

2.2 Deputy P.J. Rondel of St. John of the Minister for Treasury and Resources regarding the use of an outside negotiator to negotiate the Lime Grove House purchase instead of Property Holdings:

Was an outside negotiator used to negotiate the Lime Grove House purchase instead of Property Holdings staff and, if so, under what terms was the negotiator engaged and what commissions were paid?

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

I have a number of questions in relation to Lime Grove House, I think 6 or 7. I will keep my answers specific to the relevant issue but there may well be some answering that is common ground on some of the questions. So I can confirm that an independent negotiator was engaged in April 2011 to support and advise the Chief Executive in concluding the negotiations for Lime Grove House. The negotiator was engaged on a standard hourly rate and no commission was paid. The negotiator had a specific remit to resolve the issue that while the price of £8.75 million had been offered, there was no deal because significant matters remained outstanding, in particular the cost of snagging and other costs, which, because of the building's age, could have run into hundreds of thousands of pounds. The negotiator successfully agreed with the vendors of a price for £8.25 million, including the responsibility of the various snagging issues prior to the vendors agreeing to lease the building to a third party.

2.2.1 The Deputy of St. John:

There has been an awful lot of media coverage of this particular building, which has raised a lot of questions and received very few answers in the outcomes of anything I have read in the media. Will the Minister confirm or otherwise that the Treasury Department appears to have been, for want of a better word, meddling within the affairs of the Jersey Property Development Department, and that being the case, are we now seeing another fall guy within a senior position in the States, as happened with the Euro fiasco on the energy from waste plant? Is there ...

The Bailiff:

I think you have posed your question there, Deputy.

Senator P.F.C. Ozouf:

I have the responsibility for safeguarding public money and ultimately large transactions such that the Assembly vests in me a responsibility to make decisions. There was a long history in relation to the Police H.Q. (headquarters), more than 5 years even before I got involved and saw finally a business case in October last year. I am afraid to say that business case was not capable of being signed-off. There was a price but not a deal. It was not possible to deliver the overall police relocation within the budget and there were significant issues which have arisen in the subsequent months since then. That is the situation. The Deputy does not have all the answers - and I understand that - because I have given significant evidence in the last few days. The Scrutiny Panel has their report. I encourage the Deputy, if he is interested in looking further into the matter, to look at the evidence already published on this area. Clearly we await the Scrutiny Panel's report.

2.2.2 Deputy T.M. Pitman of St. Helier:

The Minister has talked about setting the record straight on his website. Could he explain to the House - because I think this is important - how can this record be straight when civil servants, just as we have seen with the former Treasurer of the States and the former Chief of Police, are effectively gagged by confidentiality and can really not say anything while the Minister can say what he likes?

Senator P.F.C. Ozouf:

Ultimately this Assembly puts in place and votes in Ministers who are ultimately accountable. I take responsibility for matters within my own department. I cannot comment obviously on other departments. I am happy to take responsibility for what happens in my own department, and I need to say again to the Deputy and to the Assembly that I am as frustrated as anybody in the lack of progress over a number of years in relation to the Police H.Q. It has taken too long. It is unfortunate that another counter-party took the building on a leasehold and we were not able to purchase the building but we will find a solution to this and we will deliver the police a proper H.Q. within the available budget. I stand accountable for those decisions as this Assembly would expect me to.

2.2.3 Deputy T.M. Pitman:

A supplementary? The Minister talked about responsibility, does that mean he is going to resign over this?

Senator P.F.C. Ozouf:

I certainly do not believe I have anything to resign over. We will discuss in later questions and answers the issue of whether or not there was an £8 million spend, and I think, with the agreement of the Minister for Home Affairs, there has been some misinterpretation of those figures. The fact is that the business case that I was being pressed into signing last October could not be signed. The deal was not clear, it could not meet the budget, it involved a complex web of other transactions - including the sale of South Hill - in order to fund the overall project, and no Member of this Assembly that I think was doing their job would have accepted that Ministerial Decision at the time, of which also was not recommended to me by the appropriate accounting officer.

2.2.4 Deputy A.E. Jeune of St. Brelade:

Can the Minister just clarify what he said in his initial answer? Did he say that the price of £8.25 million by his negotiator was agreed?

Senator P.F.C. Ozouf:

If I may say, that was one of the whole problems that we face, is that an offer had been made by Property Holdings, without my knowledge, without the accounting officer's prior knowledge of it being made and there was subsequently ... and all of the documentation is clear that there was a lack of clarity as to what the price was including the whole deal, whether or not snagging issues were... I visited the immediate vicinity of the site. I think Lime Grove House is a lovely building and with work it will create a great new headquarters for State Street, but it did need and does need work because it has been empty for 10 years. That could have run into hundreds of thousands of pounds and, frankly, I feel as though I would almost be condemned if I do and condemned if I do not. Buying a building at financial services rates on the one side and buying a building which significant scaffolding would have gone up, we would have had to have spend hundreds of thousands on the necessary

changes to the windows and I still would have been condemned. I have done the job that this Assembly wants, which is safeguarding public money and delivering value for money.

2.2.5 Deputy A.E. Jeune:

My question to the Minister was, was the £8.25 million by his negotiator agreed? Is that what he said in his answer, please?

Senator P.F.C. Ozouf:

I do apologise: the £8.25 million, after the new team was put in place, was agreed and heads of terms were agreed and there was an expectation that it would go forward. That was at £8.25 million, although the Ministerial Decision that I signed allowed negotiations to include all of the dilapidations to go to £8.75 million.

Deputy A.E. Jeune:

So it was a price ...

The Bailiff:

Sorry, Deputy, you have had 2 questions and there are a lot of other Deputies who wish to ask questions. Deputy Southern.

2.2.6 Deputy G.P. Southern of St. Helier:

Who runs Property Services? Is it the Minister for Treasury and Resources or is it somebody else?

Senator P.F.C. Ozouf:

Ministers are responsible for policy and oversight. In this area I have always had... and I have a record in this Assembly of giving Assistant Ministers proper delegated responsibility for areas. An Assistant Minister has always had a responsibility for Property Holdings but at the end of the day, as the Deputy of St. John's question quite rightly says, ultimately the accountability stops at the Minister and the accountability stops right here and that is why I am dealing with it. I also think that the Assembly would expect me to be involved in the purchase of a building of literally millions of pounds of taxpayers' money. Members would expect me to be aware of it, to be involved and to be authorising such a transaction.

2.2.7 Deputy G.P. Southern:

Supplementary, if I may. The Minister for Treasury and Resources was very satisfied when he first announced this deal to the Chamber. What happened in between time that he should have gone back and effectively double-negotiated, tried to go back and renegotiate, thereby losing this particular site? Is he happy that we still do not have a new Police Headquarters?

Senator P.F.C. Ozouf:

I am not happy that we do not have a new Police H.Q. and the deal ... and I made the statement to the Assembly to say that I had been difficult to convince, and absolutely right. Members may now understand why I was difficult to convince. I was brought under a lot of pressure from different parties in relation to this issue. It was a deal which was flawed when the original business case had been presented to me and the deal that I was being pressured to sign in October did not meet the budget because it retained the operational Police H.Q. on Sacre Coeur. The work that the Treasury and

the Chief Executive and the Assistant Chief Executive subsequently did solved all that, put it within the budget and we got an agreement to buy the building of £8.25 million. If I am to be condemned for attempting to save money then frankly I wish to be condemned on that basis. But I do not believe I have, I believe I have made the right decisions in the interests of public money.

2.2.8 Deputy P.V.F. Le Claire:

I appreciate the Minister safeguarding public money but some of us ... not necessarily me, but some people have expressed an opinion there is lost opportunity that will cost money. Will the Minister outline for us what other large proposals have been transferred from Property Holdings? My understanding is all of the large projects that were in their portfolio have been transferred over to the States of Jersey Development Company now and the Minister has, I believe, has an overriding veto in respect to what happens to those properties. What does that mean for the creation of affordable homes which was the key pillar in the Island Plan that was going to be delivered on these sites?

Senator P.F.C. Ozouf:

If I may say, I absolutely agree with the Deputy that we have to deliver affordable homes. There has to be a good co-operative working between the Minister for Housing, Property Holdings and S.o.J.D.C. (States of Jersey Development Company) in terms of delivering affordable homes. We need these people to work together in a team-like approach which is not a characteristic of the way the relationships have been going over the last couple of years. I am determined to solve that. The Deputy asked me a number of other questions, I am afraid I probably will come back to them in later answers.

2.2.9 Deputy P.V.F. Le Claire:

I would rather he answered them now when I put them to him, which was, which other large properties has he transferred over to the States of Jersey Development Company?

Senator P.F.C. Ozouf:

Sorry, there are no large transactions ... there is no land that has been transferred over to S.o.J.D.C. and we are currently working out where the right and appropriate single point of delivery some projects will be but no projects have been forward. We are conducting a review of Property Holdings to get it to being fit for purpose. There is a lot of good work that has been done in Property Holdings but not the progression of these important projects for Health, for Education, and for other areas and that we must make progress on.

2.2.10 Senator F. du H. Le Gresley:

Given the rent to be paid by the new tenants of Lime Grove House, does the Minister accept that the valuation of £8.25 million was too low?

Senator P.F.C. Ozouf:

I think there is a really important issue which I have tried to get across to the Scrutiny Panel: I do not think that the States should be necessarily buying on the basis of a valuation. A valuation is an asset with a return of which you can then value as an investment. I have had some advice in relation to what the building is worth and I offer absolutely no criticism to either the vendors or State Street for having leased this

building. They are entitled to do what they want and they have made a particular reason because they had immediate requirements for their building. I have seen that the passing rent is a 50 per cent discount for 3 years, I think there is a rent free period for a year, obviously all that needs to be taken out in terms of the valuation. I do not believe that the public should expect the States to be competing with the international financial services industry for accommodation. We need to be leading by example by appropriate, efficient and affordable accommodation to meet our own requirements, not competing with, effectively, highly regarded financial services institutions who inevitably are going to pay more than the States should be seen to pay for our own services.

2.2.11 Deputy F.J. Hill of St. Martin:

We did not get quite the answer from the Minister following the question from Deputy Pitman, but could the Minister make absolutely clear, are there any gagging restrictions placed upon the outgoing Chief Officer at Property Holdings? Will he be able to be free to give his own version without any fear of loss of salary or pension?

Senator P.F.C. Ozouf:

The Director of Property Holdings has resigned for his own reasons and that is covered by the normal standard arrangements with the States Employment Board as the Deputy very well knows, and agreements are reached in relation to people resigning on terms, and this was in line with the States Employment Board and not a decision of mine in relation to this issue. The Director gave evidence at the Scrutiny Panel last week and his comments have been made. But what I need to say to the Deputy and to the Assembly is that, ultimately, it is Ministers who decide on these important issues and Members need to hold Ministers to account for decisions and it is not appropriate effectively to use civil servants as pawns on either side of the argument in relation to these issues. Ministers are advised and Ministers decide, not civil servants. That is at least what I think the public expects.

[15:00]

The Bailiff:

There are a number of other questions on this topic so I am going to allow 2 more that I had seen. Deputy Martin.

2.2.12 Deputy J.A. Martin of St. Helier:

Would the Minister confirm that I and the other 2 Deputies of St. Helier No. 1 were told about this deal months and months ago, obviously somehow before the Minister for Treasury and Resources because it sat in our district? Not only that we have now lost the new Police Headquarters, it was just one cog in a massive wheel that Property Holdings were dealing with. Why have we got Property Holdings, and will it continue when even in this deal another outside negotiator was brought in? Does the Minister not have any faith or does the Minister have to have control over every person and everything spent in the States?

Senator P.F.C. Ozouf:

Most certainly not. Ministers should not be getting involved in the micro issues at all. Ministers should be having confidence in their departments for delivery. I have to say to the Deputy that if any Member and she wishes to review the business case that was presented to me, and I was pressured to sign in October, they would not sign it. They

would not be able to sign a decision to purchase almost a £9 million building on the business case that I was given. It was not possible to do that. Members expect Ministers to be tough, to be searching, in relation to the advice, not to be just signing anything that is given. That business case could not be signed-off, it was not capable of being signed-off and work needed to be done. I would just say to the Deputy that as a result of the work that the Treasury and the Acting Chief Executive and Assistant Chief Executive, millions of pounds of further savings were identified by focusing the dual site operation on Lime Grove House and Rouge Bouillon instead of Sacre Coeur, which was a lot better deal. The final thing I would say is that the work on Lime Grove House is not wasted, it was a stand alone issue. The complex web of transactions that was being put forward in the October plan could not be delivered and there was not the budget to do it.

2.2.13 Deputy J.A. Martin:

Supplementary. The Minister did not answer if we are now getting rid of Property Holdings. It has been called everything but obviously it is not working. Are we going to keep Property Holdings?

Senator P.F.C. Ozouf:

Absolutely. Property Holdings needs to serve ...

The Bailiff:

There we are: we will move on. Deputy Higgins.

2.2.14 Deputy M.R. Higgins:

I do not think the Minister did answer Deputy Hill's question. He was asked whether the former civil servant in question could speak without fear of loss of income or pension. So first of all could he confirm that he will not be penalised in any way for speaking out? In fact would the Minister not even encourage him to speak out because we all want to see open and transparent government so we should get everything out in the open so it could be considered?

Senator P.F.C. Ozouf:

I think the fact that the Director attended the Scrutiny Panel on Friday and spoke - I do not agree with some of the remarks that he made in some respects - is answering the Deputy's own question. The resignation of the Director was agreed, as I understand it, prior to even the Scrutiny Panel having come forward with their review and the transaction. This had been under discussion for some time previously and so the answer is, yes, he has spoken. There is no issue with that as far as I am concerned. There is no consequence to his package that he was entitled to on the States Employment Board. But finally I would say, it should not be civil servants that are held to account. Ministers hold civil servants to this account, this Assembly holds Ministers to account and I am very happy to be held to account for this issue. I would make the same decisions again.

2.2.15 Deputy M.R. Higgins:

Supplementary. Yes, I am pleased he says he should be held to account or Ministers should be held to account and that is why civil servants should, in situations like this, be entitled to speak. That particular civil servant spoke before a Scrutiny Panel where he had immunity. At the present time could he speak again if others have questions to

ask him? Will he be free to speak freely without fear of penalties being brought against him?

Senator P.F.C. Ozouf:

These issues are not matters for political football. This individual has resigned and he has spoken to the Scrutiny Panel and that is the end of the matter. He has been asked his questions on issues and that is the case. I say again to the Deputy, it is Ministers that need to answer ...

The Bailiff:

I think I will just ask you then to stop, Senator. The final question, then, from the Deputy of St. John.

2.2.16 The Deputy of St. John:

Yes, it has been common knowledge around the corridors of power since 2010 that the Minister wanted to replace the C.E.O. (Chief Executive Officer) of Property Services and W.E.B. (Waterfront Enterprise Board) and put his own men in place. Is that correct? If that is correct, what is the cost of buying these jobs out?

Senator P.F.C. Ozouf:

What I am absolutely clear about is that I have stood in this place in this Assembly and answered numerous Members' concerns over Property Holdings for a period ever since I have been the Minister for Treasury and Resources. While there has been some very good work done by Property Holdings, I do not believe that Property Holdings has delivered fast enough and quick enough some of the important property issues that needed to be resolved. The Police H.Q. relocation should not have taken 5½ years. The important work that needs to happen with Health should not have taken the time it has. The rationalisation of the office accommodation, largely inefficiently used across the States, we have not even started in relation to delivery on that quite apart from the poor relationship that existed between Property Holdings and Housing. The Deputy cannot say that all was well. I am responsible for sorting matters out. I have sorted out a lot of issues in Treasury and Resources. Property Holdings is now underway and we are going to get Property Holdings to serve this Assembly and department better than it has done in the past.

2.2.17 The Deputy of St. John:

Could the Minister answer the question? I will put the question again. It is common knowledge around the corridors of power that since 2010, the Minister has wanted to replace the C.E.O. of Property Services and of W.E.B. Is that correct or is it not?

Senator P.F.C. Ozouf:

I do not agree with what the question is. No, that is not the case. What the Minister wants and this Assembly expects me to do is to put a Property Holdings Department which will deliver. The answer is no.

The Bailiff:

It seems to me that it is the same question and you have dealt with it. There is one other matter. I have noted that in the public gallery is Her Majesty's Comptroller from Guernsey. He is the equivalent of our Solicitor General and I am sure he has been at the Assize d'Heritage(?) this morning. I am sure Members would wish to give him the traditional welcome. **[Approbation]**