

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES  
BY DEPUTY L.V. FELTHAM OF ST. HELIER CENTRAL  
QUESTION SUBMITTED ON MONDAY 5th JUNE 2023  
ANSWER TO BE TABLED ON MONDAY 12th JUNE 2023**

**Question**

“Will the Minister provide an update on all activities undertaken to date in relation to Point 12 of his Ministerial Plan, entitled “Establishing a Value for Money Programme”, including but not be limited to –

- (a) whether a definition of ‘value for money’ has been agreed and if so by whom, and if not, why not;
- (b) all the resources used so far on this project, including staff time;
- (c) whether the project has been established formally and if so, what the current status of the project is, and, if not, why not;
- (d) the instructions, if any, that have been given to departments in respect of meeting the objectives of the Value for Money programme in the forthcoming Government Plan; and
- (e) further to the response to [Written Question 230/2023](#), whether the Value for Money Programme includes measures to reduce Losses and Special Payments and if so, what they are, and if not, why not?”

**Answer**

A number of activities are being progressed under the umbrella of the VFM Programme:

Firstly, CoM has set cashable savings targets for Departments and expect all Accountable Officers to drive improvements in VFM, to have some clear ambitions and targets in their plans, including cashable savings targets for 2023. Chief Officers and their respective Ministers will be taking action to ensure delivery of these savings targets.

Furthermore, as set out in the Government Plan 2023, HCS, I&E and M&D have been prioritised, to provide focus to their respective procurement planning and the delivery of improved VFM. As I have set out in my ministerial delivery plan, commercial services and finance teams will provide assistance and advice to secure progress in this endeavour. Moreover, I have agreed additional Finance Business Partnering posts, to support HCS given their financial management challenges and particularly, in this financial year, to implement a financial recovery plan.

Establishing the cultural change plan strand of the VFM programme is in the design and research stage. It is worth noting that underlying this programme, is a cultural and transformation change. This Government’s aim is to embed a new mind-set across the public service, so that all colleagues understand and act on their responsibility to ensure that for each action and decision, there is a focus on the elimination of wasteful processes and spend and that there is a focus on improving service delivery. Therefore, the aim of this element of the programme is to promote and facilitate new ways of thinking and working across government through organisation development embed and systemise such changes. It is my expectation that the programme team will deliver a number of enabling tools, to assist departments, by the end of this financial year.

While it is intended that the enabling tools will include guidance and definitions to assist departments in the identification, measurement and reporting of VFM opportunities, it should be noted that the definition

for value for money is understood by Accountable Officers who are tasked, under the PFM, to demonstrate VFM in the delivery of services. Also, cashable savings are already tracked and reported and as such generally accepted definitions are already established for this purpose.

Resources used on the development of the programme, to date, have been limited to existing internal resources only. Additional budget has been agreed for the establishment of a small programme management Team, of 4.5 FTEs. Over and above those resources outlined, it is my contention that driving VFM should be intrinsic to the management of government services, and I expect departments will ensure that appropriate consideration and resources are given to the achievement of VFM.

Preparations for Government Programme 2024-2026 are underway, the COM and ELT are progressing details in readiness for lodging in September. Delivering VFM across the Public Service continues to be a priority focus for the COM. Ministers will include VFM in their respective delivery plans and Departmental budgets in respect of Cashable savings targets for 2024.

In respect of [Written Question 230/2023](#), consideration is being given to this area. As stated in the answer, I expect all Ministers and accountable officers to take all reasonable steps to avoid costs of this type and I will continue to work with Ministers and their departments to ensure mitigating measures are in place.

For further details regarding activities please see below analysis

Purpose	Theme/ focus
<p><b>Grip &amp; control – driving tighter spend control, validation and spend restraint</b></p>	<p>Consultancy spend. Contingent labour (interims, agency, locums)</p> <p>Greater challenge through the SEB (States Employment Board) review process More detailed check and challenge review to commence, from quarter 2, led by central team.</p> <p>HCS Financial Recovery plan – additional oversight established at senior level within the Dept, supported by FBPs and HR, to review, challenge and agree contingent labour spend (agency, locums etc)</p>
<p><b>Increase VFM – including price economy, output and impact through better planning, commissioning, and procurement</b></p>	<p><b>Priority Departments in 2023:</b></p> <p><b>HCS (Health and Community Services)</b></p> <p>Procurement plan has been development with the support of T&amp;E (Treasury &amp; Exchequer) (Commercial Services) following detailed analysis of prior year expenditure which has enabled the team to identify opportunities under 3 categories of third-party expenditure: <i>Products &amp; Equipment, Commissioned Services, Contingent Labour</i></p> <p>The plan seeks to delivery opportunities to achieve improvements in one or a combination of price (unit cost) and/or cost-effectiveness (e.g., supply chain resilience or consistency) or increased benefit (better outcomes).</p> <p>Specific examples of work under development include: L&amp;D services framework, Mental Health provider Framework, Palliative care review, Anaesthesia equipment, Locum and agency</p>

contracts, Special Care Baby Unit, Free Period products, focus on mitigating supply chain fragilities.

### **HCS Financial Recovery Plan**

In addition, following the projected outturn position in 2022 and the additional budget agreed in year to support the Department, the HCS Chief Officer was asked to put a financial recovery plan in place for 2023. The Change Team and T&E are supporting the Executive team to establish and implement the plan. In addition to the non-pay review and plan described above, the FRP will consider the following savings opportunities:

- Tactical – aimed at immediately bringing down the budget overspend.
- Operational – Productivity and Efficiency improvement, and income protection or maximisation.
- Strategic – Clinical strategy, identification of any underlying structural deficit and drivers of the deficit

**Scope of opportunity non-pay spend (2019-2021):** £106m-£172m including projects.

**Supplier engagement:** Circa 2,000 suppliers

### **Infrastructure & Environment**

T&E (Commercial services) have been working with I&E to provide Category-spend analysis and insights to scope non-pay spend opportunities for the department. Development of Market analysis & intelligence to provide improved insights about providers on island. Development of benchmarking measures. Improving such data, analysis and insight will help the department to better plan their procurement activity over the short and medium terms, to optimise the ratio of spend to outputs and outcomes. This increasing important in an economic climate that is increasingly volatile.

**Scoping the opportunity (through non pay spend analysis):** £340m over a 3-year period (2019-2021):

- Capital and Infrastructure represent approx. 35% of overall influenceable spend.
- IHE are the highest spending department within the spend category (£177m), with a spend of approx. 6 times more than the next highest spending department (HCS £28m) within this category.
- Construction and Engineering is the highest spending subcategory by approx. £75m.
- FM and Maintenance has the highest volume of suppliers.
- Design Services has the highest volume of invoices.

**Categories:** Waste, plant & equipment, FM & Maintenance, Real estate, Material, construction, engineering, design services

**Number of Procurement events in 2022 in IHE: 305**

	<p><b>Supplier engagement:</b> circa 3,700 and 40,000 invoices</p> <p><b>Specific procurement opportunities</b> in development/ progress include: Bus Contract, Facilities Management &amp; Grounds Maintenance, Air particulate control Residue (APCR) export, Estate condition Surveys, Solid waste control.</p> <p><b><u>M&amp;D (Modernisation &amp; Digital) (applications and Licences)</u></b></p> <p>Consolidation of digital teams from across Government into M&amp;D in 2021-22 has highlight not only the plethora of software applications, licences, and consequent whole life costs incurred. Under a decentralised model the number of known applications increased between 2019 and 2022 from 400-900. While some applications appear to be free, there is a lack of appreciation for the hidden costs of support, risk, as well as the incidence of duplication, over licensing and in some cases under-licensing, the latter of which can put the organisation at risk of litigation (thus cost and reputation implications).</p> <p>A centralised model will allow control in the future and over the next 3-4 years, licences and applications will be reviewed with a view to removing unnecessary cost and risk from the organisation. This will need to be conducted in a measured and phased way to ensure that operations and service delivery and not affected or put at risk.</p> <p><b>Spent analysis:</b> circa £13m spent on Licencing, telephony and applications in 2022 of which circa £6m on Licencing.</p> <p><b>No. of applications:</b> circa 900</p>
<p>Deliver major construction projects to time and on budget</p>	<ul style="list-style-type: none"> <li>• Embedding CPMO (Corporate Portfolio Management Office) framework and inclusion within Public Finance Manual</li> <li>• Training offers increased – e.g., New Financial Training for Project managers, Foundational Training for Project Managers and Programmes, Foundational training for SROs (Senior Responsible Officer), Prince 2, Agile training etc.</li> <li>• Improved Planning and decision making – e.g., additional gateways to access funding, such as “feasibility” as a defined gateway with separate funding before projects are approved and mobilised</li> <li>• Improved visibility of Change portfolio – help to make decisions and changes</li> <li>• Increased challenge in the reporting and monitoring process</li> <li>• Track/ confirm benefits and savings realisation – New Corporate Benefits Register is in pilot in 2023.</li> </ul>