

## **Corporate Services Scrutiny Sub-Panel**

### **Transaction on Lime Grove House**

Documents provided by the Minister for Home Affairs

1. Exchange of e-mails, various parties, 15 October 2010 to 25 October 2010
2. Exchange of e-mails from Minister for Home Affairs to various parties, 8 and 9 November 2010
3. E-mail from Minister for Home Affairs to Minister for Treasury & Resources, 29 November 2010
4. Exchange of e-mails, various parties, 22 and 23 December 2010
5. E-mails from the Minister for Home Affairs to Deputy Chief Executive and the Chief Minister, 23 December 2010
6. E-mail from the Chief Minister to various parties, including the Minister for Home Affairs, 23 December 2010
7. Exchange of e-mails, various parties, 12 and 13 January 2011
8. Briefing note prepared for the Chief Minister, Minister for Treasury & Resources and Home Affairs Minister. E-mailed out by Deputy Chief Executive 12 January 2011
9. Exchange of e-mails, various parties, 18 April 2011
10. Exchange of e-mails, various parties, 20 April 2011
11. Exchange of e-mails between Minister for Home Affairs and Chief Minister, 10 and 11 May 2011
12. E-mail from Deputy Chief Executive to various parties, including Minister for Home Affairs, 16 May 2011
13. E-mail from Minister for Treasury & Resources to Deputy Sean Power cc All States Members, 5 July 2011
14. Exchange of e-mails, various parties, 22 August 2011

**Ian Le Marquand**

**From:** Ian Le Marquand  
**Sent:** Monday, October 25, 2010 1:19 PM  
**To:** John Richardson (CMD)  
**Subject:** RE: Re : Police HQ

John, thank you for your work on this at a time when you have had family pressures. Ian.

-----Original Message-----

**From:** John Richardson (CMD)  
**Sent:** Friday, October 22, 2010 9:00 AM  
**To:** John Le Fondre  
**Cc:** David Flowers; Ian Le Marquand; Bill Ogley  
**Subject:** RE: Re : Police HQ

John, I have now read the report and in principle, the Police Station scheme looks OK. However, I think there are some very significant risks that from the information I have received I cannot see whether they have been adequately addressed.

The main one appears to be that of cash flow - I am not convinced that the project stacks up any longer as the sale of South Hill and the Ambulance station land appear to be set at market values that might not be achievable in this current market. If that is the case and I have it from two sources, one from a well respected private sector property person, then the overall project could go into £5m negative cash flow half way through and the end result for will be a significantly reduced capital receipt, assuming the cash flow issue can be smoothed out in some way.

I think we need to look at how to de-risk the project and ensure that suitable funding can be achieved. Do we have full NPV calculations for this project??? This is an essential tool and I would want to see them.

I suggest we should met with the Treasurer to see how to achieve this and the full team then needs to look at the Risks associated with the project. The delivery programme looks very tight but this can be addressed as part of the overall risk programme.

If these matters can be addressed it is down to delivery, this appears to be a project that should now be handed over to SOJDC as they have the potential to borrow if that is what is required to see us over the cash flow issue.

I think we are nearly there but everyone needs to be aware of the risks associated with a project that has many elements to it when the funding/ final outcome is reliant on the property market which is very unstable at the moment.

In terms of my own position, I am back in action now.

John

-----Original Message-----

**From:** John Le Fondre  
**Sent:** 22 October 2010 08:24  
**To:** John Richardson (CMD)  
**Cc:** David Flowers; Ian Le Marquand  
**Subject:** Re : Police HQ

Dear John

I write further to my e-mail of last Friday and of yesterday morning (which was requesting an update).

Not unsurprisingly I have received an e-mail from Ian Le Marquand which is included below.

Time is progressing on this, and I have to share Ian's concerns over the risk of further delay.

Could you please let me know asap what your anticipated timing is on this.

Obviously if you have any concerns I do need to know, and also so that it can be assessed whether they are of significance to the overall delivery of the project or whether the concern can be resolved.

I should like to raise one matter. I have heard an oblique comment in the States very recently that you were dealing with some form of personal issue, which is why you were away last weekend.

If this is the case please accept my full understanding on this, and I apologise for adding any additional pressure, however I do need to ask if this is the case, and if so whether it is likely to cause any significant delays. If the latter is likely to be the case, may I tactfully (and with full sympathy) ask if it would be an idea to delegate this matter to someone else in order to allow it to proceed in as timely manner as possible without adding to any personal stresses which you may be experiencing. If this is not the case then I have obviously misunderstood the position.

Either way this is extremely pressing, and both myself and the relevant Ministers do need a clear indication of a timeline.

I should be most grateful if you could let me have some indications of the state of play and likely future timeline during the course of today.

With kind regards

John

From: Ian Le Marquand [ianlemarquand@jerseymail.co.uk]  
Sent: 21 October 2010 19:34  
To: John Le Fondre  
Subject: Re: New Police HQ buildings

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John, I am rather concerned that time is now drifting on and we still do not have an answer from John Richardson. If we were to lose Lime Grove through

delay then that would be an absolute disaster. If John had this on Wednesday of last week then surely he has had enough time to consider it and form a view by now. Best wishes, Ian Le Marquand.

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**From:** John Le Fondre  
**Sent:** 21 October 2010 10:28  
**To:** David Flowers; John Richardson (CMD)  
**Subject:** RE: New Police HQ buildings

Dear David and John

I am expecting Ian Le Marquand (and possibly others) to be chasing again on this matter - could I have an update please.

Many thanks

John

-----Original Message-----

**From:** John Le Fondre  
**Sent:** 18 October 2010 09:41  
**To:** Ian Le Marquand  
**Cc:** David Flowers; John Richardson (CMD)  
**Subject:** Re: New Police HQ buildings

Thanks - will speak on Tuesday

John

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**From:** Ian Le Marquand  
**Sent:** Monday, October 18, 2010 09:28 AM  
**To:** John Le Fondre  
**Subject:** RE: New Police HQ buildings

John, thank you for your reply. It would be very good to have some movement early this week and hopefully you will be able to brief me on this during the sittings of the States on Tuesday or Wednesday this week. Ian.

-----Original Message-----

**From:** John Le Fondre  
**Sent:** Sunday, October 17, 2010 8:30 PM  
**To:** Ian Le Marquand  
**Cc:** Ian Le Marquand; David Flowers; John Richardson (CMD)  
**Subject:** RE: New Police HQ buildings

Dear Ian

Thank you for the note – apologies for the slight delay in replying, unfortunately I ‘closed down’ slightly earlier than normal on Saturday, and neglected to check my e-mails until late Sunday afternoon.

Please rest assured that David, myself and the rest of the team at JPH are fully aware of the urgency of this matter, and as I am sure you are aware a lot of time and effort has been spent on this, and we would all be devastated if it fell at the last hurdle.

I enclose a sample of the e-mails that have been exchanged on this matter in the last few days.

To summarise, the business case was delivered to John Richardson last Wednesday. John has undertaken to look at it early next week. I don't know if he has taken any part of it with him over the weekend, but I have asked him to keep me apprised of state of play. I am copying both him and David in on this e-mail, and hopefully we can be kept informed as matters develop.

Obviously John as accounting officer needs to be satisfied as to whether there is any significant matter that has been overlooked, and whether that impinges on the decision to buy Lime Grove or not. However he is fully aware of the urgency, and given that no concerns have been raised up to now, I would be surprised if anything was identified that caused any insurmountable problems.

Re Customs and Immigration, I understand that David has liaised with Steven Austin Vautier etc on both that matter and also Home Affairs, and that Steven etc are happy with the present position.

Hopefully John will appraise us on the position early next week, and we can then finalise comms. etc thereafter.

Kind regards

John

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**From:** Ian Le Marquand [ianlemarquand@jerseymail.co.uk]  
**Sent:** 16 October 2010 18:58  
**To:** John Le Fondre  
**Subject:** New Police HQ buildings

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John, I have realised that I have not formally replied to Property Services in relation to the purchase of Lime Grove and the construction of the new police building on the site adjacent to the ambulance station. Both I and the acting police leadership are very happy with the project and want it to be progressed as soon as possible. The only issue with some of the documentation was that it did not make it entirely clear that in relation to Customs and Immigration the position further down the line of moves remains open as to whether they will go to the Harbour (their preferred option) or Lime Grove. You have previously assured me that the position remains open.

I would be grateful to you if you could update me as to where we currently are. The last I had heard was that things were with John Richardson but the process seems to be dragging on. I am very concerned that we might lose Lime Grove through delay thus sending us back to square one. Best wishes, Ian Le Marquand.

**From:** John Le Fondre  
**Sent:** 15 October 2010 13:44  
**To:** John Richardson (CMD)  
**Subject:** Re: Phase 1 Office Rationalisation Programme

John - Thanks - please keep me apprised.

J

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**From:** John Richardson (CMD)  
**Sent:** 15 October 2010 13:27  
**To:** John Le Fondre  
**Cc:** David Flowers  
**Subject:** RE: Phase 1 Office Rationalisation Programme

John, I appreciate the urgency on this but to be clear, I will not be in a position to sign this off by close of play on Monday. I need to check that all of the due diligence has been completed and that the financial appraisals are full and cover off all points. I do not wish to delay this in any way but the risk to you, Philip, myself and David is simply too big to take any chances on. I will read it early next week and in the evenings so it will be done as quickly as I can get through it.

John

-----Original Message-----

**From:** John Le Fondre  
**Sent:** 15 October 2010 12:53  
**To:** John Richardson (CMD)  
**Cc:** David Flowers  
**Subject:** RE: Phase 1 Office Rationalisation Programme

Dear John

Thank you for your note below.

I agree that in the interest of time it would be a good idea to send the business case to the project sponsors, all of whom (I understand) have already been briefed on this. Indeed I understand that we have received a letter of support already from the Minister for Health, and I anticipate a letter being received from the Minister of Home Affairs in due course, who is very supportive and I believe he is very keen for this to proceed.

However I should just like to stress that this matter does need to be treated extremely urgently, and I trust you will be in a position to comment very early next week. I think if there are any serious concerns these should be communicated to David asap, and ideally we should be looking for sign off (hopefully) from yourself by close of play Monday (subject to any concerns you might have).

I do recall that from day 1 of my time at JPH (when Eric Le Ruez was in place) that there were times that one did have to accept that certain decisions were required urgently, and adjust accordingly, and I always remember Eric commenting that it was appreciated that I did respond urgently to matters when required. This is one of those times.

In reality it is extremely likely that if the decision to purchase Lime Grove is not

approved shortly – probably within the next 2 weeks, the deal has a strong probability of failing.

I am very clear that I do not want this to happen (even putting aside the significant amount of work that has gone in to this thus far), and I am prepared to clear diaries as and when necessary if this is of assistance.

I will leave you and David to liaise on this, but I did want to stress that this needs to be dealt with as the most urgent matter.

With kind regards,

John

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**From:** John Richardson (CMD)  
**Sent:** 15 October 2010 11:25  
**To:** David Flowers  
**Cc:** John Le Fondre  
**Subject:** RE: Phase 1 Office Rationalisation Programme

David, I will look at it as soon as I can but it will not be before next week as I am out of the island this weekend and not back until early on Monday morning. To speed things up, I suggest you send it to the project sponsors in parallel to my review with a statement that it is subject to review. Given the size of this project and the level of interest it is likely to generate, I think you have to set some realistic timescales and although I appreciate the Lime Grove issue, we are several weeks away from a final decision to proceed and months if scrutiny want to get involved.

John

-----Original Message-----

**From:** David Flowers  
**Sent:** 15 October 2010 11:02  
**To:** John Richardson (CMD)  
**Cc:** John Le Fondre  
**Subject:** Phase 1 Office Rationalisation Programme

John,

I delivered a draft copy of the Phase 1 Office Rationalisation business case to your office on Wednesday 13th October. I appreciate this is a somewhat lengthy document, however I would appreciate your earliest attention to this reading and endorsing this report asap, as I am anxious to incorporate any changes you may wish to make and circulate the final report to project sponsors for signature at the beginning of next week.

We are aware that the vendor of Lime Grove house has another potential freehold buyer interested and I would not like to see that opportunity falling away as it is critical to the whole project.

Regards

David

**David Flowers | Director of Jersey Property Holdings  
Treasury & Resources Department | Jersey Property Holdings**

**23 Hill Street | St Helier | Jersey | JE2 4UA**  
T: +44(0)1534 441518 | F: +44(0)1534 441500 | E: [d.flowers@gov.je](mailto:d.flowers@gov.je) | W: [www.gov.je](http://www.gov.je)



Think of the environment...do you need to print this e-mail?



**Ian Le Marquand**

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**From:** Ian Le Marquand  
**Sent:** Tuesday, November 09, 2010 4:25 PM  
**To:** Terry Le Sueur  
**Subject:** RE: Acquisition of Lime Grove

Terry, thank you for that. 11am on Friday 19th is fine for me. Where will 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 that these be taken by politicians rather than by senior civil servants. However, in this case I believe that by taking a risk in one direction we will avoid a much bigger and more likely risk in the opposite direction. Thank you for giving priority to this and generally for your support. Ian.

-----Original Message-----

**From:** Terry Le Sueur  
**Sent:** Monday, November 08, 2010 10:22 PM  
**To:** Ian Le Marquand; Philip Ozouf; Anne Pryke; Paul Routier; John Le Fondre  
**Cc:** Vanessa Page  
**Subject:** RE: Acquisition of Lime Grove

Dear Ian,

Thank you for this. I am happy to convene a meeting for Friday week, although hopefully it may be a matter of simply confirming an agreed way forward. I do appreciate that any inability to deliver on the Lime Grove proposals may well have a significant detrimental impact on costs, timescale, etc. However in the first instance it is important that due, **but timely**, process is followed.

Can we provisionally earmark 11.00 a.m. on Friday 19th, please ?

Terry.

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**From:** Ian Le Marquand  
**Sent:** 08 November 2010 14:35  
**To:** Terry Le Sueur; Philip Ozouf; Anne Pryke; Paul Routier; John Le Fondre  
**Subject:** Acquisition of Lime Grove

Dear Terry, Philip, Anne, Paul and John,

I am very concerned about the continuing delays in progressing this important first step in relation to the 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 but 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 e-mail is to ask you, Terry, to convene an urgent meeting of the six, 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 besdt wishes to you all, Ian Le M.

**Ian Le Marquand**

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**From:** Ian Le Marquand  
**Sent:** Monday, November 29, 2010 10:37 AM  
**To:** Philip Ozouf  
**Cc:** Terry Le Sueur  
**Subject:** New Police Headquarters

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 will immediately go up to a level which depends upon the rental per square foot.

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 re-negotiation may reduce the price by perhaps 500,000 or 1,000,000 pounds at the very most. On the negative side, the vendors may be so annoyed at the attempted re-negotiation 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 re-location costs 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 pounds.

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 a 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 M.

**Ian Le Marquand**

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**From:** Ian Le Marquand  
**Sent:** Thursday, December 23, 2010 11:06 AM  
**To:** Terry Le Sueur  
**Subject:** RE: Negotiations for a new Police Building

Terry, thank you. Ian.

-----Original Message-----

**From:** Terry Le Sueur  
**Sent:** Thursday, December 23, 2010 10:42 AM  
**To:** Ian Le Marquand; Philip Ozouf; John Richardson (CMD)  
**Subject:** RE: Negotiations for a new Police Building

Dear Ian,

I am sorry to learn that you have not been kept up to date. I have asked for a further briefing for us early in the New Year, but meanwhile I understood that Barry Taylor was keeping you advised. Best wishes to you and yours.

Terry.

-----Original Message-----

**From:** Ian Le Marquand  
**Sent:** 22 December 2010 15:42  
**To:** Terry Le Sueur; Philip Ozouf; John Richardson (CMD)  
**Subject:** Negotiations for a new Police Building

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 the representative of the owners in order to re-open negotiations. I have previously outlined the substantial downside risks in terms of increased costs if the 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. Ian.

**Ian Le Marquand**

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**From:** Ian Le Marquand  
**Sent:** Thursday, December 23, 2010 5:42 PM  
**To:** Terry Le Sueur  
**Subject:** FW: Negotiations for a new Police Building

Terry, I also replied to John and I am now forwarding that message on to you. You will see what I am saying. Ian.

-----Original Message-----

**From:** Ian Le Marquand  
**Sent:** Thursday, December 23, 2010 4:00 PM  
**To:** John Richardson (CMD)  
**Subject:** RE: Negotiations for a new Police Building

John, thank you for that. I agree that the additional work will need to be done but surely there ought first to be certainty that a price has been agreed in principle. Otherwise we could be committing ourselves to a lot of costs and extra work on the fitting out details without knowing whether we are willing to pay the provisionally agreed price. Best wishes, Ian.

**Ian Le Marquand**

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**From:** Terry Le Sueur  
**Sent:** Thursday, December 23, 2010 5:22 PM  
**To:** John Richardson (CMD); Ian Le Marquand; Philip Ozouf  
**Cc:** 'b.taylor@jersey.pnn.police.uk'; Mick Heald  
**Subject:** RE: Negotiations for a new Police Building

Thanks, John.

I think that the two issues, although connected, need to be considered independently.

1. We need to ascertain that the building can be laid out to meet police operational specifications, and then ascertain the likely fit-out cost
  2. We need to determine a suitable funding stream in order to achieve the purchase within the capital programme.
- Without wishing to underplay the importance of this, I have to say that 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, then I believe we need to find a creative solution.

Terry.

**Ian Le Marquand**

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**From:** Ian Le Marquand  
**Sent:** Thursday, January 13, 2011 12:22 PM  
**To:** Terry Le Sueur  
**Subject:** RE: Police Station rationalisation project

Terry, I accept your decision on that although I am concerned that a 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. Ian.

-----Original Message-----

**From:** Terry Le Sueur  
**Sent:** Thursday, January 13, 2011 11:49 AM  
**To:** Ian Le Marquand  
**Cc:** Philip Ozouf; Bill Ogle; John Richardson (CMD)  
**Subject:** RE: Police Station rationalisation project

Thanks, Ian.

For reasons which I can explain this afternoon it has been agreed that David Flowers should not attend, although I do acknowledge the detailed information which he has gathered over the period.

Terry.

-----Original Message-----

**From:** Ian Le Marquand  
**Sent:** 13 January 2011 11:47  
**To:** Terry Le Sueur  
**Cc:** Philip Ozouf; Bill Ogle; John Richardson (CMD)  
**Subject:** RE: Police Station rationalisation project

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 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

-----Original Message-----

**From:** Terry Le Sueur  
**Sent:** Wednesday, January 12, 2011 9:30 PM  
**To:** Philip Ozouf; John Richardson (CMD); Ian Le Marquand; Bill Ogle; Laura Rowley  
**Cc:** Vanessa Page  
**Subject:** RE: Police Station rationalisation project

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.

Terry.

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**From:** Philip Ozouf  
**Sent:** 12 January 2011 18:51  
**To:** John Richardson (CMD); Terry Le Sueur; Ian Le Marquand; Bill Ogle; Laura Rowley  
**Cc:** Vanessa Page  
**Subject:** RE: Police Station rationalisation project

Thanks John,

Due to a cancelled meeting in London tomorrow, I am available all day tomorrow and Friday.

Might we also want to invite the Home Affairs CEO or Police Chief to discussion if Ian thinks that would be helpful?

Philip

-----Original Message-----

**From:** John Richardson (CMD)  
**Sent:** 12 January 2011 18:39  
**To:** Terry Le Sueur; Philip Ozouf; Ian Le Marquand; Bill Ogley; Laura Rowley  
**Cc:** Vanessa Page  
**Subject:** Police Station rationalisation project

<< File: Briefing Note re Office Estate Phase 1 - 30 Dec 2010.doc >>

Following my short e-mail response to the Home Affairs Minister's request for an update on the Police re-location project just before Christmas, I have produced this briefing paper for you. As this is clearly important to everyone and the consequences are significant in terms of not getting this complex project off on a sound footing, Philip has suggested that we meet as soon as possible. I will ask Vanaessa to arrange a meeting.

John

**Briefing Note to be presented to the Chief Minister, Treasury and Resources Minister and Home Affairs Minister**

**Office Estate Rationalisation – Update on Phase 1 Business Case**

**Purpose of the Briefing Note:**

To update the Chief Minister, Treasury and Resources Minister and Home Affairs Minister on progress with developing the Office Estate Rationalisation Programme and in particular, the development of the new Police Station and Headquarters.

**Introduction**

Throughout 2010, Jersey Property Holdings (JPH) worked on a major initiative to develop a new Office Strategy aimed at rationalising the entire office estate which is recognised as being of old design, inefficient, fragmented and not delivering a modern working environment for the vast majority of States employees.

One of the most pressing requirements which formed part of the overall programme was to provide a new Police Headquarters and Operational Police Station. In July 2010, JPH presented to the Treasury and Resources Minister their draft Office Accommodation Strategy Report which provided a high level strategy for a phased programme of office development. The programme was split into four distinct phases:-

- Phase 1 – Police and Home Affairs
- Phase 2 – Locational Independent Offices
- Phase 3 – Health and Social Services
- Phase 4 – Education, Sport and Culture.

When this Strategy was presented to the Treasury and Resources Minister it was agreed that such a project was too large to manage as one project and JPH would concentrate on delivering Phase 1, the Police and Home Affairs element.

**Phase 1 – Police and Home Affairs Relocation**

Phase 1 of the Office Accommodation Strategy clearly shows that the preferred solution for the States of Jersey Police was to split the operation between two new sites. The new Police HQ would be located at Lime Grove, the vacant office building on the Green Street Roundabout and the new Operational Police Station would be located on the existing Summerland site. This would in turn enable the Ambulance Station to be reconstructed on the existing Police HQ at Rouge Bouillon where efficiencies could be generated by co-locating certain management functions between the Jersey Fire and Rescue Service and Ambulance Service.



In July 2010, it was evident that the scale of the project as a stand alone development could not be met from the available capital budget. To generate sufficient funds, additional States Buildings would have to be sold which in turn added to the complexity of the project as other departments, Transport and Technical Services (TTS), Planning and Environment (P&E), Customs and Jersey Harbours all became involved and had to be relocated.

In August 2010, given the complexity of the project now in hand, JPH were instructed to ensure that appropriate due diligence for the project and specifically financial appraisals were undertaken to ensure that the various developments could be funded from exiting capital or new capital receipts.

In mid October 2010, the business case for Phase 1 was presented to the Deputy Chief Executive who as Accounting Officer for JPH had to approve the project and recommend it to the Treasury and Resources Minister. An initial review of the Business Case demonstrated that the concept of splitting the Operational Police Station from the Headquarters had been successfully developed between JPH and the States of Jersey Police and was supported by the Home Affairs Minister.

When reviewing the Business Case, it became apparent that whilst the concept was right, there were a number of issues with the business case as prepared that needed further investigation.

1. A formal offer to the vendors of Lime Grove had been made by JPH in March 2010, without the necessary approval from the Accounting Officer or the Treasury and Resources Minister.

The value placed on Lime Grove had not been verified by a third party independent valuer at the time the offer was made.

2. The costs of internal fit out for Lime Grove had been based on designs and costs from a previous prospective purchaser of Lime Grove and did not necessarily meet the Police requirements.
3. The Operational Police Station had only been designed to a very high level concept in "block format". No detailed discussions had taken place between the Police and JPH to account for the specific operational requirements. Costings for such a specialist project had only been calculated on industry construction standards.
4. The Business Case demonstrated that South Hill had to be sold in order to fund this project and a capital receipt of £12m had been built into the cost appraisal plan.

## **1. Formal Offer for Lime Grove**

On 25 March 2010, JPH made a formal offer to the Agents managing the sale of Lime Grove in the sum £8.75m for the bare shell and core of the building. The offer was made "**without prejudice – subject to contract, subject to Ministerial and States approval**", but had not been validated at that time by a recent third party valuation. The basis of calculation was on a previous 2007 valuation, updated by JPH staff and on an internal valuation carried out by JPH surveyors. This calculation appears to have been prepared on 15 March 2010, by the Assistant Director of JPH and is headed "Internal Assessment". However, it is apparent from emails between JPH and the Agent that the figure of £8.75m was being discussed as early as 2<sup>nd</sup> February 2010.

## **2. Third Party Assessment of Value**

An independent valuation from a third party valuer was not received until June 2010. That valuation placed a figure of £8.8m on the property. However, it is not clear what assumptions were provided to the valuer to base their calculations on as no written instructions were given.

Given that the property was constructed in 2000 and has been vacant since, together with the current decline in the office market, it is questionable whether it is appropriate for the States to be paying the full asking price or whether there should have been far more commercial negotiations before an offer was made. Either way, the fact that neither the Treasury and Resources Minister or the Accounting Officer were formally notified and permission sought to make the offer is a serious failing in the management of JPH.

Whilst it is accepted that the offer was made "**without prejudice – subject to contract, subject to Ministerial and States approval**", it was still a formal offer made at the full valuation price and to re-open negotiations and start negotiating a significantly lower price some ten months later will be extremely difficult.

## **3. Cost of Fit-Out for Lime Grove**

Lime Grove is constructed to what is known as a "shell and core" construction. There is no internal fit-out to the building and all of the main structural members are exposed. The lifts, staircases and incoming electrical supply are installed but everything else has to fit into two categories of fit-out.

Category "A" as it is known in the industry is to install all of the internal walls, partitions, mechanical and electrical services and data services etc.

Category "B" is essentially the occupier's requirements for furniture and soft fittings etc.

JPH have worked with the Police to determine the number of staff to be located in Lime Grove through a series of workshops. They established that if the Police accepted modern office space allocation standards, they would fit into the building on the basis of number of staff multiplied by the allocated square footage and compared against the available area within the building. JPH were also in possession of a set of internal layout drawings prepared by a local architect for a

previous potential occupier and then based the cost of fit out for the Police HQ for both Category A and Category B on these earlier plans. The police had not seen these plans and had the opportunity to comment on them, or assess whether they met their requirements.

Detailed discussions held with the Police in November and December 2010, revealed that whilst it is still possible to fit the number of staff required into the building, the Police requirements in terms of segregation and security are very different from the plans used to develop the cost plan for this fit-out. In addition, the Police have a requirement for a secure data centre which imposes a particularly high electrical load on the building and it has subsequently been confirmed by Jersey Energy who produced the initial loading for the building that the electrical supply is unlikely to be of sufficient capacity. This will add further to the cost of installing a new up-rated power supply together with standby generation facilities that are required for a data centre.

There is no detailed specification for the Police requirements. To develop a cost plan based on a previous occupier's requirements which are clearly different to those of the Police might have been acceptable if this was a feasibility study report, but is not acceptable when the public are about to enter into a property transaction of £8.75m and then be committed to the scheme which has a total value in excess of £13 m.

#### **4. Operational Police Station**

During discussions with the Police over Lime Grove, it became apparent that no detailed design had been undertaken for the Operational Police Station. The only layout presented in the Business Case and discussed with the Police was a single "block diagram" showing the area of land that would be occupied by the building and the number of floors that it could reasonably be assumed that planning permission would be granted. From this plan the available area was determined a cost plan developed using industry standards. There had been no detailed discussions with the Police in terms of meeting their specific requirements, layouts and security arrangements etc.

Developing a cost plan based on this level of detail might be acceptable at feasibility study but not at project sign off stage when the Minister is being asked to approve a scheme that requires public expenditure in excess of £12.5m. Once committed to the two separate buildings for the Police, it would be extremely difficult to redesign the scheme if it were subsequently found at detailed design stage that insufficient funds were available.

#### **5. Sale of South Hill and Land at Rouge Bouillon**

For the Police relocation to take place as discussed above, JPH have estimated a total project cost in excess of £26m. The available funding identified by JPH in the business case is £19.165m which leaves a shortfall in excess of £6.8m. To meet this shortfall JPH have prepared a further office relocation plan which would free up South Hill and allow this building to be sold. The capital receipt proposed by JPH in the Business Plan was £12m.

Given the current property market and the number of high quality residential units being constructed, the first consideration is whether any developer in the current

market is able, or prepared to pay £12m for the site. The alternative and most likely scenario is that they would want to be looking at a smaller up-front capital payment and then for some form of joint venture to be entered into with the States. The States would then share some of the risks of the development and only receive full payment either as staged payments or as the development is progressed.

To achieve the sale of South Hill it would require TTS and P&E to be relocated. JPH identified Maritime House as being a suitable location but Jersey Harbours and Customs need to be relocated to a new extension at the Elizabeth Terminal. From the Business Case as presented, it is clear that some design work has been undertaken for the extension to Elizabeth Terminal that should meet the requirements of Jersey Harbours and Customs.

Detailed discussions with TTS and P&E have not taken place to determine how they will fit into Maritime House. It appears that the only work that has been undertaken is to establish the number of staff to be relocated, multiply this number by the area allocated to individuals to meet modern standards and compare this number to the internal area of the building. The result is that the staff would fit in with space capacity. JPH have estimated the cost to relocate all staff to Maritime House and carry out internal alterations to be in the order of £350,000. Given the somewhat unusual internal layout for the building it is not known at this stage whether this is sufficient or not and clearly both TTS and P&E need to be satisfied with the arrangements being proposed.

In the Business Case it was also proposed to sell the Ambulance site for development and a capital receipt of £12.53m has been included in the business case for the land as part of the financial appraisal. Given the current market conditions it is not known if this is a realistic price for land that would be surrounded by a new operational Police Station, Fire and Ambulance Station and also located on the main ring road.

Subsequent to the Business Case being presented to the Deputy Chief Executive, JPH have undertaken further appraisals of the cash flow analysis and determined that if a reduced sum is obtained for South Hill, it is still possible to complete the Police relocation. However, further opportunities such as the construction of a new Ambulance Station on the existing Rouge Bouillon site and gaining efficiencies might be delayed and in the worst case not proceed.

### **The Way Forward**

This report has highlighted a number of serious concerns with the Business Case as presented. Whilst the concept of acquiring Lime Grove is accepted by everyone involved as the most expedient way of delivering a new Police HQ and Operational Police Station, it is not possible to attach a level of confidence to the overall business case and financial calculations at this stage even allowing for the contingencies provided by JPH. The project has too many unknowns that have not been developed and costed.

It is also unclear as to the level of negotiation that can now take place with the owners of Lime Grove to reduce the purchase cost but it has to be based on a sound argument. The only argument that is seen as plausible at this stage is to determine the full cost of Lime Grove, e.g. purchase of shell and core and full fit-out to Category A standard and

compare this cost to the current market value. If it is shown that this overall cost is well above market value for this type of building an opportunity then exists to go back to the vendor and make a more realistic offer.

To achieve this level of certainty and provide the Treasury and Resources Minister with a level of confidence that it is reasonable to expect for a project of this scale requires more detailed level of design to be undertaken.

This design can then be fully costed with some degree of certainty. It is therefore proposed that for the next two months a new project manager is appointed who will report to the Deputy Chief Executive. Working closely with the Police, the next level of design will be prepared for both Lime Grove and the Operational Police Station. From the discussions that have been held with the police over recent weeks, it is clear that the specification for certain areas e.g. custody suits, forensic science areas and specific security areas will require specialist input that is not available locally. Given these specialist requirements early engagement of specialists is recommended to ensure that the design meets the required standards and the costs are accurate. Local quantity surveyors will also be engaged as part of the process to prepare a cost plan for the more straightforward elements of the building.

Market soundings will be taken to determine whether or not it is reasonable to expect a cash buyer to come forward for South Hill and if so, what level of funding will be available from this receipt. If not, an alternative means of managing the cash flow will be required to be developed with the Treasury.

It is also proposed that an audit of the financial appraisal is undertaken by the interim Treasurer with specialist input as required to ensure that all aspects of this complex project have been taken into account.

The immediate availability of Lime Grove still makes this an attractive proposal and has overall support in principal but this must be subject to a full design brief being agreed by the States of Jersey Police and a full cost plan developed from that brief. The same applies to the development of the operational Police Station at Rouge Boullion which must have a detailed brief agreed and costed due to the specialist requirements for the Police. The affordability of the complete scheme has to then be considered against the available capital and what can reasonably be expected from capital receipts from the sale of South Hill. Discussions with the Treasury will also be required during this period to establish what alternative funding options are available should the current capital allocation not prove sufficient.

**John Richardson**  
**Deputy Chief Executive**  
**30 December 2010**

## Ian Le Marquand

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**From:** Ian Le Marquand  
**Sent:** Monday, April 18, 2011 4:10 PM  
**To:** Philip Ozouf  
**Cc:** Terry Le Sueur; John Refault  
**Subject:** RE: JEP article on Police Station move

Philip, I was recently asked about the project and I am correctly quoted as saying that I thought that some progress would be made shortly. There is some additional detail in relation to the project which is new and did not come from me. For instance, we are not now planning to move Home Affairs to the same building. The new bit is about the idea of the cells remaining at Rouge Bouillon and the whole of Summerland being vacated. That is a recent idea. Ben Queree 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 continuing risks which are associated with any further delay. Ian.

-----Original Message-----

**From:** Jan Nevitt (TRY) **On Behalf Of** Philip Ozouf  
**Sent:** Monday, April 18, 2011 3:58 PM  
**To:** Ian Le Marquand; Terry Le Sueur; John Refault  
**Subject:** JEP article on Police Station move

I see from today's JEP that somebody - probably associated with either Property Holdings or the vendors - has been briefing the JEP again.

Thanks to Ian for not making any comments.

I have been in discussions with Mick Heald and John Richardson this morning. I just thought I would let you know.

<< File: Document.pdf >>

Kind regards

**Philip**

**Senator Philip Ozouf | Minister for Treasury and Resources**

Treasury and Resources Department

Cyril Le Marquand House | PO Box 353 | St Helier | Jersey | JE4 8UL

T. +44(0)1534 440287 | e. p.ozouf@gov.je | w. [www.gov.je](http://www.gov.je) | f. +44(0)1534 440203



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**Ian Le Marquand**

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**From:** Ian Le Marquand  
**Sent:** Wednesday, April 20, 2011 3:26 PM  
**To:** John Richardson (CMD)  
**Subject:** RE: Lime Grove

John, I am concerned as to where the negotiations are going. Our current figures indicate that 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. Ian.

-----Original Message-----

**From:** John Richardson (CMD)  
**Sent:** Wednesday, April 20, 2011 1:41 PM  
**To:** Ian Le Marquand  
**Cc:** Terry Le Sueur; Philip Ozouf; John Refault  
**Subject:** Lime Grove

Ian, at the last Council of Ministers meeting we pulled the update I was going to give on the Police re-location strategy as we had to undertake some final evaluation of costs for the Treasury and Resources Minister. Following a briefing with the Minister of 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.

John

## Ian Le Marquand

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**From:** Ian Le Marquand  
**Sent:** Wednesday, May 11, 2011 10:39 AM  
**To:** Terry Le Sueur  
**Subject:** RE: Possible new Police HQ

Terry, thank you. Ian.

-----Original Message-----

**From:** Terry Le Sueur  
**Sent:** Tuesday, May 10, 2011 5:50 PM  
**To:** Ian Le Marquand  
**Subject:** RE: Possible new Police HQ

Dear Ian,

I share your concerns, although 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 have hoped that the matter could have been concluded, but if not John Richardson will be back and can update us. I will make arrangements.

Terry.

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**From:** Ian Le Marquand  
**Sent:** 10 May 2011 17:45  
**To:** Terry Le Sueur  
**Subject:** Possible new Police HQ

Terry, as you know, I remain very concerned at the apparent volte face by Philip 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 this to come before the Council of Ministers again. I would have hoped that this could be on Thursday 19th May. Ian.



**Ian Le Marquand**

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**From:** John Richardson (CMD)  
**Sent:** Monday, May 16, 2011 6:26 PM  
**To:** Ian Le Marquand; Philip Ozouf; John Refault  
**Cc:** Jan Nevitt (TRY); Mick Heald; Laura Rowley  
**Subject:** Lime Grove Acquisition

Ian, I have just returned from leave and received an update on progress regarding the acquisition of Lime Grove. At present the vendors seem unwilling to move on the price originally offered by JPH and we need to discuss the next steps. I have spoken to Philip this afternoon as he would like to meet after the States on Wednesday afternoon, are you available?  
Mick Heald is preparing a note that we can use for discussion purposes and I will ask him to get it to you tomorrow.

John

**Ian Le Marquand**

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**From:** Jan Nevitt (TRY) on behalf of Philip Ozouf  
**Sent:** Tuesday, July 05, 2011 2:48 PM  
**To:** Sean Power  
**Cc:** All States Members (including ex officio members); Mick Heald; Mike Bowron; Kevin Hemmings; Steven Austin-Vautier; John Richardson (CMD)  
**Subject:** Lime Grove reduction  
**Importance:** Low

Dear Sean

Please find attached, as I undertook to provide, a breakdown of the impressive reduction in floor space achieved by the Home Affairs Department.


I hope this answers your question. Please do not hesitate to let me or Ian know if you require any more information from our officials.

Best wishes.

Kind regards

**Philip**

**Senator Philip Ozouf | Minister for Treasury and Resources**  
Treasury and Resources Department  
Cyril Le Marquand House | PO Box 353 | St Helier | Jersey | JE4 8UL  
t. +44(0)1534 440287 | e. p.ozouf@gov.je | w. [www.gov.je](http://www.gov.je) | f. +44(0)1534 440203

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Response to Lime  
Grove Stateme...

## Ian Le Marquand

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**From:** Ian Le Marquand  
**Sent:** Monday, August 22, 2011 11:10 AM  
**To:** Philip Ozouf  
**Subject:** RE: Lime Grove

Philip, I am sure that you will understand that I am very 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 the agreement of two Ministers, two organisations, the Treasury and Property Services 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 were agreed together with the Vendor that another party re-appeared in this way.

This must now be given very high priority, if only because the existing Police buildings will very shortly require a significant investment of money to keep them operational. I think that 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, the Summerland site or the JCG site. Unfortunately, each of these are likely to be more expensive and/or providing worse long term accommodation for the Police. Furthermore, on the last two sites there would be a loss of Category A Housing. In mentioning the JCG site I must emphasise that I have not spoken to the Police about this but merely mention it for completeness. Ian Le M.

-----Original Message-----

**From:** Jan Nevitt (TRY) **On Behalf Of** Philip Ozouf  
**Sent:** Friday, August 19, 2011 3:46 PM  
**To:** Ian Le Marquand; Jacqueline Hilton; Mike Bowron; Steven Austin-Vautier; Mick Heald; Terry Le Sueur; John Richardson (CMD);  
 Laura Rowley; John Refault; Edward Noel  
**Subject:** Lime Grove  
**Importance:** High

Just to alert you that I understand that a contract lease for Lime Grove passed through Court a short time ago. I understand that State Street have leased Lime Grove for 15 years at a rental of £24 per square foot.

My sources indicate that there had been a recent change of heart by State Street wanting to secure a building in the vicinity of their existing building. Quite apart from Issues arising in relation to the Esplanade flood risk, the vendors were continuing to engage in discussions with the States of Jersey. It is extremely disappointing that they did not confirm our suspicions that we were being used as a floor price in their negotiations.

I am bitterly disappointed. You have all worked so diligently, hard and tirelessly to bring this project to a potential conclusion. The States of Jersey cannot compete with the International Financial Services market for property. I remain of the view that whilst difficult, the right decisions have been taken in recent months and thank all parties for their efforts.

You will have my 110% support for a very fast and comprehensive development of a Plan B which we are now pursuing to secure a much needed new home for our valued Police force.

Kind regards

**Philip**

PS My information may be incorrect, but I don't think so but somebody will need to check it out.

**Senator Philip Ozouf | Minister for Treasury and Resources**

**Treasury and Resources Department**

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