

**REPLY BY THE PRESIDENT OF
THE STATES' TRADING SUPERVISORY BOARD
TO A QUESTION ASKED PURSUANT TO RULE 14 OF THE
RULES OF PROCEDURE BY DEPUTY NEIL INDER**

Deputy Inder: Please find attached a series of questions related to the disposal of States owned assets by your Board, with particular reference to the recent sale of "Platte Fougere Lighthouse Shore station and Store" (PFLSS).

Question 1

When STSB identify assets that could be considered for sale on the open market, what is the policy and process in terms of marketing and selling off property?

Answer

In terms of **policy**, in September 2015 the States of Deliberation endorsed a Framework for Public Service Reform. That identified optimisation of the States estate as a key theme, and included a commitment to:-

"Seek opportunities to rationalise the public property portfolio and dispose of any surplus property".

Subsequently, the Medium Term Financial Plan, agreed as part of the Policy & Resource Plan –Phase 2, set a target of £4m capital receipts from property sales between 2018 and 2021. It also noted (Para 1.17) "better management and rationalisation of the property estate will allow receipts to accrue from the disposal, or different use, of our extensive estate."

The **process** for disposing of properties is in accordance with the procedures set out in the States Property Rationalisation policy letter, considered by the States of Deliberation in November 2007 (Billet D'État XXIV, 2007). This provides for a number of different disposal routes, and sets out:-

"Each property will be dealt with on a case by case basis, with the Board [then Treasury & Resources, and from 1 May 2016 the States' Trading Supervisory Board] being the final arbiter in the assessment and achievement of best value."

The available disposal routes identified in this procedure are:-

- Private treaty
- Informal tender (i.e. invitation for expressions of interest)
- Formal tender
- Public auction

All these options have been used in different instances.

The Property Sub Committee (PSC) has delegated authority from the STSB on property matters, in accordance with Rule 54 of the Rules of Procedure of the States of Deliberation and their Committees. It is therefore required to sign off on property transactions.

Question 2

Please supply a copy of the disposal policy.

Answer

Documents referred to above can be accessed via the links below (hard copies to be provided on request):-

1. [The Framework for Public Service Reform](#), (page 54): Our estates optimisation commitments (Billet D'État XVI of 2015, p 1994).
2. [The Medium Term Financial Plan](#): para 1.17 (page 51) and Table 2 (page 53) (Billet D'État XII of 2017).
3. [Treasury & Resources Department, States Property Rationalisation](#): Appendix III, Land and Property Disposal Procedures (Billet D'État XXIV of 2007, page 2317).
4. [Rules of Procedure of the States of Deliberation and their Committees](#): Rule 54 – Establishment of Other Committees.

Question 3

What were the last three assets disposed of by States of Guernsey and how were they marketed for sale?

Answer

- Large land parcel at Rue Marguerite - marketed through commercial agents (due for completion June 2018)
- Small land parcel at Rue Marguerite - marketed through commercial agents
- Strip of land near airport – boundary realignment by negotiation.

Question 4

Are there any instances where members of the public have approached STSB or Property Services directly with a view to purchasing properties or assets held within the STSB portfolio? What is STSBs general policy to such approaches?

Answer

Property Services frequently receive enquiries from members of the public regarding purchase of land owned by the States (in addition to a considerable number of boundary formalities and rights of access).

Each approach is assessed on its merits and the current market conditions at that time. In the first instance, the general policy for identifying whether the property is no longer required would apply (i.e. Has it been deemed surplus to requirements by a Committee?; Is there a rationale for retaining it for use by other committees?; etc.). Once it has been determined that sale is the most appropriate option, the process outlined above would apply.

Often the initial interest can stimulate a decision to market a property for sale, as the potential for a capital receipt justifies the resource commitment and engagement of agents.

Question 5

What assets are currently on the market, or under consideration for disposal?

Answer

Fort Richmond at Perelle, and Rue Des Monts (2 plots) near Delancey Park are currently for sale through local agents. Rogue Val quarry, land at Fort George, Grange Road House and No 2 Cornet St are under consideration for sale.

Question 6:

When was the STSB aware that an approach had been made by an individual to purchase the PFLSS?

Answer

The STSB's Property Sub Committee (constituted under Rule 54 of the Rules of Procedure of the States of Deliberation and their Committees), was formally notified at their meeting of 1st November 2017, following the first meeting with the potential purchasers on 24th October 2017. See answer to Q8 for full timeline.

Question 7

What policy process came into play when STSB were made aware of interest in PFLSS?

Answer

The policy process was in line with that outlined above in the answers to Questions 1 and 2. Officers confirmed the property was surplus to requirement and advised on the most appropriate process for disposal. In this instance, the recommendation was to negotiate a sale by private treaty and that was agreed by the PSC.

Question 8

Please detail, by timeline, and Committee or sub-group, along the decision making process to the final decision to sell the PFLSS.

Answer

- 4th Oct 2017: First approach made by interested parties to Property Services, to request a meeting
- 24th Oct 2017: Property Services staff meet with potential purchasers
- 1st Nov 2017: Property Sub Committee notified of interest in purchase of the property.
- 7th Nov 2017: Formal offer received for Platte Fougere Lighthouse Shore Station.
- 17th Nov 2017: Formal valuation received.
Property Services email Property Sub Committee requesting approval for sale.
- 17th/18th Nov: Property Sub-Committee agree sale.
- 20th Nov 2017: Formal acceptance of offer.
- 28th Nov 2017: Negotiation commenced with purchasers for adjoining store.
- 11th Dec 2017: Purchasers agree price for store.
- 17th May 2018: Purchase completed

Question 9

Who are the members of the STSB Property Sub Group who made the decision to dispose of the property?

Answer

The Property Sub Committee (PSC) comprised Deputy Charles Parkinson, chairman, and States Trading Supervisory Board Non-States member Mr John Hollis.

Question 10

Who were the three companies who valuated the PFLSS?

Three companies were invited to submit quotes for carrying out a formal valuation. Only BTP, a local firm of chartered surveyors, was subsequently commissioned to provide this assessment.

Deputy Inder: *“In response to All States Members we received a basic explanation as to the rationale for the sale of the property. Picking through a number of points:-*

“The property was not offered for sale as the title to the property was not clear, particularly with regard to rights of access, boundary conditions and utility connections.”

“Indeed the title issues would have made it difficult if not impossible for any purchaser seeking to borrow funds to complete the purchase and the access and boundary issues would have been problematic for a cash purchaser.”

“The Property Sub Committee were also supportive of the plans to develop the site which would enhance the local economy through an increased offering in the hospitality sector.”

Question 11

How could STSB dispose of a property where the title was unclear? What was the difference in regards to access to the PFLS which is any different to numerous homes and properties on or around L’Ancresse Common?

Answer

The States ownership of the property itself is not what was unclear. The States owned the land on which the property stands and that is what has been sold. However there were no formal rights of access across the Vale Commons Council (VCC) managed land, and similarly utility services to the property also run through VCC land without any formal rights of way. There are historic issues with the authority of the VCC to issues rights over land they are authorised to manage but do not own. It is those specific issues which were unclear, and under other circumstances could materially have affected a potential sale.

Other homes and properties around L’Ancresse Common are not relevant because, as detailed above, each sale is treated on its own merits.

Question 12

If the purchaser didn't borrow or use cash, how did he pay for the PFLSS?

Answer

The 'basic explanation' that you refer to, provided to all States Members, should not be taken out of context. It is a point of fact that issues regarding access rights would ordinarily be a significant obstacle to anyone looking to secure funding for a property. Similarly, even if a potential purchaser was a cash buyer, under normal circumstances they would wish such issues to be resolved satisfactorily prior to purchase. Such considerations were pertinent to the previous decision not to market the property for sale, and instead to retain it and upgrade it even though this involved considerable capital investment and a long payback period. In other words, the prospects of a successful sale were deemed unlikely, prior to the approach being received.

Although the details and value of the transaction are a matter of public record the purchaser's funding arrangements are not.

Question 13

Was there a condition put on the property where the owner had to use the property to enhance the hospitality sector?

Answer

No condition was placed on future use as any material changes would be subject to planning approval.

Question 14 (referred to as Question 15)

Does the STSB consider the process for the sale of the property passes the 'independent observer' test in terms of transparency of sale?

Answer

Yes.

Date of Receipt of the Question: 4th June 2018

Date of Reply: 18th June 2018
