

2016.04.12

4.12 Deputy A.D. Lewis of the Minister for Infrastructure regarding the valuation of the States property portfolio:

When was the last time that the States property portfolio was valued, in total or in part? Is a fully developed plan in place to maximise the value of the States property portfolio and, if not, why not?

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

As the Deputy is no doubt aware in his role as Chair of the Public Accounts Committee, the public property portfolio is valued in accordance with the States of Jersey Financial and Reporting Manual, which follows international financial reporting standards. The requirement is to undertake a full valuation every 5 years and an interim valuation in the third year following a full valuation. Both types of valuation value all properties in the States portfolio. The interim valuation was carried out as at 31st December 2015 and the last full valuation was performed in 2012. There is no plan to seek to maximise the monetary value of the States property portfolio. The bulk of the portfolio is operational property, such as schools, the health estate, specialised buildings, for example the prison, this States building itself, and the Magistrate's Court are good examples. These properties are held to support services provided by States departments. The accounting or book value is of secondary importance to the properties being fit-for-purpose to deliver those services in an efficient, cost-effective manner. That said, J.P.H. (Jersey Property Holdings) seeks to maintain the portfolio in an appropriate condition within the budget available; however, the department does seek to achieve best value from the relatively small commercial portfolio which is rented to third parties. When properties become operationally redundant, or vacant, due consideration is given as to whether their disposal value could be enhanced by seeking prior development consent.

4.12.1 Deputy A.D. Lewis:

Could the Minister explain why in 2011 this advertisement was posted in the *Jersey Evening Post* inviting an expression of interest for a full asset valuation of the States properties? Was an independent valuer appointed or was it done internally?

Deputy E.J. Noel:

I cannot see that advert from here, but if the Deputy is referring to the tender process for the original valuation done in 2012, yes, that was carried out by independent valuers.

4.12.2 Deputy J.A.N. Le Fondré:

I would like to pick up on the second part of Deputy Andrew Lewis's question, which was about the maximisation of the States property portfolio, at the end of the day. Could the Minister confirm when the agreed States policy for the introduction of an internal charging mechanism for departments using property will be implemented? It has been in place as a policy for 10 years.

Deputy E.J. Noel:

Indeed, it has been a policy for 10 years. As my colleague from St. Lawrence knows from his former capacity as Assistant Minister for Treasury and Resources responsible for property, we are still waiting to implement that. What we are hoping is that it will be part of the office modernisation programme, which we hope to address shortly. We have a preferred site and we will be working with departments to ensure that it gets progressed in swift order, and hopefully with the first staff members moving in there into the latter part of 2018, early 2019.

4.12.3 Deputy J.A.N. Le Fondré:

So the Minister is confirming a charging mechanism will be part of the office modernisation strategy; could he confirm exactly when it will be implemented?

Deputy E.J. Noel:

What I said is that it will be considered as part of that.

4.12.4 Deputy R. Labey:

Could the Minister let us know how much the States property portfolio is insured for?

Deputy E.J. Noel:

I have not got those figures to hand because there is an element of self-insuring, because that is carried out by Treasury; it is more a question for the Minister for Treasury and Resources in terms of insurance value, but I can give an indication that the property portfolio, excluding those that are outside in ports and in our social housing, *et cetera*, comes to just under £800 million.

4.12.5 Deputy S.M. Wickenden:

I will just follow on from a question I asked in February, which is: I look still today and we have only got one business plan for 2016 from the Council of Ministers. I did request a couple of months ago that the business plans be put up for Infrastructure with the strategic plans for the property portfolio from Jersey Property Holdings; I was assured that would happen. Could I get a better timescale of when this may happen?

Deputy E.J. Noel:

At the time I gave the timescale that I would hopefully have the information for the Deputy and other States Members by June. That timetable has not changed.

4.12.6 Deputy A.D. Lewis:

Following on from Deputy Le Fondré's question: can the Minister confirm what incentives exist to use space efficiently in the States buildings? If I go back to 2005, in the proposition to set up Property Holdings lodged in 2005, there were a number of things that were stated here, and I wanted to know if the Minister feels that these things are now being achieved by Property Holdings. It said here that: "High levels of time are spent on delayed or aborted property initiatives." There was a: "Growing pool of unproductive and inefficient assets" and there was: "A slow and cumbersome decision-making on property disposals, development initiatives and excessive States involvement in property decision-making." All these things were the reason Property Holdings was set up to resolve. Does he believe any of those things have been resolved by setting up Jersey Property Holdings?

Deputy E.J. Noel:

Property Holdings can only work with its clients, and its clients in this respect are the various departments that occupy those operational buildings. Many of those buildings, certainly our schools, have a very high efficiency rate, particularly because we have a relatively new stock that are built to modified U.K. standards. But there is a great deal of the estate that is not fit-for-purpose; our hospital is the obvious example of that. Much of our office accommodation stock is not fit-for-purpose, which is exactly why we are bringing forward an office modernisation programme which does have criteria and space usage, and I encourage the Deputy, and in fact any other States Members, to come down to Property Holdings to receive a thorough briefing on what we are doing and what we aim to achieve in the coming months and, indeed, years.