States of Jersey
States Assembly

États de Jersey
Assemblée des États

Public Accounts Committee

Quarterly Hearing

Witness: Chief Executive Officer, Government of Jersey

Wednesday, 21st May 2025

Panel:

Deputy I. Gardiner of St. Helier (Chair)

Deputy K.L. Moore of St. Mary, St. Ouen and St. Peter (Vice-Chair)

Deputy R.S. Kovacs of St. Saviour

Deputy D.J. Warr of St. Helier South

Mr. A. Awan

Mr. G. Kehoe

Mr. V. Khakhria

Mr. P. Taylor

Ms. H. Thompson, Deputy Comptroller and Auditor General

Witnesses:

Mr. A. McLaughlin, Chief Executive Officer

Mr. S. Perez, Head of Corporate Governance, Treasury and Exchequer

Mr. T. Walker, Chief Officer, Health and Care Jersey

[13:31]

Deputy I. Gardiner of St. Helier North (Chair):

Good afternoon and welcome to the public hearing of the Public Accounts Committee. Today is Wednesday, 21st May. This is a quarterly public hearing with the Chief Executive of the Government of Jersey. We can begin with our introductions. Deputy Inna Gardiner, Chair of the Public Accounts Committee.

Deputy K.L. Moore of St. Mary, St. Ouen and St. Peter (Vice-Chair):
Deputy Kristina Moore, Vice-Chair.

Mr. V. Khakhria:
Vijay Khakhria, lay member.

Mr. A. Awan:
Ali Awan, lay member.

Deputy R.S. Kovacs of St. Saviour:
Deputy Raluca Kovacs, member of the committee.

Deputy D.J. Warr of St. Helier South:
Deputy David Warr, a member.

Mr. G. Kehoe:
Glen Kehoe, lay member.

Mr. P. Taylor:
Philip Taylor, lay member.

Deputy Comptroller and Auditor General:
Helen Thompson, Deputy C. & A.G. (Comptroller and Auditor General) representing Lynn Pamment as the C. & A.G.

Chief Executive Officer:
Andrew McLaughlin, Chief Executive Officer.

Chief Officer, Health and Care Jersey:
Tom Walker, Chief Officer, Health and Care Jersey.

Head of Corporate Governance, Treasury and Exchequer:
Sebastian Perez, Head of Corporate Governance, Treasury and Exchequer.

Deputy I. Gardiner:
Thank you for your time. We will have 2 hours and we have a number of questions to get through so please if you could keep your answers short. I apologise in advance if I interrupt in the middle

because we will really try to get through the answers. What we will not be able to ask or not have time to ask we will continue in writing. Today we will look into 3 areas. The first one is the annual report and accounts, that were recently published, of 2024. The second area is arm's length bodies, questions based on C. & A.G. report and how the recommendations were or were not implemented. The third part is deployment of staff resources at Health and Care Jersey, which was again a C. & A.G. report, and we will look into the implementation. We will start with the annual report and accounts, and I will hand over to Deputy Kovacs.

Deputy R.S. Kovacs:

Thank you. Looking at the public annual report and accounts, public awareness and the recommendations from last year, can you confirm what steps you have taken to publicise the presentation of the annual report and accounts this year and what was different than last?

Chief Executive Officer:

Sure. Thank you for the question. We obviously had a recommendation that we could and maybe should do more, which was picked up by comms team and then discussed with myself and with the Chief Minister and Minister for Treasury and Resources. Following that, we repeated everything we had done the previous year, but the conclusion of that discussion is that we could do more, or at least this year should do more in particular, to raise awareness and engagement through social media and various forms of social media. Following the recommendations of the comms team, that varied from blogs, longer articles and so forth, various things to engage with people, that is what we followed through on and pleasingly, I think, so far have seen a significant pickup year on year in terms of people going to the landing page, downloads and engagement with the content.

Deputy R.S. Kovacs:

Was there any public feedback on awareness or accessibility?

Chief Executive Officer:

Not that I am aware of off the top of my head, but I can double check for you on that.

Deputy R.S. Kovacs:

What specific channels have been used and how do you measure that was efficiently presented?

Chief Executive Officer:

I think we are using all of our existing social media channels, obviously our web page as well. We have not introduced new channels, if that was the question. It is more the use of existing channels and the measurement is using the normal data that we measure around social media in terms of visits, in terms of people landing on to the page, downloading material if it is downloadable and

engaging in that way. If you take myself as an example in terms of the social media content I was asked to do, we get feedback from the team on views and so forth and how that compares to the previous year, if it is something we can compare accurately with the previous year.

Deputy R.S. Kovacs:
Have you seen an increase in views?

Chief Executive Officer:
Yes, we have. We have seen increases on all those things year on year. I can happily get those stats sent along to the committee afterwards, if you would like, from the comms team.

Deputy R.S. Kovacs:
Yes, please. Thank you. Regarding the recommendation, can you please provide evidence that Ministerial briefings have taken place across all department reports for the respective Minister ahead of publishing the report?

Chief Executive Officer:
This was a recommendation officials should do this with Ministers. I mean, I am not sure what the committee would like by way of evidence, but I can give the assurance that all chief officers were asked to do that and having done it to come back and confirm that they have done it and they have had those discussions or briefings with the Minister. Again, I am pleased to say that certainly all of E.L.T. (Executive Leadership Team) have confirmed back to me that those briefings have taken place.

Deputy R.S. Kovacs:
Were there any changes or adaptation of the report based on the Ministerial feedback after the briefings?

Chief Executive Officer:
That I could not tell you for all colleagues, but I am happy to come back to you. Do you mean if following the meetings content was changed?

Deputy R.S. Kovacs:
Yes, just anything specifically for their departments.

Chief Executive Officer:
I do not know in your case, Tom. We have got a live example in the room, so I might ask him.

Deputy R.S. Kovacs:

We will follow up with a different question, yes.

Chief Officer, Health and Care Jersey:

But that does happen. With the Minister for Health and Social Services, we presented the draft report. We had a discussion, and I think one of the things that the Minister for Health and Social Services introduced into that was to add more emphasis on to the care side and not just the health side and so it was more balanced across health and care, so that was one of the adjustments we made.

Deputy R.S. Kovacs:

Perfect. Thank you. On recommendation 3, we note that staff reporting has returned to employee numbers rather than percentages, which was a recommendation of the P.A.C. (Public Accounts Committee) in its review of the 2023 annual report and was rejected at the time. While this is all welcome, can you please confirm why this was rejected in the first place and is this something that is going to remain permanently implemented?

Chief Executive Officer:

Are you referring to the table we have now published on page 136 of the accounts? I think the intention is that that is now a permanent feature.

Deputy R.S. Kovacs:

Okay. Yes, thanks. We have the number of employees rather than the percentage.

Chief Executive Officer:

Yes, exactly. I think the intention is that that is a permanent feature.

Deputy R.S. Kovacs:

Great. That is welcome. Why has there been no reporting of cost of pay by bracket as in previous years?

Chief Executive Officer:

No reporting …

Deputy R.S. Kovacs:

By pay bracket. You have the numbers of employees and the percentage.

Chief Executive Officer:

You mean the cost expressed in pounds on each bracket?

Deputy R.S. Kovacs:

Per pay bracket. Yes, pay bracket.

Chief Executive Officer:

I guess I can only speak for myself here. I am just trying to figure out the meaningfulness of it in terms because it will just be inflation each year in each pay bracket, will it not, if I am thinking about the same thing?

Deputy I. Gardiner:

Not exactly. I am thinking about the S.E.B. (States Employment Board) report that was in 2022. It was moved into the accounts that it was very clear that this pay grade we have X number of employees in that pay grade. We have other numbers, so it was very clear it is not about just the number. It is about the pay grades because the number obviously related to the pay grades and it is the public domain, so it is in the public domain how each pay bracket is paid. What we are talking about at previous reports before 2023 accounts, we had clarity how many employees were within this pay grade.

Chief Executive Officer:

I thought that was what we had given you on page 136.

Deputy I. Gardiner:

Maybe we have mistaken it. Which page?

Deputy R.S. Kovacs:

The numbers, yes, but not the bracket.

Deputy I. Gardiner:

Which page?

Chief Executive Officer:

Page 136 would give you the pay grade group and we tell you how many row holders are in each group.

Deputy I. Gardiner:

Page 136.

Chief Executive Officer:

Page 136.

Deputy I. Gardiner:

Yes, I am checking. No, I think it is good, but we will compare this to the table that we were talking about because I think it was a bigger table but maybe you present it in different … we will come back to this. Thank you very much.

Chief Executive Officer:

My apologies.

Deputy I. Gardiner:

Okay. Yes, next.

Mr. P. Taylor:

The group accounts show a deficit of £93 million of which the core entities are 99 in the deficit. Not many people in the Island will have read all this. They may not have taken much notice of things that have been said. I wonder if you could give a very simple explanation as to what the cause of that deficit is.

Chief Executive Officer:

Okay, so this is a deficit, of course, before surpluses are added back in, just to reassure Islanders. This is a group deficit. Really, in the simplest terms, it has got 2 main contributory factors. One is a deficit in the Consolidated Fund. The Consolidated Fund is probably best thought of as a current account of the Government. The second main contributing factor to it is revenue that the Government spend on projects, which under the accounting rules and its current treatment of it cannot be capitalised. Probably the best example I can think of to try to answer your question for simplicity is in spend on cyber. Cyber spend is something that is going up everywhere. It is obviously topical in the news. Much of that spend cannot be, in accounts terms, capitalised as capital projects so it would appear in here. Hopefully that answers your question. Those are the 2 big drivers of it.

Mr. P. Taylor:

Was that anticipated?

Chief Executive Officer:

All of it was anticipated, but if you go back to the beginning, definitely within the Consolidated Fund in particular - I am sure we will come on to it - a significant factor in here is health spending. Outside of health spending, most of the other stuff, I think, you would regard as routine or regular or likely to

occur, the sort of thing that can happen. The one thing that is different is that big number which, I think, has been well trailed elsewhere of £28 million inside the Consolidated Fund related to health, but the other stuff like cyber and so forth, given what has been happening in the world, it was something we could have expected.

Mr. P. Taylor:
Can you remind me what additional steps were taken during 2024 to address the increase in shortfall, shall we say, on the health spend?

Chief Executive Officer:
Sure. Do you mean the steps to try and mitigate or the steps that were taken to make sure it could be funded?

Mr. P. Taylor:
Because it was kept within bounds.

Chief Executive Officer:
We are going back now to - where are we - the start of last year. I think the potential overspend in health was called out very early in the year, first quarter of last year, called out almost immediately probably when the new health ministerial team came in. The main factor is all that, but I think we have given some detail of it in the accounts, but I would say there are a couple of drivers of that deficit, most of which, I think, are factors that have been with us since COVID and do not look like they are going away.

[13:45]

One of them is a need in various areas to rely on agency staff and the cost of that, which we have got a very significant supply/demand imbalance around Europe in that area, and we are a price taker. A second factor in there that we had was in similar vein, increases in drugs costing. A third factor, very importantly for us, is an increase in what are called tertiary costs but essentially those are situations where we as an Island procure care from off-Island either in health or in children services and because, I think, of some of the pressures that are facing hospital groups in particular in the U.K. (United Kingdom), they are trying to pass a lot of costs on to us and others through those contracts. Those are the 3 main factors. A factor last year but probably - Tom will correct me - more pronounced this year is almost what I would call negative income, by which I mean if we have a difficult winter in terms of bed capacity, a bad flu literally, then it knocks out capacity that we would otherwise had allocated for private healthcare treatments, which are income generative for us. So, the other factor we have got in there is the loss of income because the beds were not available for

private procedures but those beds, of course, were being used to deal with what euphemistically we call the winter crisis.

Mr. P. Taylor:
Is there anything you can do about those increases?

Chief Executive Officer:
Yes, there are a number of things we can do in each of those categories to make the situation within year less bad. The amount of things you can do within year are probably more limited than you would like but, for example, on tertiary healthcare, which I would say last year was the most surprising element of the deficit. In other words, we had not envisaged seeing such significant price hikes from our supplies. Maybe we should have, I do not know, but it was a surprise to me. What we had to do there was fairly painstakingly have recourse back to the framework agreements we have in place with N.H.S. (National Health Service) … is it N.H.S. England?

Chief Officer, Health and Care Jersey:
Yes.

Chief Executive Officer:
N.H.S. England, we had a framework agreement in place which we think afforded us some protection from price movements of that nature or from changes in contract so we did have some recovery in that category - the deficit, dare I say it, could have been worse - where we were able to go back to that. I have spent a lot of time with N.H.S. England and with the U.K. authorities to try and, at least in our view, reduce some of those cost pressures because we felt under the framework agreement that we were entitled to that. That was a difficult, lengthy negotiation, which did yield within year, and it is obviously something that is serving us better this year because we have re-established some ground rules there.

Mr. P. Taylor:
Is there anything you want to add to that, Tom, while you are here?

Chief Officer, Health and Care Jersey:
No, I think we are going to touch upon tertiary care later on, are we not?

Mr. P. Taylor:
You had a very good, full report. Just looking at big picture stuff, you have commented, Andrew, and the Fiscal Policy Panel has also commented, on the overall financial position of the Government in terms of the reserves perhaps not being as big as they should be. In the face of increasing health

expenditure, the situation is not going to get much easier unless something is done about it and so I am wondering what sort of advice you have been able to give to Ministers in terms of how this fiscal imbalance is going to get corrected, so the reserves are increased?

Chief Executive Officer:

Do you mean specifically relating to health or just in general?

Mr. P. Taylor:

In general.

Chief Executive Officer:

In general, and this is a reference to the F.P.P. (Fiscal Policy Panel) report?

Mr. P. Taylor:

Yes.

Chief Executive Officer:

Again, thanks for the question. I think on that one, it is quite a sobering report from the F.P.P., not necessarily a surprising one but a sobering one. Essentially it translates for me as there are mounting risks in the world economy that are translating into increased downside risks in Jersey in the form of potentially a forecast for lower growth than we had previously and higher inflation, which is not a great mix and, therefore, a tighter public spending or public finance envelope. They also said 2 other things which I think are more stark than in previous reports that we need to pay attention to. They have called out a heightened risk, I think, to Jersey's international financial centre because of the change in trade policy, in the main, between nations is impacting global capital flows. It is creating a lot of uncertainty around global capital flows and Jersey's finance model depends to some extent on some of the capital flows coming here. They have really called that out as a specific risk, I believe, for the first time in response to what is happening that could impact our future revenues and growth prospects. Then the final thing that they call out very precisely - partly, again, related to changing policy stances in bigger nations - is the uncertainty that now surrounds the O.E.C.D. (Organisation for Economic Co-operation and Development) Pillar 2 tax regime and what that might mean in terms of potential tax revenues for Jersey in particular. You put all that together, it is very sobering and really what they are saying is the world is a riskier place. The risks to growth have increased. The risk, in particular, to financial services may have increased; it is unclear. You only really have 3 things you can do with your money, Jersey. You can save it to reserves, you can spend it on capital and hope that it gives you productivity in the long run or you can spend it on services. Really, they are advising that because the world is riskier, that we pay more attention to saving to reserves, and to a lesser extent capital, over spending on services. Our advice, I think, to

Ministers around this but pre-dating this has been very clear, which is trying to urge prudentialism, a more prudent approach to public spending, a more prudent approach to the public finances and a more prudent approach given the risks and the uncertainty around those risks in the world economy. That is why I guess you see various efforts to try and begin curbing public spending growth or at least to start having discourse about the need to do that.

Mr. P. Taylor:
Okay. Thank you.

Deputy R.S. Kovacs:
Have any Fiscal Policy Panel recommendations been started or are already implemented?

Chief Executive Officer:
Well, this particular report ... I think we will be waiting for the summer for their fuller report but what they have given this year, of course, is a revised forecast. That forecast now is the trigger for feeding into the budget round and the series of workshops we will have around the budget and setting the budget. A lot of what they are doing with this work is, if you like, marking our card before we go into the budget round and the budget workshops. I think any additional recommendations will come with the report later in the year.

Deputy I. Gardiner:
Just for my clarity, you used a word that I completely agree with, “prudent”, a prudent approach. Now, obviously, all of us have a different understanding of what prudent means. What does it mean - if you can give me examples - in practice? Practical examples that the public can understand what a prudent recommendation would be.

Chief Executive Officer:
It is a great question. You are putting me on it today with simple and practical.

Deputy I. Gardiner:
I want to be practical. I want to understand what it means in practice.

Chief Executive Officer:
Especially when it comes to accounting. I will give it my very best shot. What is prudential has a meaning of context of their report last week.

Deputy I. Gardiner:
What about your recommendations to the Council of Ministers?

Chief Executive Officer:

For example, one of the F.P.P. recommendations from, I am going to say, summer of 2024 was to find a path through successive budgets to restore the relationship between our General Reserve and the size of our economy. In other words, as our economy has grown over the past 30 years, there have not been net contributions to the General Reserve along with that growth. Our General Reserve was essentially established out of windfall banking profits in the late 1980s, and it has kind of grown with investment funds ever since. One of the things that they recommended is that you find a way, despite it being a very tight situation with public finances, to start meaningfully contributing each year to the restoration of the reserve or to try and restore that relationship between the size of your General Reserve and the size of your economy. Essentially, that is advice that we think is sound and that we need to try and find a way to follow. You could say the same thing about restoring the Stabilisation Fund. Clearly, during COVID Islanders will know that our resilience was tested. We used a lot of the reserves that you build up for rainy days for that rainy day. We have specific reserves to deal with times when the economy goes through 2 or 3 very difficult years, countercyclical reserves. We have used those reserves. I think everyone would agree that it made a huge difference to the Island getting through COVID with far less disruption than might otherwise have been the case. But we are now through COVID and even though it is a very difficult and risky world, our advice is to keep looking to be prudent to try and build up the reserves because I think the thing you can say really since … the whole year of Ministerial Government has been one shock after another. Starting with the financial crisis in 2007, almost every 2 years there has either been an economic shock, a geopolitical shock or, the case of the pandemic, a health-related shock. There has been one thing after another, so I think the days when we thought we might get 10 years of not much happening seem to be over and that is why we are urging prudentialism.

Deputy I. Gardiner:

Okay. Thank you.

Mr. A. Awan:

Thank you. We have noted that there is an operating deficit of £63 million. Can you just explain what are the main drivers behind it and specifically just looking into the depreciation number, there is a variance of £16 million which is not forecasted or budgeted. What that would come through that number and, taking from there, what are the cost saving plans now and do you expect it to just go in the same way?

Chief Executive Officer:

Thank you for the question. I think there are, again, 2 big things in there, one of which we have already mentioned, so I will not go there again, which is the £28 million in health. On depreciation,

although that would seem a big number this year, it is not a number I would worry about in the same way. In other words, it is the sort of thing that can happen. A big factor behind the depreciation is you always have uncertainty over the timing of when projects complete. You have uncertainty over the timing of when assets are disposed of, both of which can give rise to charges. So I think in the year that we are talking about, for example, you will have a charge on the asset disposal of Overdale or the write-down of that asset when it was demolished, the hospital asset. Even though we always knew it was going to happen, the timing of it was a little unclear. We had the same thing, dare I say it, with sewage treatment works and other assets. Some of this is about timing, therefore it should not repeat, if you see what I mean. It might have been brought forward; it might have been pushed back and the same is true of various I.T. (information technology) assets which attract charges. That part of the £63 million I am less concerned about because it is accounting timing. Obviously, health we are concerned about, which I am sure we will come on to discuss.

Deputy I. Gardiner:
All of us.

Chief Executive Officer:
We have discussed before, but we will definitely discuss again. Does that answer your question?

Mr. A. Awan:
Yes, part of it definitely and just from the accounting point of view, if the asset is being written off, would that not form part of the impairment line item or the depreciation? Similarly, taking on the other things, as you mentioned, it is not part of our budget or of a plan, so if you are anticipating something, that should reflect the budget as well. It will be very surprising to see a £16 million charge, so why we are missing that in the forecasting if you know that Overdale is going away or something like that?

Chief Executive Officer:
Again, I am not sure, and it is probably a better question for the Treasurer to go into the detail on. I am not sure. There is a whole jumble of assets in there, some of which I have mentioned, others of which I have not, around various aspects of our property estate being revalued downwards.

[14:00]

I am not sure that it is highly regular. It is just unfortunate that you had a number of them at once, is what I would say, but I would definitely pursue the counter treatment of it in more detail with the Treasurer because I think you have got him in a few weeks.

Deputy I. Gardiner:

Yes, we have the Treasurer and Tom coming back to us again. But for me, Andrew, there are 2 things to pick up. One, for example, demolishing Overdale. I think it was planned for 2024, unless I remember something different, so I am not sure if demolishing of Overdale would reflect this, but maybe. It is about the forecasting. We are not talking about numbers. It is about how good is the forecasting, because depreciation is one of the things. It is not like tertiary care that is going up in the U.K. It needs to be more or less surrounded, maybe some. We asked the Treasurer a question around forecasting in general terms, but we will follow it up.

Mr. A. Awan:

Just to take it from there, I think the accounting treatment from disposing assets and loss on that is different from depreciation so, therefore, it comes up to a big number and it is surprising or unexpected, but we might need to go a bit deeper in that one. Just moving on from the overspend point of view, within the process, are there any consequences of spending? Do they get reviewed and how do you look at their performance and follow-ups after that? What is the process through this?

Chief Executive Officer:

There are probably 2 parts to that, consequences and what do you do when it starts to happen, i.e. the process, particularly my role in that process. It is effectively illegal under our Public Finance Law for you to overspend. It is part of your legal obligations not to overspend. Historically where there has been a risk of spending, particularly where that spending is deemed to be justifiable, as I understand the model, the Treasury team or the Minister for Treasury and Resources has resolved that with recourse to reserves or changing heads of expenditure. They have found a way to restore balance and that is a process. To some extent it is illegal, you cannot commit to spending if you do not have the budget. However, it is fair to say, the custom and practice is there has always been found a way to manage that situation where it occurs. Where that situation is much more pressing, going forward, is that we do not have reserves readily to hand to manage those situations where one budget or a couple of budgets, for whatever reasons, get out of whack. In the past there were always consequences, but there has always been found a way to manage it. In terms of how I have been approaching it, particular as Health has been my first experience of this on my watch, essentially we go through 5 steps, some of which, I hope, will be put into the Public Finance Manual or at least that is the proposal from the Treasury and the Minister for Treasury and Resources to update the Finance Manual. There are only 5 steps, which I am happy to go through if you wish, very quickly.

Deputy I. Gardiner:

The question is: is there any performance base follow-up or retraining sanctions, subject to review? How does it affect performance management?

Chief Executive Officer:

That is my answer. We have a process that we go through with 5 steps in it, which I can explain to you very quickly. Obviously the first of them is reporting, the timeliness of reporting to alert us to the fact that there is a problem. The Treasury can talk about that at length, but a lot of work has gone into trying to get information to the top tables quicker, so that if something does occur you are not 3 months down the road and already you are chasing a bus that you might not be able to catch. Trying to improve reporting, that was a big feature. Trying to get information quickly within Health, for example, which the previous Government spent a lot of time with in the financial recovery work in Health. Early reporting, essentially we have a trigger. If it is a small amount, less than 1 per cent and it is readily explicable by the senior officer, because the odd thing can happen, timing or whatever, it is less of a concern. If you can see already it is building between 2 per cent to 3 per cent, 3 per cent is a trigger to say this could be a big number and it needs a D for dive. The next thing after the trigger is the diagnostic. The Treasury team go in. If it is already clear what the issue is, if it is a headcount issue or if it is an I.T. issue, then more than just the Treasury team might go in, work with the department to do a diagnostic and get clarity on what the remediation plan effectively is. The next stage is the department saying they can remediate this within year, within their own budget. They have to replan, bring that budget to me and to the Treasury for approval. If we find ourselves in a situation, step 4, that says because of the diagnostic, number one, it might not be resolvable within the year and it might not be resolvable by that department alone, it is going to have an impact on the wider budget or another department. In that situation, quite often we are looking at something that might be more structural. It might be deeply cyclical or it might be structural rather than a timing thing. In those instances where we think it is structural, it has to be elevated up, which is the ultimate step, to the Treasury team, because it could affect everyone at that point. Health, without wishing to pre-empt the debate ... I know you are all going to have a bit of Health later in the year in the Assembly or indeed what the Minister may have said yesterday, which I am not appraised of. However, Health is the example where it is legitimate to say there may be structural issues here which require a structural response rather than an in-year tactical response. Where that happens, it has to come up to the top table and be debated out and resolved out, because then it is no longer heads of expenditure within department, it is no longer moving things around. It is much more about reprioritisation at a Government level. That is how we work.

Deputy K.L. Moore:

It is much known that this is not a year-in-year issue. The Turnaround Team identified when they first arrived, which was in Christmas 2022, that there was an issue with the control of expenditure in

the department. Steps were taken to bring that under control, but clearly it has not been fully achieved yet. What is being done to rectify and bring under control that expenditure?

Chief Executive Officer:

It is a complicated picture in Health, as you know. In that instance, the Turnaround Team targeted a number of areas of control within their Financial Recovery Plan and that yielded, from memory, about £9 million of savings last year. The things that they were controlling and where they put controls on, which, I guess, not having been there, were the things they diagnosed in 2021 were the things for 2022 that had to be controlled. They had some measure of success there. Those were around the area of procurement. Those were around the area of staffing levels, in particular in some areas. Where they did not have probably the same amount of focus in terms of recovery plans, were in areas like tertiary contracts and the extent to which we would see this surge in inflation from our suppliers in the U.K. As explained earlier in answer to Philip's question, action was taken in that area. My point in Health is that they focus on a number of things and had some effect. The bigger drivers look like the ones I mentioned earlier. They look like not a short-term reaction to COVID, which disrupted that healthcare market significantly; they look like persistent things that are not going to go away. Therefore, they require a strategic response, not a control response, a strategic response.

Deputy D.J. Warr:

Could I ask a broader question? Andy, you have referenced this a bit, this overspend has wider implications if it is structural, in terms of Education being reported as having a deficit situation, we have underfunding in Infrastructure and there are serious implications there. Basically, you have Health, which is absorbing so much of the Island's finances at the moment, to the detriment of other major spending areas. If you cannot sort out Health in terms of the structural deficit in this major problem, what are the implications? Is this about raising the tax base to Islanders? How do you fund any of this in the end, or do we just see declining education services? Do we see a decline in education and infrastructure? Where is the give? If we want to carry on spending in education and spending in infrastructure and we do not have the money and we do not have the reserve, what is the solution?

Chief Executive Officer:

Going back to Health, obviously it was able to be resolved last year, because it was called out early and it was able to be funded or the Treasury was able to fund it in the normal way that I mentioned that they have done historically when they found areas of overspending. What I am point out is in resolving that last year and given where we are with reserves post-COVID, our ability to keep resolving things like this …

Deputy D.J. Warr:

I understand that, but …

Chief Executive Officer:

That is why Health, in particular ... and to be fair to the Minister, the Minister understands fully that, given what is happening in healthcare and given the balance that has to be struck between the services that Islanders would like to receive and the affordability of those in this healthcare market, this has to come to the Assembly, in terms of what is the future model for Health and what are the choices, therein, for the funding of that future model. Is it a reprioritisation or is it something else? That is properly a matter for the Assembly and the politicians when it comes. As officers, we will give our best advice on the options and the way through, as I explained last time to the panel.

Deputy D.J. Warr:

This has major consequences on other areas?

Chief Executive Officer:

Yes. We had a discussion before about the 5 historic policy choices Jersey has made which it lives with every day. What it decides to do in Health will be seen as its 6th historic policy choice. It is as big as its choice on tax and spend. It is as big as its choice on the carbon neutral roadmap. It is as big as its choice on building and immigration controls. It is in that bracket. This is the year, this is the winter, where you are going to decide it as an Assembly.

Mr. A. Awan:

All of this comes down to the people who are managing this. How does their performance reflect if they are going and overspending each year?

Chief Executive Officer:

Yes, if you are talking about individual officers, it is part of their objectives and part of the weighting of their objectives is financial control and their ability to meet their budget. I do want to put this in context. You have mentioned 3 departments who have found difficulties. They have found a way, but they found difficulties managing their budget in the current environment. Set against that we have 6 or 7 who have met their budget. It is not a uniform situation. There is pressure in one or 2 areas.

Mr. A. Awan:

How does that reflect on those people? In normal course, we will see it and identify if somebody is not able to manage something.

Chief Executive Officer:

Yes. In a number of ways, we have a low performance rating, in the most basic sense. If you have not been able to meet your budget and we felt that you could have, if we think there is a development issue and one of the reasons you are not meeting your budget is because of capability rather than motivation, then there would be training and development and there would be additional support, particularly from the Treasury team and finance business partner. Those are the normal steps you would expect us to take.

[14:15]

Deputy I. Gardiner:

Listening to this conversation, I will share my reflection and I would like to know your thoughts. If we are looking into the next revenue expenditure in 2024, it has increased by £177 million. I know that within its social security grant that was introduced in 1977, we have still seen expenditure rise by 9.8, which is above inflation. It was reported that £30 million was spent more than the projection of the Government Plan 2024. If I am looking to 2023, the annual reports and accounts show that £30 million overall was spent less than the projected Government Plan. Somehow in 2023, the books were balanced in a different way that day. My question is, even if we are looking at Health, Health overspend annually approximately £30 million. In 2024, they were allocated an extra £30 million on top of their budget. They overspent £30 million. You said that already in quarter 1 2024 you expected that it will be overspent in Health. How does quarter 1 2025 look? Do you expect projected optional overspend in 2025 for quarter 1?

Chief Executive Officer:

Yes, 2024, they are the numbers we are talking about. I do not think I mentioned yet …

Deputy I. Gardiner:

No, no, you did not …

Chief Executive Officer:

… issue, but certainly some of those drivers of pressure on the Health budget in 2024 ... I can answer the 2023 question, if you want, that you raised, but in 2024 some of those trends are persistent, maybe not at the same level of intensity in some cases, but the persistence of that issue. For example, we had another winter where the pressure on beds in the middle of the winter knocked out capacity that we had allocated for private healthcare treatments. Therefore, you get a delay in …

Deputy I. Gardiner:

Also in 2025.

Chief Executive Officer:
Yes, this winter that has just passed, which leads into 2025, so that pressure is there again.

Deputy I. Gardiner:
In this question, my question, by quarter 1 2024, you had projected overspend and obviously by the end of 2024 we stopped projected overspend. Now we are beyond quarter 1 2025 and we hear the same kind of difficulties, challenges that Health is experiencing. What are the issues maybe we have with the forecasting model and how do you intend to improve it? It sounds like the same story coming back annually. If you knew that 2024 had happened, why was it not forecast for 2025?

Chief Executive Officer:
Oh, yes, I got your question. We are in the midst of that now. Some of those trends, by their very nature, are difficult to resolve within a 12-month period, so you are in the area there of trying to reduce their impact or reduce the scale of them. Again, the example that I discussed with Philip of trying to reach a better accommodation with N.H.S. England on how we will be treated under the Framework Agreement from the 50 different contracts ... so we have historically 50 contracts into various hospital providers in England. Seeking clarity under the Framework Agreement and enforceability, we hope will reduce that pressure. It will not reduce it to zero, but it will reduce it. Yes, we are taking steps to mitigate it. It is a fair point, some of what we are dealing with is difficult to forecast.

Deputy I. Gardiner:
The number of beds during the winter ... it feels like this overspend is coming year after year. We will look into it more with the Treasurer around the forecasting and the model of the forecasting. This is the question to consider.

Chief Executive Officer:
Yes. You would always expect me to say you should not judge a forecast by its accuracy alone, as economists say.

Deputy I. Gardiner:
Fair enough.

Chief Executive Officer:
When it comes to Health, that is definitely the case.

Deputy K.L. Moore:

Before we move on, you said that you would be able to offer your response in terms of the difference between the management of the situation in 2023 versus 2024, when there was the quarter 1 view that there was going to be an overspend in both scenarios. Could you elaborate?

Chief Executive Officer:
Sure. What I was referring to there was not … forgive me if I have this wrong, Deputy, but I thought you were contrasting the situation where we generated a £30 million in 2023, which we then allocated to reserves, versus a situation in 2024 where, effectively, reserves were used for …

Deputy I. Gardiner:
To meet £30 million.

Chief Executive Officer:
… partly used for the Health budget. In 2023, if you recall - and, with respect, both you were there for part of it - we did a deep dive into, at that time, the way we were approaching capital projects and capital spend. We concluded that while we had fairly significant budgets for capital spend, the cash was not aligned with our ability to deliver them in terms of having the resources, the people and so forth. When we had a deep dive into that whole area, we concluded that there was between £30 million and £40 million that was not likely to be spent and should be available to reserves. That was the exercise we went through in 2023, which created that opportunity.

Deputy I. Gardiner:
It was an exercise and we will go back to the capital later.

Chief Executive Officer:
Yes, yes.

Deputy I. Gardiner:
It is capital, it is different. As the Chair mentioned, the departments' net revenue expenditure increased by £107 million in 2024. Which departments had the biggest spending increase? Was all this overspending forecasted or unplanned?

Chief Executive Officer:
We will leave to one side the second-biggest factor, which was the restoration of the States Grant because I think everyone knows about that. The biggest factor in that was the £84 million allocation for the pay award. If we then look at that by departments, I will have to come back to you in writing, but I would imagine that Health and Education were the biggest beneficiaries of that £84 million, so that plus the States Grant, obviously, is the bulk of it. The bit that is remaining is the approved

growth from the plan and probably a good example of that smaller category of approved growth is the Deputy Luce amendment on agriculture and fishing, which the Assembly asked us to allocate additional monies to those sectors. I cannot remember off the top of my head if it was £5 million but it was an appreciable amount. We had approved growth, which included additional staff to support the school meals programme, but we also had amendments which had to be funded. That third category was the smallest. There were 77 from the States Grant, 84 from Health and the remainder was the various bits and pieces under growth.

Deputy I. Gardiner:

From the pay award?

Chief Executive Officer:

Yes, 84 from the Pay Award, 77 from the States Grant and then the remainder is what I would call approved growth, but it also included amendments which we have to fund.

Deputy I. Gardiner:

Talking about staff costs, they totalled £659 million in 2024, an increase of 30 per cent than the previous year. Has this increase cost been in front line services? Can you provide evidence of where increase costs in terms of staffing have come from?

Chief Executive Officer:

Sure. For clarity, the total staff cost bill is 13 per cent higher, 2024 over 2023. So 8 per cent of it is the pay award that we just mentioned. Then essentially 3 areas were excluded from the recruitment freeze: Health, Education and non-mins, what we call non-mins. The net growth in jobs, therefore, the other 4.5 per cent that gets you to 13 per cent, is from those 3 departments: Health, Education and non-mins. The biggest beneficiary in there would have been Health and Education, again front line roles.

Deputy I. Gardiner:

In this department in particular, is there a measurable link between staff cost increases and improved services?

Chief Executive Officer:

It is a bit early to say, because we are talking about jobs added last year and pay increases last year. Obviously the Minister for Education and Lifelong Learning, if he were here, would say that to the extent that people regard the provision of a healthy meal in all non-fee paying schools as a new and enhanced service, the colleagues that we recruited to make sure that we could deliver that service, people would see that as an improvement. In other areas, Health and so forth, a great deal

of what we were doing, frankly, was trying to replace agency staff with permanent staff. Nursing is an example of that. We have had quite a bit of success. It will take us a while. It will be multi-year to demonstrate an improvement in service, by which I mean obviously there was a nurse there before and now there is a nurse who is on a permanent contract. Hopefully there is a nexus to residence in Island and settling Island versus agency. We hope that will give us stability in terms of turnover over time. We hope it will give us service improvement levels over time. It is a bit too early to call that.

Deputy I. Gardiner:

Thank you. Staying with the breakdown of the net revenue expenditure, on the same chart we have £338 million outlined as other expenditure. Can you please provide the breakdown of what this relates to and is this a one-off or a recurring expense?

Chief Executive Officer:

Yes, the things you learn when you have to go through the accounts, is what I would say about this. This is a bucket for things that do not fit into our normal or historic categories, be that staff, benefits, grants or whatever. It is something that defies the current budget classifications. We probably need to look at this because it is quite a big number. It includes, for example, things we have discussed already, 2 of its biggest items are the purchase of tertiary care by both H.C.S. (Health and Community Services) and also by Children's Services. When we purchase off-Island care or where we send patients or children off-Island for whatever reason, those expenditures fall into this bucket. Another good example I would give, there are 4 or 5 but 2 of the big ones are legal and admin costs, but they are primarily legal costs and insurance costs, in particular, which we incur. One of the things we have to think about as an Island is we are under pressure in insurance costs, because we have had a lot of extra resilience in recent years. Some of the major incidents that we have had, some of the things that have happened, inevitably in the insurance market attracts scrutiny about the premiums that you pay, particular if a government is not self-insuring and has a big risk that it thinks it ought to insure. Those are 2 of the biggest ones. What I would want to reassure you on, you can probably tell from both of them, these are not areas that we say: "Well, they are in that bucket, we cannot do anything about them." One of the objectives of the Treasury team this year is to look at the top 4 in there and subject them to intense scrutiny. We had intense scrutiny on our insurance costs. In the past we have also had intense scrutiny on the tertiary care costs, as I mentioned, with N.H.S. England.

Deputy I. Gardiner:

How do you make sure these costs are being properly tracked and justified? To increase transparency, could it be more clearly itemised for the public as well?

Chief Executive Officer:

I mentioned to 2 biggest numbers. The third biggest number is the purchase of drugs and other medical equipment. It is important to realise that these are costs that are embedded in the core services that we purchase. It is that, for whatever reason, the way we do our budgets, they fall into this bucket rather than into some of the other buckets. To reassure the public, this is all spending on things that they would recognise as things that they consume, that the Island consumes or their investments in areas that are vital to the resiliency of the Island, like aspects of technology and telecoms, where we have had to make a lot of changes because of the change in the geopolitical situation over recent times.

Deputy I. Gardiner:

Very briefly, it could be clearly itemised?

Chief Executive Officer:

Itemise the individual items? Yes, I will definitely take that offline. Some of them are …

Deputy I. Gardiner:

If they are bigger than 336 others, it is a big number; at least the biggest items, yes.

Chief Executive Officer:

Yes, we can do that. I do not see any reason why not. I will double-check with the Treasurer, but we know what they are. To reassure you, we know what they are.

Mr. A. Awan:

Legal costs are shown separately, just to see if there were any litigation or anything, so these kinds or items are relevant.

Chief Executive Officer:

Yes, that is fair.

Deputy D.J. Warr:

Next question, hopefully a very straightforward one: can you explain the reason for the 67 per cent increase in social benefit payments during 2024?

Chief Executive Officer:

It was the reintroduction of the States Grant.

Deputy I. Gardiner:

It was also social benefit.

Chief Executive Officer:

They are volume driven. In other words, they are demand driven. They are up 7.5 per cent.

[14:30]

Deputy I. Gardiner:

I have 2 tables. There is one including introduction of the States Grant and in the other it is still 8 per cent increase.

Chief Executive Officer:

Yes, 7.5 per cent. I am afraid that is life. That is just volume of people needing support.

Deputy I. Gardiner:

If we have less unemployment … what is important for us to understand is other trends. What were the reasons and if anything can be done to reduce it, or is this what we will see year into year?

Chief Executive Officer:

Yes, sorry, I understand the point now. It is a great point, because obviously in Jersey you should not equate unemployment with benefits. The business model that we are trying to run is one that requires full employment, because that is how we get tax revenue. We have a lot of people who are in work who still need support to be in work, in order for them to be able to earn their keep and run their life in Jersey. There is quite a lot of in-work related benefits, rather than benefits to support people.

Deputy I. Gardiner:

The question is: if the policy changed, will we see an increase in the social security benefit and people receive more or we have more people coming into the system?

Deputy K.L. Moore:

Could it be perhaps the £20 million that was provided to support …

Deputy I. Gardiner:

No, it is not here. The £20 million coming into the accounts for 2025.

Chief Executive Officer:

The biggest driver of this, which we have published - in fact, the only driver of this which was published - the net driver of this is pensions.

Deputy I. Gardiner:

Pensions, okay.

Chief Executive Officer:

This is not breaking news, but Jersey has an ageing population.

Deputy I. Gardiner:

It is where we are heading, okay, yes. Thank you.

Chief Executive Officer:

Pension benefits are the net increase. All others are going up by demand, not much at all, or down in some cases. Apologies, I was not sure what …

Deputy I. Gardiner:

Okay. Thank you.

Mr. V. Khakhria:

I am interested in your views on productivity throughout the Government. I am sure it is something that underpins most of the decision-making. However, there has only been one reference to it today so far, where you mentioned productivity in relation to capital spend, although that is clearly not the only driver of productivity. The annual accounts make 4 or 5 references to productivity, but it is not quantified anywhere. We are very interested in your views. There seems to have been a shift in Government. The Value for Money Programme has been superseded by various savings programmes. Savings is not necessary the same as value for money or efficiency or productivity. Clearly when it impacts on front line services, it could act to its detriment. I am sure that Islanders will be interested in understanding the extent to which front line service quality is being maintained. With all of that in mind, I have a series of questions on productivity, the first one being: which specific metrics do you use to distinguish efficiency gains from service quality gains?

Chief Executive Officer:

At its simplest level, in terms of efficiency gains, we are trying to get as close to the cost for output per hour as we can, obviously in all areas, but particular public services. It is a very crude measure. It has obviously been a feature of us trying to figure out where, with the recruitment freeze, for example, when it is supplied not … which it is not, to a couple of big departments and to other front line services where the bias is towards, if we can, preserving front line services or at least preserving

the people who deliver front line services, just as accurately versus middle and back office. There has very much been focus there on the cost to provide that service and the F.T.E. (full-time equivalents) because it is easier to count F.T.E. than anything else in Government. If you look at areas, for example, like the Cabinet Office, that has been a driver there. Was the second part about service quality?

Mr. V. Khakhria:

Service quality, correct.

Chief Executive Officer:

In terms of service quality, it varies by department. If we are looking, for example at … we will get you off the stump in Health for a while, Tom, and look at E.S.H.(?) and, in particular, something we have just mentioned, social security, in that area, then service quality there is across a range of qualitative and quantitative measures, everything relating to how quickly we deal with people when they have a got a query or when they have a concern, waiting times, all of these measures. They include how long it takes us to address an issue. We have targets in some areas for how long it would take us to resolve an issue, be it a benefit claim, be it, in your case, the time to get a diagnosis. Each service has those service quality measures and we report a lot of them in the annual report, which you will have seen. We measure the departments against those. It is fair to say, in my experience in the public service, which is a much more complex organisation than private sector organisations, in my experience, and much more multi-faceted, that that connection between discussions about efficiency gains and service quality is not quite as close or axiomatic. That is fair to say is the case, but that is how we currently look at it.

Mr. V. Khakhria:

Thank you. You are absolutely right, pure productivity output divided by input is a very funky measure and it is not appropriate for Government. In which case, can you please let us know which peer review benchmark productivity trends, such as cost per Islanders for key services, exist and what the trends have been over the last 2 years?

Chief Executive Officer:

No, I cannot. I will have to write back to you on that. The ones that we used in producing the C.S.P. (Common Strategic Policy) and that we have used in a variety of areas, the one that springs most to mind for me is the O.E.C.D. quality of life index data, which we choose to participate in, which gives a benchmark to 447 other countries and nations. That gives us a fairly extensive measure of different aspects of quality of life. It breaks those down, so it allows us, for example, in areas like public safety, to have a set of comparative benchmarks that we can then apply to Jersey to understand the extent to which that part of Island life, which is important to people, is that actual

public safety, but also the perception of public safety. That is one of the indexes that we would use, particularly at strategic level in Government and, as I say, gives us a comparative with 447. I will send it along to you. From the top of my head, we typically look at it across about 12 different categories of measures. That is one of the things which drives a lot of the benchmarking and policy thinking by the current Minister for Housing when he is looking at housing affordability and availability issues in Jersey.

Mr. V. Khakhria:

Okay. So those are outcomes, but the question is specifically related to productivity and the costs of achieving those outcomes and what the trends are per unit Islander. I would appreciate any insights you are able to supply.

Chief Executive Officer:

Okay.

Mr. V. Khakhria:

Within all of that, how do you isolate the cost of COVID, which has been mentioned extensively today? How do you isolate inflation, so that you can identify the core productivity gains of Government? The only way to achieve more with the same resources is to improve your productivity. Clearly this must be at the forefront of your thinking.

Chief Executive Officer:

Yes, we try and express things in real terms. Even if we go back to what we were discussing earlier when we were talking about trying to breakdown the 13.5 per cent increase in staff costs, you strip out inflation, you look at the areas where you have, if you like, permitted growth and headcount. Even within that, we are still looking for a year-on-year reduction. We are still looking for a productivity gain. If you take that narrow example of Health and Education where we did permit growth, the growth in 2024 is round about 100 F.T.E. less than the growth in 2023. To the Chief Minister's and the C.O.M.'s (Council of Ministers) policy, we are not preventing absolute growth, but we are trying to curb the growth and the rate of growth. That is a big focus for us.

Mr. V. Khakhria:

How does that relate to the growth of the actual market, the number of people served, the number of students, the number of children?

Chief Executive Officer:

Again, in healthcare, it depends which service, but in most areas of healthcare we have increasing demand for services, a large part of which is rooted in the changing demography of the Island. The

demography in the Island is making productivity very difficult to achieve in Health, as is happening everywhere, because of ageing. You then go to the opposite end and say: if the demography is ageing that must mean you have declining cohorts of children. Therefore, you should be able to achieve significant productivity gains in Education over the next 10 years, in terms of number of schools, number of teachers, et cetera. So far that has eluded us. That has eluded us for a reason, which is very important. Again, one could argue it is something that has been with us since COVID. What we have seen and measured is a significant increase within each cohort of children the number of children in that cohort presenting with additional needs, who need additional support through education, social care and health. At the point now where we would be expecting with our accounting and economic brain to see efficiency gains, what we are seeing is that it is difficult to get that money being released from a declining population of pupils dropping into the budget to be available for other uses, because the mix of need within that smaller cohort is changing and becoming more expensive. That is something which, at the moment is bedevilling some of the schools with their budgets. It is something the Minister for Education and Lifelong Learning has drawn attention to recently, after a freedom of information request.

Mr. V. Khakhria:
Is that going to be a bulge that we will pass through or is that structural now?

Chief Executive Officer:
That is a great question. There is no consensus on the medical side or on the education side or in the research about whether this is a COVID-induced wave and it will settle down again or whether we are in an era of enhanced diagnosis and change in the medical and care response to how people are presenting, which means that it is a structural change. It is one of the biggest productivity issues that we need to figure out for the Education budget.

Mr. V. Khakhria:
Thank you. You have mentioned the work done in restricting headcount growth. Can you give us an indication of what effect this has had on staff morale, please?

Chief Executive Officer:
We shall know better when we get the next set of results from our surveys on that. It had not had an appreciable impact in the autumn, when we last did a survey, but the policy was in its infancy. In some areas, which are excluded - and Tom can speak for Health - we are not seeing that so much. However, definitely in some of the central functions, when we have our town halls and when we have our drop-in sessions, some colleagues are reporting that it is impacting staff morale. That is something that we expected.

Mr. V. Khakhria:

Okay. Within the recruitment freeze, can you outline some of the current key vacancies and whether there are any plans to fill them?

Chief Executive Officer:

If they are in the front line of Health, Education and non-mins, then if the department feels that they should be filled, they will be filled. There are no real restrictions in there. Key vacancies around the place? Nothing stands out. We have some departments who would like to recruit, which are subject to the freeze, where we have held them up, but we have held them up per the policy because we do not believe that they are fundamentally vital to the service or that they cannot be coped with through giving an existing colleague a chance.

[14:45]

This is a very big policy direction from the current S.E.B. and Chief Minister. One of the things that they want to see happening in the freeze is if department A has a vacancy and it believes it is vital it fills that vacancy, then it should fill it by recruiting from within the service or it should take this opportunity to put a development plan around someone and maybe give them a chance, because they are only 55 per cent ready rather than 75 per cent ready. We are seeing a lot of that happening. We need to do a bit more to encourage that, because people naturally … in the Government of Jersey there is still a lot of departmentalism. People naturally try and hold on to what they think are their best people.

Mr. V. Khakhria:

Okay, thank you. I had one more question, which was moving on to the £64 million capital underspend, which I believe was due mainly to deferral of expenditure, where capital projects had been authorised but had not been commenced or undertaken. How much from the capital underspends will be allocated to the Consolidated Fund? The current disclosure in the report simply says “most”, but I wondered whether you could give us some more clarity, please?

Chief Executive Officer:

I cannot give you clarity on the second part, beyond that, but this underspend is completely dominated by one line item, which is new healthcare facilities. At the start of 2024, we had an interregnum because we had a change of Government and a new Health team come in, so everything slid to the right and one of the things that slid to the right was the new healthcare facility. When you look at that £64 million, the majority of it is the new healthcare facility.

Mr. V. Khakhria:

You do not have an approximate number?

Chief Executive Officer:
£45 million was that alone.

Mr. V. Khakhria:
Okay, £45 million. That will go to the Consolidated Fund?

Chief Executive Officer:
I do not think that decision has been taken yet. If there are underspends through the year, that would be the normal course of action.

Mr. V. Khakhria:
Okay, thank you.

Deputy D.J. Warr:
What are the longer-term savings arising from total severance and ex gratia payments during 2024?

Chief Executive Officer:
The recurring savings are just under £800,000 from the 7 employees who left through V.R. (voluntary redundancy) between July and December 2024, once we had introduced that particular programme.

Deputy R.S. Kovacs:
Just on this one, very quickly: are these permanently removed positions or will they be replaced?

Chief Executive Officer:
What happens in those instances is in order to be removed they have to go through a full business case and a normal consultation. If the business case is approved and the role is removed then the departmental budget is adjusted downwards, so that the money is taken from the budget.

Deputy R.S. Kovacs:
Okay.

Deputy I. Gardiner:
We move to recommendations made by C. & A.G. around arm's length organisation bodies.

Mr. G. Kehoe:

In the previous quarter's hearing, concerns were raised about the absence of a clear framework to determine when an arm's length body should be established or not. Has any progress been made in developing such a framework?

Chief Executive Officer:
No.

Mr. G. Kehoe:
What role could the Arm's Length Bodies Oversight Board play in developing such a framework?

Chief Executive Officer:
A potential role, we have to decide first of all whether Ministers think there is merit in investing the time and policy resource in developing the framework, but that body, with its terms of reference, one would expect to play a role. In fact, as the committee are aware, it is a strategic co-ordinating body, maybe not the sort of body that was envisaged when the Chief Executive of the day set it up. This is the sort of area, if we went down this route, that would be right for that body to play a leading role in, certainly for the chair to lead it.

Mr. G. Kehoe:
Do you think they would have enough resources and enough lead in that to make that work?

Chief Executive Officer:
Yes, but it would need the prior decision, obviously, of it becoming a priority for Ministers. Then it would need some additional support from the Cabinet Officer in terms of policy support, but it is something they would be able to resource and they would be able to do.

Deputy I. Gardiner:
Because you mentioned that you had concerns about the lack of a guiding framework, have you recommended to the Council of Ministers to develop one?

Chief Executive Officer:
I have not specifically said to them: "You must do this," but this must have been comments relating to the speech I made at the Chamber of Commerce and then maybe we spoke about it here. The bigger point I would be trying to make about all of these bodies, and there are days I wish I had not made it …

Deputy I. Gardiner:

No, we will go back, basically my question was: have you recommended, have you put something in front of Council of Ministers and said: “This is the framework that needs to be delivered to ensure that we are …”?

Chief Executive Officer:

No. We are still at the stage, in the context of this very tight fiscal situation that we are in, still having an on-going debate about the next best actions if we have to try and find savings and take a saving-centric approach, if you like, to all the other things that we would like to do. We are still in discourse, I would say, rather than they have made a decision, because we are just not there yet.

Mr. G. Kehoe:

Does that basically mean there is no monitoring of the arm’s length body …?

Chief Executive Officer:

Oh, no, no, precisely the opposite. There is a whole framework that exists at the moment, but one of the major design issues with the framework … which has grown up organically because the era of A.L.O.s (arm’s length organisations) is a Ministerial Government era thing, the creation of so many bodies. It is the last 20 years or so we are particularly concerned about. The way that it works at the moment is there is a very established way of going about things. It is driven through the Public Finance Manual. If a department thinks that they need to set up a new body, then the accountable officer and usually the Minister concerned have to put up a business case explaining the wheres and whys of this and how it will be funded, because typically it would be funded from their departmental budget. If that gets approved, then the way the Public Finance Manual works is it does not vest the, if you like, controlling authority in the board. It vests it in the accountable officer through the Public Finance Manual. When it comes to reviewing that organisation, agreeing its letters of instruction or its annual memorandum, assessing its performance, it is all driven down to the accountable officer at the department level. The board, if you like, has a much more co-ordinating, best practice role. It does some great work, but at the moment it is a framework. I was suggesting that we could maybe enhance the Public Finance Manual current approach with a clearer overarching policy framework for deciding when and how you intervene and whether it is worth it and how you evaluate that, rather than business case by business case.

Mr. G. Kehoe:

Yes. With that being said, have any strategic reviews taken place in 2024 with any of these bodies or indeed is there anything planned for 2025?

Chief Executive Officer:

None I am aware of in 2024. None I am aware of in 2025. If you look at the C.S.P. and look at the Government's priorities, it is not in there. Therefore, it is not in my objectives either.

Deputy I. Gardiner:

It is interesting that from one side it is agreed that we have too many of them and we need to see how they are value for money and we need to see if this amount of loss needs to be there. This was your views. At the same time, you say it is not in your objectives. How do you raise your concerns, because you are the principal accountable officer, and say: "We need to save money, we need to see how the value for money is delivered"? This is your role. You are raising it with the Council of Ministers and advising the Council of Ministers maybe where the money can be spent differently.

Chief Executive Officer:

Yes. To be fair, you put me in the position of saying my advice is not always taken and, of course, that is correct. There are 2 parts to this. I do not want to narrow it, because there are all these different definitions and I have already fallen into that quagmire. Regarding any body that we have created or that we fund in this whole complex estate, I was trying to make 2 points. The first one is a narrow one, which is that if we are going to have a very tight public finances position, which we have, if we are going to look closely at our spending envelope, my first point to all Islanders is to say it is legitimate and reasonable that that scope includes all of these bodies not just the usual suspects at the centre of Government.

Deputy I. Gardiner:

Absolutely agree.

Chief Executive Officer:

That was my first point. My second point, which I was trying to make, maybe not with as much success, the thing I am very concerned about is what is known in the British Civil Service, but I now think everywhere, Parkinson's Law, Northcote Parkinson's famous article. Essentially, Parkinson was worried that, particularly in public service, if you have more seniors they hire subordinates, they do not hire rivals, so you get a steady spread. When you create so many chief executives and so forth across all these bodies, they will hire subordinates and you will get growth. Some of that might be desirable, some of it not. The second point of Parkinson's Law, which is vital, which is the one I was really trying to make, was they then create work, because they create work for each other. You then create this infrastructure where you are talking to each other and generating work between this agency and that agency. That in itself leads to a kind of growth, which usually has a problematic relationship with productivity and effectiveness. That is what Parkinson was calling out. That is really what I am calling out in the complexity of governance in Jersey. Between all the different things we have created, for good reasons or not, trying to run it now it is beset by Parkinson's Law.

I am worried that we are spending too much money within the system, talking to each other, and not enough money on what matters to Islanders, which is not me talking to Tom.

Deputy I. Gardiner:

I completely agree with this view. I can see the committee members also feel the same. The question from the committee: what are the steps that can be taken to address this?

Chief Executive Officer:

In that context, (1), it is a live debate in the context of curbing the policy to try and curb the growth in the public service; (2) as we workshop our way through the budget challenges, which we are doing, as we workshop our way through things like Health, which we are doing, it is feeding that advice and those options into Ministers to give them different ideas of how they might start to address this very tight fiscal position. Not just for the Ministers here at the moment, hopefully for Ministers for some years to come, because this would be a multi-year endeavour. The first thing was to hopefully diplomatically call the issue out. The second thing was to raise awareness and get it into the discourse, which we are having today and we have had in various forms. The third thing is to see that if it creates a momentum if there is a policy coalition that says this is one of the things we do want to change. There are various options; you do not have to do that, you can do other things. That is what I was trying to get it to do. When you think about how much money you would save, it is not enormous sums, it is appreciable sums. I am more concerned about the second part of Parkinson's Law, which is gumming up the system.

Deputy I. Gardiner:

You have duplications in the system.

Chief Executive Officer:

It creates implementation problems. It is hard to get stuff done, because you are trying for process over outcome, because you have so many people in the process, if that makes sense. This started in the previous Government, I should say; it has been going on for a while.

Deputy I. Gardiner:

In the essence of this, does it not then highlight the urgency of reviewing all these A.L.O.s to see where you have duplication and see where there is ground for consolidating and saving in that sense?

[15:00]

Chief Executive Officer:

Yes, in these areas. As the committee knows there is not a political consensus on this. There is an aggregate that maybe something should be done, but everyone has their favourite body. It is fair to say that in this area, we are in a lot of sympathy with the C. & A.G.'s advice to us.

Deputy I. Gardiner:

I will move on. As you know, we are doing the A.L.O.s review. We will come back to you. We just need some more details. One of the actions, and I know it is due to quarter 4 2025 but it is important, what progress has been made in the development of cross-government commissioning and partnership strategy?

Chief Executive Officer:

Okay, not just in Health, but in general, the Cross-Government Commissioning Group has been established and begun its work. It is developing a strategy which we hope will be ready at the end of this year, in part because that strategy is very important to some of the decisions we are going to face in Health and in Children's Services and Education, particularly in the Children's Services part of Education. I had a session with them about a month ago on the strategy on the options that they are developing and some of the risk assessment that they wish to undertake. They are knee deep in their work. I think they are working well as a group. They have already taken some important steps that produced a toolkit around commissioning and partnership, for example.

Deputy I. Gardiner:

What did they produce?

Chief Executive Officer:

A toolkit for guidance for people across the service. I have to say they have done this work but, to be fair, the partnership board had also done a lot of good work to try and standardise their approach to partnerships across the various A.L.O.s and so forth. They are doing that work.

Deputy I. Gardiner:

Can you remind me, which partnership board because we have lots of different …

Chief Executive Officer:

The A.L.B.O. (Arm's Length Bodies Oversight) Partnership Board. In their co-ordinating role they had already done, I think, some good work on having a more standardised, rationalised approach to partnership agreements.

Deputy I. Gardiner:

Who is leading this work?

Chief Executive Officer:

The A.L.B.O. is now led by Paul Wylie. Yes, it is Paul Wylie is now leading it.

Deputy I. Gardiner:

But who is the officer?

Chief Executive Officer:

Which of his colleagues is leading the …

Chief Officer, Health and Care Jersey:

Commissioning.

Chief Executive Officer:

Yes.

Chief Officer, Health and Care Jersey:

Emma, Paul Hill in Health.

Chief Executive Officer:

From Health.

Deputy I. Gardiner:

From Health, okay. Has the …

Chief Executive Officer:

They are up and running anyway, to answer your question and they are developing that strategy, which we are trying to sync with, among other things, the work that is going on in Health in terms of the big debate that is due to happen.

Deputy I. Gardiner:

What are the delays for delivery of the strategy by quarter 4 2025?

Chief Executive Officer:

At the moment, I am not aware of any. In other words, I only saw them last month and they are on track, so unless there is new information …

Chief Officer, Health and Care Jersey:

Not aware of any delays.

Deputy I. Gardiner:
Okay.

Deputy R.S. Kovacs:
Equally, a governance committee was to be in place by the end of 2024. Has the Off-Island Tertiary Governance Committee been established?

Chief Executive Officer:
Yes, that is up and running and that started last August and that meets monthly, yes.

Deputy R.S. Kovacs:
What are its functions and how is it being monitored?

Chief Executive Officer:
I have got the terms of reference for it.

Deputy I. Gardiner:
We can receive it, we can ask advice, yes.

Chief Executive Officer:
Yes, do you want me to send that along to you? I have got a …

Deputy R.S. Kovacs:
Has it shown any early results?

Chief Executive Officer:
I think in terms of dealing with the challenge you mentioned earlier, it is not fair to say enforceability of the framework agreement, but how do we ensure that the spirit of the framework agreement with N.H.S. England is respected? I say that gently because I am well aware that N.H.S. trusts are under enormous pressures themselves, so this is not an easy business. In areas like this, I think they are starting to make good progress. They have got their teeth into reviewing the 50 arrangements that we have got in place in England, which I think we all agree this is the 50 arrangements we have got with different hospital groups in England for tertiary care. I think we all agree that that is something that was developed organically over several decades, some things based on relationships between medical practices or a doctor might have developed a relationship with a medical practice in the U.K., all good reasons why it looks the way it looks. But we have really asked them, given the

situation we are in, to look at how that could potentially be rationalised and be made more effective going forward. That is the sort of work that they are currently engaged in, which will certainly help us with the budget, but as important I think it is crucial work in trying to help define the big building blocks of the future healthcare strategy because whatever we do, we know that we will always be in a position where we have to procure from off-Island and send people off-Island.

Deputy R.S. Kovacs:

Has a review been conducted into the off-Island tertiary contracts and, if so, what were the outcomes?

Chief Executive Officer:

Do you want to give a bit more detail on that?

Chief Officer, Health and Care Jersey:

Sure. We have started to work our way through all of the different tertiary arrangements. Some of those tertiary arrangements are valued by clinicians, valued by patients, very important. Really we just need to ensure that we are getting best value out of them but continue. Others perhaps less so, perhaps less valued in terms of the relationship, the quality that the patients receive. We are looking to see what we can do over time to change the arrangements and, in particular, to consolidate more of them together, because obviously if we can consolidate some of those arrangements, then we can develop more of a relationship. A lot of the current interactions with tertiary centres I think would be characterised of being quite transactional, kind of a patient gets referred, we pay a bill, quite a transactional relationship, whereas the relationship with some other tertiary centres is much deeper. Our clinics are working in multidisciplinary teams with those centres, they are perhaps visiting professors as well. We are getting all sorts of staff development and extra benefits from having a proper kind of deeper relationship. The direction of travel is to see where we can work our way through the 50 so that what we end up with are the relationships that we really value, the clinicians value, the patients value. Also, the relationships where we can get more value out of the actual organisation to organisation work, whether that is staff development, whether it is R. and D. (research and development), whether it is multidisciplinary learning and working, that process is underway. The creation of the group has been really, really helpful in kicking that off and enabling us to work with clinical colleagues and with others to start to address that. We are underway.

Deputy R.S. Kovacs:

Are any new arrangements in place based on those reviews?

Chief Officer, Health and Care Jersey:

Tertiary work does move around all the time; it is never exactly the same 50. At the moment we are looking at new arrangements in a couple of areas; that is normal. In any one year they move around. For me it is not so much the moving around and new arrangements come and go, it is about how we can develop a more strategic partnership with 3 or 4 at most centres based around need. As you know, we have quite a significant relationship with Southampton. Southampton is one of the biggest providers in monetary and volume terms. We are seeing how we can deepen our working with them to get more benefits for Jersey and them, but I think for me the test is whether we can get into a much deeper partnership arrangement with a smaller number of centres.

Deputy R.S. Kovacs:

How would the performance or any arrangements be ongoing monetarily?

Chief Officer, Health and Care Jersey:

We have different ways in which we look at the performance of a tertiary centre. On the one hand there is a financial value for money assessment on behalf of the taxpayer. Are we paying the amount that we want? Are we getting good value for the Jersey taxpayer out of that aspect of the care? We also look at it in terms of clinical outcomes. Have the patients got the treatment that they wanted? Are we getting good benchmarkable clinical outcomes? Are we getting good results for patients? We have lots of different ways in which we look at how they are performing. Then obviously we look at some more closely than others. When you have got 50, some of which are really perhaps only used for a handful of patients each year, they do not get the same close examination as, say, Southampton, which is why really we are looking to develop a much more strategic approach to this. With the fewer centres delivering more for us, then we can get a much more rounded view of how they are performing.

Mr. G. Kehoe:

Sorry, can I just ask a question? It just might be my naivety but when I hear this, we are just focusing on the U.K., is there any reason why we do not look further afield? Especially when I look out my window I can see France, so I am wondering why we do not have those sort of agreements in place for something that is closer that maybe that would be a cheaper option and setting up more than just our eggs in one basket.

Chief Officer, Health and Care Jersey:

I think that comes back to the point that the Chief Executive was making about how the 50 or so arrangements have come into being. Most of them have come into being over many decades, usually as a result of relationships between clinicians. Most of our clinicians are coming to us through a British medical training route and they have got connections back with where they trained

in the U.K. with those centres. They are reflecting decades of individual relationships and associations.

Mr. G. Kehoe:
Might not necessarily be the best solution.

Chief Executive Officer:
It is a great question and one of my, hopefully, constructive challenges to the tertiary group is if you look at what is happening in the private market, people go to many places for their healthcare and obviously people's budgets are definite with private health insurance but they do not restrict themselves to the U.K. They typically go to the U.K. but they do not restrict themselves. I think, as Philip and the team explained it to me, when you move from the individual insurance policy to system to system, clearly we have got responsibilities around some of our standards that we have adopted, which are typically relatable to the U.K. N.H.S. for all the obvious reasons. We have got issues around line. We have got different issues that we have to think about but they should not stop us thinking about them. I just want to mention one thing in response to your question because one of the things that you have introduced, which I think is important - and it is a bit of a control mechanism - is, effectively, the Tertiary Referral Panel, which is a weekly panel that is just trying to put more governance around the oversight of the referrals and whether we can intervene at that level to make sure that we have considered the most cost-effective or appropriate alternatives. I think we had a system before the recovery group were, effectively, put in where it was probably a bit more organic and I would not say casual but certainly the level of oversight over it pre-COVID that we would have now. These steps are being taken, which I think are useful steps to take. It is partly in response to the fact that the budget is proving difficult, yes.

Deputy K.L. Moore:
If I may.

Deputy I. Gardiner:
Yes, sure, absolutely.

Deputy K.L. Moore:
It is in line with Glen's question as well and the patient experience of their engagement. Transportation appears to be a thing that is really impacting upon the patient experience and I would imagine would have an impact on their clinical outcomes also. What considerations are being given to those contracts with tertiary centres and our ability to get patients there speedily and with assurance that they will travel on the day that they expect to?

Chief Officer, Health and Care Jersey:

Yes. When we are looking at criteria for which tertiary centres we seek to develop a deeper relationship with, one of the criteria is the travel links, the all year round travel links because that is absolutely essential.

Deputy K.L. Moore:

Thank you. We are going to now just have a brief period looking back at the Comptroller and Auditor General's recommendations with regard to Health and Care Jersey's staff resources. We note that the delivery of meeting these recommendations has been put back by some time to the end of this year now. What has caused the 2-year delay in implementing those recommendations, please? Particularly we wanted to look at recommendations 2, 3 and 4, which are around staffing workforce models.

[15:15]

Chief Executive Officer:

Do you want me to start, Tom?

Chief Officer, Health and Care Jersey:

Yes.

Chief Executive Officer:

Yes. Again, thank you for the question. I would say it is a mixed picture in terms of meeting the recommendations, which you are calling out. Obviously 9 or 10 of them have been addressed and were able to be addressed quite quickly. I think those which are still outstanding after 2 years, there is 2 things to say about them. Some of them I think quite properly take longer and do not lend themselves to a quick closure. It does not mean to say lots of stuff is not happening in the meantime because they are progressing, but also I think it is fair to say that during this period we have had the interregnum of a complete change in the Ministerial team in this area. We have got the Ministerial desire to bring to the Assembly, essentially, a new strategy and model for healthcare provision. If you take, I think, the first one that you asked about in recommendation 2 but I guess it applies to the first couple. To us it makes a lot of sense that the work that we do on those recommendations pays attention to the wider work that is happening in terms of healthcare policy within the Government. Certainly when it comes to workforce planning - and the C. & A. G. I think has acknowledged this - it would be an odd situation if we developed a workforce strategy before we developed the strategy. We are trying to get the 2 things in sync, but a lot of work on workforce strategy has taken place during that period. In other words, across 12 now, I think, discrete departments and Health, we have had those deep consultations with colleagues about workforce strategy. A lot of preparatory work

has been going on over those 2 years, but we are trying to make sure that the 2 things speak to each other come the end of this year.

Deputy K.L. Moore:

As you identify, a lot of this is officer-driven, such as delivering on job planning and basic components of meeting the workforce model that is already in place.

Chief Executive Officer:

Exactly, exactly, yes.

Deputy K.L. Moore:

Has some progress been made in those areas?

Chief Executive Officer:

From job planning, yes. Do you want to get a bit more from the strategic workshops?

Chief Officer, Health and Care Jersey:

Job planning is going well this year. As you know, a few years ago the department started from a relatively low base on job planning. I think this year - I will find the latest statistics in a moment - it is going well. I think we are more advanced than we have been in any other year that I can recall. We are well over 75 per cent, 80 per cent of the way there. I am feeling quite positive about job planning.

Deputy K.L. Moore:

That is very good to hear, thank you. Of course we fully appreciate the issues that have occurred over the last year and a bit but do you believe in the current scenario their target dates for meeting those recommendations will now be met?

Chief Executive Officer:

Certainly everything around the workforce strategy, workforce planning, yes, I think we are in good shape. I think all of the big strategic workforce planning workshops now, I do not know that there is any outstanding. Yes, I think that work is on track for December 2025 and obviously will be an important almost compendium or linchpin to the way the discussion is saying how we deal with this issue of what we hope to deliver for Islanders with the affordability pressures that come with that.

Deputy K.L. Moore:

Yes, indeed. Do you have an ability to quantify impact on both cost and health outcomes of not moving forward and progressing with those recommendations?

Chief Executive Officer:
I am not sure. I will have to think about the question.

Deputy K.L. Moore:
Okay.

Chief Executive Officer:
I do not know if you have got a different view about this.

Chief Officer, Health and Care Jersey:
Yes, I mean the …

Deputy I. Gardiner:
I think that maybe I will specify about recommendations because it is from the same report and, as an example, recommendation 15 was: "Urgently agree and implement a formal H.C.S. clinical supervision policy. This should cover medical and non-medical professions." We are talking about including locum agency staff. It was urgent, original completion date was 30th June 2023. A new completion date now 2025, 2 years later. We are thinking about the latest reports that were released about the quality of the services. We are talking about hepatology, maternity, orthopaedic and I think several more reports were released over the last year which questioned the clinical standards. For example, if recommendation 15 which is asking urgently to implement, supervision would be implemented, would the reports look different?

Chief Executive Officer:
Yes, I understand your question and this is almost closed, this one. I just do not know if I can give a good answer because if you take an example of a clinician, keep this example going, there is an assessment when they arrive. There is obviously an assessment through recruitment, there is an assessment when they arrive. They have got very significant obligations to the General Medical Council as part of their own professional commitment. It is not a blank sheet. The question is, will we get a significant cost or quality improvement from the final step? We think the final step is very good practice, whether we could look back and see if we had had that place there would be some big gain over the past 2 years.

Deputy I. Gardiner:
No, I understand.

Chief Executive Officer:

That is what I am struggling with, but I will think of it some more and come back to you.

Deputy I. Gardiner:
But I think that once the C. & A.G. said urgently and we are talking about clinical supervision and it has been accepted and it should be delivered 2 years ago, but now let us move on, let us look in the future. Has it been delivered? Would it be delivered in June 2025.

Chief Officer, Health and Care Jersey:
Yes.

Chief Executive Officer:
Yes.

Deputy I. Gardiner:
Yes. What is the cost or funds within this, because clinical supervision will require extra funding? What is the forecast that you input in 2025 budget for health to implement this policy?

Chief Officer, Health and Care Jersey:
The policy does not, to my knowledge, require additional funding. We have a number of clinical policies in the department to do with the way …

Deputy I. Gardiner:
No, no, just a minute.

Chief Officer, Health and Care Jersey:
… that doctors work, nursing work but we do not …

Deputy I. Gardiner:
Clinical supervision would require a consultant supervisor, for example, supervisor time.

Chief Officer, Health and Care Jersey:
That is a requirement already.

Chief Executive Officer:
That is already there, that is my point.

Chief Officer, Health and Care Jersey:

It is there, they are already supervised. The recommendation was that we have a policy that codifies that supervision and that is what is now coming into place. You cannot work without the supervision that is required under your G.M.C. (General Medical Council) registration.

Deputy I. Gardiner:

Yes, but the supervision would be required at a different time when you have a policy. It would require more resources from the consultants to follow the policy, unless you basically created something that was there in the first place.

Chief Officer, Health and Care Jersey:

The policy, essentially, codifies best practice. You would, of course, wish the best practice in the past always happened but the policy codifies good practice in clinical supervision, but the requirement for clinical supervision exists today. The requirement itself does not change. What changes is that the policy codifies really good practice in doing that.

Deputy I. Gardiner:

What has changed in practice?

Chief Executive Officer:

I think there are 2 parts to this, understanding the relationship better. Obviously we have historic and recent situations where supervision may not have been what we wanted it to be and that is working its way through. But I think when Deputy Moore brought in, I guess, the hospital turnaround team, obviously a part of that was finance but a big part of it also the remit, arguably the biggest part was governance. Tom's predecessor and various colleagues, they had already been working on ensuring that what we would regard as best practice, what the General Medical Council would expect and so forth, was happening in our hospital. The step that we are now taking - and they did a lot of work on that from a governance perspective - is, if you like, documenting that and having the policy which, hopefully, reflects the improvements that have been made. I do not want people to get the impression that we will fundamentally change what is happening; hopefully we will codify what should always have been happening. Does that make sense?

Mr. V. Khakhria:

It takes us back to the question, why has it taken 2 years if you were already doing it?

Mr. P. Taylor:

It is codifying the process.

Deputy I. Gardiner:

Yes, yes.

Mr. P. Taylor:

If you look at a policy, there should be good supervision. It is codifying what that good supervision means, even though we are already doing it, it is now written down; that is what you are saying.

Chief Executive Officer:

That is what we are saying. To answer the other question is there has a lot been going on in health, there was a lot for that turnaround team to fix, if you like. They were prioritising, especially in 2023, early 2024, a lot. The first most important thing was to get more confidence in governance around whether clinical supervision was happening in the way that we would all expect. Now they are getting to documenting that, so that is the …

Deputy I. Gardiner:

All good. Ali, thank you.

Mr. A. Awan:

Thank you. Moving on, can you just let us know about the current status of the agency contract for the local staff? Leading into that the cost has increased there as well. Can you just let us know what is making that change and why we have not forecasted that? If it is inflation, we could have. Lastly, what is the price point we are aiming at in acquiring those staff members?

Chief Executive Officer:

Do you want to go, Tom?

Chief Officer, Health and Care Jersey:

We are currently towards the end of the current contract period with our main provider and so we are just starting the process now of how we go back to market and test whether we can achieve the kind of value they want out of the providers who are in the market. It was the end of the contract period and just about to start market testing that for the next period. In terms of price point, I guess the main thing to know is that if you are filling a full-time hard-to-fill medical role with an agency kind of doctor, you can be paying up to twice the rate that you might pay for an employee.

Mr. A. Awan:

I see. On the forecasting point we have the increase in cost in the last year. How are we incorporating that into the future forecast and how can we improve that?

Chief Officer, Health and Care Jersey:

As the Chief Executive mentioned earlier, there was good progress made last year on the nursing side. There was a heavy dependency coming out of COVID on agency nursing and now there is a really good cohort of permanent nursing staff and very little use of agency, in comparison to where we were a couple of years ago. That has progressed mainly because the market still provides people who want to work permanently in Jersey as nurses, which is great. With effort, with focus, with some good campaigns we have been able to fill permanent vacancies. The focus this year is on the medical vacancies, so the doctor vacancies. A lot of those are in specialities which are very difficult to recruit into, not just in the British Isles but often across the west at the moment. They are in areas where most of the people working in that area have signed up with agencies because it gives them more control, it gives them more choice; they are at a premium. It does not mean that we have given up. For example …

Chief Executive Officer:
We have not given up but we are having less success with doctors and nurses and that is what he is saying.

Chief Officer, Health and Care Jersey:
We are. For example, there are around 23 to 24 long-term doctor posts which we are having to fill with agency colleagues. Those colleagues are great, they are doing a great job, very valuable, good members of the team, but obviously if we can fill some of those.

[15:30]

Having looked at it and having looked at the market, our goal for this year is to see if we can fill half of those with permanent staff. If we do we will have done really well. We have probably out-performed the market in terms of what it would achieve but that is where we are focusing this year.

Chief Executive Officer:
I think this goes back to what we were talking about earlier, that there is a feedback look from this to the strategy, which is: have you got a model that you find it very difficult to staff? Therefore, are there any alternatives? Obviously we have got a skill economy issue. We have got a statistically relevant population of 100,000 people, so we will have at least one of everything. How do we then arrange ourselves as efficiently as we can to address these issues? The challenge we have got in some of these posts is the market has become like the I.T. market 30 years ago; people realised that they can make more money and have more freedom if they are a contractor than if they tie themselves as an employee. We have got the additional challenge in Jersey, I think, of trying to create a nexus between their employment and the residency that is attractive to them. Those are things that we are wrestling with. As I say, they seem like almost tactical issues but they are telling

us something about the workforce plan and they are telling us something about a strategy for healthcare and for the Island because we are finding it really difficult to recruit.

Deputy I. Gardiner:

I am minded about the time.

Chief Executive Officer:

Sorry, yes.

Deputy I. Gardiner:

I just would like to check, would you have another 10 minutes or you need to go sharp at 3.30? I am just checking.

Chief Executive Officer:

I think we will have another 10 minutes. If we can do a deal then that would mean less questions in writing afterwards.

Deputy I. Gardiner:

It would be, yes, it would be a deal because it will less written questions obviously.

Chief Executive Officer:

Good, let us go for that deal.

Deputy R.S. Kovacs:

Can I just continue on this? What is your strategy, your thoughts on what measures have to be taken to reduce the reliance on locum?

Chief Officer, Health and Care Jersey:

As Andrew has outlined before, one of the reasons for wanting to do the workforce strategy alongside the other work is one of the important pieces of work is the clinical strategy, not just the whole Island health and care strategy but the clinical strategy. It is really important because that will then set out our shared thinking on where we are going with the provision of all sorts of clinical services on and off Island that will then inform where we need to go on the workforce. But doing those 2 things in parallel is absolutely essential because it would be no use us developing a clinical strategy that we cannot staff or a staffing strategy which gives us staff that do not fit the clinical strategy, so they have to be worked together, yes.

Deputy I. Gardiner:

It needs to be developed together.

Chief Executive Officer:

A big issue - and it is one that the Ministerial team are wrestling with - is there is oftentimes not a cost saving between filling the post and delivering on Island and sending off Island. In other words, it is not necessarily cheaper. The issue is often not just about money. It is also about sustainability, it is about saying, yes, it is not cheaper, but if we send off Island then all of the issues around the workforce plan, the equipment, the staffing, everything sits with that supplier. We are in a different relationship, whereas we are doing it on-Island we might not have a cost saving but we might have these real challenges of being able to recruit people and all the rest of it. There is a lot of judgment calls from the clinical strategy driving what is the best way to deliver the service for a given amount of money. That is what we need to work our way through and that is, ultimately, what has to be debated because that will then shape what the service looks like going forward. What is credible?

Deputy I. Gardiner:

We will have the last couple of questions. If anyone would like to ask one more question and after we will go to Philip and we will wrap up.

Mr. A. Awan:

This is on the locum staff. Are the staff still engaged with our clinical supervision? Have their contracts been updated?

Chief Executive Officer:

With clinical supervision, yes.

Chief Officer, Health and Care Jersey:

Yes. Yes, locum staff go through an induction programme on arrival that outlines our requirements and expectations on clinical supervision.

Mr. A. Awan:

Are there any anticipated costs to this change?

Chief Officer, Health and Care Jersey:

Change has already been implemented in the budget, yes.

Mr. A. Awan:

It has already been implemented, yes. Due to the supervision thing coming in, have you seen a change in oral that shows on their practices and everything? Has there been change noted from the locum staff after the clinical supervisions have been implemented?

Chief Officer, Health and Care Jersey:
I think one of the things when you are looking at our use of locum staff is they are quite broad church of different sorts of locums. Some locum staff maybe are just here for a week or 2 to cover a doctor's period of leave. The clinic is still staffed and can keep going. They might only be with us for 2 or 3 weeks in a year and then the rest of the time they are with another hospital and usually in the U.K. Other locums are, effectively, at the moment forming part of the permanent team. They just run alongside the permanent team in a completely integrated way. They are not all doing the same thing and at the same time.

Deputy I. Gardiner:
Okay, got it, thank you.

Deputy K.L. Moore:
Just sticking with the workforce and resourcing issues for the moment, since you have been in post, have you continued the work that your predecessor was doing with Guernsey to look at how those resourcing issues can be overcome by working jointly?

Chief Officer, Health and Care Jersey:
In fact we have expanded it. We did indeed keep going with the work with counterparts in Guernsey. We have a regular cycle of discussions and dialogue, really positive, incredibly helpful. Then a week or so ago we held the first of a slightly broader forum where I also invited counterparts from the Isle of Man and from Gibraltar as well, the 4 of us coming together to look at shared challenges. That is really helpful because that helps us get into where it might be we have got a local issue where we can solve some of that through financial controls. They have learnt how to control in expenditure in a way that then we can learn from. We are doing that at the moment with the Isle of Man who have done lots of good work on their U.K. tertiary costs and they will be able to learn …

Chief Executive Officer:
Also, I think the relationship we got with …

Chief Officer, Health and Care Jersey:
Yes, yes, getting them interested …

Deputy K.L. Moore:

But they are still in the discussion stage, rather than physically being able to define where you can share resources to reduce cost to each jurisdiction.

Chief Officer, Health and Care Jersey:

Yes. What we have been doing primarily over the last few months is focusing on exchanging expertise, knowledge …

Deputy I. Gardiner:

Not delivery, okay.

Chief Officer, Health and Care Jersey:

… comparisons, so that we are able to learn fast and implement in our jurisdictions from what other people are doing and that has really been the focus.

Deputy I. Gardiner:

Okay, thank you. Now next.

Mr. P. Taylor:

Okay. I will ask 2 questions in one and I want a succinct answer. The private patients plan was published in May 2024. How is it going and have you done any reviews to determine whether or not it is meeting its objectives and how effective it is? Succinct.

Chief Officer, Health and Care Jersey:

Yes, we do. Ultimately, its test of success is measured in the trend in private patient income. That has gone from £10 million in 2023 to £12.5 million last year and this year we are forecasting £14 million.

Mr. P. Taylor:

Even though there are pressures on that, as the Chief Executive already said …

Chief Officer, Health and Care Jersey:

The original …

Chief Executive Officer:

He has not said that that is a new budget. He just said it is higher but, yes, the …

Chief Officer, Health and Care Jersey:

We originally wanted to achieve more than £14 million this year but, as the Chief Executive mentioned, in order to deal with what were quite extreme winter pressures, then we had to surge into the beds that otherwise would been available for private elective care.

Mr. P. Taylor:
Okay, thank you. I have asked my questions.

Deputy I. Gardiner:
Yes. I am just checking with the committee. Vijay, any more?

Mr. V. Khakhria:
Just very quickly on that last point, have you passed on all of the cost inflation through to private patients per procedure, for example?

Chief Officer, Health and Care Jersey:
We have now.

Mr. V. Khakhria:
Have now. Could you give us more …

Deputy I. Gardiner:
Have now, meaning now is …

Chief Officer, Health and Care Jersey:
As in it has taken a few changes to our tariff rates and the different insurers to catch up with real terms inflation. We have done a series of changes every 6 months or so over the last 1½ years and that has now caught us up.

Mr. P. Taylor:
Great, thank you.

Chief Executive Officer:
There is a full update going to the Healthcare Board in July, which I guess will that be probably …

Chief Officer, Health and Care Jersey:
Yes.

Deputy I. Gardiner:

Okay. Thank you very much. We will have some written questions but less. Thank you for the extra 10 minutes.

Chief Executive Officer:

Excellent, Chair.

Deputy I. Gardiner:

Thank you for your time and the public hearing is closed.

[15:40]