

2016.03.08

3.11 Deputy G.P. Southern of the Minister for Infrastructure regarding local government public-private partnerships:

It is the Minister for Infrastructure again. What account, if any, has the Minister taken of the report of the European Services Strategy Unit research which found that more than a quarter of local government Public-Private Partnerships over the last 15 years have failed?

Deputy E.J. Noel (The Minister for Infrastructure):

I would like to start by thanking Deputy Southern for pointing out that almost three-quarters of these P.P.P.s (public-private partnerships) have indeed been successful over the past 15 years. I am aware that not all outsourcing has been successful in the U.K. and cannot be entered into lightly, nor are we doing so. Learning from our own experiences and that of others is very valuable; for example, I think it is fair to say that we have a far better contract drawn up now with the current bus company than we did with the previous operator. We are not novices in this area and we have some experienced assistance from the Procurement Section to help us with this. In addition, Jersey Property Holdings do already successfully deliver cleaning services and with associated gardening and grounds maintenance for other departments, and have done so for a number of years with third-party contractors. From the Deputy's question, he indicates just under three-quarters of local government public-private partnerships have been successful. I have no reason to assume that any third-party contracts that we might enter into would not also be successful and we would work with the local suppliers to indeed ensure that they are. For clarification, we are not looking to enter any public-private sector partnerships.

3.11.1 Deputy G.P. Southern:

Outsourcing is a public-private partnership, effectively. Does the Minister accept that increasing evidence is that outsourcing does not necessarily remove costs, and that a number of local bodies in the U.K. are re-insourcing in order to save money because the outsourcing process is, in the end, more expensive and it does not meet its targets for savings?

Deputy E.J. Noel:

That is exactly why you have to do service reviews because, if you are going to outsource to private contractors, you have to do it in a smart way. There are some services that you do not outsource; there are some key services likely to have sufficient capacity to respond to emergency situations. You need to have a certain critical mass to be able to do that and therefore in those areas you would not outsource. But areas where there is strong evidence that the private sector can do the job to the appropriate level of quality then they can be outsourced. We have our own in-house example of that: currently, and for many years Property Holdings has been outsourcing to the private sector exactly the same services that are now going through the service reviews.

3.11.2 Deputy M. Tadier:

The Minister seemed to have outsourced the previous question to the Chief Minister's Department, presumably because he has a bigger empire of civil servants to answer them. Is the Chief Minister correct when he says that the Minister - this Minister - is not ideological in his approach, and does he accept that it is a fair criticism to say that if your decisions were based on evidence, you would have done the research in the first place before you say that outsourcing is what you are pursuing and, secondly, that you would have an alternative to outsourcing? Otherwise it seems to say that the

policy of outsourcing privatisation is ideological in the absence of any evidence and in the absence of any alternative being brought to the table. Is that a fair point that the Minister accepts?

Deputy E.J. Noel:

I accept wholeheartedly what the Chief Minister said in answer to question 10. I am not an ideologically-based person, I am a practical person; I come from a longstanding Jersey family that has its roots in local subsistence farming. I do not have strong ideological beliefs that I would follow blindly, what I do have is a practical way of finding solutions to the difficulties that we face in our lives on an ongoing basis.

3.11.3 Deputy G.P. Southern:

I just refer to one particular case because it is appropriate: does he recognise that in Islington they saved £3.8 million each year on housing by insourcing and £3 million a year on waste, street-cleaning and grounds services, which is what he proposes to outsource, by insourcing? Does he not accept that he can provide value for money within his own department?

Deputy E.J. Noel:

To repeat again, that is exactly why we are doing the service reviews and it is exactly why we are gathering the information through a P.Q.Q. (pre-qualification questionnaire) exercise from the industry to understand and to be able to evaluate what we can continue to do within the States sector, within the public sector, and provide value for money. As Deputy Southern has clearly shown States Members, over the last 15 years it has been proven that local governments have had exceptionally good value for money out of their private sector arrangements.