STATES OF JERSEY

STRATEGIC PLAN 2006 TO 2011 (P.40/2006): THIRTEENTH AMENDMENTS

Lodged au Greffe on 6th June 2006
by the Deputy of St. Ouen

STATES GREFFE

STRATEGIC PLAN 2006 TO 2011 (P.40/2006): THIRTEENTH AMENDMENTS

After the word "Appendix" *insert the words* –

", except that,

(1) (a) on page 14, first paragraph, after the words "body of the Plan" insert the words "The Council of Ministers will ensure that prior to the development of any new initiatives, policies or strategies, consideration will be given to all cost, revenue and manpower implications which may arise from the proposals. Priority will be given to those which can be achieved within existing revenue and manpower resources.";

(b) in the Council of Ministers' Top Priorities on pages 14 to 15, in the 'Existing Priorities', insert the following item –

"• Balance the States income and expenditure within the financial constraints/ cash limits agreed in the Annual Business Plan;";

(c) in the Council of Ministers' Top Priorities on pages 14 to 15, insert the following New Priority –

"**11. Balance the States income and expenditure, to include**

- Staying within agreed financial constraints/limits;
- Further improve the delivery and efficiency of public services.".

(2) in Commitment One, before Outcome 1.1, insert the following new Outcome–

" 1.1 States' revenue and capital expenditure is effectively controlled.

Indicated by:

- The States will only pursue activity relating to revenue and capital expenditure, which has been described, costed and approved by the States in the Annual Business Plan of the preceding year.

What we will do:

1.1.1 Between 2007 and 2011, work within the revenue expenditure forecasts indicated in Table 4.1 of the States Business Plan 2006-2010. (CM)

1.1.2 Limit capital forecast figures to £39 million for the years 2006 to 2009 and £43 million in 2010 and 2011. (CM)

1.1.3 Add to the capital forecast figures the contribution of the Dwelling Houses Loans Fund until 2011. (CM)

1.1.4 Separately identify financial support required for the income support scheme. (T&R)"

(3) in Commitment Six, Outcome 6.1 –

(a) after the existing Indicators insert the following new Indicators –

"• Whole life costing of capital projects.

- The ongoing cost of new/amended legislation understood and provided for.

- Agree criteria for the use of Strategic Reserve.”;

(b) in Action 6.1.1, after the words “by early 2008”, insert the words “which will remain fixed at 3% for a minimum of 3 years”;

(c) after Action 6.1.3 insert the following new Actions –

“6.1.4. Ensure that any new policies will be financed within existing resources unless otherwise agreed by the States Assembly in the Annual Business Plan; (CM)

6.1.5 Deliver the £20 million cash savings as identified in the Change Programme by 2009 (CM)

6.1.6 Deliver all savings as identified in Public Sector reorganisation: Five Year Vision for the public sector (P.58/2004) (CM);

6.1.7 Publish annual performance reports and present the Annual Business Plan in a form that reveals the full cost of providing services , including output targets (T&R);

6.1.8 Ensure that the revenue consequences of capital projects and the legislation programme are fully quantified, and that the ongoing cost of new or amended legislation are fully understood and provided for. (T&R)

6.1.9 Agree a policy for the Strategic Reserve.”.

(4) in Commitment Six, Outcome 6.2, after Action 6.2.9 insert the following new Action –

“6.2.10 Review policies on the improvement of the delivery and efficiency of public services to ensure continued progress (CM)”.

DEPUTY OF ST. OUEN

REPORT

Amendment (1)(a)

(1) (a) ***on page 14, first paragraph, after the words*** **"body of the Plan"** ***insert the words*** **"The Council of Ministers will ensure that prior to the development of any new initiatives, policies or strategies, consideration will be given to all cost, revenue and manpower implications which may arise from the proposals. Priority will be given to those which can be achieved within existing revenue and manpower resources.**

The purpose of this amendment is to establish an overarching principle which will encompass the whole of the Strategic Plan. It is a statement of intent designed to underline the promises made by this Assembly to the Public that all States finances will be managed in an efficient and prudent manner. This is especially relevant at this time when we are proposing amongst other things to introduce a new Fiscal Strategy where residents and businesses alike will be expected to contribute more in the way of taxes to support existing public services.

One must recognise that an important part of the proposed Fiscal Strategy is dependant on managing States expenditure thereby limiting the increased burden on the taxpayer. The public expect that this will happen and therefore it is important that this view is reaffirmed.

The Council of Ministers are quite rightly responsible for delivering this commitment both collectively and separately supported by their individual ministries. Equally it is the role of the Council of Ministers to effectively prioritise revenue and manpower resources supported by the rest of the Assembly. By including this statement it reaffirms the Council of Ministers position and makes a powerful declaration to all that we will continue to follow this philosophy. This is the foundation of any good government.

Amendment (1)(b)

(b) ***in the Council of Ministers' Top Priorities on pages 14 to 15, in the 'Existing Priorities', insert the following item –***

- **"Balance the States income and expenditure within the financial constraints/ cash limits agreed in the Annual Business Plan;"**

This amendment is designed simply to highlight how the States manages its finances and ensure that previously agreed guidelines are followed by the Council of Ministers and States as a whole. This was one of the commitments included in last year's Strategic Plan which the States wholeheartedly agreed with and yet is omitted from this Strategic Plan. It was only last year in both the Resource Plan and the Budget that we were told that one of the main ways of controlling inflation was for the States to keep its own expenditure under control and not create budget deficits. However now we see within this Plan the Council of Ministers promoting an increase in expenditure over and above what has been agreed.

It is important to understand the relationship between the Strategic Plan and the States Business Plan. The Strategic Plan is designed to translate what people want into what we must deliver, whereas the Business Plan translates what we must deliver into how we will deliver it and with what resources. It is therefore important that we ensure that there is a direct link between the Strategic Plan and the Business Plan. The Business Plan as provided for in the new Public Finances Law will be produced by the Council of Ministers so that States members can approve public sector spending plans and perhaps more importantly to inform the wider public of how States resources and taxpayers' money will be used.

It is therefore important that we include the above priority into the Strategic Plan as this provides some comfort and security for the general public as well as guidance to our Ministers.

During the period of this Strategic Plan the Island will be moving to a new Tax structure which will cause a significant drop in corporate tax revenues. It is therefore essential that we balance the States income and expenditure within clearly defined limits. These limits are quite rightly set when the Annual Business Plan is agreed by the Assembly and it is therefore right that we follow this procedure.

Amendment (1)(c)

(c) ***in the Council of Ministers' Top Priorities on pages 14 to 15, insert the following New Priority –***

"11. Balance the States income and expenditure, to include –

- **Staying within agreed financial constraints/limits;**
- **Further improve the delivery and efficiency of public services."**

The purpose of this amendment is in many ways a continuation of the last amendment in that it is designed to ensure that not only do we recognise that balanced budgets should be an existing priority but that it should also be an ongoing one. Currently the States have committed themselves to managing States finances within agreed limits and I believe this should be an ongoing commitment. It is worth pointing out that the States have already accepted the principal to operate within agreed financial constraints.

We were reminded of this in last year's Business Plan 2006-2010: P.151/2005 where it states that; the Public Finances Law prevents the deficit in any year exceeding the forecast balance in the Capital fund and as a result the level of forecast deficits is unsustainable much beyond 2006 without further tax measures being approved and implemented. This is a stark reminder that it is the taxpayer who foots the bill for the inability to control expenditure and any increases proposed.

It further states that the achievements of balanced budgets over the timescale will depend on the States continuing to maintain a tight control on expenditure growth which will require adherence to the current planning totals for revenue and capital and recognise the impact of any unplanned changes to tax allowances.

If we are to balance the States income and expenditure we also need to continue to improve the delivery and efficiency of public services. I am aware that the States Modernization programme is designed to produce efficiency savings by 2009 however this Strategic Plan covers a greater period.

If we are to maintain the impetus and continue to promote the Better, Simpler, Cheaper, philosophy we need to restate the importance of maintaining this initiative.

Amendment (2)

(2) ***in Commitment One, before Outcome 1.1, insert the following new Outcome –***

" **1.1 States' revenue and capital expenditure is effectively controlled.**

Indicated by:

- **The States will only pursue activity relating to revenue and capital expenditure, which has been described, costed and approved by the States in the Annual Business Plan of the preceding year.**

What we will do:

1.1.1 Between 2007 and 2011, work within the revenue expenditure forecasts indicated in Table 4.1 of the States Business Plan 2006-2010. (CM)

1.1.2 Limit capital forecast figures to £39 million for the years 2006 to 2009 and £43 million in 2010 and 2011. (CM)

1.1.3 Add to the capital forecast figures the contribution of the Dwelling Houses Loans Fund until

2011. (CM)

1.1.4 Separately identify financial support required for the income support scheme. (T&R)".

This amendment is designed to describe not only the outcome expected from a commitment to balance the States income and expenditure but also indicators which can be measured to assess progress towards the outcome.

Under the heading Strategic Aim 9 of the 2005-2010 Strategic Plan approved last year, the following comments were made:

Future financial forecasts show that current levels of spending and taxation are unsustainable.

The States must tighten its belt and reduce spending.

We are committed to being a relatively low spend, low tax economy therefore spending reductions and improved efficiency are our first target in order to minimise tax increases.

Subsequently, in the 2006 States Business Plan it was stated that:

Proposed targets for 2006 to 2010 are for total States net revenue and capital expenditure of an average growth of 2.5% within which the revenue and capital allocations may vary year on year but with a minimum capital allocation of £39 million. 3 year cash limits were accepted by all major Committee Presidents with Committees required to manage their budget within these cash limits. Furthermore the Capital programme of £39 million was equally accepted by all major Committee Presidents and supported by the Chief Officers who were consulted.

The States also agreed to reduce expenditure growth to 2.5%. This decision enabled the financial position currently showing a small deficit to remain sustainable in the short term

Revenue expenditure targets were set and agreed and an expectation was raised that these targets would be met.

The new Strategic Plan however proposes revenue expenditure much higher than those targets which were only agreed last year. This is a major departure from the current position and some cause for concern particularly so because in the main those same Presidents who signed up to those targets are now Ministers who collectively make up the Council of Ministers.

Expenditure growth has also been increased and varies from 2.8% to 4.4%, this isn't what was agreed by the States or promoted by those same individuals.

Total States net revenue has also been increased above agreed targets and large deficits are being forecast.

The first two action points therefore simply reflect the current position as agreed by this Assembly and support other strategies that are now being implemented such as the Fiscal strategy, Income Support Scheme and the States' modernization programme.

The third action Point reflects the new decision by the Council of Ministers to use the Dwelling Houses Loans fund to support the refurbishment of the social rented Housing stock as well as the Town Park and other capital projects.

Where this action differs from the view expressed in the Plan by the Council of Ministers is that it is my intention that this sum of money should only be used for essential capital projects and not ongoing revenue expenditure. It must be remembered that this is a finite sum of money totalling approximately £32 million. The States are already aware that essential infrastructure such as main roads and drains are currently underfunded so it follows that part of this sum could be used for such a purpose. It must also be remembered that until last year the States had a planned annual capital programme of £45 million. This figure was reduced so that revenue expenditure could be increased thereby reducing any forecast deficit. It is therefore the intention of this amendment to increase the capital allocation whilst containing on going revenue expenditure.

On page 8 of last year's States Business plan 2006 to 2010 it states that; ahead of 2010 the States will need to address a number of funding issues and a favourable financial position will make this much easier to deal with. Any surplus funds could be used to.

Fund the transitional arrangements in relation to the introduction of the new income support.

Establish a stabilisation fund to smooth cyclical variations in the economy and provide necessary funding to continue support of the Economic Growth plan.

Finally provide the ability to maintain GST at the level of 3% for an extended period.

It follows therefore that these issues should be addressed at the proper time when the States are in that favourable financial position and not before. It is also important to realise that reaching this position is dependant on a number of factors not least of which is the timely introduction of the Goods and Services Tax.

It is for this reason that I have included the final action point which reflects the view that when a Goods and Services Tax is introduced we need to have a properly defined income support scheme. Part of this work must include the identification of what financial support will be required and where the funding will come from.

Amendment (3)

(3) ***in Commitment Six, Outcome 6.1 –***

(a) ***after the existing Indicators insert the following new Indicators –***

“• Whole life costing of capital projects.
- **The ongoing cost of new/amended legislation understood and provided for.**
- **Agree criteria for the use of Strategic Reserve.”;**

(b) ***in Action 6.1.1, after the words*** **“by early 2008”,** ***insert the words*** **“which will remain fixed at 3% for a minimum of 3 years”;**

(c) ***after Action 6.1.3 insert the following new Actions –***

“6.1.4. Ensure that any new policies will be financed within existing resources unless otherwise agreed by the States Assembly in the Annual Business Plan; (CM)
6.1.5 Deliver the £20 million cash savings as identified in the Change Programme by 2009 (CM)
6.1.6 Deliver all savings as identified in Public Sector reorganisation: Five Year Vision for the public sector (P.58/2004) (CM);
6.1.7 Publish annual performance reports and present the Annual Business Plan in a form that reveals the full cost of providing services , including output targets (T&R);
6.1.8 Ensure that the revenue consequences of capital projects and the legislation programme are fully quantified, and that the ongoing cost of new or amended legislation are fully understood and provided for. (T&R)
6.1.9 Agree a policy for the Strategic Reserve.”.

The first part of this amendment is simply to underline the fact that support for the introduction of a Goods and Services Tax was on the understanding that it would be fixed at 3% for a minimum of 3 years.

The remainder of the amendment deals with the implementation of previously agreed States decisions most of which were encompassed in the proposed Fiscal Strategy and last year’s Strategic Plan.

Great importance has been given to managing the States finances and this task is now for the most part the responsibility of the Council of Ministers and subsequently the States as a whole. It is equally important that these responsibilities are included in the Strategic Plan as without this commitment financial forecasts will be difficult to meet.

At a time when our residential population is being expected to pay more for public services it is the Council of Ministers duty to ensure that they manage a balanced budget and do all that they can to provide an efficient and cost effective public service.

It is extremely important that the Council of Ministers meet the challenges set in the Fiscal Strategy.

These include:

Managing the States expenditure and delivering the cash savings of £20 million from efficiencies.

The 4 year resource allocation 2005 to 2008 identified an increase of 200 FTE posts which would be offset by savings and efficiencies arising out of the change programme. This estimated a reduction of 300 FTE posts over the 5 years 2005 to 2009. It was expected that there would be no increase in overall staff increases. See section 8.2.

Target for the change programme was to deliver a cash saving of £20 million from efficiencies.

6.1.7 Performance management framework will be introduced enabling performance against targets set in department plans to be monitored by the Corporate Management Board.

The States unanimously supported P.58/2004 entitled Public Sector Reorganisation; Five year Vision for the Public Sector. See Appendix.

The proposition included a detailed analysis of how and when those savings would be made. This is as relevant today as it was then and the Council of Ministers and the States as a whole need to be seen to be committed to delivering these savings and efficiencies.

It is equally interesting to note that there is a change of emphasis in the Strategic Plan as proposed which seems to be supporting a Spend not Save philosophy and contrary to recent States decisions.

The New Vision on page 5 highlights this fact .Although the Council of Ministers are declaring that they will deliver £20 million savings as promised in the Change Programme, they are now suggesting that these savings should be spent on such things as roads, housing, health and education. I recognise that all departments would like more money however we can’t spend what we don’t have.

As far as Health and Education are concerned Resource Plans have already been agreed and supported by the States as a whole. Also priority has already been given to these two departments.

If there is a decision to be made on whether the States should spend some of the savings then first we should properly identify those savings and turn it into real cash.

Currently we have no simple way of identifying the savings or indeed monitoring whether they have indeed been made. It is important that clear targets are set and measured against performance if we are to achieve the desired outcome.

Action points 6.1.8 and 6.1.9 are actions which were included in the 2005-2010 Strategic Plan but omitted from the new Plan. Both actions are self explanatory and are essential if we are to properly manage all States finances. Finally it is my view that we must have a clearly defined policy for the Strategic Reserve which is why I have included this in my amendment. Many ideas have been promoted in the past including using the interest to fund particular initiatives, and yet we don’t have a coherent policy for this reserve. It is therefore essential that this is developed and eventually agreed by the States.

Amendment (4)

(4) ***in Commitment Six, Outcome 6.2, after Action 6.2.9 insert the following new Action –***

"6.2.10 Review policies on the improvement of the delivery and efficiency of public services to ensure continued progress (CM)".

Due to the fact that this is a 5 year plan I believe it is important within that timescale to review current policies designed to improve the delivery and efficiency of the Public Service. By including this action the States will ensure that every effort will be made to continue the progress made so far.

Currently the Plan is almost silent on this subject and seems to concentrate solely on existing programmes. This is not to say that those programmes are wrong in themselves however if we are to be pro-active in this area then we need to be maintaining the momentum that exists at present.

Much good work has been done but we can't be complacent, changes in both attitude and culture do not happen over night. We have a good workforce that must be encouraged to meet the challenges of the future, this can't be achieved without strong leadership and guidance.

Financial and manpower implications

There are no additional financial or manpower implications for the States arising from these amendments which, in fact, seek to constrain States' expenditure within agreed spending limits and avoid the increases provided in the Plan as proposed by the Council of Ministers.

APPENDIX

Extracts from P.58/2004

Main themes

7. The key messages in the five year vision for the public sector are as follows:

The Customer will be at the heart of everything we do

7.1 The vision describes how the customer can access services through one point of contact, called the Customer Services Unit, and that they can do this in a number of ways. They can telephone the call centre which would also have evening working hours to improve access. They could drop into a contact centre and deal with an assistant face to face, again this would be open beyond normal working hours to suit customer demand, and finally, there would be increasing use of e-mail contact which would be available 24 hours a day 7 days a week.

7.2 The customer access model would be supported by information held electronically in a robust database, which is kept up-to-date and accurate, and which allows cross departmental issues to be handled by one assistant. Front line employees would have as a target the satisfactory resolution of 80 per cent of all enquiries, the remaining 20 per cent being passed to an appropriate professional for action.

7.3 The Customer Services Unit handles not only enquiries from the public, the external customer, but also deals with enquiries from members of staff or other service areas of the States, or internal customers, who wished to access the common support services of Human Resources, ICT, Property and Finance. In order to achieve further economies, these support services are grouped together in a Support Services Centre as part of the Customer Services Unit. External and internal calls will be handled through the same processes. For example, in relation to HR, this might mean that a member of staff might call the Customer Services Unit in order to find out about maternity leave for example or other policies, or to pass on details of training courses attended, or leave of absence for recording.

7.4 Very often the experience of the customer in the past has been that they have to approach a number of departments to try and discover which department can answer a particular enquiry. Because individual departments do not have detailed knowledge of the workings of other departments, they may not be able to provide the correct information in order to direct the customer to the correct department. The proposals describe how the customer would ring one number and speak to one assistant, who would be able to access information for the customer and advise him or her how to go about making an application for any number of functions, would be able to forward any application forms necessary in respect of any department or service area, and also would be able to make bookings and check the status of transactions. The end result would be the customer being impressed by the service received and feeling that they had had a good experience.

7.5 It is not proposed to remove the direct dial facilities by which customers, both internal and external, can contact an individual employee as this may not be perceived to be an improvement to the service where working relationships between customers and officers are already be in place. However, it is anticipated that as customers experience the levels and quality of service from calling the Customer Services Unit the number of calls that are made directly to individual employees will decrease.

7.6 As a result of this the States of Jersey will be recognised as providing a cost effective first class service, modern in our outlook and valued by our community as a whole.

We all work together for the benefit of all concerned

7.7 In order to combat competition, barriers to progress and the silo mentality that currently exist between departments the vision describes how the Corporate Management Board and all service areas will work together in a new structure. The whole organisation will act seamlessly to deliver one set of prioritised aims which has been agreed by the States in a single unified strategic plan. The Corporate Management Team will be responsible for breaking down barriers to improve performance. They will be supported by a Change Management Team which will drive the process forward.

7.8 It is proposed that in between the service delivery areas and the Corporate Management Board there should be an Integrated Policy Network unit responsible to the Corporate Management Board. The unit works by seconding staff with particular expertise from other service areas to work on projects or policies, after which these officers return to their usual employment. A major benefit of policy being developed in a central unit is to ensure that policy making across the States of Jersey is 'joined up', and that policy developed for one service area neither conflicts with that of another service area, nor allows the development of gaps in provision between service areas. This 'joined up' thinking ensures that criticism, such as that levelled in the Kathy Bull Report (2003), should not happen again.

7.9 The Corporate Management Board will also need to take the lead on integrating and rationalising the States property portfolio. This will be in accordance with the decision of the States in July 2002 to approve the report and proposition "Machinery of Government: Proposed Departmental Structure and Transitional Arrangements (P.70/2002), with regard to the transfer of the management of the States property portfolio to the Treasury and Resources Department. This would include policy responsibility for all the fragmented arrangements across departments for property maintenance, design and procurement.

Culture Change

7.10 Underpinning the change is the culture for both employees and the organisation as whole. Comprehensive training will be provided to our managers and employees to develop a way of working that is fast moving, forward thinking, customer serving and flexible. By means of training and assessment all employees will be allowed to develop a 'can do' mentality and work to shared principles and goals. As a result of this all will feel a sense of pride and achievement in what they do.

Business Process Re-engineering

7.11 Business process re-engineering (BPR) is fundamental to making savings across the organisation, particularly in the areas of customer access and support services. The public sector currently has many different processes and ways of working. Business process re-engineering ensures that, where possible, only one method or process is adopted for similar business processes and that the selected process is based on best practice.

Intelligence Led Government

7.12 The proposals describe how the States Strategic Plan, supporting plans, operational work and employees will all be subject to ongoing performance measurement, review and improvement in order to deliver services in better, simpler and cheaper ways. This approach will ensure resources are coordinated to work together efficiently and effectively across the whole organisation. The employees in the organisation will be trained, developed and held accountable for delivery of service and each employee will be clear through service level action plans how their own work and the work of the service area contributes to the overall strategic aims. Managers at every level will be accountable against clearly defined outcomes. This will result in economies of scale, less bureaucracy, cost and post savings and resources being focussed on where they are most needed.

5.3 Cornerstone 3: Intelligence-led Government

Intelligence-led government means that the public sector is informed by customer feedback and responds to good practice elsewhere. Decisions are made on the basis of valid and timely information from service delivery areas. The public sector has a clear set of aims and objectives and measures its progress towards them. Behaviour is driven by relevant performance measures and continuous improvement at all levels.

The public sector has strong leadership and every member of the organisation works to achieve the same goals. The needs and expectations of customers drive the Vision and Strategy. A five year Island Strategic Vision, created by the Council of Ministers and approved by the States is put into meaningful practice by the Corporate Management Board through the development of a Public Sector Strategy. This is translated into Service Delivery Action Plans for each service area. Employees in the different service delivery areas work towards delivering the overall strategy thanks to a culture of continuous improvement and accountability. Staff development is fostered by an improved performance management system with individual targets and objectives (see fig 5.3).

As a result, efficiency savings are achieved by a better, more effective way of working, rather than by cuts in service. The public sector continuously improves the service it offers and achieves its high level aims and objectives by ensuring that everything done by the service delivery areas is in line with the overall Public Sector Strategy. This is reviewed and assessed regularly.

There has been a fundamental change in culture since the public sector started to define clear objectives, develop effective monitoring systems and hold managers to account for delivery.

This has been achieved because –

- a clear distinction has been drawn between the role of the political sector and that of the public sector in defining and delivering government strategy. The political Island Strategic Vision sets out the desired economic, social and environmental vision of Jersey as a place to live, to visit and to do business, and defines the financial parameters within which public sector services must be delivered. This is underpinned by a Public Sector Strategy which describes what the public sector will do in order to deliver the overall vision;

- there is an integrated planning and review process and cycle. This is based on stakeholder needs, information from performance measurement, benchmarking and research. The planning process is owned by the Corporate Management Board;

- the Public Sector Strategy provides a reference point against which policy decisions, performance and resource deployment can be reviewed by the Corporate Management Board. It is underpinned by action plans, developed at service level, which set out how individual services will contribute to overall strategic aims, through direct and shared objectives;

- the Public Sector Strategy sets meaningful aims and targets which, where necessary, cut across service boundaries. Accountability is driven at all levels through a corporate performance management system informed by dynamic performance data;

- managers at every level are held accountable against clearly defined outcomes. Competing resource demands can be evaluated against strategic aims and objectives and value judgements can be made based on timely performance data.

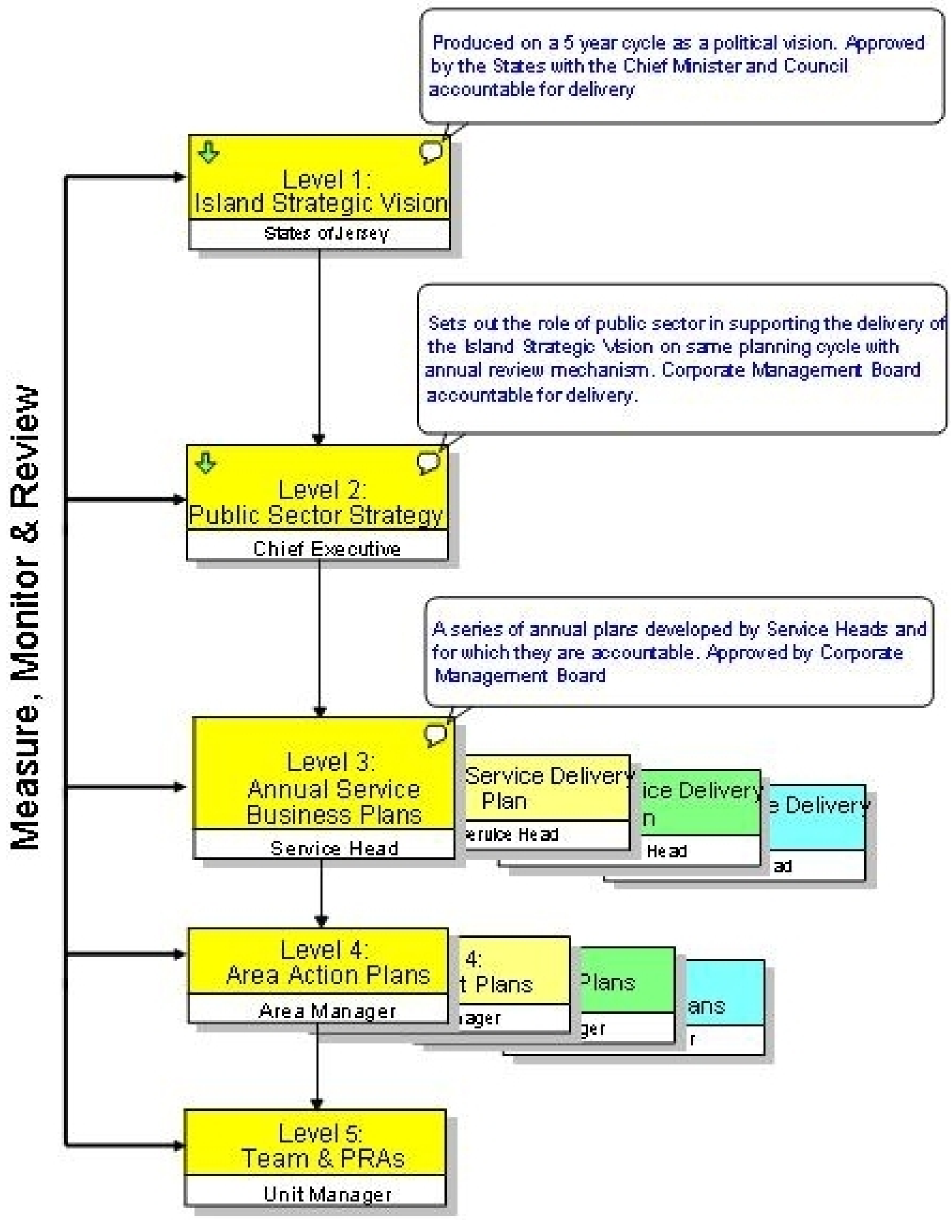

Figure 5.3 Strategic planning and performance management framework

Costs and benefits

The four cornerstones of change together with the themes identified above will succeed in delivering up to £29 million of annual improvement in the value of Public Sector services. This is made up of £9 million of service improvements and £20 million of cash savings achieved through £5 million in capital receipts and £15 million savings in running costs.

These benefits and savings achieve the overall objectives of *improving service* and *reducing annual costs by £20 million within five years*

7.1 Cost/benefit analysis

A summary of the costs of each theme, both initial and ongoing and their associated savings is shown in Table 7.1 below.

Project Theme	**Estimated Investment £000's**	**Estimated Net Annual Savings £000's**	**Estimated Post Savings FTE's**
Programme Management	600	0	0
Customer Focus *Provision of Call Centre, One Stop Shop, transactional website and associated integrated information system and re-engineered processes (BPR)*	5,900	5,600	110
Working Together			
Organisational Structure	0	200	5
Integrated Support Services – *Human Resources, ICT, Finance, and Property*	1,800	9,500	65
Intelligence Led Government *Strategic planning and Performance Management Systems*	800	4,800	120
Culture	300	(100)	
Total	**9,400**	**20,000**	**300**

Table 7.1 Cost/benefit analysis

Savings

This shows that five years after the introduction of the Vision, net annual savings of approximately **£20 million** should be achieved, with an associated loss of approximately **300 posts**. These savings will come from the following: –

Customer Focus & BPR	Significant customer improvement will result from the integration of all customer contact staff across the States. Using evidence from Employment & Social Security, IBM and others, estimates have been extrapolated to predict the benefits that could be achieved. New technology and BPR to both reduce and improve processes is key to reducing staff and administration costs. Allowance has been made for a 10% increase in demand from the improved customer focus with 10% of transactions coming through the web site. All processes across the States will benefit from being re-engineered around modern ways of working and technology. Evidence suggests that performance improvements of 40% – 60% and staff savings of between 10% – 20% can be made from just the re-engineering process. A conservative 30% saving in administration costs and associated back office staff savings of 5% have been used to produce the estimated £5.6 million saving.

Working Together	By reorganising the structure around the customer (both internal and external) the support services functions of departments will be removed and reorganised within the Customer Services Unit. This will provide the opportunity to reduce costs resulting in a saving of £4.5 million. The strategic management of the States property portfolio will release another £5 million each year.
Intelligence-led Government	The introduction of co-ordinated strategic and action planning and performance management will result in significant savings. Evidence suggests that performance management systems can save 10% per annum from gross costs. A 2% per annum performance improvement saving has been used here.
Culture	Whilst culture change on its own will not produce any direct savings it has quantifiable and observable benefits and is key to enabling the other savings identified above.

To achieve these savings it is essential that an investment is made of approximately **£9 million** This investment will be in new systems and technology as well as management and staff capability. These costs are discussed further in section 9.3. Based on the high level analysis completed, and the assumptions below, payback could be achieved in four years.

The loss of posts, whilst extremely regrettable, is a necessary part of becoming more efficient. However, staff losses will be as a result of working together more effectively with improved business processes and not due to a reduction in services. The Corporate Management Board will attempt to manage the loss of jobs by natural turnover, redeployment, retraining, voluntary redundancy (including seeking volunteers for redundancy from those unaffected by the changes), voluntary early retirement and only if absolutely necessary compulsory redundancy.

A large part of the savings will come from the introduction of performance management and business process re-engineering. Whilst not all savings will be directly realised through post savings (e.g. performance management may save a member of staff half an hour a day) it is still recommended that these savings are taken from budgets. This performance improvement will also enable the organisation to increase its capacity to absorb growth in demand for its services.

The lack of available information across the States makes it difficult to predict accurately the savings that can be made. However, even if the savings have been overestimated and the costs underestimated, there is still compelling evidence that this Vision will both improve performance and reduce cost.

7.2 Benefits

In making the case for this major shift in public sector operations, other measurable benefits which may be less tangible have been identified across the different streams of work. There has been a great deal of overlap within these streams and the benefits have been classified for simplicity into three categories; customer, organisational and financial. Further work could be done to research these benefits in more detail to turn observable and quantifiable benefits into more tangible benefits. It is estimated that there is up to £9 million of added value from these improvements in service.

Customer benefits

Access and choice	The customer will be able to access the services of the public sector by whatever means suits them, at the times and places convenient to them.
Quality and speed	Customer (internal and external), will receive a high quality,

	faster service, resulting in savings for individuals and businesses.
Look and feel	The customer experience will be improved through purpose designed facilities.
Accountability	The people of Jersey will be better informed about the operation of the public sector service on a day to day basis. There will be transparency, and the citizen will appreciate and value the service.

Organisational benefits

Focus on customer	The organisation will focus on the customer at the highest level through a Customer Services Director on the Corporate Management Board.
Improved decision making	The organisation will make the appropriate decision at the appropriate level because function, strategy and policy are all aligned.
Increased staff morale	Staff will want to belong to an organisation which offers improved career paths and prospects, job satisfaction and better, consistent management of performance issues such as sickness absence.
Employer of choice	The organisation as a whole will benefit from better public perception as an efficient, diverse and challenging place to work.

Financial benefits

Procurement	Savings will be made through better procurement across the whole public sector service including ICT.
Efficiency	Business process re-engineering of all central and other processes will result in large efficiency gains through cost reductions, removal of duplication and the release of staff energy to focus on service delivery and the promotion of change.
Resource direction	A clear focus on strategy and planning, with the customer in mind, will allow the Corporate Management Board to help direct resources to priority areas.
Strategic management of property portfolio	A specific review of property will release savings through rationalisation, improved maintenance resulting in less reactive spend and a reduction in storage and vacant accommodation.

8 Risks

In any change management programme it is important to identify the risks associated with the specific change and to plan ahead to reduce both the chance of failure and the negative forces acting against the change. The Visioning team has spent some time identifying the ways in which risks for this project could be minimised or eliminated.

Organisational risks

Cultural reluctance to change	Countered by an early involvement with interested bodies and the development of a culture change programme aligned to a communication strategy. A robust and realistic plan directs the project.
Insufficient buy-in to change	Countered by a strong Corporate Management Board leading by example with some cross cutting executive responsibilities. Willingness of Corporate Management Board to release staff on secondment. Core values promoted with a Performance, Review and Appraisal (PRA) system underpinning a focused HR service which works with managers to carry out a programme of consultation, awareness-raising and training.
Ineffective implementation of strategy	Countered by a clearly developed strategic and business planning process owned by the organisation which is supported by an HR strategy which puts the right people in the right place. The HR team motivates and drives the HR strategy in support of the change programme.
Wider benefits unrealised	Countered by clearly defined roles within the Corporate Management Board which resolves conflicting issues with speed and clarity. Involvement with potential partners is explored at an early stage.

Business risks

Benefits are not realised	Countered by a robust business case with a strong marketing strategy which unequivocally sets out the benefits of change and in particular ensures overall political support. Data protection and security issues are addressed to ensure appropriate information sharing.
Business performance not measured	Countered by robust strategic aims, a benchmarking process and performance indicators linked to outcomes. Investment in performance measurement systems is made to help deliver a performance culture.
Project unjustifiable	Countered by undertaking a feasibility study on service areas where core functions could be adversely affected to ensure that all possible benefits from integration will be achieved without adversely affecting services.

Implementation risks

Release of resources	The Corporate Management Board will need to demonstrate commitment to the change project, project teams, and the Integrated Policy Unit for the programme to succeed. It is proposed that officers are seconded to these projects without backfilling of posts, except in the most extreme circumstances.
Additional	Countered by ensuring that the implementation plan takes

demand generated	account of increased demand and has sufficient focus on priority areas by adopting a phased approach.
Reduction in quality of service	Countered by a robust, comprehensive communications strategy which opens honest and effective channels with the organisation's stakeholders. Training programmes are developed which promote the core values and instil appropriate behaviour in the way business is done.
Benefits are delayed	Countered by monitoring of the performance of the implementation plan and speedy identification of initiatives needing additional internal and external resources, or impetus to complete.

Technical risks

Technology is inadequate or fails	Countered by developing robust 'leading edge' not 'bleeding edge' solutions backed up by reliable business continuity plans. Bespoke systems with legacy data are integrated where appropriate with customer needs always in sharp focus. ICT policies are flexible and do not compromise efficiency or hinder front line business needs.

9 Implementation

The implementation programme for the change process runs for five years. The first major task in the change programme is the establishment of a fully resourced Change programme office staffed by full time secondments and contract roles where required. The Change team is made up of people with project management, BPR, HR, communication, IT, finance and performance management skills and will take responsibility for coordinating and leading the work of the sub-project groups identified below.

Planning for these project groups and communication of the Vision to all stakeholders will be carried out early in the project.

9.1 Outline implementation plan

The Vision has been agreed by the Corporate Management Board. The following timetable assumes that the programme will start on 1 May 2004. At the same time a number of preliminary planning tasks can be carried out in preparation for the projects that will follow.

Completion by July 2004 (project start + 3 months)

1. Organisational structure agreed by Corporate Management Board
2. Change Project team established
3. Project groups created for:
   - Customer Services Unit
   - Integration of Support Services (HR, IT, Finance, Property)
   - Communications
   - Stakeholder engagement
   - Culture change and training
4. BPR and Performance Management teams formed and contractors appointed
5. Core values developed in open and consultative process
6. Completion of customer and staff survey
7. Communications Strategy developed

Completion by December 2004 (project start + 6 months)

1. Island Strategic Vision completed and approved
2. Public Sector Strategy developed
3. Strategies completed by Support Services implementation groups and pilot department(s) staff redeployed
4. Business Case for Customer Services Unit completed
5. Core Values rolled out to all members of staff
6. ICT capability review, gap analysis and plans developed
7. Proof of concept BPR and performance management completed
8. Management training in place

Completion by April 2005 (project start + 12 months)

1. Public Sector Strategy in place
2. All integration project groups complete
3. Pilot One Stop Shop and Call Centre in Cyril Le Marquand House opens
4. BPR and Performance Management established across the States
5. All finance processes reengineered and IT systems consolidated
6. All managers completed Management Academy Training

Completion by April 2006 (project start + 24 months)

1. Monitoring and review processes for Public Sector Strategy and BPR in place
2. Monitor and review Support Services project groups, culture and communications
3. All financial processes across the States carried out on J.D. Edwards
4. Continued integration of service areas into Customer Service Centre
5. Integrated Policy Unit continuing policy and project work

Completion by 2009 (project start + 5 years)

1. Reduction in corporate property portfolio
2. All States Accounts GAAP compliant
3. All customers use Customer Service Centre
4. 80% of calls resolved at first point of contact

Costs

Significant investment is required to achieve this Vision and the savings that will result from the improved way of working. It has been estimated that approximately £9 million will be required over the five year period. This can be broken down as follows:

Description of Cost	**Costs £000's**
Information and Communication Technology *Call centre systems, transactional website, middleware and performance management systems*	5,800
Staff *Contract staff for programme management*	700
Consultancy *Cultural change, systems development, initial BPR and performance management*	1,300
Premises *Alterations to existing office accommodation*	1,100
Training *Customer service training. All other training to be covered by refocusing existing annual £2.5 m spend on training*	500
Total Investment	**9,400**

It should be noted that this is significantly less than investments made by similar sized local government organisations for their change programmes, but this reflects the investments we have already made, or are currently making, in such things as the J.D. Edwards financial system, network infrastructures and other corporate ICT projects, and because the implementation will be largely effected using existing staff.

The majority of this investment will be required during years two – five of the implementation plan. The projects identified during the first year will involve the release of staff from within departments and the start of the communications and cultural change programme. This will require significant training and some external consultancy will obviously be needed. Any consultants employed to assist with delivering the vision must also be able to pass on their skills to internal staff to ensure that staff can take ownership of the change process and that continuing change programmes can be resourced in house.

The estimated cash flow requirement is as follows –

0 – 6 months	6 – 12 months	2 – 5 Years
£600,000	£700,000	£8,100,000

Part of the initial six months of work will also refine the high level business cases for each project, developing the costs and benefits in much more detail. This will then provide an opportunity to review the contribution each project makes to the overall programme, amending plans as necessary to produce the most beneficial return. Funding will be required for the necessary early development of ICT. However, this will not all be additional cost as funds have already been provided, but will need to be reallocated and brought forward to the current year.