

2.7 Deputy T.A. Vallois of St. Saviour of the Minister for Treasury and Resources regarding measures to address the backlog in the maintenance of States-owned properties:

In view of the information provided to the States that there is a significant backlog in the maintenance of States-owned properties, would the Minister advise what measures, if any, have been put in place to ensure that the public purse does not have to face pressures in the long term to meet high maintenance costs?

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

If I may, I would like to ask Deputy Le Fondré, Assistant Minister with the special responsibility for property, to answer the question.

Deputy J.A.N. Le Fondré of St. Lawrence (Assistant Minister for Treasury and Resources - rapporteur):

I will just say it is a very difficult question to answer briefly, I am afraid. But the short answer, unfortunately, is that there will be pressures on expenditure to meet the cost of maintaining States property to an adequate standard. That is because the level of funds presently allocated is well below that required to avoid a further build-up of deferred maintenance, which builds on to the backlog of maintenance. To clarify the problem: we have spent quite a long time identifying maintenance items for about the next 10 years, as well as public use for potential costs. There are all sorts of various reports that have been produced on the matter. If we do nothing, the outstanding maintenance will cost around £120 million. That is excluding professional fees and all that type of stuff. The solutions, i.e. the measures that the Deputy has asked about: firstly we believe this can be reduced to approximately £80 million by limiting maintenance, for example, on properties that will eventually be sold. In the short-term, the priority is for works that must be carried out to ensure the safety of the public and States employees, and those are being funded by reprioritisation of existing maintenance, and, I have to say, no essential items have been deferred. We have requested additional funds, as the Minister has alluded to previously, as part of the fiscal stimulation package. In the medium and longer term, the only way to reduce all types of maintenance is basically to significantly reduce the amount of space occupied and to replace older buildings which are more expensive to operate than with, in our view, a modern efficient building. That is the purpose of the office strategy which is being developed at present. The aim of the office strategy is to reduce the office portfolio by approximately 30 per cent - that is about 2,000 square feet - and that has quite significant positive implications in terms of savings for the States of Jersey. Those, essentially, are the first few steps in the measure that we are taking.

2.7.1 The Deputy of St. John:

Given that over the last 20 years plus the States have been very remiss in carrying out repairs to properties, and, in fact, where an annual expenditure of somewhere in the region of 10 per cent should have been invested or reinvested in these properties nothing of that type of figure has happened, can the Assistant Minister give an assurance that from hereon we will not see properties that are only 20 or 30 years old being demolished and rebuilt, that we will have a proper maintenance programme that can be scrutinised by any Member of this Chamber at a session like this in the future? Because if he cannot give us an assurance, we are creating problems for the future.

Deputy J.A.N. Le Fondré:

I can always give an assurance. It is always in the hands of the Assembly, though, in terms of how funding authorities are established.

2.7.2 Deputy D.J.A. Wimberley of St. Mary:

In the light of that last question I would just like to ask the Assistant Minister how this situation came to be in respect of maintenance and could it be that prudence and the mantra of low taxation constantly meant mismanagement of our assets?

Deputy J.A.N. Le Fondré:

As to how this situation has evolved over time, I am afraid I cannot clarify that because it goes well before my days. In terms of is it a result of low taxation policies, no, I disagree. Is it a case of, in the past, the Assembly or the departments have found different priorities, that may well be the case. However, it is always a case of: we have to establish an efficient programme going forward and we have to look for the efficiencies that undoubtedly are available.

2.7.3 The Deputy of St. Mary:

Could I ask a supplementary on that? Is it not the case that if you are prioritising and dealing with different budgetary requirements in a time of what we have had over the last 20 years “constant budgetary restraint”, that maintenance will always come bottom of the list and that is why we are facing this problem today?

Deputy J.A.N. Le Fondré:

There will always be attention on maintenance. But, as an example, one of the issues we are looking at at the moment is, I think, the opportunity has been taken, as we sometimes need to elsewhere... if you have the space, people fill it. As an example, there is a wonderful figure that you might like to work on later, is that we have done lots of reports and I have been trying to get solid data to build our strategy going forward. One of those facts that has come out recently is that we have 5 work stations - desk areas - for every 4 full-time or equivalent employees. So the point about that is that there is definitely scope for efficiencies to be made going forward.

2.7.4 Deputy R.G. Le Hérissier:

Would the Assistant Minister not acknowledge that one of the hidden issues has been the perhaps lax management of leases, for example, the retention of Oriel House when there was no ongoing need; and the retention of the Economic Development offices in Bath Street? Would he now assure the House that the management of leases is much more rigorous and we are not finding ourselves with inflexible leases from which we cannot emerge once a building should be vacated?

Deputy J.A.N. Le Fondré:

I will not give an assurance that we are 100 per cent perfect yet, but I would agree that, I believe, matters are improving and certainly, as I think the Deputy is aware, by restructuring the Property Holdings Department internally, physically - the building - we have managed to get rid of the lease of Oriel House by, essentially, putting a lot more people into an existing area.

2.7.5 Deputy T.A. Vallois:

I just highlighted the area purely because we are going to have some very difficult decisions to make coming forward to the House. But also because of the States Property Plan 2006, where it is stated that it would set a standard across the States of

providing and maintaining property fit for purpose. I had hoped that this will be taken on board and for the silo mentality we seem to have within the departments to be broken down so we can all work together. Would the Assistant Minister take on board and carry forward this?

Deputy J.A.N. Le Fondré:

Yes, and I would also note that, because there are structures in place, whether it is at the political level or at the officer level, that are aimed to improve the whole system. Of course, on that basis we rely also on the professionalism of the Corporate Management Board to move things forward, as we would all expect.