

### **3.9 Senator S.C. Ferguson of the Minister for Treasury and Resources regarding the proposed plans for States of Jersey Property Holdings and the States of Jersey Development Company Limited.**

Given P.93/2005 and P.73/2010, will the Minister explain his proposed plans for States of Jersey Property Holdings and the States of Jersey Development Company Limited and will he undertake not to implement any changes before receiving the approval of the Assembly if he plans to amend the structures agreed by the States for these 2 bodies?

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

I can confirm that the structures agreed in both P.93/2005 and P.73/2010 are not being amended. The States of Jersey Development Company is continuing to be set up and will operate in line with the aforementioned proposition under, of course, the Regeneration Steering Group which will sit for the first time on Wednesday and I very much hope will be able to deliver on this Assembly's request to deliver affordable homes on States surplus sites. I have also recently reviewed with my Assistant Minister P.93/2005 and we have concluded with regret that many of the functions and objectives of 2005 have not been fully met. The States of Jersey, as the *Jersey Evening Post* correctly pointed out last week, owns probably in excess of £1 billion worth of real estate. It is absolutely vital that this estate is managed effectively and efficiently and the departments are properly served for their own operational requirements quite apart from the Treasury's responsibility to ensure the property is properly accounted for. I am determined that the original aspirations of setting up the Corporate Property Department are met and, before my term of office is completed at the end of this year, I intend to ensure that the right structures and management, as appropriate, is in place to do just that.

[15:30]

There will be no deviation from the 2 propositions and I do not therefore envisage any further approvals being required by this Assembly. I have reviewed the States decision to set up Property Holdings and reviewing the management and structure of Property Holdings to ensure that the original States requirement to deliver efficient property use is being delivered.

#### **3.9.1 Senator S.C. Ferguson:**

This does not quite gell with a memo to staff at the beginning of this month when it was stated that the structure of J.P.H. (Jersey Property Holdings) will be reviewed to determine whether we have those activities currently carried out by J.P.H. located within the most appropriate functions across the States. As the Minister has said, P.93 was quite specific about the functions to be performed by J.P.H. Therefore, will the Minister confirm, given what has been issued, that any changes, including key changes to management personnel, will come back to this Assembly for approval before implementation?

#### **Senator P.F.C. Ozouf:**

I certainly am not going to be bringing management matters to this Assembly. This would be entirely inappropriate. We deal with policy. Where the Senator may well be slightly potentially confused is in relation to the potential very constructive discussions that we are having with Transport and Technical Services of how they could take a greater role in terms of delivering maintenance. That is very different

from the structure of the budget which, of course, must and will remain as the corporate landlord.

**3.9.2 Senator T.J. Le Main:**

As a previous Minister for Housing and having had a department with much involvement with Property Holdings, does the Minister agree that Property Holdings has been useless and ineffective, and he welcome its demise as it currently stands?

**Senator P.F.C. Ozouf:**

The Senator speaks with some degree of frustration which I have to say that I understand. I think that there has not been the full aspiration delivered in terms of Property Holdings and a good corporate landlord. I sit next to my good friend the Minister for Home Affairs, he has waited too long to sort out the issue of the police location, the Minister for Health has not been well served in making sure that the hospital estate is efficiently delivered with their residential issues. There are problems, I understand there are problems regarding how Property Holdings is set up and I am determined to repair that. That is exactly what my new Assistant Minister under Constable Refault has been doing. There is a problem and I am solving it.

**3.9.3 Deputy A.E. Jeune:**

The Minister in his answer said that there were issues of P.93/2005 that were not fully met. Can he advise Members what it is that has not been fully met and why it has not been in his understanding?

**Senator P.F.C. Ozouf:**

I have become very close, or closer, to the overall issues that States departments are having with Property Holdings and I have reviewed very carefully that well constructed report of 2005, which envisaged all sorts of very laudable aspirations for the delivery of an efficient Property Holdings across the States of Jersey. Optimise operational efficiency, using the estate to improve the delivery of public services, minimising unreporting and unproductive property assets, optimising the efficiency of building maintenance, minimising cost management, maximising and implementing opportunities for cost reduction and extracting capital. I have to say the report card is not very good and it can be better and I am determined that Property Holdings serves the interests of departments that are big operational users of property better and that we deliver efficiency and economy for taxpayers, and we end up with a good relationship and a productive relationship with other States Departments as opposed to something which has not been that.

**Deputy A.E. Jeune:**

That only answered the first part. The second part was why these were not done as he understands it.

**Senator P.F.C. Ozouf:**

That is a very difficult question which I have been wrestling with for my 2 and half years of oversight of Resources. Without question one of the issues was that the budgets were not transferred, and I cast absolutely no blame on Property Holdings in relation to that. They did not get the right budgets to set up and the right budgets from departments were not transferred. But that is a number of years ago. Since then there are a number of issues and I am tackling them and I am determined to tackle them. I know that there are Members of this Assembly who would wish me to get

involved in managerial issues on the floor of this Assembly; I have no intention of doing so. I do not intend to get involved in managerial issues but I am absolutely determined with my Assistant Minister to sort out the reputational problems of property management in Jersey and better serve departments.

**3.9.4 Senator B.E. Shenton:**

The Minister says a number of the services are going to be moved across to T.T.S., does he not concede that a number of these services could be done much cheaper in the private sector?

**Senator P.F.C. Ozouf:**

Yes, I do and many of those issues are already served by the private sector. Indeed Property Holdings does ... it is not everything that is wrong but there are issues that I am challenging. There are some issues, which are in relation to building maintenance, which have made huge strides in the last few months in terms of efficiency; some of those were certainly underway before the changes that were made in terms of ministerial responsibility earlier on this year. Yes, there are issues of outsourcing which can deliver better value for money but we also have some very capable people in T.T.S. which are used to dealing with infrastructure and maintenance issues and I am determined to have those people fully engaged in how we can get better maintenance and deliver better value. But the concept of keeping the budget central will maintain.

**3.9.5 Deputy J.A.N. Le Fondré of St. Lawrence:**

I am trying to work out which question to go for. The Minister has raised a whole range of issues but I think the one I am going to go for out of what he has touched on, he has referred to a review being performed on the property function. I think he has said that today and he has also said that in the press last week. Could he confirm that the individuals performing it are interims from H.R. and Treasury who have little or no property experience? The significance of that is that P.93/2005, which he says is very laudable, was on the basis of expert advice from KPMG, Deloitte, DTZ, over a whole number of years and is a 2 to 3 week review or whatever it is going to be is going to generate the value that he is expecting or is it just a waste of time and a predetermined outcome?

**Senator P.F.C. Ozouf:**

I would understand why Deputy Le Fondré would want to stand and ask questions about this issue and obviously he and I will have to agree to differ in relation to a number of issues of Property Holdings and I regret that. I would just inform him that the issues in terms of looking at Property Holdings are being ably and properly overseen by my Assistant Minister and the Acting Chief Executive, and it is at the very highest level of States decision-making that these issues are being dealt with. I wish to say I have full confidence of their oversight of this important review which is currently being undertaken.

**3.9.6 Deputy J.A.N. Le Fondré:**

He has not answered the question. The people doing the review, do they have expertise in properties?

**Senator P.F.C. Ozouf:**

I have no doubt at all that there are going to have to be some further input in relation to issues. **[Interruption]** Yes, the Acting Chief Executive is Head of Resources and I have full confidence in him.

**Deputy J.A.N. Le Fondré:**

That is not answering the question. Do the people doing the review have expertise of a significant depth in property?

**Senator P.F.C. Ozouf:**

Certainly I am absolutely clear that there needs to be challenge across the board and checks and balances in relation to these issues and if he is doing the bidding for individuals that are having their issues challenged then so be it, but I have a problem in relation to Property Holdings, I have a problem with the standard of service that Property Holdings have given States departments and it must change.

**Deputy J.A.N. Le Fondré:**

He still has not answered the question. Can I also just point out that he has said ...

**The Deputy Bailiff:**

No, this is question time, Deputy, it is not ...

**3.9.7 Deputy J.A.N. Le Fondré:**

Yes, Sir, this is a question for the Minister. He still has not answered my first one but the point is that on a number of occasions he has said that the maintenance function is being transferred. That is an integral part of P.93/2005.

**The Deputy Bailiff:**

So it was not a question.

**Senator P.F.C. Ozouf:**

It was not a question and I have been very clear, the budget, which is the issue that Senator Shenton dealt with ...

**The Deputy Bailiff:**

It is not speech time either; it is not a question so therefore you do not have to answer it.

**Senator P.F.C. Ozouf:**

It is irrelevant.

**3.9.8 Deputy T.A. Vallois:**

Would the Minister not agree that if a landlord does not have the money to fulfil the objectives set by this Assembly then how can they be a good corporate landlord as he has said he wishes to see?

**Senator P.F.C. Ozouf:**

I agree absolutely with the Deputy and that is why we have been putting more money into property maintenance in order to deal with some of the funding problems that were set up where budgets were not being transferred, there is absolutely no doubt. But there is a whole further issue or issues that we need to deal with in terms of the efficient and proper allocation of property and the encouragement of States departments to use property efficiently. I am determined we are going to make better

use out of taxpayers' money, Islanders' money, in terms of their property and we are going to make progress.

**The Deputy Bailiff:**

May I say to Members I am aware of at least 3 Members who have had questions on this subject matter but this is not a debate and we have already spent 13 minutes on this question so I come to the final supplementary. Senator Ferguson.

**3.9.9 Senator S.C. Ferguson:**

It is an incredibly important question because given that the States carries the responsibility on behalf of the public for States assets any significant change in the controls over such assets needs to be treated with caution and with proper independent advice, i.e. as presently provided by J.P.H. which was created specifically for that purpose. Will the Minister, therefore, commit to bringing back the outcome and recommendations of any review to the States for its approval, particularly in relation to any changes in operations, structures or personnel, before any such changes are implemented and will the Minister undertake not to change the controls set in place, in P.73/2010 to cover transfer of assets from J.P.H. to S.o.J.D.C. (States of Jersey Development Company) without returning to the States and will he undertake to comply with them?

**Senator P.F.C. Ozouf:**

Yes and no. The Senator asks ... I think she said whether or not I would bring to States approval management changes and personnel issues. This Assembly deals with policy. If she wants the answer to the question of, yes, controls are important and structures are important. Absolutely, any changes towards those that were thoughtfully and correctly set out in both those 2 proposition I mentioned of course will need to come back to this Assembly. But what I will not concede is this Assembly getting involved in management issues and, as she asked me to do, personnel issues. Those are implementation issues, they are not a matter for political debate and that they are certainly not a matter for this Assembly to get involved in. But I am determined to ensure that the Assembly's wishes in terms of efficient property allocation, efficient property use, are delivered finally.

**Senator S.C. Ferguson:**

In actual fact they are an integral ...

**The Deputy Bailiff:**

No, sorry, Senator, it is not time for speeches.