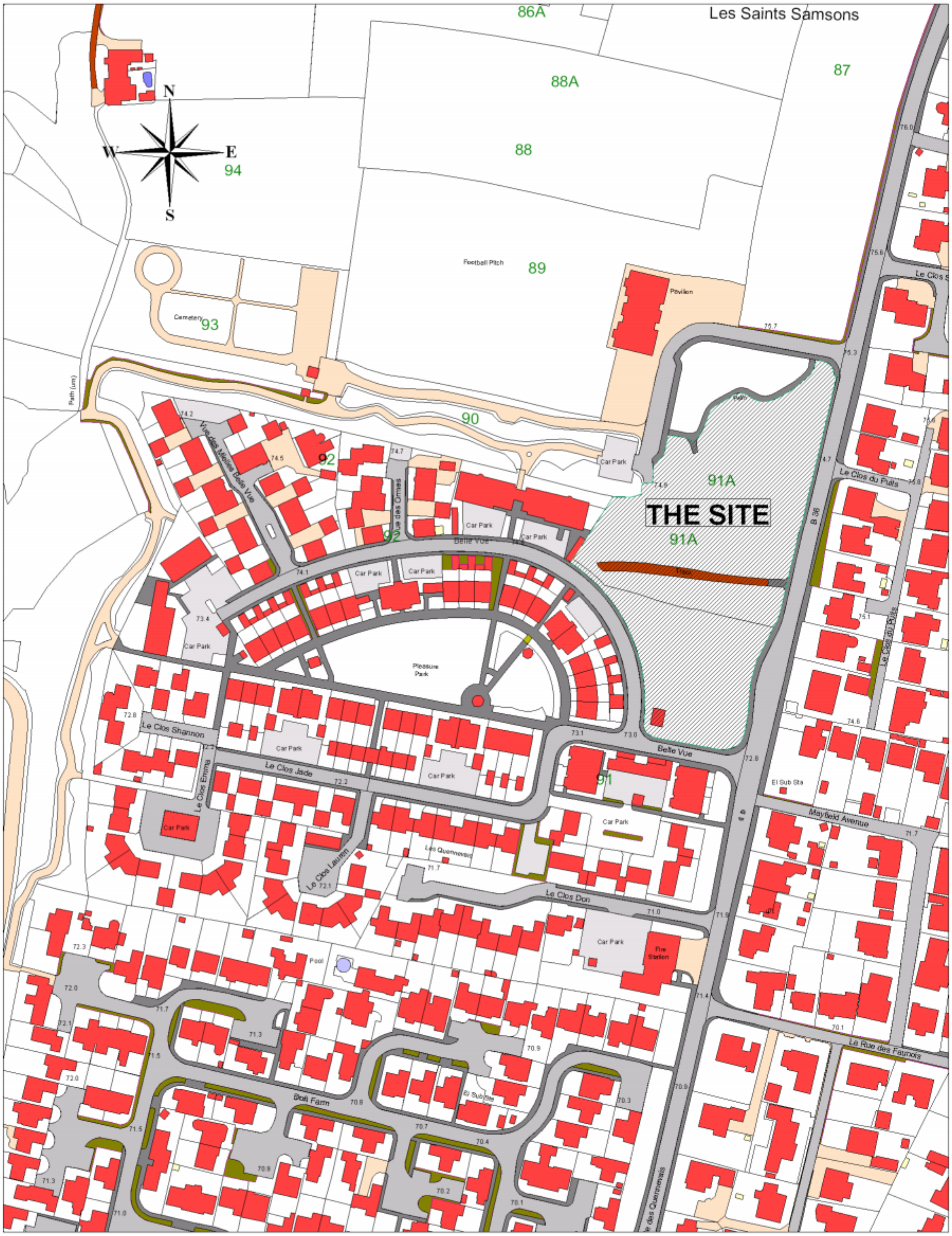
The former Health and Social Services Committee progressed the design of a scheme for a 60 bed residential home and day care centre, and a doctors' surgery. Planning consent was obtained for the residential home and day care centre, but that Committee decided to withdraw the project from the capital programme.

**Reasons why the property is no longer required**

On the grounds that the States will not be proceeding with a project to develop a residential home and day care centre, or any other project, it is recommended that this potentially valuable development site be considered for disposal. However, the recently published Planning For Homes document (R.94/2006) confirms a strong demand for sheltered housing and this site is well positioned in this respect.

**Redevelopment potential (if any)**

Although the site could be used for other purposes, including the provision of houses for first time buyers, the strong demand for sheltered housing and non-specialised accommodation for the over 50 age group sways the argument in favour of this type of development. It is therefore recommended that the site is put out to tender with a development brief to deliver 55% dwellings designated for sale, for occupation by those aged over 50 and 45% sheltered housing for lease (social rented housing).




Drawing No: **1091 D1**

**Belle Vue Development Site**

**Boundary Information Supplied by the States of Jersey Planning Office, but no responsibility can be accepted for error.**

## 1 Oxford Road, St. Helier, offices and workshop (ER 1515/1)

### Site

1 Oxford Road is a two storey property with yard, occupying a total site area of about 460 sq.m. (4,955 sq.ft.). I is classified as a Site of Special Interest (SSI). A site plan is attached.

### Current and previous use

The property is now in a dilapidated state but was previously used as offices and workshops. The property cannot be brought back into use without extensive works. There is no specific need for the States to retain ownership of the site.

### Ownership by States

The property is one of several left to the States 'for the benefit of the aged, infirm and needy residents of the Island' by Mr. Harold Le Seelleur, who died in 1996. If the property is sold the proceeds will be put toward the upkeep of the remaining properties and any balance spent in accord with Mr. Le Seelleur's wishes. In May 2003 a proposition to sell the property for £356,000 was rejected by the States. Unfortunately, since being left to the States this property has generated no benefit and has incurred only costs.

### Potential for development

As an SSI there are significant Planning requirements which constrain the development potential. The existing form and structure must be retained or rebuilt in like manner. The effect of the SSI is to reduce the potential value of the site, given the poor condition of the existing structure. An appeal by Property Holdings against the designation of this property as an SSI was rejected in December 2006.

### Marketing

The property was previously marketed on an open tender basis and a similar approach is recommended.


**Oxford Road Workshop**

Drawing No: **1515 D1**

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States of Jersey

**La Mabonnerie Houses 1 and 2, Trinity (SRS 845/10&11)**

**Description**

1 and 2 La Mabonnerie are a pair of semi-detached houses, built in the late 1920s or early 1930s. The Public acquired Fields 560 and 561, upon which the houses sit, on the 30 April 1929 from Mr. Adolphus Le Sueur. Each two-storey house has a floor area of approximately 108 sq.m. (1,160 sq.ft.) and the accommodation include 3 bedrooms.

Both houses have detached garages, although the garage at No. 2 is in poor condition and possibly needs to be demolished and rebuilt. No. 2 also has parking for 2 cars at the front. Both houses have small front gardens, and reasonably sized rear gardens.

**Location**

The houses are located at the north-west corner of the Howard Davis Farm site, adjacent to the Philip Mourant Training Centre. The houses face West onto La Rue d'Asplet.

**Current/previous use and any special features**

No. 1 is currently vacant. Previously the lounge was being used temporarily as an office by the Jersey Potato Marketing Board. Ideally, the house requires a new kitchen and bathroom, and internal decoration, prior to any proposed sale.

No. 2 is in fair decorative order inside with a recently installed kitchen and bathroom suite.

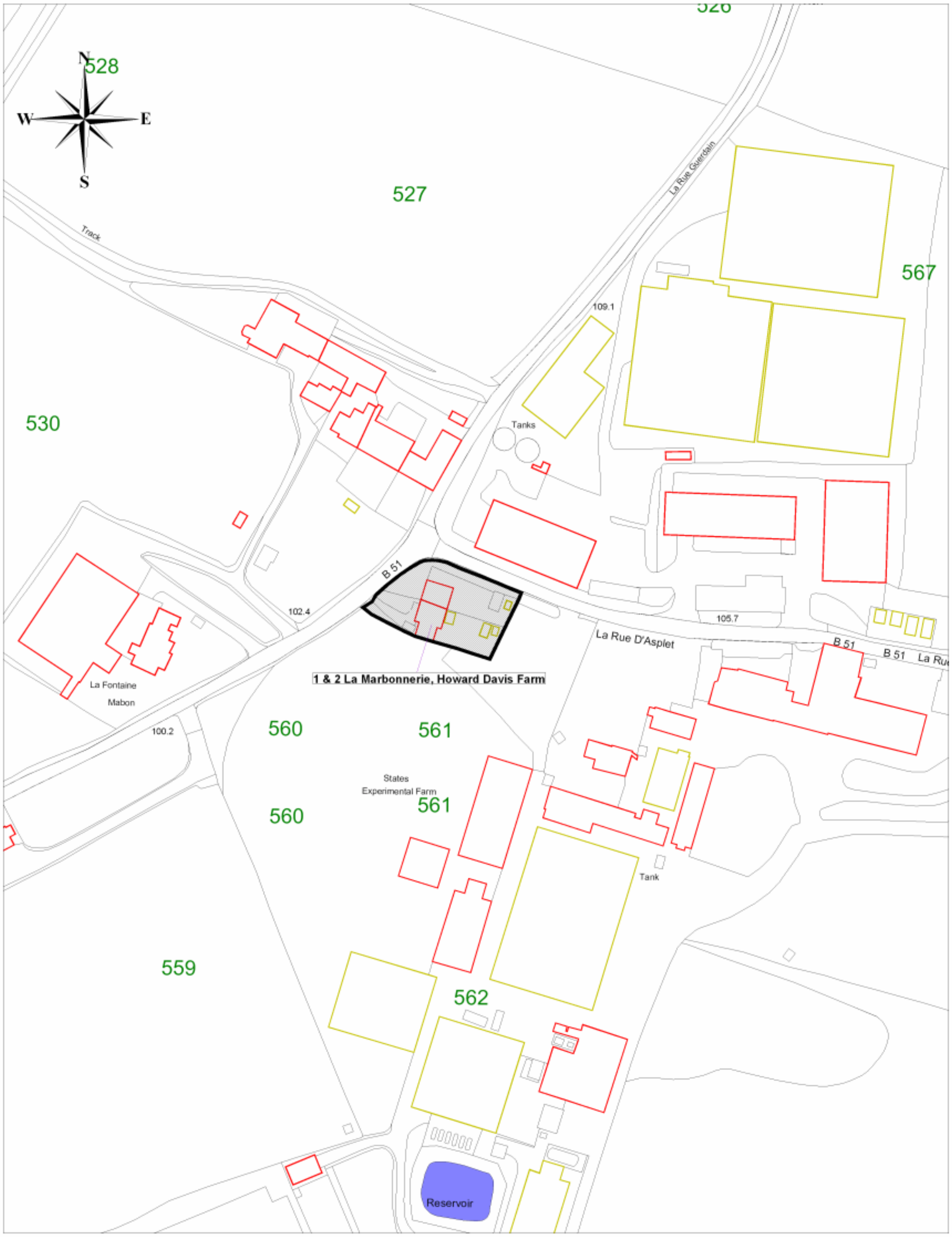
Both houses would benefit from external decoration prior to any proposed sale.

**Reasons why the property is no longer required**

The houses are on the boundary of the Howard Davis Farm site, and therefore their sale would not impinge on any plans for the main site, to the rear (East) of the houses. The houses are outside the area of the Howard Davis Farm Restrictive Covenant. While there is no requirement for the States to retain ownership, the houses have been identified as suitable for conversion into a group home for occupation by persons with learning disabilities. The Health and Social Services Department is supportive of this use, under the management of Les Amis, and it is proposed to offer the houses for sale to a housing trust for this specific purpose. See also 12 Le Clos de la Ville.

**Redevelopment potential (if any)**

The houses are better suited to individual sale or conversion to a group home.




| | | |
|---|---|---|
| **1 & 2 La Mabonnerie, Howard Davis Farm** | Drawing No: | **845/10 D1** |
| **Boundary Information Supplied by the States of Jersey Planning Office, but no responsibility can be accepted for error.** | States of Jersey | **COPYRI GHT STATES OF JERSEY** |

**12 Le Clos de la Ville, Clarke Avenue, St. Helier (PBA 1385/1)**

**Description**

Le Clos de la Ville estate was developed by the then Housing Committee in the early 1990s. The houses were sold to first time buyers, apart from No. 12, which was given over to Les Amis Incorporated to house adults with learning difficulties. The subject house is detached, with a garden, and has 6 bedrooms.

**Location**

Le Clos de la Ville estate is accessed from La Grande Route de St. Jean and Clarke Avenue. La Grande Route du Mont à L'Abbé borders to the west. The estate is in close proximity to Haute Vallée secondary school in St. Helier. No. 12 Le Clos de la Ville is located in the south-west corner of the estate.

**Current/previous use and any special features**

As mentioned above, the property is used by Les Amis Incorporated to house adults with learning difficulties.

**Reasons why the property is no longer required**

From the outset it was intended that 12 Le Clos de la Ville would be either sold, leased or gifted to Les Amis Incorporated, although a preferred option was not agreed between the former Housing and Planning and Environment Committees.

It has now been agreed in principle, with the support of the Health and Social Services Department, that the property be sold to Les Vaux Housing Trust, which would lease to Les Amis Incorporated on the basis that use as a group home would continue. The Les Vaux Trust already has property leased to Les Amis and is proposing to also purchase from the Public 1 and 2 La Mabonnerie (see separate report).

**Redevelopment potential (if any)**

The site is fully developed with a building only 10 years old.


12 Le Clos de la Ville, Clarke Avenue, St Helier

Drawing No: **1385/D1**

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States of Jersey

**APPENDIX B**

# Public Accounts Committee

# Report on the States' Property Plan

States of Jersey
States Assembly

États de Jersey
Assemblée des États

**Presented to the States on 13th February 2007.**

P.A.C.1/2007

# REPORT

## The Public Accounts Committee

The primary function of the Public Accounts Committee is defined in Standing Orders[1] as the review of reports by the Comptroller and Auditor General regarding –

- The audit of the Annual Accounts of the States of Jersey and to report to the States upon any significant issues arising from those reports;

- Investigations into the economy, efficiency and effectiveness achieved in the use of resources by the States, States funded bodies, independently audited States bodies (apart from those that are companies owned and controlled by the States), and States aided independent bodies;

- The adequacy of corporate governance arrangements within the States, States funded bodies, independently audited States bodies, and States aided independent bodies,

- and to assess whether public funds have been applied for the purpose intended and whether extravagance and waste are being eradicated and sound financial practices applied throughout the administration of the States.

The Public Accounts Committee may also examine issues, other than those arising from the reports of the Comptroller and Auditor General, from time to time.

The Public Accounts Committee represents a specialised area of scrutiny. Scrutiny examines policy whereas the Public Accounts Committee examines the use of States' resources in the furtherance of those policies. Consequently initial enquiries are made of Chief Officers rather than Ministers. This is not to say that enquiries may not be made of Ministers should the reports and recommendations of the Public Accounts Committee be ignored.

The work of the Public Accounts Committee is ongoing rather than on a one-off basis and the Committee will return to topics previously examined in order to evaluate whether recommendations have been followed or procedures improved. If such a follow-up is unsatisfactory then the Committee may decide to hold further public hearings in order to identify the reasons for the lack of progress.

The current membership of the Public Accounts Committee consists of –

| States Members | Independent Members |
|---|---|
| Deputy Sarah Ferguson (Chairman) | |
| Deputy of St. Ouen (Vice Chairman) | Mr. Tony Grimes |
| Deputy Alan Breckon | Advocate Alex Ohlsson |
| Connétable of St. Peter | Mr. Chris Evans |
| Connétable of Grouville | Mr. Roger Bignell |
| Senator Jimmy Perchard | Mr. Martin Magee |

## Introduction

1. In 2005, the States approved a proposition concerning the management of property held by the States, "States of Jersey Property Holdings: establishment, P.93/2005 of the Policy and Resources Committee, attached as an Appendix. This proposition envisaged that –

   (1) a new unit, States of Jersey Property Holdings (JPH), would be established,

   (2) responsibility for ownership, management and maintenance of all of the States' property assets

would be transferred from departments to JPH,

(3) JPH would be responsible for improving the efficiency of the States' property management and maximising, identifying properties that are no longer required for the States' use,

(4) maximising and, where appropriate, realising the value to the States represented by the property assets, and

(5) reporting to the States Assembly on the way in which it intends to discharge its responsibilities and on its performance.

2. As presaged by the original proposition, States of Jersey Property Holdings prepared a Strategic Plan which was included as an Appendix to the Strategic Plan issued by the Council of Ministers early in 2006. Subsequently an Annual Business Plan was produced and included as a part of the States' Business Plan for 2007. That part of the States' Business Plan was not approved by the States Assembly but, in effect, referred to the Public Accounts Committee.

3. This Report sets out the Committee's view on the Property Business Plan for 2007 after taking account of a report on the Plan which was published by the Comptroller & Auditor General in November 2006.[2] Following publication of that report, on 11th December 2006, the Committee held a public Hearing at which evidence was taken from Mr. Bill Ogley, Chief Executive to the States, and Mr. Eric Le Ruez, Chief Officer of Jersey Property Holdings.

**The Committee continues to support the objectives and approaches set out in the proposition which led to the creation of States of Jersey Property Holdings.**

4. The principal objective of the proposition was to achieve proper and effective management of properties held by the States of Jersey through the centralisation of management responsibility, staff and budgets in the hands of JPH.

5. It was intended that this would improve management of property holdings by –

(1) centralising staff responsible for management and maintenance thereby eliminating wasteful duplication between departments,

(2) through JPH charging annual rentals for property occupation which would more accurately reflect the true cost of property occupation, thereby ensuring that all departments recognise the full cost of their activities and seek to improve the efficiency of their use of accommodation, and

(3) through identifying and realising the value of surplus properties.

6. In the Committee's view, these steps were long overdue –

(1) The ineffectiveness of the States' management of its property assets had, over many years, been the subject of various investigations and reports.[3]

(2) Accommodating departments in many buildings of differing ages and differing conditions is unlikely to lead to efficient use of space and a minimisation of cost.

(3) Disseminating responsibility for maintaining the States' properties between many small units is not likely to be an efficient use of resources or to ensure that properties are properly maintained.

(4) Finally, creating a central record for all property and the costs of its management is in itself an important step since an organisation which does not record and measure the use of its assets is unlikely to take their efficient use seriously.

7. Thus the creation of Jersey Property Holdings is a welcome, if belated, step towards improving the efficiency of the States.

**2007 Property Business Plan**

8. There was little time available to JPH between the approval of P93/2005, its creation and the need to publish the 2007 Business Plan. As a result, this Business Plan is limited restatement of a series of aspirations and intentions together with the publication of a list of properties intended for disposal. Inevitably, most of these properties were long ago identified as surplus to the requirements of the States and thus as suitable for disposal. As Mr. Le Ruez said in the public hearing –

> *" ... we have concentrated on, shall we say, relatively easy targets, property that can be identified today as being surplus to the States requirements and which would be best sold rather than kept and perhaps being a liability to the States in future years."*[4]

9. Inevitably, there had been no time to prepare a detailed long term plan for departments' property requirements when the 2007 Property Business Plan was published. As Mr. Le Ruez told the Committee –

> *"In preparing that first Property Plan, we did carry out a, I have to say, quite a hurried exercise in trying to establish departmental need for the next few years, where possible matching those either to existing property or to capital bids where new property or new land was required."*[5]

10. **Given the limited time available for its preparation, in the Committee's view, a sensible approach was adopted to preparation of the 2007 Property Business Plan. It must be recognised, however, that the Plan represents no more than a first step towards achievement of the policy objectives set out in P.93/2005 and that consistent management attention will be required if those objectives are to be achieved.**

11. Because of its concern that the practical implementation of P.93/2005 should not be unduly delayed, the Committee reviewed what in its view are the principal stages by which the proposition should be implemented.

**Transfers of responsibility**

12. It is important that all property management responsibilities should be transferred to States of Jersey Property Holdings without unreasonable delay. It was evident when the Committee interviewed Bill Ogley and Eric Le Ruez on 11th December 2006 not all departments had transferred property management responsibilities to States of Jersey Property Holdings –

> *"The big one that is left is Health and Social Services ... the actual buildings themselves effectively are under the administration of Property Holdings, but for Health and Social Services we do not have the budget or responsibility for maintaining those buildings yet."*[6]

13. In answer to subsequent questions it also became clear that responsibility for –

   (1) the property assets of the Education Sports and Culture department would not be transferred until 31st December 2006,

   (2) the property assets of the Homes Affairs department (i.e. principally, the Police Service, and the Fire Service) would not be transferred until the first half of 2007.

14. No date was given for transfer of the Prison's property.[7]

15. The related budgets were also being transferred to JPH. Of course, these transfers were not reflected in

the States published Budget for 2007 as the work for that had been completed before the transfers had been agreed. They will be reflected in the formal budget for 2008.[8]

16. By the end of 2006, about sixty staff would have transferred to JPH whereas in 2000, the Audit Commission estimated that the number of staff who should be transferred would be about 135.

17. The length of time taken for these transfers to be effected and the numbers of staff identified for transfer cause concern over the degree of co-operation being shown by departments –

> *"Mr. Le Ruez:"I mean, we have had full co-operation from the departments to date and the transfers have taken time because it is quite complex, actually, extracting the budgets relating purely to property and not to the services. But I can say that wit Transport and Technical Services that has been successfully achieved; Education we are just about there now; and with the Home Affairs budget we still have some negotiation to do but that is not a very large budget. The big one is certainly Health and Social Services and that is taking some time, I agree."*[9]

**18. The Committee noted the progress that had been made in effecting the transfers of responsibility but was concerned that –**

**(1) the transfers of the Home Affairs Department's responsibilities together with relevant staff and budgets were taking so long; and**

**(2) Mr. Ogley and Mr. Le Ruez had been unable to give a date on which the propert responsibilities, relevant staff and budgets of the Health and Social Services department, a department with an extensive portfolio of properties would be transferred to JPH.**

**(3) The Corporate Management Board should be alert to and should act to prevent any department delaying the transfer of responsibility relevant staff and responsibility.**

**JPH's resources**

19. It is important that JPH should have the professional skills necessary to discharge its responsibilities. Inevitably, in view of the early stage at which the 2007 Property Business Plan was prepared, the staff of States of Jersey Property Holdings consisted largely of the previous staff of property services and property management staff transferred from departments.

20. The Committee recognises that much has been achieved in the months since the creation of JPH –

> *"... a lot of the last twelve months or so has been spent in getting together a new structure called Property Holdings, setting ourselves up with a design and maintenance division, finance and strategy division, and a property management division. With that now in place and directors in place ... we are moving forward."*[10]

21. Yet it is acknowledged that JPH needs the following further skills at least –

(1) JPH needs to appoint an asset manager to be responsible for establishing departmental property requirements.[11]

(2) JPH will need either to have commercial property expertise within its own team or to have ready access to such expertise to ensure that when surplus property is realised the States' interests are properly safeguarded.

22. Timely recruitment will be necessary if the JPH is to be able to meet expectations. For example, although at the public hearing, Mr. Le Ruez was not able to indicate who would be appointed to act as asse manager, he indicated that the more strategic assessment of the States' property needs which he envisages

as this manager's responsibility would be brought to the States 'probably in 8 to 9 months' time'.[12]

23. The Committee noted the progress that had been made in creating the JPH team, but is concerned that delays in recruitment may impede JPH's ability to meet the expectations that P.93/2005 created.

**Financial environment**

24. Creation of the appropriate financial environment for JPH will be a critical step in encouraging departments to manage their needs for property more effectively –

> *"Mr. Ogley: ... it is a significant piece of work and we need to, as every organisation has gone through this transition, find the most cost-effective way of doing it that will change behaviours because that is what we are about."*

> *"Mr. Le Ruez: If you have departments using property but not actually paying for it in the sense that whether they have got 20,000 square feet or 10,000 square feet ... makes no difference whatsoever to their budget, they will happily sit with 20,000 square feet because it makes no difference to them. If you can introduce a system whereby it is advantageous for departments to use their property effectively, then we will have succeeded."*[13]

25. The Committee was told that Chief Officers had not decided how this would be done –

> *"Mr. Ogley: "... we do not know exactly how we will do it yet. There is a lot of work to go into it and I think that is what most organisations find, is it would be very easy to introduce a method of charging. You have to have a method which is realistic in terms of ... reflecting real value. So what you are not doing is entering into a system where you are giving people money ... to release property and the money they have got is worth more than the property... then all you end up with is everybody saying: 'Thank you very much, I will have my £100,000' and you walk away and you have got something worth half of it ... I think we have got a lot of work to do... I think it is important because in the long term it is what will change and make management of this much better and change behaviour."*[14]

26. Whilst Mr. Le Ruez suggested that this process would lead to the introduction of a fairer approach to charging in 2008[15], the Committee noted that Mr. Ogley appeared to be more cautious.

27. It has to be admitted that one of the consequences of the introduction of Ministerial government has been a lengthening of the process by which annual budgets are prepared and reviewed. For example, the draft budget for 2008 will be published in the early months of 2007. The effect, when considering the implementation of new infrastructure within the States is that lead times are very long indeed. This is a subject that may merit the Committee's closer attention in due course.

28. **The Committee accepted that the introduction of a 'fair and equitable method of charging' was a major and difficult piece of work not least to ensure that its desired effect to increase pressure to improve efficiency is achieved, but considered that –**

**(1) the many years that had passed in reflecting on the proposal that such a system should be introduced, and**

**(2) the potential of such a system to encourage beneficial departmental behaviours,**

**(3) the Corporate Management Board would have failed in its duty to realise the expectations created by P.93/2005 if such a system were not introduced with effect from 2009.**

**Governance of JPH**

29. Proposition P.93/2005 envisaged that JPH would be a –

> *"... department of the States, reporting to the Finance and Resource Minister under the new Ministerial structure. The Chief Officer of States of Jersey Property Holdings will be accountable to the Chief Executive of the States and to the Treasury and Resources Minister for the management of assets including the delivery of any agreed financial return to the States."*[16]

30. Proposition 93/2005 also envisaged the creation of –

> *"The Property Board, reporting to the Corporate Management Board, will initially be responsible for ensuring all necessary structures are in place to promote good corporate governance through transparency of action and clear lines of accountability.*
>
> *The Property Board will work with States of Jersey Property Holdings to produce the initial States Property Plan and thereafter provide an interface between departments and States of Jersey Property Holdings to review States property policy and its implementation through States of Jersey Property Holdings."*[17]

31. Although P.93/2005 gave the clear impression that the Property Board would be created at an early stage in the life of JPH, in fact this has not happened –

> *"Mr. Le Ruez: The property board, as I understand it, would be set up by the departments to loo at the services being provided by Property Holdings, and that has not been set up yet."*[18]

32. Furthermore, the purpose of the Property Board appears to have changed. Whereas the original Proposition envisaged that the Board would 'be responsible for ensuring that all necessary structures are in place to promote good governance', Mr. Ogley suggested that–

> *"The intent to create a property board is actually more of a customer service board than a governance board. It is for the people who are the occupants of the property to have a group to gauge their satisfaction with the way the property is maintained for their use."*[19]

33. It is clear that the preparation of business plans for examination by the States assembly was intended to be an important element of the oversight of JPH and of plans for property disposals in particular. This oversight could be circumvented if JPH were to make extensive use of the powers in the States' Standing Orders to make disposals without prior reference in a business plan agreed by the States Assembly. The Committee therefore welcomes the following explanation given by Mr. Le Ruez and expects that it wi be followed in respect of all property disposals proposed by the States irrespective of whether the properties concerned fall within the remit of JPH –

> *"Mr. Le Ruez: ... under Standing Orders the Treasury and Resources Minister could take decision and it would simply be reported to the States, but it is I think expected that for property disposals, certainly significant property disposals, the States would have the opportunity to consider the proposal before the Treasury and Resources Minister actually takes a decision."*[20]

34. One of the steps necessary to promote good governance would be the identification of proper ways of measuring the performance of JPH –

> *"Performance will be measured against public and private sector benchmarks and may be subject to review by the Public Accounts Committee."*[21]

35. Such benchmarks are not set out in the 2007 Property Business Plan.

36. Going beyond the plans set out in P.93/2005, the 2007 Business Plan envisages that JPH should become a trading organisation in 2008 –

*"The Deputy of St. Ouen: Bearing in mind ... that there is a huge volume of work to do to achieve all the objectives laid out in P.93, do you see [2008] as being achievable or even required?*

*Mr. Le Ruez: Yes. Well, I think it is desirable and I hope it is achievable. It would require the approval of the States ... probably by no later than September [2007]. But I think it is desirable if Property Holdings is, as well as being able to increase income or increase effectiveness of property, but also be able to invest in property which will be required if we are really going to pursue the effectiveness of the use of office accommodation in the future. There will be a need for some capital investment, though, I have no doubt."*[22]

37. In a subsequent answer, it became apparent that 2008 represented the earliest point at which JPH could become a trading fund.

38. In passing it became apparent that, as a trading fund, JPH would be distinct from the development organisation to be established on the foundation of Waterfront Enterprise Board (WEB) which is intended to be a 'state-owned vehicle, 100% as a separate company, that would have the ability to develop sites'.[23]

39. Whilst trading fund status may eventually be appropriate for JPH, completing the formation of JPH and implementing the detailed proposals in P.93/2005 will require consistent effort and there is a risk that this work will be delayed by distractions such as the consideration of trading fund status.

40. **In the Committee's view, it is important that –**

**(1) the governance arrangements surrounding JPH should be put in place as soon as possible, and**

**(2) irrespective of whether trading fund status is attractive for JPH, consideration of that status should not be allowed to delay the completion of the establishment of JPH and the implementation of the detailed proposals in P93/2005 for the oversight of JPH.**

41. **The Committee will return to this subject after the end of 2007 to check that –**

**(1) the governance arrangements proposed in P93/2005 have been established, and**

**(2) in particular, that appropriate performance measures for JPH have been agreed.**

**Savings: efficiency and disposals**

42. The 2007 Property Business Plan envisages that JPH will –

*"... deliver revenue savings of £1.5 m from 2008 and annual net capital receipts rising from £1m in 2007 to £4m from 2009 onward."*

43. It is recognised that actual receipts will vary significantly from year to year.

44. The Committee reviewed the projected efficiency savings (£1.5 million annually from 2008) which were described by Mr. Le Ruez in the following way –

*"I expect to see some savings being made on property maintenance contributing to that £1.5 million and potentially some staff savings as well as increased income... some of it has already been achieved with the leases at Axminster House and Bond Street being terminated this year."*[24]

45. As such, the projected efficiency savings are not a saving on the true cost of property to the States. The current plan does not include the effect of any such savings, not least because JPH is not yet in a position to forecast what savings in the cost of property may be possible –

> *"Advocate A Ohlsson: ….when you get to 2009 you will have a clearer idea of what the true cost of property is to the States?*
>
> *Mr. Le Ruez: Absolutely, yes.*
>
> *Advocate A. Ohlsson: At which point you will see presumably more ambitious targets?*
>
> *Mr. Le Ruez: Well, we hope so, yes. Yes, I think there is more potential there, certainly, yes."*

46. In other words, the current projected efficiency savings are a cautious forecast of what should be possible.

47. The Committee also reviewed the current property disposals programme and noted that, on a conservative view, the realisable value of the properties identified for disposal represents a significant proportion of the total projected receipts for the years 2007-2009. It should be remembered that, in view of the limited time available for preparing the plan, the properties to be sold are largely those which had been identified as surplus before the creation of JPH which suggests that these projections are also cautious.

48. The proceeds of the proposed disposals are, as explained by Mr. Le Ruez and Mr. Ogley to be credited t the Land Acquisition Vote and thence to the Consolidated Fund and will represent a part of the funding of the States' planned capital expenditure. The Committee welcomed this confirmation, supporting the view that it is inherently unattractive and imprudent to use the proceeds of sales of capital assets to finance revenue expenditure. This general principle was endorsed by Mr. Ogley, the Chief Executive –

> *"Mr. T. Grimes: As a principle then, is it the view of the Chief Officer that you do not utilis capital sales to fund the revenue cost of the States budgets?*
>
> *Mr. Ogley: No."*
>
> *"Mr. T. Grimes: So a department that sells property would not be able to redirect those funds int the main annual expenditure budget?*
>
> *Mr. Ogley: This was the point of transferring all of the property into one pot, creating a Property Holdings, because the experience as was recounted to me was that that tended to be what happened. If somebody had a lot of asset value and could release it easily they could use it for investment, whereas ... these are States assets. That is right, is it not?*
>
> *Mr. Le Ruez: Yes."*[25]

49. As Mr. Ogley suggested to the Committee, it would be wrong to under-estimate the scale of the change in practice that has already been achieved –

> *"... if you think back to the point at which we took the proposition to the States, until that point there had been virtually no property disposals. Everything was held in the back pocket to be used one day for whatever purpose, and there had been tremendous opposition to any form of centralised management and administration and transfer. Now, 18 months on it is a differen world and what we are actually now talking about is accelerating the value of the property and I think departments are seeing the benefit that can come through."*[26]

50. The Committee agrees that the change that has been effected is significant. However, the Committee's review of the 2007 Property Business Plan suggests that the full financial benefits that ought to flow from the changes and that ought to be material lie beyond the immediate period covered by the plan. Moreover,

the Committee notes with concern that the States 2007 Business Plan suggests that it would be unreasonable to expect that further material efficiency savings might be achieved beyond the period covered by the plan. The Committee welcomes the following comment by Mr. Ogley during the public hearing–

> *"... we are now in the business ... of saying: 'Well, those were the promises at the outset. Now you can do better. Let us get on with it."*[27]

51. **The Committee recommends the 2007 Property Business Plan for approval by the States as a step towards the achievement of –**

**(1) effective property management,**

**(2) efficient departmental management, and**

**(3) maximisation of the value of the States property holdings.**

52. **The Committee agrees with Mr. Ogley and Mr. Le Ruez that, as a matter of principle, the proceed of the sale of capital assets should not be used to meet revenue expenditure and expects that this principle will be followed in all of the States' dealings with property irrespective of whether they fall within the remit of JPH.**

53. **The Committee will return to this subject after the end of 2007, to –**

**(1) examine the outcome of the 2007 Property Plan,**

**(2) in particular, to examine JPH's management of the programme of disposals to ensure that JPH has taken appropriate steps to maximise the proceeds of any sale,**

**(3) to check that the proceeds of disposals have been applied in accordance with the arrangements described by Mr. Le Ruez and Mr. Ogley, and**

**(4) to check that there has been no delay in the steps necessary to achieve greater efficiency in the States' use of property.**

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[1] *Standing Orders of the States of Jersey 1 January 2006, No. 132.*

[2] *R.C.88/2006.*

[3] *Such as: Review by Environment Resources Management in 1999, the States of Jersey Audit Commission in 2000 and a Report of the Future of Property Services in 2001.*

[4] *Transcript page 2.*

[5] *Transcript page 16.*

[6] *Transcript page 4.*

[7] *See answers given by Mr. Le Ruez, transcript page 5.*

[8] *See answer given by Mr. Le Ruez, transcript page 7.*

[9] *Transcript page 8.*

[10] *Mr. Le Ruez's answer, transcript page 16.*

[11] *Mr. Le Ruez's answer, transcript page 16.*

[12] *Transcript page 16.*

[13] *Transcript pages 11 and 12.*

[14] *Transcript page 13.*

[15] *Transcript page 10.*

[16] *P.93/2005, page 6.*

[17] *P.93/2005, page 9.*

[18] *Transcript page 3.*

[19] *Transcript page 18.*

[20] *Transcript pages 27 and 28.*

[21] *P.93/2005, page 5.*

[22] *Transcript page 21.*

[23] *Mr. Ogley's answer, transcript page 22.*

[24] *Transcript page 36.*

[25] *Transcript pages 30 and 31.*

[26] *Transcript page 14.*

[27] *Transcript page 15.*