

STATES OF JERSEY

Corporate Services Scrutiny Panel Lime Grove House: Failure to Complete Transaction

TUESDAY, 30th AUGUST 2011

Panel:

Senator S.C. Ferguson (Chairman)
Deputy D.J. De Sousa of St. Helier
Deputy C.H. Egré of St. Peter

Witnesses:

Senator B.I. Le Marquand (The Minister for Home Affairs)
Mr. B. Taylor (Deputy Chief Officer of Police)

Also present:

Ms. K. Boydens (Scrutiny Officer)
Ms. S. McKee (Training Scrutiny Officer)

[10:02]

Senator S.C. Ferguson (Chairman):

Welcome to this meeting of the sub-panel of the Corporate Services Scrutiny Panel considering the Lime Grove House transaction. First of all there is a health warning. I do not know whether Mr. Taylor has been to one of our hearings before.

Deputy Chief Officer of Police:

I have, yes.

Senator S.C. Ferguson:

It has not changed.

Deputy Chief Officer of Police:

Fine, thank you.

Senator S.C. Ferguson:

I wonder if for the purposes of identification you could say who you are and what your position is.

The Minister for Home Affairs:

I am Ian Le Marquand. I am the Minister for Home Affairs.

Deputy Chief Officer of Police:

I am Barry Taylor. I am the Deputy Chief of Police in the States of Jersey Police.

Deputy D.J. De Sousa of St. Helier:

Deputy Debbie De Sousa.

Deputy C.H. Egré of St. Peter:

Deputy Collin Egré.

Senator S.C. Ferguson:

Senator Sarah Ferguson, Chairman.

Ms. S. McKee (Training Scrutiny Officer):

Sammy McKee, Training Scrutiny Officer.

Ms. K. Boydens (Scrutiny Officer):

Kellie Boydens, Scrutiny Officer.

Senator S.C. Ferguson:

Thank you. First of all, thank you for getting the information to us so quickly. I just wish everybody else would be as efficient as your department.

The Minister for Home Affairs:

It was quite difficult trawling through my emails, as I think I explained to you by email exchange. One of the problems is there were a number of emails which were clearly confidential. In some cases I was asked to confirm that I would treat them as confidential, and this was not just commercial confidentiality. I take the view that I should not be lifting the confidentiality on that unilaterally without the agreement of other parties. I can tell you pretty well who the other parties are if you wanted to approach them in relation to those.

Senator S.C. Ferguson:

Yes, that would be helpful. Thank you.

The Minister for Home Affairs:

One area of confidentiality was the exchange between myself and Senator Philip Ozouf. Another area of confidentiality was a draft report which was marked confidential, which came from Mr. John Richardson. That was right smack in the middle of one set of exchanges in relation to that. There may have been others but they were not particularly important. The other thing is I have not included all my emails because there were some emails which were in relation to press interest and who had said what to whom and I did not think that was particularly relevant. If you think otherwise I can provide those to you as well but I did not really think they were terribly relevant.

Senator S.C. Ferguson:

The report that you received that was confidential, when was that sent to you?

The Minister for Home Affairs:

It is going to take me a few moments to find that. Here we are, 23rd December 2010 from John Richardson. That was the confidential report from John Richardson. I did provide you with another report which was not marked confidential which was produced by him. I do not think that was the same one. The exchanges with Senator Ozouf, there are a number.

The Deputy of St. Peter:

Just to clarify, Minister, for my own benefit, everything that we received from your department via email is not confidential, so the pack that we have at the moment?

The Minister for Home Affairs:

That is correct, yes. I was working on this on Friday afternoon with a colleague. It was quite tricky because when you try to go through the names of the relevant individuals and print out all the things you get partial strings and then you have to match them against each other. In some cases you have got the start of a string and then a confidential kicks in. I think in one case you have got the end of a string after a confidential. So I tried to give you as much as I could without creating problems there. I am trying to find Senator Ozouf's emails in case you wanted to ask me about them. There is a string round about 9th and 10th November 2010 which was confidential.

Senator S.C. Ferguson:

Super. I wonder if you would just generally take us through the story, the chronology.

The Minister for Home Affairs:

Yes. It might be helpful if Mr. Taylor started because his knowledge goes back before mine in relation to this. I am not sure exactly when I became aware of Lime Grove as a possibility. It was some time in 2010 and obviously we had been doing work previous to that on producing sensible schedules of accommodation needed. Unfortunately, I am afraid that some of the work done in the past had been quite unrealistic and in fact as a result of the work done by Mr. Taylor we were able to reduce, I think by 30 per cent, our space requirements. It may be better if we start with Mr. Taylor because I kick in well down the road in terms of Lime Grove and he can give you more of a flavour.

The Deputy of St. Peter:

Assuming that, Mr. Taylor starts and the Minister kicks in as you want to.

Deputy Chief Officer of Police:

Thank you, Chair. Thank you, Panel. I came to Jersey first of all in March 2009. David Warcup at that time was the acting Chief Officer and within a few days of me arriving he asked me to familiarise myself with the work that had been ongoing for a number of years in relation to the identification of a new police headquarters for the States of Jersey Police. It is evident that a programme of work to deliver a new police headquarters building had been in progress for many years and had suffered considerable delays and difficulties. I think the whole project was audited in February 2007 and it recognised then

the specialist nature of police buildings and the difficulties faced in trying to make progress within the constraints of some of the sites that were available and indeed a capped budget. Following my initial overview of the documentation, I engaged with Jersey Property Holdings, or they with me, within a very early stage and it has always been a very positive relationship with Jersey Property Holdings and very helpful. We put together a new user requirement, setting out our specifications for the provision of a headquarters building and police station, primarily the custody suite which is not particularly good at the moment. It was evident from the work that had been undertaken that previous documentation in relation to the project had over-specified the type of build that was required and it was an opportunity for us now to look towards a new approach to conducting business, looking at adopting better and more efficient business practices and making better and efficient use of buildings, green issues, that sort of thing, and having a general open plan type approach to a general office environment while at the same time recognising the separation of some of the more specialist areas that do require security and that sort of thing. As a consequence of that and the work and tremendous support we had from Property Holdings, we were able to reduce our space requirement by round about 30 per cent. The problem we had, we were working in old buildings and we were looking, therefore, to identify a different way of achieving what our new requirement was at significantly less cost. As a result of that work, I think it was round about May 2009, a new design concept brief was provided to Jersey Property Holdings, which they then took forward. That culminated in 28th October 2009 where the States of Jersey Police and Jersey Property Holdings held a space requirements workshop and we spent all day and worked into the evening going through this, reviewing our specification, looking at our space requirements and funding schemes that may be available. It was a very positive meeting, very, very helpful. A number of actions came out of that meeting, not least the fact that Jersey Property Holdings agreed to produce a report based upon our user requirements which would then be submitted to the Minister for Treasury and Resources and the Minister for Home Affairs for consideration. It was during the course of this meeting, or towards the end of it, where Lime Grove House or the availability of Lime Grove House was alluded to as part of a wider office States rationalisation plan that Jersey Property Holdings had been working towards and, if you like, the police component of that would be one of the early phases of that plan in realising the remaining office rationalisation plan. That took us into 2010 and during the course of 2010 the C.S.R. (Comprehensive Spending Review) came about as well and that was helpful towards us in looking again at how we try to identify a building, and again there were significant benefits to Jersey Property Holdings and to the States in realising significant savings if the office rationalisation plans were to move forward, through the disposal of assets and that sort of thing. I understand that in early 2010 there were some initial discussions with the vendors for Lime Grove House with Jersey Property Holdings, some initial discussions around about its availability and how things might be taken forward. Then I was told on 27th July 2010 by Richard Cheal, who was an officer with Property Holdings, that a paper had been submitted to the Minister for Treasury and Resources for approval of funding, and a business case making out the economic case was submitted and that case

looked at the release and sale of other States properties to fund the overall States rationalisation plan. On 27th August, again Richard Cheal and I had a conversation and I was told that following tentative discussions with the vendors there was an agreement in principle from the vendors for the sale of Lime Grove House, that they would agree to a sale to include the completion of category A and category B fitouts for the building. I was therefore asked to conduct some further work with my colleagues looking at room datasheets and adjacency diagrams to determine the best use of space and the most appropriate positioning of our staff within a building. I was also advised on the proposed outline governance structure and how the project would be managed and taken forward and some of the timescales that may follow from that. I had a verbal update a few days later on 31st August from Mr. David Flowers from Property Holdings who indicated that the States of Jersey Police needed to be absolutely clear on our user requirement and the specification because we would be asked to obviously sign up to that and make that concrete, as it were, to enable Jersey Property Holdings to move things along.

[10:15]

I was quite content with that. I also understood that some initial briefings had taken place with Jersey Property Holdings staff with the Ministers who were involved in the overall process. On 24th September 2010 Richard Cheal contacted me again. One of the sites we were looking at within the overall plan as an alternative option was the Summerland site where we currently occupy part of that at present and Richard alerted me to the fact that a potential planning issue had emerged on that site where we may have to release a number of our existing car parking spaces or reduce the number of our car parking spaces to make provision for the building there. I did some further work around that and we agreed to reduce the spaces by, I think, 10 or 12 spaces on 28th September.

The Minister for Home Affairs:

I think I should kick in now - I was trying not to break your flow there - in relation to that. My recollection in relation to the earlier stages is certainly that there was work going on to provide detailed information as to how much space we needed. I think David Warcup was working on it first, then when Barry came in about March 2009 he was working on that. That was initially, if my memory is right, primarily being looked at in the context of a possible build on the Summerland site. It was going on, I was satisfied what was happening was fine and I left it to the officers to deal with that. At some stage, and this is where my memory is not very clear, the possibility of Lime Grove was raised with me. I think it was raised a number of times, I think probably just very tentatively at first. The key issue then was whether the police were happy to be operating on 2 sites, in fact they prefer to be operating on 2 sites, so there were not issues in relation that. The next stage that I can recall is a meeting at Property Services to discuss more detailed matters. There may have been 2 meetings. I can remember one, I think, where an outline of a series of dominoes in terms of moves of different offices to different parts was being raised and we were part of that. You are probably aware that the domino pieces included South Hill, they included relocation of Customs and

Immigration so I had another issue there possibly. They included the Summerland site, they included the ambulance station site, they included the existing police station/fire service area as well. So what was being proposed was quite complicated. Then I can remember a further meeting. I think there were 2 meetings, the second one I think that Deputy Pryke was there because of her interest in the ...

Senator S.C. Ferguson:

Do you remember when these meetings were?

The Minister for Home Affairs:

I cannot precisely but no doubt Mr. Flowers will be able to tell you. There were not any police with me on either occasion. That is why Mr. Taylor has not got a knowledge of those. But these were briefing meetings in relation to myself. I can remember, I think at the second meeting, at some stage in this process that figures were being spoken about, that there had been some form of negotiation with the vendors, that there was a figure that had been come up with. I can remember that there were valuations which had been obtained. I cannot recall if it was 2 or 3 at that stage. I think it was probably 2 but I am not sure, in relation to back then. I can remember the figures had been done, even at that early stage, looking at comparative costs of this house compared with a straight build on Summerland, which of course has its own problems because you then have to relocate the police elsewhere or in different stages rotate them around and there is always additional costs in doing that and so forth. I was very enthusiastic about this because we had a deal which was going to be on the face of it a great deal cheaper than other options. The one question mark in my own mind was the complexity of the multiple pieces at that stage because frankly the more pieces you put in place the more room you have for people to think that it should be done in different ways. The more chess pieces on the board the more options for moves, if I can put it that way. So I did have a question mark about that but the idea was to do the whole package on a financial basis and come out with money in surplus at the end of the day. So that is where we got to. Then a case was being put together to be approved by Mr. Richardson. I have never really understood the structure there but Mr. Richardson was going to be the accounting officer. I do not know who made that decision. I was not involved in that sort of process. My involvement really seemed to be approving what was being proposed in principle as Minister with the agreement of the police in relation to that. That is when difficulties began to arise in the sense that Mr. Richardson began to raise a number of questions about different aspects of the matter, the complexity of it, was it right that it relied upon the sale of particular sites which in the current economic circumstances might turn into a fire sale, et cetera. I think there was some validity in these sort of questions. There was definitely validity in these sort of questions but my understanding is that they were working on the basis that they had to work within the existing sum that had been allocated and come up with an overall scheme that did this. That is where the sort of emails start kicking in. You see there is a string of 7 emails, which starts on 15th October 2010 from John Le Fondré to John Richardson. I had an interesting situation here in which Mr. Le Fondré was very keen to see the project proceeding. He, as I understood it, had delegated authority

over the project as Assistant Minister and therefore delegated authority in relation to matters with Property Services, and he was very keen to see it going on. It was drifting and obviously you will see from very early days I start to express concern about the risks involved with drifting, because this was a very good package in terms of costing and it was also going to provide the police force with what they needed, it was also going to be financially very worthwhile. I had a curious situation in which Mr. Le Fondré was trying to push, for him to ring me up at home and get me to write an email to him or to John Richardson or to somebody else, which I was very willing to do, in order to push the thing forward, to try to make it clear that there was pressure on this. It could not just drift. So that probably takes us up to the start of the string of emails. I do not know if we should go back to Barry for a bit more detail from his point of view.

Deputy Chief Officer of Police:

I do not have a train of emails but I can give you the chronology.

Senator S.C. Ferguson:

You will have to train your Minister to keep a little black book.

The Minister for Home Affairs:

I have got my people to do this, you see. I do not go and take minutes of meetings. I am normally accompanied by one of my chief officers or somebody else who will take notes. It was unusual, those 2 meetings I was not but then Property Services will have had the notes.

Deputy Chief Officer of Police:

There followed 2 or 3 further meetings on 28th September, 30th September and 26th October where I and colleagues did some further work around sizing, volumes, occupancy, storage, that sort of thing, to inform Jersey Property Holdings. On 27th October 2010 David Warcup spoke to me, having spoken to John Richardson earlier that day, and David told me that John Richardson had now been appointed to pull together the project and revisit the figures in the business case. That led to a risk workshop taking place on 16th November at Société Jersiaise, others were involved, not just ourselves and Property Holdings but representatives from other departments too who would have been parties in the overall relocation plan, and very detailed discussion around the risks associated with the project and again figures and having surety really around the figures we were working with. On 26th November, some 10 days later, I was told that John Richardson and Mr. Ozouf had now taken over negotiations with Camerons in relation to Lime Grove House from Jersey Property Holdings. That led to me having 2 meetings, one on 29th November 2010 and a second one on 9th December 2010, when I met with John Richardson and Stephen Izatt from the Waterfront Enterprise Board, W.E.B., who was working with John, and they told me they were looking again at the valuations for Lime Grove, the overall pricing for the project, and were making an assessment of the fitout costs and they asked me to provide a copy with the user requirements and the space requirements which we had prepared with Jersey Property Holdings some months earlier. So, in due course I provided that to them and they took that away. The

second meeting was again picking up on some of the details I had provided, revisiting some of the figures and they just took ...

Senator S.C. Ferguson:

The same people were present?

Deputy Chief Officer of Police:

Just the 2, yes. John Richardson and Stephen Izatt met with me on 9th December 2010. I was told they would be reviewing the space requirements for the police headquarters project.

Senator S.C. Ferguson:

Yes. Did they make a comment about the valuation?

Deputy Chief Officer of Police:

I will have to look in my note. Can you just give me a second while I check this? "Further work to be undertaken to re-evaluate the police station at Summerland and Lime Grove House. Lime Grove will take the staffing scheduled in the requirements but with little growth for future proofing and they felt there was insufficient space allocation made by Property Holdings. John Richardson was concerned about the build costs and the available budget and need to look for further options to include maybe a single police headquarters or a police station facility at Summerland or a new build at a green field site, and the airport was mentioned. John Richardson was going to engage an independent project manager for 2 to 3 months to work with ourselves to review the user requirements again and report on suitability of costings and that would have to be met from within our existing project budget." We were due to meet again but we did not meet again after that. What did happen was that Mick Heald was appointed to act as the project manager to review the documentation that had occurred hitherto.

The Minister for Home Affairs:

When was that, Barry?

Deputy Chief Officer of Police:

That was on 9th December.

The Deputy of St. Peter:

Can I just pick up on this particular point? Up until this point you had negotiated with Jersey Property Holdings and it would appear from what you have been saying a very detailed exercise had been carried out at that point about your requirements.

Deputy Chief Officer of Police:

Yes, absolutely.

The Deputy of St. Peter:

What was your view on what you have just said from your notes that it would appear to be another agency telling you that you can go and do this again, or so it would appear?

Deputy Chief Officer of Police:

We went over things several times. We needed to be sure of our figures but we were confident in our figures. We had worked on this for a long, long time and we had obviously had professional advice from Jersey Property Holdings and architects and quantity surveyors and that sort of thing. I am just the customer; I set out the user requirement. How this translated into something I am not qualified to say that but we did have some excellent advice and I was satisfied with the figures.

[10:30]

We revisited them several times and I was confident the figures we had in relation to our requirements were precise.

The Deputy of St. Peter:

Were any detailed reasons given as to why this was going to be reassessed?

Deputy Chief Officer of Police:

No.

Deputy D.J. De Sousa:

You said earlier when you began talking about the process that you were involved as far back as March 2009 and that you, along with others, had looked at the process and the amount of space that was needed and you had reduced it by 30 per cent. Was it Mr. Izatt that queried the amount of space that you would need? Is that what you have just said?

Deputy Chief Officer of Police:

He commented upon the element of future proofing that may follow from the project. If we went for Lime Grove House he was concerned that it would not necessarily future proof us for the next 20, 25 years, something like that, but we would fit in the building.

Deputy D.J. De Sousa:

Was it him that mentioned possibly looking at the airport?

Deputy Chief Officer of Police:

They both did.

The Deputy of St. Peter:

What was your view of that?

Deputy Chief Officer of Police:

That it was too far out.

The Deputy of St. Peter:

That is fine. That does not surprise me.

The Minister for Home Affairs:

That was a very polite answer.

Deputy Chief Officer of Police:

My next involvement is in January 2011.

The Minister for Home Affairs:

We are up to 13th January?

Deputy Chief Officer of Police:

Yes, we are.

The Minister for Home Affairs:

I think I should kick in here. I thought it was time for me to come back in. I am going to go into the sequence of emails from my point of view. You will see that the sequence starts with an email from me to the Chief Minister, to Senator Ozouf, Deputy Pryke, Deputy Le Fondré, 8th November 2010, in which I am expressing ... Shall I read it out?

Deputy D.J. De Sousa:

Yes.

The Minister for Home Affairs:

"I am very concerned about the continuing delays in progressing this important first step in relation to provision of suitable new buildings for the States of Jersey Police. There is a very significant danger now of the purchase of the property being lost due to the difficulties which Property Services and John Richardson are having in reaching agreement on the details of the proposal. A crucial meeting between them is taking place next Tuesday. If this fails to resolve the situation then the relevant Ministers will urgently need to get involved in making the necessary decisions. The difficulties seem to revolve around the element of risk involved in the package of related transactions. I am very concerned about the greater risks which will be involved in losing the purchase of Lime Grove. All the other options to Lime Grove will take much longer and will be much more expensive. The purpose of this email is to ask you, Terry, to convene an urgent meeting of the 6 politicians involved, together with advisers, for Thursday or Friday of next week in order to seek to give some political direction to a process which is in danger of drifting with disastrous consequences. My best [misspelt] wishes to you all." Then I get a response from the Chief Minister, sympathetic and is going to set up the meeting. Then my reply on 9th November, 2.25 p.m.: "Terry, thank you for that. 11.00 a.m. on [this is just to the Chief Minister] Friday the 19th is fine for me. Where would we meet? I agree that due process should be followed but I have now been waiting for some months for this to occur. I fully understand John Richardson's concerns on certain issues but the risks in the other direction are, in my view, much greater. If risks need to be taken then these should always be calculated risks after appropriate advice is received. Furthermore, if risks have to be taken then I would always prefer these to be taken by politicians rather than by senior civil servants. However, in this case I believe that by taking a risk in one direction [by which I meant possibly risking paying slightly more than we should] we will avoid a

much bigger and more likely risk in the opposite direction, i.e. losing the whole project. Thank you for giving priority to this and generally for your support. Ian.”

The Deputy of St. Peter:

Minister, you mention there risk and you mention there about valuations, the possibility of it costing slightly more. Were you aware of the valuations that had been placed on Lime Grove at that particular time?

The Minister for Home Affairs:

I think I was aware of valuations. I think 2 rather than 3; it may have been 3.

The Deputy of St. Peter:

How close were they, as you recollect, to the actual?

The Minister for Home Affairs:

When we had 3, if my memory is right, the average of the 3 was fractionally below the £8.75 million price which had been negotiated. I am going off the emails which help me to make sure that I am telling the story correctly. One of the problems I think here which arose more clearly at a later stage because here the difficulties were about the complexity and so on but the valuation issue comes into focus later. One of the problems I think was that there was a view among some people that because it had been empty for so long Property Services should have driven a harder bargain to drive the price down even further. That is an issue of which different people have differing views. Clearly my view from the outset is I do not want to risk losing this because the risks of losing it far exceed any possible gains and you will see a whole string of emails, you have probably seen them already, in which that is fundamentally what I am saying, but that was an issue. There was an issue floating around with Mr. Izatt allegedly having expressed a view that it should not be more than £5 million. I did not treat that very seriously because that is not even the back of a brown envelope calculation; that is nothing. I do not know if that is true or not. You may need to ask him that but I do not know if that is true or not, but that was floating round somewhere in the mix. There seemed to be among some quarters a scepticism as to the valuations, as if this is a special situation because it has been empty for so long.

The Deputy of St. Peter:

When you say some quarters, which quarters are you talking about?

The Minister for Home Affairs:

John Richardson, Philip Ozouf and maybe some of the people from the Treasury.

The Deputy of St. Peter:

There seems to be a divide developing here between the view of the Treasury and that of Jersey Property Holdings. There seems to be quite a divide.

The Minister for Home Affairs:

That is absolutely right. One of the complications in this is that there appears to have been an issue, which I could never get to the bottom of, as to whether or not Property Holdings had the authority to take the negotiations as far as they had taken them.

The Deputy of St. Peter:

You mentioned earlier on this morning that you believed that Deputy Le Fondré, as the Assistant Minister with responsibility for Property Holdings, had that delegated.

The Minister for Home Affairs:

I assumed so, yes. I assumed by the fact that he had delegated authority they would continue with negotiations. It was his essentially project, if you like.

The Deputy of St. Peter:

From your position as a Minister within Jersey Government would you see that as the norm where the Assistant Minister would have delegated authority in that sort of direction?

The Minister for Home Affairs:

That sometimes happens. I am not privy to the internal arrangements within the Treasury. At a later stage, and this is much later, we will come to it, in May of this year we had a situation in which I sat down with the Minister for Treasury, with the Connétable of St. Peter and various different officers and we agreed a negotiating strategy. I was very surprised that a negotiating strategy was being agreed in May 2011. I would have thought that a negotiating strategy and directions for that would have been given quite early on in the life of the project and this has always puzzled me.

The Deputy of St. Peter:

What was that negotiating strategy?

The Minister for Home Affairs:

That negotiating strategy ... well, I am jumping right out of order now.

The Deputy of St. Peter:

If you go back to your order and we will come back to that question later.

The Minister for Home Affairs:

Can I, because otherwise ... We do need to get there but ... So that was the 8th and 9th November exchanges. There then was a meeting on 19th November at 11.00 a.m. and at that stage it is quite clear that the Minister for Treasury and the Treasury were intervening and taking over the running of the project. That is consistent with what Mr. Taylor has already said, although he knew that in October. I probably knew that before that meeting. It was very clear, Mr. Ozouf was very strong in that meeting: "We are taking over responsibility."

Senator S.C. Ferguson:

Did he give any reasons?

The Minister for Home Affairs:

Unhappy with the way it had been conducted thus far, I think, is the ...

Senator S.C. Ferguson:

Was he able to give evidence of why he was unhappy?

The Minister for Home Affairs:

I think the negotiations and the fact that negotiations had got so far was an issue. I think the complexity of the project which had been put together was also an issue.

Senator S.C. Ferguson:

Did you understand at that stage that there was an exclusivity agreement?

The Minister for Home Affairs:

I have absolutely no recollection of that. It is quite possible that Mr. Flowers may have told me that at some early stage. If so, I am afraid that has completely failed to log in my brain at any stage. That was certainly never mentioned in any of the discussions between myself and those who took over the project and the Minister for Treasury. It simply has not logged in my brain at all. If I was told that then I was told that but I was not told that by anybody other than Mr. Flowers and I do not recall being told that. I think if that had logged in my brain it would appear in the emails. I would be saying: "Look, we are risking the exclusivity agreement." That would have been an argument. I normally deploy most of my arguments, if not all of my arguments.

The Deputy of St. Peter:

Can I just turn to Mr. Taylor? In your negotiations was that mentioned to you at all?

Deputy Chief Officer of Police:

I did not realise that until a week ago when the deal fell through. I was told then there was a exclusivity agreement in place. I was aware that some initial discussions had taken place with Property Holdings and the vendors between March and May and there were some additional valuations conducted in June 2010 which concurred with the price being looked at but that is all I knew.

The Minister for Home Affairs:

Then if we go on to my next email, which is 29th November 2010 at 10.37, this is from me to Senator Ozouf with a copy to the Chief Minister: "Philip, it is now 10 days since the meeting in Cyril Le Marquand House and I have not heard anything from the Treasury or from John Richardson. On the other hand there is a rumour that there may now be another party who is interested in renting the building. Once a lease of the building is agreed the value of the building would immediately go up to a level which depends upon the rental per square foot." Can I just comment, I am not lacking in expertise in these sort of areas from my own private practice days. I suppose I am a good amateur these days; I am a little out of touch but I am not lacking in understanding of these things.

The Deputy of St. Peter:

Apparently good amateurs are better than poor professionals.

The Minister for Home Affairs:

I was a professional once in these areas but I am not lacking in understanding of these sort of issues. "It was your decision and that of the Treasury to intervene in the previously concluded negotiation. As you know, there are significant risks in relation to this. On the plus side a successful renegotiation may reduce the price by perhaps £500,000 or £1 million at the very most. On the negative side the vendors may be so annoyed at the attempted renegotiation that they walk away or may be able to lease to someone else, in which case the market price goes up. If we lose the property and if no other similar property at a similar price becomes available then the costs of having to build everything ourselves plus the temporary relocation cost to another site in order to enable the building works to go ahead in phases is estimated by my people as being of the order of £8 million. I am not sure as to what advice you have received on the negative risks involved here but these are not good odds in terms of balance of risk. What is certain is that the longer things drift the greater the risk of the building being lost. I am very concerned about this. If this goes wrong then the consequences are going to be serious. Ian Le Marquand." That is fairly forceful.

The Deputy of St. Peter:

You have put a figure towards your seriousness there of £8 million, this would be £8 million of perceived extra costings over and above the costing for Lime Grove on its completion.

The Minister for Home Affairs:

That was the information. I think when I am referring to my people it may well be to Mr. Taylor. It may also be to Property Services. The irony is I think I heard rumours about State Street, although I then had conversations which indicated there were good reasons to believe that they were not interested any longer but I think it was State Street that certainly they were a potentially interested party at an earlier stage, although I was assured that they were not. So that is fairly strong stuff.

[10:45]

I was trying to get over a message of balance of risks. Frankly, my work as a judge, particularly my work as a magistrate in bail areas, is all about balance of risk, so balance of risk is something I am very comfortable with and if you are arithmetically risking £500,000 to £1 million against £8 million you have got to be very confident that the chances of the £8 million loss are very low. Again, my very long experience of working in the private sector in law conveyancing and so on has taught me that surprising things happen. I remember periods when the property market was absolutely dead and people could not get an offer and then 3 months later they would have 3 or 4 offers within a week or 2. The markets would suddenly change. But in this particular case where you are talking about a building of a certain size it only

took one party to really focus in on it and we were in serious trouble. So that was 29th November. My next email is 22nd December at 3.42 p.m. to the Chief Minister, Senator Ozouf and John Richardson: "Dear Terry, Philip and John, it is now 33 days since the meeting on the 9th floor of Cyril Le Marquand House at which Philip indicated that the Treasury was taking over responsibility for the negotiations. During that period I have heard nothing other than that John was meeting a representative of the owners in order to reopen negotiations. [That was John Richardson not John Le Fondré because he was not the [indistinct]] I have previously outlined the substantial downside risk in terms of increased costs if negotiations collapse. I would remind you that in my view a very high risk is being taken here. Can somebody please update me as to where we are with this. Best wishes to you all for Christmas and the New Year." Then I get a response from the Chief Minister saying: "Sorry you have not been updated. We thought Barry would have updated you on things." But nevertheless there is my second very clear message. I do not mention £8 million there but I am referring back to the other email. Where do we go next? An interesting email, which I have copied you in on, from the Chief Minister to John Richardson, myself, Senator Ozouf, Mr. Taylor and Mick Heald: "Thanks, John. I think the 2 issues although connected need to be considered independently. We need to ascertain that the building can be laid out to meet police operational specifications and then ascertain the likely fitout costs. We need to determine a suitable funding stream in order to achieve a purchase within the capital programme. Without wishing to underplay the importance of this, I have to say the value of South Hill will only be verified at the point of disposal. If the purchase of Lime Grove represents value for money, particularly compared with any other alternative, I believe we need to find a creative solution." So you can see that the issue of the funding was still an issue at that stage but also you can see from my email the issue of valuation was an issue. That then led on to ...

Senator S.C. Ferguson:

Excuse me a moment. I thought that all the layout to meet the police operational specifications had been done twice by this stage.

Deputy Chief Officer of Police:

Several times, yes.

The Minister for Home Affairs:

Yes. I do not know why that is there but obviously the Chief Minister was not as au fait with the detail as perhaps other parties. He was coming in really as a ...

Senator S.C. Ferguson:

A referee.

The Minister for Home Affairs:

... fair broker with a dispute brewing between the Treasury and Home Affairs.

Senator S.C. Ferguson:

Yes. On 23rd December you thanked Mr. Richardson, the acting Chief Executive, for an email. What had he said to you?

The Minister for Home Affairs:

What was that, sorry? I think that is the office estate rationalisation document which I sent to you. That is: "Briefing note re office estate phase 1." That is the document that I did provide to you because it was not marked confidential in any way and I could not see any reason for that.

Senator S.C. Ferguson:

Super. Thank you.

The Minister for Home Affairs:

That document was provided just before the next meeting and the sequence which took place on 13th January. Mr. Taylor was there and was about to talk about that meeting. That meeting was curious. You will see from the exchange of emails ... this is an email which has got number 7 at the top. These are numbers which were produced by my staff. You can see Mr. Ozouf at the bottom just saying he is going to be available for a meeting. Then you will see an email from the Chief Minister saying: "I think we certainly need either the Police Chief or Barry Taylor to be there. Even though it may be more difficult to handle, I think there would also be merit in David Flowers being present." Then you have got my response to the Chief Minister, copied to Philip Ozouf, Bill Ogle, John Richardson: "Terry, I have met this morning with Mike Bowron and Barry Taylor. They will both need to be there but I will not need anyone from Home Affairs, i.e. I mean Mr. Austin Vautier and the Treasury people. I absolutely agree that David Flowers should be there because he knows exactly what work has already been done. Barry Taylor has a great deal of information but not as much as David Flowers. Thank you for arranging this meeting at short notice. Ian." Then a reply from the Chief Minister: "It has been agreed that David Flowers should not attend although I do acknowledge the detailed information which he has gathered over the period."

The Deputy of St. Peter:

So that prompts a question.

The Minister for Home Affairs:

Well, yes. If I may just comment on that. It may answer your question. "Terry, I accept your decision although I am concerned that the breakdown of trust between some of the officers in your department and possibly Philip's department on the one hand and Property Services on the other hand is undoubtedly impeding progress with this project." That meeting was curious because David Flowers was not there. We met upstairs, I think on the 9th floor, if my memory is right, of Cyril Le Marquand House.

Deputy Chief Officer of Police:

It was the Chief Minister's office actually.

The Minister for Home Affairs:

We met in the Chief Minister's office? Okay, thank you. It was then agreed that a different form of funding would be achieved so it got round the complexity. Effectively it was agreed that more funding would be put in from the capital programme, as eventually did happen, so that this became a stand alone project and not dependent upon sales or other things which made it complicated. That did away with the complexity. It just became a project, as it were, on its own with its own funding and so on and the other arrangements around that. But Mr. Flowers was excluded from that meeting. That is the only thing I can say; he was excluded.

Senator S.C. Ferguson:

Was there any explanation given?

The Minister for Home Affairs:

I think it was just feared there would be disagreement and rows over side issues which would cloud the issues. I think it was unfortunate because he might have mentioned the exclusivity agreement.

Senator S.C. Ferguson:

You did not get a copy of the *McGarrigle(?) Groves Report* then that was circulated?

The Minister for Home Affairs:

I do not know. I may have done. I heard of its existence from Mr. Taylor recently. Did you see that?

Deputy Chief Officer of Police:

I have not seen it, no.

The Deputy of St. Peter:

Were you aware of it?

Deputy Chief Officer of Police:

Yes, I was aware that the report had been completed.

The Deputy of St. Peter:

Do you know for what reason it was completed?

Deputy Chief Officer of Police:

No, I do not.

The Minister for Home Affairs:

I honestly do not know. I have not referred to it at any stage. That does not mean that I had not seen it. Can I say that I am not sure whether Mr. Flowers was present at the earlier meeting, the 19th November one. I think he was not.

Senator S.C. Ferguson:

But you were there, you have got your ...

Deputy Chief Officer of Police:

No, I was not, not at the ...

The Minister for Home Affairs:

No. The 19th November meeting was the one when the Minister for Treasury and the Treasury said they were taking over and I do not think Mr. Flowers was present at that meeting either, which is probably one of the reasons why I thought it was important, because issues are potentially going to arise in relation to the nature of the build and so on and technical issues in relation to the capacity of the building and that kind of thing. But there we are, that is what happened. It was a positive meeting because there was fair agreement that funding should be found to simplify the issue. You are looking puzzled when I say that.

Deputy D.J. De Sousa:

Not puzzled, no, just wondering why this is suddenly put on the table when this has been going on for a number of years and yet that funding had not been forthcoming. Now all of a sudden when Treasury take over there is a new funding stream.

The Minister for Home Affairs:

There was a great deal of money put aside and it was just a question of ... if my memory is right, it was an extra £2 million.

Deputy Chief Officer of Police:

I think it was a bridging issue really. Within the overall scheme of things, the first component was the police headquarters space, police station, and then there would be some further moves that would take place and funding for the completion of the scheme would be dependent or partially dependent on the sale or disposal of South Hill. There was a gap of about 2 and a half months, I think, where there was a little bit of a funding gap and I think Treasury were going to bridge that gap to enable the whole thing to flow through.

The Minister for Home Affairs:

That is right. There certainly was an issue of bridging gap at some stage but I thought after this meeting that it was just going to be ...

Deputy Chief Officer of Police:

The police element was being decoupled, as they termed it, from the overall scheme so they would be dealt with as 2 separate entities and the purpose of this meeting was to ensure there was sufficient funding to allow the police element to take place, which then allowed a second phase to follow on in due course.

The Minister for Home Affairs:

Yes. I think the other thing that came out of that meeting, if my memory is right - Mr. Taylor's notes are better than mine - was that Mr. Heald was going to come in and look at the whole project again. Is that right?

Deputy Chief Officer of Police:

He was going to act as the project manager, yes.

The Minister for Home Affairs:

Going to act as project manager, yes.

Deputy D.J. De Sousa:

What was Mick Heald's role in this when he was introduced?

Deputy Chief Officer of Police:

He had no earlier engagement at all, no earlier involvement. He came in round about the beginning of this year to act as the project manager to co-ordinate whatever activities were taking place within Property Holdings and ourselves internally as the customer, as it were, being the States of Jersey Police.

The Minister for Home Affairs:

He did, as part of that process, a completely new costing of the various different options which were available. Obviously the main options being looked at were a build on the Summerland site and so on as a primary theme and Lime Grove. There were still a substantial difference between the 2. I cannot say it was as much as £8 million. I have not brought the papers on that, which are probably marked as confidential anyway, but there was still a substantial difference. Eventually he did a costing of a build on a hypothetical States-owned site which would only be worth £1 million. It is hypothetical.

Senator S.C. Ferguson:

Very hypothetical.

The Minister for Home Affairs:

If you could find a States-owned site that was only valued at £1 million which was suitable and build the equivalent of Lime Grove on it the costings came out very close to buying Lime Grove, but that exercise was eventually done to demonstrate, in case there were critics, that Lime Grove was a really good option. But Mr. Heald obviously did a lot of other work as well. He essentially was going back over the ground which had been covered initially by Property Holdings.

The Deputy of St. Peter:

If I can revert to Mr. Taylor. Going back on what you were saying earlier, you appeared to be confident in the professionalism of Jersey Property Holdings when carrying out their task. You mentioned surveyors. How confident at this particular stage we are talking about now, the review, that you were receiving that same level of service?

Deputy Chief Officer of Police:

Now? Throughout the whole process we had tremendous support from Jersey Property Holdings, very good advice, excellent advice. We went through things several times, very professional in the way they checked and rechecked things.

The Deputy of St. Peter:

Okay, let us move on to the second phase.

Deputy Chief Officer of Police:

Well, Mick Heald did a very good job too. He was not actually introducing new stuff, as it were. He was rechecking what had already taken place and looking at some additional options.

[11:00]

One of the options in the overall scheme was to build a single site option on Summerland, a combined police headquarters and police station on Summerland as an alternative to Lime Grove and maybe some further work on the Rouge Bouillon site.

The Deputy of St. Peter:

A point that you made earlier I believe is that you, as a police unit, were very comfortable with having a double site.

Deputy Chief Officer of Police:

Yes. For business continuity purposes it made good sense really.

Deputy D.J. De Sousa:

Did you see that as a more efficient way of working?

Deputy Chief Officer of Police:

The opportunities provided by Lime Grove House itself provided us with the opportunity to work more efficiently because where we are at the moment our buildings are quite old and there are lots of modular offices and it was difficult to relocate people within there. It is a costly building to maintain anyway. There are lots of benefits to moving into a more modern office but Lime Grove was largely an open plan environment which enabled us to work differently and there are huge efficiencies to us as a service to work in that way.

The Deputy of St. Peter:

Back to you, Minister.

The Minister for Home Affairs:

There is then a sort of gap in the emails and I think that is the period during which Mick Heald is working on this and so I am waiting for the outcome of this, but I am clearly unhappy that we are still taking the risks so I just keep on firing emails reminding people about it. I think I made my position pretty jolly clear. The next email I have got is interesting because it is one I put in ... although it does deal with press matters and a particular reporter in the *J.E.P. (Jersey Evening Post)* who is present here today. It indicates that what has started to happen is some information has started to leak out and the risk from my point of view in relation to this was information leaking could indicate in some way to the seller what a good deal this was from the point of view of the public. That is what I was really concerned about, but I think it is fair to say others were concerned about that and you will see my email of 18th April at

4.10 p.m. This was in response to an email from Mr. Ozouf who had seen an article: "Philip, I was recently asked about the project and I am currently quoted as saying that I thought some progress would be made shortly." So I must have been expecting the outcome of Mick Heald's thing: "There is some additional detail in relation to the project which is new and did not come from me, for instance they are not now planning to move Home Affairs to the same building. The new bit is about the idea of the sales from Rouge Bouillon and the whole of Summerland being vacated. That is a recent idea. Ben Querée did not mention that part to me at all, even to ask me to comment so he may well have got that after his conversation with me. Having said all that, it is a further indication of the continued risks which are associated with any further delay." There were other emails of this nature when different things were coming up. The press have got a job to do, I do not blame them for that, but you can understand my concern was the vendors suddenly getting wind of this as being a very good deal from a public point of view and then wanting to raise the price and so on. Then the next email I have got is 20th April at 3.26 p.m. In fact, there was a message from John Richardson to me, 20th April at 1.41 p.m.: "Ian, at the last Council of Ministers meeting we pulled the update I was going to give on the police relocation strategy [so clearly there was an item on the agenda for that at the Council of Ministers] as we had to undertake some final evaluation of costs for the Minister for Treasury and Resources. Following a briefing with the Minister on Monday, he has given his approval to proceed with the negotiations, which are now well in hand. I am therefore not planning to include this item on the agenda tomorrow but if you require a briefing on progress I will be available to meet with you." Then my response, which only goes to John Richardson: "John, I am concerned as to where the negotiations are going. Our current figures indicate the downside of losing Lime Grove would be about £8 million and any gains by virtue of negotiations will be very small compared with that. The risks which are being taken in not closing off the deal are in my view too great when compared with the very small possible gain and the difficulties in realising any gain." So you can see it is a pretty consistent message. This is in April; I have been saying that in November and December and I am still saying the same thing. I had no means of forcing this, although you will see in a later email that eventually I get so exasperated that I asked the Chief Minister to put the item on to an agenda of the Council of Ministers so that they can decide as between the Minister for Treasury and myself in relation to this, but we have not quite got there. Then there is the email of 11th May of this year. I think what happened after that was that Mick Heald's information must have become available at some point. I am not sure if it was before then or after then, but I was getting positive signs from those involved that things were going okay and then suddenly something happened which indicated to me that things were not going okay and so you see this email of 10th May at 5.45 to the Chief Minister: "Terry, as you know, I remain very concerned at the apparent volte-face by Philip [that is Senator Ozouf] in relation to the possible purchase of a building. If there really is a disagreement between Philip and myself on this then this can only be resolved in accordance with the ministerial code by the whole of the Council of Ministers. I would be grateful to you if you could arrange a date for us to come before the Council of Ministers. I would hope that this could be on Thursday, 19th May. Ian." Then a reply: "I share

your concerns. I am perhaps more optimistic about a solution, however it would be wise to pencil in a discussion on 19th May. By that date I would hope the matter could have been concluded but if not John Richardson will be back and can update on the arrangements.” I am using my nuclear option, I suppose.

Senator S.C. Ferguson:

What was the problem? I mean what was the volte-face?

The Minister for Home Affairs:

I think the problem was the valuation ... sorry was the negotiations. I think the problem was the negotiations.

Senator S.C. Ferguson:

Were you aware at this time that the old offer had been withdrawn and new negotiations had started?

The Minister for Home Affairs:

Yes, I did become aware of that because instead of it going to the Council of Ministers, it went to a meeting on 18th May, which was round about 6.00 p.m. You can see that I am at a point where I am saying: “Let us take this to the Council of Ministers to decide in relation to this because there appears to be a disagreement.” At that meeting on 18th May that is the meeting at which for the first time parameters were set in relation to the negotiation. I was told either at that meeting or before that meeting, and I cannot remember exactly when I was told this but I was told a piece of information which had some effect on my view. I had always thought the negotiation had been done on the basis of £8.75 million with the seller doing the dilapidations. The building has been empty for years, there was some repair work to bring it to a reasonable situation. Although that had always been my understanding, either at this meeting or round about this time I was told for the first time from the Treasury side that in fact there never had been a meeting of minds on the price, that what had happened was that Property Holdings had made an offer, subject to all sorts of caveats and ministerial approval and so and so forth, of £8.75 million but with the vendor doing the dilapidations, and the vendor had responded with a capped offer of £8.75 million but without them doing the dilapidations. That is what I was told at a fairly late stage and that was contrary to what I had always understood and obviously that is an issue. The point of the meeting on 18th May was to try to agree an agreed strategy to avoid a situation of a collision before the Council of Ministers at which the Council of Ministers would have to decide and what was then agreed ... to some extent I am a reluctant party to this. I want to go ahead. I would never have taken the risks even from back in November but I am also a pragmatist in terms of finding a way forward. To find a way forward, what I agreed at that meeting was that we would maintain the negotiating position that our bottom line was going to be £8.75 million with the vendor doing the dilapidations, because that had been the Property Holdings position and I did not think we should go beyond that and certainly was not going to be able to take Treasury with me beyond that. But it was also agreed at that meeting that attempts would be made to see if it could be negotiated down. I would have taken that

back in October the year before but clearly the Treasury view was that the negotiations had not been done properly, they had not been done forcefully enough, and therefore there should now be an attempt to redo them. That decision was only made on 18th May. Subsequently to that, I threw in an email from the Minister for Treasurer to Deputy Power indicating a confirmation of a reduction in the square footage. Subsequently to that there were then further negotiations and the outcome of those negotiations was a deal at £8.25 million but with the dilapidations being done by the vendor. So that was £500,000 better than the deal which I had originally understood had been done by Property Holdings. I can remember congratulating people on that but I would not have taken the risk. I would not have taken the risk but, okay, we seemed to have achieved £500,000, but I would not have taken the risk.

The Deputy of St. Peter:

But in the final event you are concerned about £8 million. That is your risk assessment going back into ...

The Minister for Home Affairs:

In the final event I am afraid it went wrong. Whether £8 million is the right figure or not, in the final event it went wrong. I included in my email to Senator Ozouf my own view on this, and it is to come through to you, obviously. My own view on this is it is just a classic example of public sector inability to make decisions, to take opportunities and get on and do things. We have got disputes breaking out between different departments and different views of different Ministers, we have got different views of different Assistant Ministers, Le Fondré taking one view obviously and the Connétable of St. Peter taking a different view, and all along the thing has drifted from the time when I thought we were going to be ... I thought at one stage we were going to be in a position to go public with something as early as August 2010. Time was ticking.

The Deputy of St. Peter:

What are your views on the fact that in part it went public on the floor of the States Assembly when a statement was made regarding the purchase of Lime Grove?

The Minister for Home Affairs:

I am sorry, I did not catch that.

The Deputy of St. Peter:

There was a statement made in the Assembly by the Treasury Minister indicating that Lime Grove was moving forward and how beneficial it was going to be to the States of Jersey Police.

The Minister for Home Affairs:

Yes. Although it is his statement it is effectively a joint statement in relation to that. The difficulty we had was the summer recess was coming and we were very well aware of the 15-day period for people to challenge any transaction and so that had to be put out into the public domain, it had to be put out, it had

to be lodged so the 15 days started to run, so if there had been a challenge it could have happened before the summer break. So I agree with everything that was in that statement. It was a correct statement; Lime Grove is a wonderful opportunity. I may have missed the sense of your question.

The Deputy of St. Peter:

You were still talking about negotiation and by going public on the floor of the Assembly the indication was that that deal had been done.

The Minister for Home Affairs:

That is correct, that is correct. That announcement was only made after agreement had been reached in principle for the £8.25 million. So that announcement was made, I do not know the date of that announcement, but the deal had been done. The revised deal had been done.

Senator S.C. Ferguson:

It had been signed?

The Minister for Home Affairs:

No, but you have to go public with these things in order to be able to finalise the thing. There is an interesting issue, though. My own personal preference, which I expressed, was to have got to the stage of having a binding agreement of sale, subject to States approval. That was my preferred option but in fact there was not enough time and in any eventuality there were then further issues which arose after the announcement in the States.

[11:15]

There were further issues which arose in relation to haggling over the nature of the dilapidations because if you are going to do a deal on the basis of a price but with a party doing dilapidations you have got to have a definition of what those dilapidations are, what is the work that they are going to have to do.

The Deputy of St. Peter:

But the point I would make, Minister, at this particular stage, these negotiations had been going on over a long period of time whereas the rate of dilapidation over a 2-year period would not have been that significant, so there would have been an awareness, certainly I would have thought with Property Holdings and by Mr. Taylor, of where that might be. The concern, and I will get your view on it, as to why suddenly at the 11th hour that this has suddenly come up as what would appear to be a major issue to the final setting off of a document to say that there is a binding agreement. Going back to your analogy of risk, it seems to be a very risky strategy.

The Minister for Home Affairs:

What? Getting involved in further negotiations about the terms of dilapidations?

The Deputy of St. Peter:

Yes.

The Minister for Home Affairs:

Yes, personally I would have much ... I mean we had an idea what the dilapidations were going to cost. From memory I think it was about £200,000. That is entirely off the top of my head and may be the wrong figure, but I think it was of the order of £200,000.

The Deputy of St. Peter:

Just to clarify, do you have that figure available so that we could use it?

Deputy Chief Officer of Police:

I do not have that figure. Mr. Heald might have that.

The Minister for Home Affairs:

Well, certainly Mick Heald will have that in due course, and he is a witness, because the information came from him. It is much cleaner and neater to do a deal based on a fixed sum, in other words if the dilapidations are worth £200,000, okay, then we knock £200,000 off the price.

The Deputy of St. Peter:

The point I would make in answer to your comment on this is that again this issue is nothing new. It seems to have been brought up at a very late stage. What would your comment be on that?

The Minister for Home Affairs:

Dilapidations were always part of the deal.

The Deputy of St. Peter:

That is exactly what I mean.

The Minister for Home Affairs:

Even the Property Holdings deal was £8.75 million would then go into dilapidations. Even under that deal there was going to be a need to identify the degree of dilapidations and the cost of them. What you do, if you do the deal that way, is you agree a retention of X pounds and ...

The Deputy of St. Peter:

I am sure we will look at this in later interviews, but from your perspective, from the strategic overview of where we are, we have come to the stage, the very end, after your meeting of the 18th and after the announcement in the States Assembly, when there were still issues regarding the cost to develop later.

The Minister for Home Affairs:

So it transpired, yes. I did not realise that was going to be an issue. I would have thought it would have been clarified on the go what the dilapidations were. There is also some drift in time between this and when they suddenly realised the property has gone but my understanding, and I am not sure if my understanding is from knowledge before or from knowledge after because I

was away on holiday in the first 2 weeks of August so I am not sure if I became aware before I went away, that there had been some difficulties agreeing the dilapidations, but I certainly became aware of that when I came back. In fact I also became aware when I came back that there were rumours flying around of another interested party, because my Assistant Minister had picked that up and I think I put in a letter and I did include emails that she was involved in. Then out of the blue we find that it is a done deal, it has been passed, and the property is lost.

The Deputy of St. Peter:

What was your reaction to that?

The Minister for Home Affairs:

Well, very disappointed. It is kind of ironic that if you look back at emails you see they are warning about another tenant coming along, et cetera.

Deputy D.J. De Sousa:

Yes, from way back.

The Minister for Home Affairs:

So are they going to get the property? The answer is no, it is just that that always was the biggest risk. That always was the biggest risk. Something must have happened so that the State Street suddenly ...

The Deputy of St. Peter:

Since it happened and we are all aware it did, which is why we are sitting here, what has happened since then?

The Minister for Home Affairs:

There has been a meeting with the parties to look at other options.

Deputy Chief Officer of Police:

I attended a meeting last Thursday, a week ago. Sorry to cut across. I went to a meeting last Thursday which was called by Mr. Richardson and Property Holdings and the Planning Department and ourselves to look at a range of other options there to get a plan B together, effectively, and further work is being done to try to identify some further sites in and around St. Helier, preferably States-owned property, States-owned land where further work can be done to try and identify where we can develop a new police station, police headquarters, somewhere around here. There is further work being done now within the next couple of weeks to try to identify a suitable site.

Senator S.C. Ferguson:

Who was present at the meeting?

Deputy Chief Officer of Police:

Myself, Mike Bowron, Mr. Richardson, Richard Cheal, Mick Heald, the Treasurer, the Deputy Director of Planning, Jersey Property Holdings, Ray ... Roy, sorry, I cannot ... and 2 representatives from what used to be ... Mr. Izatt

and a colleague were there. I think it is called something else now. I can give the details afterwards. I do not have them with me.

Senator S.C. Ferguson:

What sort of sites were you looking at, then? Are you able to tell us?

Deputy Chief Officer of Police:

Well, there were some sites that had been looked at before, some existing vacant properties and mostly owned by the States, for instance there was the Jersey Girls' School, Summerland, Maritime House, our own site at Rouge Bouillon, the Esplanade site.

The Deputy of St. Peter:

Just to clarify a point for my own mind again, I believe you said all these sites had been looked at before and at the end of the day the Lime Grove mix was the one that was more attractive to you. It would appear we are now going backwards.

Deputy Chief Officer of Police:

To a certain extent, yes. We are revisiting other sites for their suitability, yes. There are about 20 sites all told.

The Deputy of St. Peter:

I am being facetious here, with a ground value of £1 million?

Deputy Chief Officer of Police:

I do not know the value of the sites.

The Minister for Home Affairs:

But that is what the figures require, to achieve about the same cost.

Deputy D.J. De Sousa:

Part of the process involved here we believe, part of the strategy, is to enable as well C.S.R. savings. Where does that now leave your department?

The Minister for Home Affairs:

There was a C.S.R. saving proposal in relation to upgrading of the C.C.T.V. (closed circuit television) links. It is actually a capital project but once it is done it costs less to run, so there is a revenue saving, and that it was anticipated would be done in conjunction with Lime Grove. Now clearly Lime Grove is not going to happen and so that is going to be delayed because we do not want to be sticking the new links and the new equipment into buildings we are going to knock down in a year or 2. So that is delayed. We could never work out, Barry could never work out for sure, whether we were going to have savings in terms of maintenance costs and so on which would accrue to the benefit of the Home Affairs Department or the Minister I should say in this case, because it is the police, for the police budget. We never got to a point of knowing that, so although initially there were some ideas, there have not been any more recent proposals. But we believe there were substantial savings to be made in the Property Services - I am going back a generation -

budget, which obviously they can give you more detail about, that there were reasons why an earlier deal would have saved money for them.

Senator S.C. Ferguson:

Also the occupation costs for you with a 30 per cent reduction in the space occupied. That was going to be significant.

The Minister for Home Affairs:

I do not think it was a 30 per cent reduction compared with what we have got at the moment, it is a 30 per cent reduction compared with what the police historically said they would need.

Deputy Chief Officer of Police:

Yes. I was present there as well. It is a 30 per cent reduction in space.

The Minister for Home Affairs:

Was it? I did not realise that.

Deputy Chief Officer of Police:

We would not accrue necessarily a 30 per cent savings from that. There would be a reduction in costs for us, because we do rent some aspects of our estate at the moment, on Broadcasting House for instance, we pay a rental for that. But what we were planning to do as part of the overall scheme when we get to a position where we have a new building or buildings serving our need and as part of that process, we are going to enter into an agreement with Property Holdings whereby hopefully with the new building the costs would be less, but Property Holdings would take on the maintenance responsibility for that and we pay a service charge or a fee for the maintenance of the buildings, whereas we have our own maintenance budget at the moment which is nowhere near sufficient to meet the cost of keeping the old police station standing. My concern now is seeing us through this next winter. It is a major concern how we keep the building standing, particularly heating and plumbing things.

Senator S.C. Ferguson:

Yes. Going back to the risk workshop that you mentioned, who was present at that?

Deputy Chief Officer of Police:

A cast of thousands. I can get the details for you. I cannot remember now, but I think effectively it was representatives from virtually every States department who were going to be affected by the overall States rationalisation plan, many, many departments were involved in that and representatives, including ourselves and the Chief Minister's Department, there were independent architects there. It was individually facilitated by a company that came in. It was a large workshop. I can get the details for you.

Senator S.C. Ferguson:

What was the final sort of ... it seems to me at these risk workshops you identify what is the main risk. What did you identify?

Deputy Chief Officer of Police:

We were asked to go back and recheck our figures again, that was our component of it, but then there was work to do in relation to the potential funding gap was 2 and a half months or so, how that could be bridged by way of some Treasury intervention and that was taken away to look at that as well.

Senator S.C. Ferguson:

What did Treasury identify as the biggest risk?

Deputy Chief Officer of Police:

The funding gap, I think.

Senator S.C. Ferguson:

Did the valuation come up?

Deputy Chief Officer of Police:

I cannot be sure to be honest. It may have done. I cannot remember.

Senator S.C. Ferguson:

Is it in one of your little black books?

Deputy Chief Officer of Police:

It is not in my notes, no, because the meeting was minuted, that is why I did not keep a note of that.

Senator S.C. Ferguson:

Do you have the minutes?

Deputy Chief Officer of Police:

No, I do not. It was not minuted by me.

Senator S.C. Ferguson:

You do not have a copy of them?

Deputy Chief Officer of Police:

No, I do not.

Senator S.C. Ferguson:

All right.

Deputy D.J. De Sousa:

Can I ask the Minister, you said that the risk of delaying, way back in your emails, could have cost, in your view, an extra £8 million to the States.

The Minister for Home Affairs:

Yes.

Deputy D.J. De Sousa:

As time goes on I presume that is going to rise. What do you now see in terms of delivering a new police station in terms of time and scale of money?

The Minister for Home Affairs:

Well, obviously this meeting last week was looking at different options, but I mean if you are going to build something, even if you have got a site, first of all you have got to identify a site, you have got to go through the process of planning and so on and so forth, and when we ask to build it it is going to be in the order of I would think 3 years. I would look at Deputy Egré's [indistinct] as Associate Minister for Planning and Environment, but in my view it is going to take at least 3 years, and it is going to be controversial, because everybody has their say in relation to the plans, what it looks like, does it fit there and what about all the other options and so on and so forth. So it is going to be complex. I am not aware at this stage of another potential suitable building but then if there was something out in the private sector we would go through the same rigmarole again and no doubt we would be very hard pressed frankly to find a building of this sort of size for that sort of price.

Deputy Chief Officer of Police:

Our available budget is £21.5 million. If we went to a fallback solution which was the Summerland site, a single build, it would be in the region of £26.5 million.

The Deputy of St. Peter:

For starters.

[11:30]

Deputy D.J. De Sousa:

Is that without fitout?

Deputy Chief Officer of Police:

No, that would be the complete building, £26.5 million.

The Minister for Home Affairs:

There would have been some delay in relation to the Lime Grove building of course, although depending on the price, it basically was just a shell and so there was considerable expense going to be required in fitting it out, plastering and obtaining a suitable electricity supply, which has to be very high powered for police communications. That was all built in. I do not want you to think that £8.75 million meant that there was a completed building. There was not; there was quite a lot of additional expenditure on top of that to achieve this.

The Deputy of St. Peter:

Just to clarify, your overall assessment of extra expenses are inclusive of what you have just discussed. The point I think that you have just made there, the minimum would have been, in a different scenario, a saving of about £5 million, which is the difference between the £21.5 million and the potential £26.5 million of building at Summerland?

Deputy Chief Officer of Police:

Yes, that is right.

The Deputy of St. Peter:

So we are looking at a bottom level figure, the Minister suggests £8 million, but the bottom level figure in as I understand it, and just clarify if I am wrong, in a second choice of site because you appear to have lost your first choice site, was going to cost a minimum of an extra £5 million?

Deputy Chief Officer of Police:

Yes.

The Minister for Home Affairs:

There will be different assessments at different times and I think Mr. Heald's assessment was less than the £8 million but I think it was more than £5 million. I cannot remember the exact figure. Still a substantial difference, yes.

Deputy D.J. De Sousa:

Surely the longer the delay the more the increase in the cost to the States, therefore?

The Minister for Home Affairs:

Yes, that is likely and also of course we have got the problem in terms of keeping together the existing buildings in which we may have to replace the boiler, or get a second-hand boiler.

The Deputy of St. Peter:

Minister, from you sitting around the ministerial table, this was a key, if I understand it, as part of the overall office strategy change which has had a lot more broader look at savings long term?

The Minister for Home Affairs:

It became simpler because it stood on its own but of course the other downside is that the Summerland site and potentially also the ambulance site have now been identified as potential sites for category A housing, so the States having decided that category A housing is a priority and that we needed to try and do that on existing sites. My recollection is that the sites being mentioned in the Island Plan were that J.C.G. (Jersey College for Girls) site, South Hill.

The Deputy of St. Peter:

So it would appear that the loss of this will have an even greater impact than just the financial difference?

The Minister for Home Affairs:

Yes, but you can see that in my last letter to Senator Ozouf, 22nd August when I say: "Philip, I am sure you will understand I am very disappointed at this outcome. We have lost a great opportunity to make a good provision for the States of Jersey Police and at the same time to free up a substantial site for category A housing. You will of course know that I did warn all those

involved of the risk which was being taken in seeking to renegotiate the original deal. Having said that, I am philosophical about what has now happened. I am not blaming any individuals for this but more so see it as further evidence of the inability of the public sector to take such opportunities when they arise. In this particular case it effectively required agreement of 2 Ministers, 2 organisations, the Treasury and Property Services [I called it that, there used to be something called Property Services. Property Holdings, apologies] and the accounting officer, for this to go ahead. I do not know of any non-governmental organisation which would make it so difficult to make a decision. It is of course extremely unfortunate that when all the parties agreed together with the vendor another party reappeared in this way and this must now be given very high priority if only because the existing police buildings will very shortly require significant investment of money to keep them operational. I think we need to look again at all the States-owned sites which are sufficiently central to offer an alternative. In practice this probably means the waterfront Summerland site or the J.C.G. site. There are others. Unfortunately each of these are likely to be more expensive and/or providing worse long-term accommodation for the police. Furthermore on the last 2 sites there would be a loss of category A housing. I mention the J.C.G. site, I must emphasise I have not spoken to the police about this but merely mention it for completeness." They are not keen. But there it is. I am philosophical and I could be spitting bullets at individuals, frankly. But I have been around the public sector long enough that it is consistently bad for delivery in relation to these sorts of things.

Senator S.C. Ferguson:

Yes, but surely ministerial government was meant to deliver as opposed to the committee system?

The Minister for Home Affairs:

Indeed, but you can see that we got close to a stage in May where it would have gone to the Council of Ministers. It is only for the fact that a way forward was brokered, not my preferred way forward but nevertheless a way forward was brokered, that that did not happen. But I suppose ministerial government does provide that opportunity, if there is a complete lockout between 2 Ministers, of it being looked at by a wider group.

Senator S.C. Ferguson:

Yes, although it seems by November or October 2010 we had agreed pretty well a price and then from October 2010 to June 2011 we are messing around over £200,000 or £300,000.

The Minister for Home Affairs:

No, to be fair it was not until the meeting of January, 13th January, that there was a clear commitment to find more funding because there was the issue of the complexity of the initial scheme.

Senator S.C. Ferguson:

Yes, but the price of Lime Grove, the value of it, had been pretty well decided by the time of the second valuation in June 2010.

The Minister for Home Affairs:

Yes.

Senator S.C. Ferguson:

We have spent the rest of the time, over a year, messing around over £200,000 to £300,000. Does this seem sensible to you?

The Minister for Home Affairs:

Well, you can see from my emails right through October and November and April that I did not think it was sensible, that I did not think this was the right approach and that we were taking a huge risk. Now that risk came to pass, but I never thought the balance of this was right here. I am interested to know whether the risk assessment meeting was assessing their risk, because it darn well should have been. I am putting that risk before the people, the risk of the downside of not getting it.

Senator S.C. Ferguson:

What conclusions did you get to?

Deputy Chief Officer of Police:

That there was a very real chance that that would happen if things were not expedited.

Senator S.C. Ferguson:

Was there any conclusion about why, what might stop that being expedited? What were the factors that might prevent the expedition of the purchase?

Deputy Chief Officer of Police:

I just do not recall now. I cannot recall.

The Deputy of St. Peter:

If I can just interject, Chairman. You kindly indicated to us earlier on that minutes were taken of this meeting, although you have not been given a copy of those minutes.

Deputy Chief Officer of Police:

There was a note of the meeting, yes.

The Deputy of St. Peter:

So it would be important from our perspective that that point be clarified, hopefully, and if we have need to come back to you on any question I am sure you will be happy to come and join us.

Deputy Chief Officer of Police:

Yes, sure.

Senator S.C. Ferguson:

Do you now find with the proposals going forward, where is your main point of contact now over the new proposals?

Deputy Chief Officer of Police:

With Mick Heald.

Senator S.C. Ferguson:

Are you concerned that his background is not in property?

Deputy Chief Officer of Police:

No, his background is not in property, but he is a competent project manager and he has been very good throughout this process. In terms of the technical support, obviously we still have to link in very closely with Property Holdings and Richard Cheal has provided support ...

The Deputy of St. Peter:

You mentioned several times again the property management side of things perhaps, that Stephen Izatt would appear to have been attending several meetings. Do we know in what context he was attending?

Deputy Chief Officer of Police:

An adviser to John Richardson, I believe. He has been to 3 meetings I have attended, one last week and 2 earlier.

Deputy D.J. De Sousa:

What was the earliest meeting that he attended?

Deputy Chief Officer of Police:

29th November 2010.

Senator S.C. Ferguson:

Was any explanation given as to why he was there?

Deputy Chief Officer of Police:

No.

Senator S.C. Ferguson:

Why the States would be using a third party as opposed to their own in-house property expert?

Deputy Chief Officer of Police:

I do not know.

Senator S.C. Ferguson:

It is a bit like having an Attorney General and calling in a lawyer from Hill Street.

The Minister for Home Affairs:

We do that sometimes.

Senator S.C. Ferguson:

Occasionally, but not very often.

Deputy D.J. De Sousa:

Can I ask you, Minister, it does seem as though the whole process has not been handled well. Do you think that there is reputational damage done to the States as a whole due to the process and how is the morale of the police service?

The Minister for Home Affairs:

Well, if I cut to the second one, I think police officers will be understandably disappointed but also philosophical. They have had many plans and many schemes over the years and they will say: "Oh, there goes another one which did not happen", I think that is fair to say. But Barry is better able to ... Can I comment on the reputational aspect? This goes back to my days in private practice; I left private practice in 1990 to become Judicial Greffier. Anybody who ever dealt with the public sector prior to 1990 knew that they were going to be messed around and so if you were going to deal with the public sector you always asked for a higher price because you knew you were going to be messed around, and that was always certain. Now I am afraid from the point of view of the vendors and their representatives they would probably feel they were messed around on this. In good faith they thought they had completed a negotiation and then a long time later there is a renegotiation. But this is the nature of the public sector, there are so many fingers in pies, so many different departments all want to have their say in relation to things. Things could be struck down on the floor of the Assembly and inevitably they are politicians, people with strong views that will express contrary views and criticisms and it creates a defensive culture within the public service, within the civil service. But I think people will just say: "Well, there you go, it is the public sector again not sticking to its deals, doing one thing and going off in another direction." All this was said.

The Deputy of St. Peter:

I think the point you made in one of your emails, Minister, was the fact that you thought the sort of risk you were describing should be dealt with by politicians, not by civil servants. It would appear from what we are hearing there has been an interaction between civil servants from the Treasury Department and Property Holdings which have not been positive in this particular exercise.

The Minister for Home Affairs:

I say that also in one of my emails. It is absolutely right and there has been a breakdown, if you like, of trust there. I do not know all the background to that, but I do know there was an issue that the negotiations had taken place without the direct approval of the Treasury Minister and of the accounting officer, but I do not know if that is right or not.

The Deputy of St. Peter:

But just to clarify the point, you mentioned the accounting officer was appointed at some time during the negotiations. The accounting officer was not in post as such, vis-à-vis Mr. Richardson, at the start of the negotiations.

The Minister for Home Affairs:

I do not know at what point Mr. Richardson was appointed as accounting officer. I assumed he was so appointed by the Treasury Minister. He was not appointed by me. This is one of the peculiarities about these things. I am a client organisation. Because these things are done centrally it is the Property Holdings, it is the Treasury.

[11:45]

The Deputy of St. Peter:

But Minister, as a client you appear, from what you have described to us, to have been satisfied with the initial negotiations that went on prior to the intervention from Treasury.

The Minister for Home Affairs:

Yes.

The Deputy of St. Peter:

It was at that point where things appear to go into a sort of problem area.

The Minister for Home Affairs:

I do accept that the initial arrangement was too complicated. I am not blaming Property Holdings for that because I believe that they thought they had a remit to find something that was self-financing and there was no possibility of extra money, but it was too complicated. But when we got to January of this year that block was effectively removed. But what then happened was a requirement for a complete re-evaluation of everything, a re-costing.

The Deputy of St. Peter:

That is the point I was going to come to. You mentioned earlier in your little sort of surmise about the property market and the public sector that an additional costing would often be laid on, overvalued if you like, because they knew there were going to be problems. Now in this particular case do you perceive that that happened, bearing in mind it would appear that the valuations that were given against this property matched very closely the value that was being offered for the site?

The Minister for Home Affairs:

No doubt it was based upon the valuations but the price that was being paid was spot on. Those valuations of course are based upon notional rental levels and then a capitalisation of those, which is the normal way these things are calculated.

Senator S.C. Ferguson:

Given your evaluation of the risks inherent in the delay if you had known of the exclusivity agreement, would you have agreed to this new renegotiation strategy, given that if you opened negotiations again any exclusivity agreement goes out the window?

The Minister for Home Affairs:

Well, I first of all would have had to have known whether the exclusivity agreement was in force, because I would have grave doubts as to whether something that might be agreed in the summer of 2010 would still be in force by May of 2011, but if it still had been in force, yes, it would have been a further ground for not reopening. But bear in mind, though, that complications arose later on as to whether or not there had ever been a meeting of minds in relation to the initial negotiation. You are looking puzzled. I did mention that before.

Senator S.C. Ferguson:

Yes, you did, and this was raised by the Treasury or Property Holdings? Was it the Treasury's assessment of it or was it Property Holdings' assessment?

The Minister for Home Affairs:

It was definitely raised at the meeting on 18th May. Now what I am not sure about was whether that was raised earlier or not. It may well have been but I do not recall knowing about that before that meeting. It may well have been raised before that but obviously formally it would have been considered as part of that process but the exclusivity agreement was definitely not mentioned at that meeting. As I say I was not sure it was ever mentioned, even by Property Holdings, although it may have been.

Senator S.C. Ferguson:

I suppose to some degree is that a detail, if you think that the deal is done, dusted and just ready to be signed off, it would not be totally relevant at that point, would it?

The Minister for Home Affairs:

Sorry, I am getting confused now.

Senator S.C. Ferguson:

If everybody is happy with the deal and it is about to be signed off, you think, then there would not be any real necessity to say: "Well, we have got an exclusivity agreement on it."

The Minister for Home Affairs:

If it was known, if that was known to Treasury and to the Minister or the Assistant Minister for Treasury that is certainly an issue that should have been raised as part of the discussions in May. But, as I say, I do not recall it ever being raised because I think if it had been I would have stuck it into one of the emails to say: "Look, by the way, the risk is even greater because we are going to lose the exclusivity agreement." There was complete silence on that.

Senator S.C. Ferguson:

Did it come across your horizon?

Deputy Chief Officer of Police:

I had heard about it.

The Deputy of St. Peter:

Sorry, if I can just quote the Minister from a radio interview that he did, you indicate here, Minister, that the Treasury Minister ... and of course what happened right in the middle of the process, you say right in the middle: "The Treasury and accounting officer were so unhappy with the initial negotiations that they actually took over, they completely pushed out, Jersey Property Holdings."

The Minister for Home Affairs:

That is absolutely right.

The Deputy of St. Peter:

"It was at that particular point that things appear to change." That is not a quote from me. You said it was at that point that there was a changeover and the term you used, that Jersey Property Holdings were pushed out.

The Minister for Home Affairs:

They were completely pushed out, so much so that I did not mention what happened, I do not think, on 13th January, but once we had concluded our meeting and came out downstairs, lo and behold there was Mr. Flowers sitting in the reception of Cyril Le Marquand House not knowing if he was going to be required or not. He sat throughout knowing the meeting was going on and had been excluded.

The Deputy of St. Peter:

So in your role as a magistrate it would appear you had one of your prime witnesses to what was going on sitting outside and not being called. What is your view of that?

The Minister for Home Affairs:

Well, that is exactly why you will see in my emails on 13th January saying: "I think he should be there", because he had information, he had knowledge.

The Deputy of St. Peter:

I know even from the discussion we have had today that in that particular arena, although it would appear that the Chief Minister was going to give an explanation as to why this has occurred, because he states that in an email, it appears that no explanation was given.

The Minister for Home Affairs:

He did tell me that there would not be open disagreement at the meeting.

The Deputy of St. Peter:

Sorry?

The Minister for Home Affairs:

That there would not be open disagreement at the meeting.

The Deputy of St. Peter:

So to clarify, so there would not be open disagreement at the meeting that you were just about to have to discuss how you were moving this forward?

The Minister for Home Affairs:

Yes, that is my understanding.

The Deputy of St. Peter:

As a magistrate, what is your view of that comment?

The Minister for Home Affairs:

I still think he should have been there and if he had been there he might have mentioned the exclusivity agreement. It is a very strange state of affairs to have a situation in which the States have set up Property Holdings to perform certain functions and they have the expertise there, centralised the thing, and then because of disagreements between officers, which is what it appears to be, that suddenly you find that the very department who is meant to be doing this has been pushed aside. Other people have been brought in, who are capable people no doubt, but do not have the sort of specialist knowledge and experience.

The Deputy of St. Peter:

Chairman, I am going to have to go because as you are aware I have got a funeral I have to attend.

Senator S.C. Ferguson:

Is this really a good thing to be suppressing disagreement at meetings just because it is inconvenient?

The Minister for Home Affairs:

Not in my opinion. It seems to me you get the best value of decisions when you hear different opinions expressed and that is my view. You very often come to a better understanding by hearing differing opinions.

Senator S.C. Ferguson:

Well, yes. We hear people talking about challenging viewpoints and so on, but if you suppress opposition like that, or disagreement, it is not going to be the best thing for the Island, surely?

The Minister for Home Affairs:

No. What is peculiar about this, of course, is that Property Holdings is a Treasury and Resources department. So you have got a situation and it is difficult for any Minister who finds that there is a dispute broken out between different people within his department, well, sorry within his Ministry. There were some difficulties a few years ago, a dispute between the Police and Customs and Immigration, and this does put a Minister into a difficult position if there are differing views. Well before his time. But I just say that as an example. It does create a difficult position in relation to that. It seems to me a Minister should then listen to the different aspects of the thing and seek to resolve it to get his people working together again.

Senator S.C. Ferguson:

Yes. You were aware that the change from the Director of Property Holdings being accounting officer, to the acting Chief Executive being the accounting officer was kind of sneaked through in the 2010 ... 2011, last year's Business Plan?

The Minister for Home Affairs:

I did not know how it was that Mr. Richardson came to be the accounting officer on this project.

Senator S.C. Ferguson:

When the Resources Department was set up, apparently the accounting officer function was transferred to him and the Resources Department was set up as a footnote in last year's Business Plan.

The Minister for Home Affairs:

It cannot be last year's. Surely it must have been the 2010 Business Plan. It must have been decided in 2009, surely?

Deputy D.J. De Sousa:

Yes.

The Minister for Home Affairs:

Because John Richardson was the accounting officer dealing with this starting in about August 2010.

Senator S.C. Ferguson:

If you look in my amendment to the Business Plan it gives the chronology of it. I have a feeling it did not go through until last year's Business Plan. It never came officially to the States, which it should have done. It is a bit foggy, the way it was set up, as far as I can see.

The Minister for Home Affairs:

This may be part of the difficulty. As I say I expressed surprise that there was this dispute or disagreement as to whether or not the negotiations should have gone as far as they did do. Now clearly that is history in relation to what is the role of Property Holdings, what is the role of the accounting officer, what is the role of the Minister, what is the role of the Assistant Minister dealing with it. The very fact that there was a dispute there suggests that there was a lack of clarity as to the roles.

Senator S.C. Ferguson:

I am not sure of the dates but as far as I understand it halfway through the negotiations the Resource Department suddenly sprang from nowhere and the accounting officer function was transferred from the Director of Property Holdings to the Deputy Chief Executive.

The Minister for Home Affairs:

Can I ask, is that your understanding that that happened in relation to all Property Holdings projects or solely in relation to this one?

Senator S.C. Ferguson:

Well, I am not sure. It is something we are obviously going to have to ask in the next hearings we are having, because obviously if you change horses in midstream then you do start getting the whole thing totally confused. It was about the time that H.R.I.S. (Human Resources Information Services) were moved to the Resources Department and sort of put together with Procurement. The Deputy Chief Executive was appointed and he became accounting officer for the Resources Department. We need to probably check the timing, but it appears that the whole thing came to the States in the last Business Plan in 2010 as a footnote to the Business Plan. So the setting up of the Resources Department was never officially agreed by the States until it became a footnote in the Business Plan.

The Minister for Home Affairs:

Okay. That presumably would have been agreed between the Chief Minister and the Treasury Minister.

Senator S.C. Ferguson:

Presumably.

The Minister for Home Affairs:

I think it would have been discussed by the Council of Ministers as well. It would have been.

Senator S.C. Ferguson:

It never came to the States.

The Minister for Home Affairs:

No.

Deputy D.J. De Sousa:

Are you aware at which stage of the negotiations and if it was anything to do with the change in the negotiating parties where there was also a switch in Assistant Minister?

[12:00]

The Minister for Home Affairs:

Well, I think that what I can say is that when Property Holdings were excluded from the process so was the Assistant Minister.

Deputy D.J. De Sousa:

At the same time?

The Minister for Home Affairs:

At the same time, yes. This was taken away from Property Holdings and also taken away from Deputy Le Fondré.

Deputy D.J. De Sousa:

It was at that stage that the Connétable of St. Peter was ...

The Minister for Home Affairs:

No, because the change of Assistant Minister happened later than that. Looking at the series of meetings I am sure that Deputy Le Fondré was not present. I will check but I am pretty confident that Deputy Le Fondré was not present at the meeting on 13th January.

Deputy Chief Officer of Police:

No.

The Minister for Home Affairs:

Hang on, that is a double negative. Do you mean you agree with me that he was not there?

Deputy Chief Officer of Police:

I agree with you. He was not there.

Senator S.C. Ferguson:

Who was there?

The Minister for Home Affairs:

I cannot recall whether he was there at the meeting on 19th November to be told that the Treasury taking over. The Treasury Minister was taking responsibility and the Treasury was taking over.

Senator S.C. Ferguson:

Well, he will be appearing so we will ask him.

The Minister for Home Affairs:

I cannot remember that. He may well have been there, but as from that date ...

Deputy Chief Officer of Police:

13th January present at the meeting was the Chief Minister, the Treasury and Resources Minister, Senator Le Marquand, Chief Executive Bill Ogle, John Richardson, the new Treasurer, Laura, Mike Bowron and myself.

Senator S.C. Ferguson:

Thank you.

The Minister for Home Affairs:

So effectively it was not just a change of department, there was a political change in relation to that. I think it is fair to say that there was substantial disagreement between the Treasury Minister and Deputy Le Fondré as to the way in which this had been conducted. The concerns in relation to how far negotiations had got I think also extended to the political oversight of that.

Senator S.C. Ferguson:

But from your experience, a provisional agreement subject to the decisions of the Minister, without prejudice subject to the decisions of the Minister and so on, you would have been quite relaxed about?

The Minister for Home Affairs:

Yes. As I say, I am starting to repeat myself, but I do not know what were the lines of authority within the Treasury Minister's domain. I do not know what were the lines of authority, whether there was complete delegated authority to Deputy Le Fondré to oversee the negotiations. It was clear that Deputy Le Fondré was overseeing these negotiations. He was very much involved in the whole project, he very much saw it as one of his projects politically and was very, very keen to see it delivered. You can see that I think in the early emails where I am exchanging emails with him. You can see that he then disappears from the scene in relation to that, effectively, for whatever reasons, and I think the reasons were to do with the original negotiations, and so on. The argument would be that if the negotiations were not hard enough initially, that that then made it very hard to go back and renegotiate later. That would be the issue, although that did eventually happen.

Senator S.C. Ferguson:

But if you had done the calculations and you estimate that this is a fair value?

The Minister for Home Affairs:

Yes, but that is how it was portrayed to me, that is why I was happy with it and I did not want, as you can see from my emails, to be trying to drive a harder bargain and thereby risking things going wrong.

Senator S.C. Ferguson:

Especially when the various valuations, as you have said earlier this morning, came out with an average that was spot on.

The Minister for Home Affairs:

I cannot remember exact figures but I am very good at arithmetic as you know. My memory is that if you add the 3 valuations together then the total of those was £50,000 or less than multiplying the price by 3. So it was pretty well spot on, yes. But as I say there was this concern as to: "Well it has been empty for a long time, should we not be driving a harder bargain?" That was the counter-argument.

Senator S.C. Ferguson:

All right. Debbie, anything?

Deputy D.J. De Sousa:

No, I think that is it. It has raised a lot of questions for other people though.

Senator S.C. Ferguson:

Thank you.

The Minister for Home Affairs:

I tend to do that.

Senator S.C. Ferguson:

Yes. There is nothing else that you would like to say, just to wind up?

The Minister for Home Affairs:

No, I just think if we can get the individuals involved and the individual decisions made I think we are still left with huge question marks as to the way the public service operates and as to whether it has the capacity to take advantage of issues like this. I know that there are risks involved there either way, if you create a system which is more decisive, that can make decisions more quickly with a smaller number of people involved, then inevitably you also take the risk that more wrong decisions will be made and so there is a balance but throughout the period that I have worked, both outside and inside the public sector, I have never seen it as able to act commercially and deliver the things which need to be delivered. I think at heart, although I have worked in the public sector now in various different roles for 21 years, I am still a private sector individual for making things happen.

Senator S.C. Ferguson:

Thank you very much indeed, Minister. Thank you very much indeed.

[12:07]