



# STATES OF JERSEY

## Corporate Services Scrutiny Panel Economic Stimulus Package

**TUESDAY, 13th OCTOBER 2009**

**Panel:**

Senator S.C. Ferguson (Chairman)  
Deputy C.H. Egré of St. Peter (Vice Chairman)  
Connétable D.J. Murphy of Grouville  
Deputy T.A. Vallois of St. Saviour  
Professor M. Oliver (Panel Adviser)

**Witnesses:**

Mr. R. Simmons (Managing Director, Charles Le Quesne Limited)

**In Attendance:**

Mr. M. Robbins (Scrutiny Officer)

**Senator S.C. Ferguson (Chairman):**

Good morning, Mr. Simmons. I am sorry we have not decided whether the room is too small for the table or the table is too big for the room, but we cannot get round and shake hands as we would like to. Thank you very much indeed for coming in to see us again. As you know we are busy doing a follow up review on the stimulus package because we want to make sure that everything is working as it should and to get a feel for how business is finding it at the moment. Yes, you have got a copy of the health warning, which has not changed since you were last in. I wonder if you could give your name for the benefit of our young lady who is recording.

**Mr. R. Simmons (Managing Director, Charles Le Quesne Limited):**

Roger Simmons, Managing Director of Charles Le Quesne.

**Connétable D.J. Murphy of Grouville:**

Dan Murphy, Constable of Grouville.

**Deputy C.H. Egré of St. Peter (Vice Chairman):**

Collin Egré, Deputy of St. Peter and Vice Chairman.

**Deputy T.A. Vallois of St. Saviour:**

Tracey Vallois, Deputy of St. Saviour.

**Senator S.C. Ferguson:**

Sarah Ferguson, Chairman of the Panel.

**Professor M. Oliver (Panel Adviser):**

Mike Oliver, Economic Adviser to the Panel.

**Mr. M. Robbins (Scrutiny Officer):**

Mick Robbins, Scrutiny Officer.

**Senator S.C. Ferguson:**

Super. Last time you came in you were really a bit gloomy and depressed about things.

**Mr. R. Simmons:**

Yes.

**Senator S.C. Ferguson:**

How are you finding it?

**Mr. R. Simmons:**

There is not a lot of change, really. There is still, in my mind, a lot of short-term situations that I am dealing with. There are no major projects that we are involved in or that I can see we are about to become involved in. Nothing has really changed.

**Senator S.C. Ferguson:**

Yes. So you are, in effect, living hand to mouth, I suppose, really.

**Mr. R. Simmons:**

I am, yes. I am happily busy living hand to mouth. But it is not the best way to run a business.

**The Deputy of St. Peter:**

There was some concern, as I recall, where you thought in October specifically around this time that you would be in serious trouble. Has that trouble come to the fore or are you still where you were a short time back?

**Mr. R. Simmons:**

I think serious trouble ... as a business, we have not been in serious trouble as a business, but it is a workload and a way forward for the staff.

**The Deputy of St. Peter:**

I think the point I am making really is that at that particular time you thought there may have been the possibility of you losing some of your workforce because of the complete downturn. Has that come to fruition?

**Mr. R. Simmons:**

Yes, we have lost a couple.

**Professor M. Oliver:**

Sorry, just to clarify “you have lost”; they have walked or you have made them redundant?

**Mr. R. Simmons:**

One we have made redundant - 2 we have made redundant and one was poached. One trainee that I had spent 4 years sending to college and training and the first month he was with us full time, not on paid release, he was poached. That was a bit of a blow, but that is just business life.

**Professor M. Oliver:**

Can I ask you a further question, I do not know if you would like to answer this or not but I think when you last came you said you were making 5 to 6 redundant. Can you see yourself making a couple more redundant over the next 3 months?

**Mr. R. Simmons:**

No, no, not in the next 3 months. We have 2 projects that finish at the end of the year so we need follow-on work for the ... and for me 3 months comes round very quickly.

**The Deputy of St. Peter:**

I mean, looking at the Planning documents, as I do because I sit on the Planning sub panel, but there appears to be still a fair amount of work being placed because people are developing value in properties and some developing from scratch. How much have you seen of that downturn, if it exists, because it does not appear to exist from the Planning perspective?

**Mr. R. Simmons:**

A lot of those planning applications will be for a property or a small number of properties and a lot of that work is carried out by either the developer himself or by a small contractor. Work that does not come Charles Le Quesne’s way, so that the number of planning applications does not really give you a steer on what life is like at Charles Le Quesne. The big factor for us is we normally have a project of between £5 and £10 million on the go. That is the way it has been for a long time and the business has been structured around that. I have had to cut my cloth to deal with the fact that we have not got ...

**The Deputy of St. Peter:**

So where is your target market now?

**Mr. R. Simmons:**

Our target market is now spread over a number of areas. We have taken on maintenance, a 5 year maintenance contract for the States doing all their maintenance, something we have never done before. We are now into month 10. It is going very well. We are getting very good reports from Housing but it is a real bonus to have a contractor that is as organised as we are involved in that kind of work. The spending in maintenance is down. My experience in the last 3 or 4 months is they are spending less.

**The Deputy of St. Peter:**

The States?

**Mr. R. Simmons:**

Yes, which I find odd. So having embarked on the maintenance, gone on a learning curves, invested people, time, cash into it, the workload has gone down and the people at Housing are saying: "Yes, we have less money and we are spending less."

**The Deputy of St. Peter:**

I am very surprised at that because they have got a load of cash being given to them ...

**Senator S.C. Ferguson:**

Yes, there is £8 million worth of ...

**The Deputy of St. Peter:**

£8 million or £10 million?

**Senator S.C. Ferguson:**

Are you part of the e-procurement, e-supply?

**Mr. R. Simmons:**

We are on the ... yes, we have applied for that. I think we bid for 3 or 4 things, so that is working.

**Senator S.C. Ferguson:**

I thought the tenders had gone out for the various projects that they are doing or that they put them out to tender, but you have not seen any of them around?

**Mr. R. Simmons:**

No. I have spoken to one of the other contractors, major contractors, and they have not seen them either. We are currently tendering for Mont à l'Abbé School, a nice project, but that is the only one I am aware of this year. What about all this money that is supposed to be shovelled into maintenance?

**Deputy T.A. Vallois:**

Could you just move forward a little bit, I am having trouble hearing?

**Mr. R. Simmons:**

We deal with Bob Standen.

**The Deputy of St. Peter:**

I think the point that we are picking up on is that we are aware of monies that have been set aside for what was known to us as essential maintenance. From the contractor's perspective you are telling us that it does not appear to be filtering down to you as yet.

**Mr. R. Simmons:**

Not currently, no.

**Senator S.C. Ferguson:**

We do hear that not all of it has gone out to tender yet but it should be coming.

**The Deputy of St. Peter:**

It certainly should.

**Mr. R. Simmons:**

We are on a schedule of rates with the maintenance so it simply ... if they have somebody leaving an apartment we have 10 days to put that apartment to the specifications that it should be. They have the opportunity not only to put it back to a reasonable standard but you can improve the ... you can make improvements so that your asset is that much better. I would suggest it is a very good way of spending more money on maintenance and they are spending less. We are going into apartments and they are saying: "No, do not do that, do not do that. Clean it up, a lick of paint, gone."

**The Connétable of Grouville:**

We are not talking so much about Housing but other parts of the States; we are talking about a £100 million backlog in maintenance.

**Mr. R. Simmons:**

Yes, I know. It is very frustrating for me. We have made the effort to get involved in maintenance and we accept there are not a number of major projects around. Currently life has changed so we have gone in ...

**The Deputy of St. Peter:**

But you would be expected to be within that chain of tendering and the chain appears not to be moving anywhere.

**Mr. R. Simmons:**

No.

**The Deputy of St. Peter:**

None of the others are either, to your knowledge?

**Mr. R. Simmons:**

Not that I am aware of at all.

**The Deputy of St. Peter:**

But you would be aware, I assume, from your fellow contractors?

**Mr. R. Simmons:**

Well, only ...

**The Deputy of St. Peter:**

The jungle drums would be drummed.

**Mr. R. Simmons:**

Yes. I think you are going to see John Poynton at some point. I think he will be saying the same thing. So we have gone into maintenance. We are doing more housing work than we ever did before, private houses, large houses. Certainly there is a market for doing specialist one-off large properties.

**The Deputy of St. Peter:**

Do you have many of those on your books?

**Mr. R. Simmons:**

We have just completed a fabulous one at La Corbière, which was a wonderful 350 tonne of seasoned oak with Jersey granite.

**The Deputy of St. Peter:**

That is finishing ...

**Mr. R. Simmons:**

That is finished but it has given us back a track record of doing large luxury, quality ...

**The Deputy of St. Peter:**

Is that bearing fruit?

**Mr. R. Simmons:**

It is we have just started this week another single property. So we are adapting but so is everybody else, there is not enough work out there, really.

**Senator S.C. Ferguson:**

Yes, I find that interesting when I compare what is appearing every week on the property list, on the planning lists. Do you think we are over-built in the Island, then?

**Mr. R. Simmons:**

I do not know. I think obtaining planning is one thing, funding the build of that is another decision. So just because ... in my experience planning permissions are being given and that must promote more work but I think some of the planning permissions ... there is one that we have worked on for the last 18 months, a large project, planning has been achieved but they are not proceeding. So the planning permissions do not give you the full story.

**The Deputy of St. Peter:**

No, I appreciate that. Again, there is one at St. Peter, a classic example of a large building which is not going ahead.

**Mr. R. Simmons:**

Which one?

**The Deputy of St. Peter:**

An 8-bedroomed house.

**Mr. R. Simmons:**

Oh, right.

**Professor M. Oliver:**

The last time you were here we asked you about apprenticeships and if there was a State-sponsored scheme would you be interested in taking on more apprentices. Have you taken on any more apprentices?

**Mr. R. Simmons:**

We have, yes. We have but I have taken them on at an hourly rate. I have taken them on on the basis of I will do my best, but I have not been able to say: "Yes, you are an apprentice for 3 years and that this is the plan for 3 years." I cannot. We have other people that we have made commitments to. I cannot carte blanche give that commitment. So I am desperately trying ...

**The Deputy of St. Peter:**

So with support, or possible support from the fiscal package, you would see that as ...

**Mr. R. Simmons:**

It would help me enormously. It would be rewarding for Charles Le Quesne.

**The Deputy of St. Peter:**

How many new apprentices do you have at the moment?

**Mr. R. Simmons:**

I would say we have got half a dozen.

**The Deputy of St. Peter:**

Half a dozen?

**Mr. R. Simmons:**

Yes.

**Deputy T.A. Vallois:**

With regards to the Housing maintenance, there is quite a lot of money that was being bid for the economic stimulus by Housing and we have seen the ministerial decision for monies for 25th September to go to the Progress and Performance Project. So with this in mind, obviously that is the first step for possibly more maintenance work going out there and, say, if it came in January, February, would that give you more confidence, help within your market area?

**Mr. R. Simmons:**

Yes, it would. It has become ... it would be 10 per cent or 15 per cent of our business - maintenance. Previously it was zero. If that came about or a description of what had happened, it would need to be said to me that there was an amount of money that had been allocated and would be spent over the next year, 18 months or 2 years. A couple of specific maintenance projects would not be very big and would not take very long.

**The Connétable of Grouville:**

We have got an amber light on here for £11.5 million in maintenance backlogs of States properties and social housing, £11.5 million. It is amber-lighted which means ... what does it mean, amber light?

**The Deputy of St. Peter:**

It is being developed.

**Senator S.C. Ferguson:**

But if they are cutting down the quality of the maintenance then that ...

**The Deputy of St. Peter:**

Sorry, we are sort of talking among ourselves now but from what I see you are dealing with purely the Housing contract for maintenance, which is a limited area. There is a far bigger area that the States are looking at, the maintenance of their portfolio.

**Mr. R. Simmons:**

That is correct. Because we are doing the Housing maintenance we have bid for other large projects which obviously are much more than maintenance, they are refurbishing buildings. We were successful with one of those and that is completed and it has gone very well.

**The Deputy of St. Peter:**

But that is one.

**Mr. R. Simmons:**

That is one, yes.

**The Deputy of St. Peter:**

I think we would have expected to have seen a lot more, judging by the sort of information that have been picking up way.

**The Deputy of St. Peter:**

From what we have been told, there is plenty of money in the kitty of the financial stimulus package to feed down to companies like yours.

**Mr. R. Simmons:**

Maybe we are just in a spot in time where it has not arrived yet.

**The Deputy of St. Peter:**

We make the observation.

**Professor M. Oliver:**

Can I ask, last time I asked you if you knew of other companies in a similar situation to yourself and you already mentioned one who we will be seeing later. Do you know of any others, Roger?

**Mr. R. Simmons:**

Yes, I do.

**Professor M. Oliver:**

How many?

**Mr. R. Simmons:**

I think there are 2 others who are significant contractors in the Island and have a reduced workload.

**Professor M. Oliver:**

You said 2 last time, I believe. So, in other words, on your reading of it nothing has changed.

**Mr. R. Simmons:**

No. Well, nothing has filtered through and there are enough contractors here that the private sector, because of the ongoing effects of the credit crunch, they have just ... the private sector is not generating an increased workload that will satisfy them.

**Deputy T.A. Vallois:**

How much do you believe that the planning applications process is to do with the downturn as well?

**Mr. R. Simmons:**

We are a contractor; we are doing a development but I am not a developer. I am not as aware of what is happening in Planning as some other contractors may be. My own experience is Planning are thorough but they are giving permissions. My opinion is that they are not the cause of any major change.

**Deputy T.A. Vallois:**

Okay.

**Mr. R. Simmons:**

You may shoot me down about that but I can only speak as I find.

**Deputy T.A. Vallois:**

Are you thinking of delays or anything like that?

**Mr. R. Simmons:**

Well, I think that the planning process, wherever you go, takes time.

**Senator S.C. Ferguson:**

Yes. So are you are getting any feedback from the architects you deal with?

**Mr. R. Simmons:**

Architects and quantity surveyors are all saying the workload is down, prospects are not great. I am a pretty positive person really. **[Laughter]** I have got nothing I can offer you today.

**Senator S.C. Ferguson:**

No, no, no, it is, as you said earlier, not much change from before and the maintenance contracts, both on the States side and the Housing side, are not coming through quickly enough.

**Mr. R. Simmons:**

No, and because of school leavers ... we have taken on more young people, I do read the press and I believe things are happening but on the ground ... it is not on the ground yet.

**Senator S.C. Ferguson:**

You have not seen it.

**The Connétable of Grouville:**

So we really want to gee those up, that would be ...

**The Deputy of St. Peter:**

We can ask the questions.

**Senator S.C. Ferguson:**

Yes, we can certainly ask questions.

**The Connétable of Grouville:**

It is good of you to tell us all this, it is useful.

**Senator S.C. Ferguson:**

It is very good of you to be quite so frank with us, we appreciate it.

**Mr. R. Simmons:**

It is lovely to have a voice. [Laughter]

**Senator S.C. Ferguson:**

We will try and amplify it. Have you anything you would like to ask us?

**The Deputy of St. Peter:**

When is the next maintenance contract coming up? [Laughter]

**Mr. R. Simmons:**

Action.

**Senator S.C. Ferguson:**

Yes, it is one thing; promises do not put food in your mouth.

**Mr. R. Simmons:**

No.

**Senator S.C. Ferguson:**

Well, thank you very much indeed, Mr. Simmons. We will certainly do our best to rattle the right cages.

**Mr. R. Simmons:**

Lovely, thank you.