

2.6 Deputy S. Pitman of St. Helier of the Minister for Treasury and Resources regarding the failed attempt to purchase the Lime Grove House site for the States of Jersey Police Headquarters:

Would the Minister outline for Members what the reasons were for the failed attempt to purchase the Lime Grove House site for the States of Jersey Police Headquarters?

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

The Police H.Q. relocation has been under discussion since I think the early 2000s. The first funding for the project was approved by this Assembly in 2005 and, of course, it needs to be said that any transaction that eventually is brought forward can only happen if there were willing parties. When the business case was eventually presented to me formally in October 2010, it was not an agreed deal because there was not an agreement as to who was to pay for the dilapidations. There were shortcomings in relation to the way that Property Holdings dealt with the matter: poor communication between Property Holdings and myself as Minister; a lack of clarity in the dealing of Property Holdings and the vendor; clearly a problem in relation to internal communications; a lack of clarity on the total project costs and the funding and a lack of clarity in their communication with the Treasury in relation to the sign-off of the transaction. Only the efforts of the Treasury in the later part of last year brought the whole business case to a point at which it could be approved, and which I did so in the earlier part of this year which I have reported to and made a statement to the House.

2.6.1 Deputy S. Pitman:

What lessons has the Minister learned from these failed negotiations?

Senator P.F.C. Ozouf:

I think there are a number of lessons that need to be taken in relation to the handling of this from Property Holdings' point of view and, indeed, the relationship that Property Holdings has with the Treasury and some changes have already been made. It has almost been characterised that there was a breakdown in the relationship and confidence between the Treasury and Property Holdings and that was, I have to say, indeed the case and many Members will be aware of that. Members have asked me questions about Property Holdings and about the lack of progress on various different issues. Changes have been made as Members are aware. We are looking at the business plan of Property Holdings, looking at the management structure and are going to be making some further changes in order that Property Holdings can deliver, lessons can be learned, and Property Holdings will deliver on the very significant amount of reform and modernisation that must happen with taxpayers' money which, at the end of the day, is hundreds of millions of pounds worth of property assets. It must be handled better; it must be run better and it must be run more efficiently partly in order to deliver hundreds of units of social rental accommodation.

2.6.2 Deputy M.R. Higgins:

The Minister's answers now and in a previous question have led me to seek clarification on delegated powers to Assistant Ministers. Did the Minister give legally binding delegated powers to the Assistant Minister so he could make the decisions or was the Minister still ultimately responsible for everything that was done by his Assistant Minister?

Senator P.F.C. Ozouf:

The Deputy is correct that ultimately all decisions made under delegated responsibility I regard as the responsibility ultimately of the Minister and while the Assistant Minister has always had delegated responsibilities in certain areas in relation to property transactions and, indeed, there is a limit, I think, of contracts of up to £5 million, I think it is incumbent upon the Minister and the Assistant Minister and the department to have good communication. I have a 'no surprises' policy with the utilities. I certainly have a 'no surprises' policy with my Assistant Ministers. If I am not here, one of my Assistant Ministers can stand in for me and *vice versa*. That is how teams work and that is how good Ministerial teams would work. I am afraid to say that the communication was not there in relation to property matters. I had to resort to sending emails in July of last year basically saying I am losing confidence. A promised office rationalisation was promised to be delivered before the summer break last year and was not delivered. The business case was deficient. I am being held to account for holding a department under my responsibility to account for delivery. So be it.

2.6.3 Deputy M. Tadier:

Earlier, the Minister told us that he had saved the States money or that he would save the States money by this deal not going through. That seems to be contradictory to evidence given at the scrutiny panel which suggested by more than one witness that this deal not going through has cost the taxpayer £8 million. Will the Minister explain which one of those is true and if his version of events is true, why should we believe him rather than witnesses who swore under oath to tell the truth at Scrutiny?

Senator P.F.C. Ozouf:

I think it is my colleague, the Minister for Home Affairs, that may have been misquoted or misrepresented in relation to the £8 million loss. There has been no £8 million loss and there will not be any £8 million loss. The Lime Grove purchase at £8.25 million, which was agreed with the counter-parties, would have represented a solution to the Police H.Q. It would have ended up as a result of the work that Treasury did on a dual site operation at Rouge Bouillon and at Lime Grove House, which I think everybody would agree is a compromise and it would have compromised what really they want. The operational Police H.Q., the thing that is known as the "cop shop" or the "custody suite", would have not been delivered until 2015 because work could not have commenced on that until much later. I am confident that we can find a single site to put everything on which meets Home Office requirements, which meets the budget. We will be in a far better position and the overall plan of the relocation of the Police H.Q. could be brought forward from where as to what it was.

2.6.4 Deputy M. Tadier:

A supplementary to that. The Minister is trying to suggest that the reason that this deal did not go through is because it is not an appropriate site. We were going to go through with the site and it simply did not happen because the finances were not correct. Perhaps the Minister can answer a different question. If the Minister is sued for defamation by former civil servants because he has impugned their competence and motives, who will pick up that bill? Will it be the Minister himself or will it be the taxpayer?

Senator P.F.C. Ozouf:

I do not think there is any defamation. Evidence is given to Scrutiny within privilege and I can speak and other people can speak before Scrutiny Panels. That is how the democratic principle works. At the end of the day, a Minister is responsible for signing-off a transaction and I was not satisfied with that business case in October. I became comfortable with the transaction later on but for reasons that obviously other people can speak about, not me, but the counter-party decided to lease the building to another person, not purchase it. There were 2 different transactions. We lost it. That is what happened; I do not criticise the people concerned. In fact, if anything I think the vendors need an apology for the fact that they were effectively mis-communicated with over a very long period of time, even though that building was empty for 10 years.

2.6.5 Deputy S. Power of St. Brelade:

I preface my question by reminding the Minister that in July I asked him a question about the residential content of Lime Grove House and my question is this. In all the advice he has been given over the last so many months, was he 100 per cent comfortable that he was being advised to buy a building that had units of residential accommodation in it for a building that was to be converted to a Police Headquarters, albeit not operational? I frankly find it astounding that in the 2 months that have evolved since July, I must be the only person in the Chamber that is happy that this has fallen through. Can the Minister clarify the residential component?

Senator P.F.C. Ozouf:

I understand that the advice... and Ministers act upon advice that they are given, and the team that were working on this included the excellent Deputy Officer of Police who has been involved in this, architects with specialist information and specialist knowledge and they have not represented anything to me which indicates that there was a problem with locating a Police H.Q. next to a residential block. But we are looking at Home Office guidelines for that and looking at that in the context of the alternative space that is being used but I have got nothing effectively which indicates that that is not a problem for that particular site or any other adjacent site.

2.6.6 The Deputy of St. John:

I have seen since my return to the Chamber the Minister play fast and loose with the career of some of our top civil servants. The whole thing is like a scene out of "*Yes, Minister*". Will the Minister confirm that all the action he has taken over Lime Grove House has the full support of the Chief Minister and the Council of Ministers and, if not, why has this fiasco been allowed to develop?

[15:30]

Senator P.F.C. Ozouf:

The Deputy uses his re-elected position in this Assembly shortly to basically cast aspersions on... and he uses quite strong language sometimes and I regret the imputation that he has made. Ministers are expected to hold their departments to account for failures and that is what I have got a track record of doing. If that is a problem, then I should not be enjoying the continued support of this Assembly. This Assembly charges Ministers with the accountability of running their departments and I say to the Deputy if he wants to come in and have a discussion - any Member - I do not want to look in the past. I want to look forward. There were issues with Property Holdings. It has not achieved what this Assembly set out in 2005 and we need to sort

it out. As far as the Council of Ministers is concerned, the Deputy makes an important point. I do not believe an individual Minister or an Assistant Minister should simply be the single decision-maker on the purchase of a £9 million building. That is not right. Individual Ministers should be sharing information with other Ministerial colleagues and certainly a transaction of this scale absolutely should come to the Council of Ministers for discussion, not simply an Assistant Minister.

2.6.7 The Deputy of St. John:

A supplementary. I asked a question whether or not the Council of Ministers and the Chief Minister were fully supportive of this transaction?

Senator P.F.C. Ozouf:

The Chief Minister was kept involved. He is answering Questions without notice so the Chief Minister can be asked that question in his own Questions without notice. I managed to certainly keep Ministerial colleagues apprised but it was only in June, July, August and October of last year that I got involved because I knew what was going on and, at that stage, I was expressing concern and frustration at the lack of progress in relation to important property matters and I was receiving pressure from other Ministers of the non-performance of a number of issues in terms of property matters. So I was getting pressured from other people to do something about it and, as the Deputy knows, I have made some changes in that area to improve matters.

The Deputy of St. John:

So the answer would be no, then, Minister?

Senator P.F.C. Ozouf:

No, the answer is yes.

2.6.8 Deputy A.E. Jeune:

The Minister in his initial answer to this question made reference to poor communications. Would the Minister please advise whether he was aware that the Chief Officer of the Chief Minister's Office was forwarding emails he was receiving from the Director of Property Holdings to the Director of the States of Jersey Development Company and did he consider that appropriate?

Senator P.F.C. Ozouf:

Yes and yes. As I understand it, W.E.B. has software which we do not have in Property Holdings and we do not have in the States on space utilisation, and one of the key issues in solving this issue with the Police H.Q. was whether or not the police could fit within the space and I understand that that was one of the reasons W.E.B. software, so that we did not have to buy it, was being used. I repeat again to the Deputy if she is interested, that original business case that was set out in October could not be delivered within the budget and needed to be significantly re-engineered in order to achieve the end result that we nearly got to, which is not lost in terms of the back office of the police at Lime Grove House. That was the reason for that.

2.6.9 Deputy A.E. Jeune:

So is the Minister saying S.o.J.D.C. works in with the States rather than being outside of the States?

Senator P.F.C. Ozouf:

I expect that S.o.J.D.C. works for the States and as an owned entity, it is not some sort of independent trust body that reports to nobody. It absolutely is part of the States and carries out the States' instructions. That is what we have set it up for. We have clarified the responsibilities of it. Whether or not S.o.J.D.C. can have a role in regeneration areas for delivering important projects that this Assembly has already been discussing this afternoon of affordable houses, time will tell. What I do not want is I do not want an S.o.J.D.C. and Property Holdings at war with each other wasting time, not focusing on individual transactions and not delivering what the public want and, more importantly, value for money for taxpayers on their hundreds of millions of pounds' worth of investments of property, whether that be on the Esplanade or the rest of the Island. I want these organisations to work properly and in harmony with each other, not against each other.

2.6.10 Deputy R.G. Le Hérisssier:

Would the Minister not accept he is hoist on his own petard because having apparently had an inadequate business case in October, he then went to the public and maintained he had almost got the property deal of the century. Would he not accept that the disparity between those 2 periods was very hard for the public to swallow?

Senator P.F.C. Ozouf:

I certainly did not say we had the property deal of the century. I said in my statement to this Assembly I had been difficult to convince - and quite rightly so - and Members may now understand why I said that - and I have re-looked at my statement that I made and I was pleased that I said it, that is was difficult, it was challenging, it was a compromise, but I was satisfied at the end of the day that it represented the appropriate plan in order to find part of the police's new relocation more quickly. But it was not the overall best deal and I maintain the view that the public is concerned. We own vergées, tens of thousands of feet of office space. We should not be buying any more buildings. We should be building on our own land more cheaply and we also should not be competing with the financial services industry. If I had misgivings... I did, but now we move forward and we find a better site more efficient within the budget and I hope on a single location.

2.6.11 Deputy R.G. Le Hérisssier:

A supplementary. Would the Minister not accept that suggesting the purchase of the property alienated the public and that he should have acted on his instincts at the time?

Senator P.F.C. Ozouf:

If the Deputy is agreeing with me, then I welcome that because, of course, I think the Deputy is right. But at the end of the day, it having been suggested that I do not agree and I am not a team player... I was a team player at £8.25 million with an agreement that had been certain. I was not a team player on a business plan that could not be delivered and I did agree with the purchase of Lime Grove House. I was happy to back it but now that it has fallen away, we resort to the position of finding a proper solution for the police location on a single site that can be delivered and will save millions of pounds off the original cost and release much more land for States housing and other projects and that, I hope, will be the final *temps passé* write history note of this, that will deliver something better but we must get on with it.

The Bailiff:

I appreciate that there are other Members who still want to ask questions on this but there are still some more questions to come and, of course, the Minister for Treasury and Resources is also asked Questions without notice. So I think we must move on at this stage but we come to Senator Breckon and then a final question Deputy Shona Pitman.

2.6.12 Senator A. Breckon:

In an earlier answer, the Minister for Treasury and Resources mentioned a breakdown between the Treasury and Property Holdings. Can he say if that is about policy or personalities?

Senator P.F.C. Ozouf:

Policy and delivery. Personalities: I am not interested in personalities. I am interested on delivery and I am interested in getting things done. I was promised and, in fact, in my submissions when I took the job as Minister for Treasury and Resources I said I was going to make progress in relation to property matters. I think the progress has been patchy and I am now attempting to resolve matters. The Constable of St. Peter is working with the department on a forward-looking important plan that delivers better value for all of the property we have in the States and I want to get on with this in the next few weeks, and I am sorry if that has been misinterpreted as about personalities. It is not. I think that there was some very good work done in Property Holdings. I have the greatest of respect to the former Assistant Minister who did some very good jobs in relation to Property Holdings but we have to say that all was not right and I hope at the end of the day this is not somehow an issue about one individual States Member versus another. It is not. It should be about teamwork and teamwork should happen all the way through and that teamwork did not happen. I am a proud team member. It did not happen and I am sorry about that but we have to move on.

2.6.13 Deputy S. Pitman:

Could the Minister tell us how much these negotiations cost?

Senator P.F.C. Ozouf:

I have another question in relation to that. The answer to that is there has been £100,000 spent in relation to the progression of Lime Grove House and the associated issues. There are a number of elements to that. Some of that work, for example, the architectural work on design and floor layouts of about £38,000 is certainly not lost. There was obviously going to be some aspects of loss in relation to the costs but much of it I am confident is going to be able to be used in experience to find the right solution and overall we will deliver this lower than the original budget and I hope earlier, as I have said in relation to some aspects of the scheme.