

2019.09.10

9 Deputy G.P. Southern of the Chief Minister regarding the proposed efficiency savings for 2020 contained in the Government Plan: (OQ201/2019)

When will the Chief Minister give Members a detailed breakdown of the measures proposed in the Government Plan for delivery of the first £20 million efficiency savings in 2020? Will the breakdown indicate the impact of the efficiencies on staffing numbers and, if not, why not?

Senator J.A.N. Le Fondré (The Chief Minister):

Page 111 of the Government Plan sets out an efficiency plan and that it has been developed to support the debate and that will be published in October, only next month. This plan will describe in detail how £40 million of the efficiencies will be delivered in 2020 and will set out both the activities and the departmental impact. The plan will also describe the approach to delivery of efficiencies of the remainder of the Government Plan and this whole detail will be presented to the Council of Ministers for final approval on 16th October. Where delivery of efficiencies may result in a reduction in F.T.E. (full-time equivalent) this will be noted and will follow prevailing government processes. For the avoidance of doubt, information will be provided to Scrutiny shortly after next Wednesday, i.e. as soon as possible after the Council of Ministers have considered that data. That will give Scrutiny just over approximately 9 weeks to review that information, which in context is more time than we, as Members as a whole, would in the past have had to review, for example, the budget. I hope that clarifies matters.

3.9.1 Deputy G.P. Southern:

The response to Written Question 12, the words of the response are: "The precise format of the plan is being finalised and is likely to set out categories of efficiency, including spend reduction, cost recovery, increase in income." To what extent does this mean that charges will be imposed, or increased and that outsourcing will be used in an attempt to reduce costs?

Senator J.A.N. Le Fondré:

I do not have the full details to hand, I have them in the file next to me. Approximately, our focus at the moment on the figures I have been given to date, is that spend reduction is about 70 per cent of the overall figures. Increase in income we have touched on, is about better collection of money and, therefore, the cost recovery, I will have to give that information to the Deputy shortly. It is a relatively small proportion of the overall figure.

3.9.2 Senator K.L. Moore:

Does the Chief Minister acknowledge that in sharing with Scrutiny - albeit he argues 9 weeks prior to the debate - sharing with us information that is on a confidential basis only, prohibits Scrutiny from openly having that discussion and asking our questions, as is proper that we should?

Senator J.A.N. Le Fondré:

We are trying our best to work with Scrutiny as well as we can. But, no, I think by giving the information well in advance it does give the opportunity for carefully crafted questions, which can cut to the chase, as it were and hold our feet to the fire. Just while I am on my feet, for Deputy Southern's benefit, on page 112 of the Government Plan is a rough breakdown of the proportions that he is seeking.

3.9.3 Senator K.L. Moore:

The Chief Minister claims that we can hold his feet to the fire, but that is very difficult when information is confidential and, therefore, we cannot be explicit to what the question is. Does this not suggest that the Chief Minister should have been more organised and provided us with a Government Plan that was properly detailed in the first place?

Senator J.A.N. Le Fondré:

No. We had part of this discussion and I know there have been briefings and conversations with Scrutiny in the lead up and during this whole process. What we have got to remember and I will also accept, by the way, that this is the first time and, therefore, there will always be improvements we can do going forward; we know that. But the point about it being the first time is that this is a good thing. This is the first time we have brought expenditure and income together in my entire political life in this Assembly. It hopefully, therefore, gives us the overall picture which we have not had before. In addition - and bearing in mind under the terms of the make-up of the Council of Ministers and the number of people who have previously been on Scrutiny - we support Scrutiny. We have deliberately given as much lead time as we can and added around 18 weeks. To put that in context, the M.T.F.P. was approximately 15 weeks. The budget was about 8.

Senator K.L. Moore:

I have a point of order on that point.

Senator J.A.N. Le Fondré:

We have given a significant amount of time for Members to look at and, therefore, yes, bring those questions forward. We will do our very best to answer them, but we have given a lot of time for review, much more than has previously been the case.

The Deputy Bailiff:

Do you have a point of order, Senator?

Senator K.L. Moore:

Sir, point of order. The Chief Minister suggested there has been a period of 8 weeks, but Scrutiny has throughout the summer period been scrutinising, looking at the Government Plan, asking questions and there has been no response to those questions and neither have any of our meeting requests been answered.

The Deputy Bailiff:

Sorry, Senator, that is not a point of order. A point of order is something that requires a determination as to how the rules of the Assembly should be applied by the Presiding Officer, so I am afraid, no, that is not a point of order. Very well, next to ask a question is Deputy Ward.

Deputy R.J. Ward:

Did you say Deputy Ward?

The Deputy Bailiff:

I did, I did, yes.

3.9.4 Deputy R.J. Ward:

I could not hear very well. May I ask the Minister, how much of the saving of this year is reliant upon outsourcing and short-term gains from outsourcing, which we have seen before, it has not been effective for this Island?

Senator J.A.N. Le Fondré:

I think to answer that question in a wider context, the focus on the savings for 2020 - as I said, I think is around 70 per cent roughly - is around spend reduction. A lot of that is around restructuring, it is around removing duplication, removing waste; that is different to outsourcing. I cannot guarantee there is none, but it is not the main focus of the efficiencies. What I will say is then, in the wider context - I genuinely do believe this and I think it is a point worth making - in the 14 years of being in the States and the number of savings plans and C.S.R.s (Comprehensive Spending Reviews) and whatever it is, spending reviews I have been through, I genuinely feel that this is different. This is fundamentally root and branch going down, doing what was promised in the past, but what was short-term cuts. What we are trying to do here is do genuine efficiencies obviously and that is why it is taking longer. We want to make sure it is properly validated before it goes out. But I hope that gives the context and it gives some flesh to the answer the Deputy is seeking.

3.9.5 Deputy R.J. Ward:

It really is a specific question about outsourcing and the idea of efficiency working in that way is great. But outsourcing is not being ... in Millennium Park there are 3 toilets, each serviced by 3 different companies, one of them outsourced; it is not efficient. The outsourcing is perhaps the worst issue there. I just specifically wanted to know about outsourcing and how much was due to outsourcing, where profit is made by other companies.

The Deputy Bailiff:

Do you need help with that outsource issue?

Senator J.A.N. Le Fondré:

I will need to come back to the Deputy with the detail; the principle I have laid out and that remains the case.

3.9.6 Deputy K.F. Morel:

I believe, of the £19.7 million of efficiencies that have already been identified, approximately £7 million is, as the Chief Minister said, related to the more efficient collection of revenues. Would the Chief Minister agree that that is not an efficiency; that is just getting more money out of the public?

Senator J.A.N. Le Fondré:

Obviously, I had a similar reaction when I was first appraised of that particular area. No, I do not agree, because, ultimately, if through improving all our systems we are turning around and saying to someone: "You have not been paying the tax you should have been paying and, therefore, we are tightening up on that", what one is doing is basically bringing people back into the tax frame where they should have been. Effectively, they have not been paying the tax that they should have been previously, therefore, on that basis I think that is an efficiency. It is an improvement in tax collection under the existing systems. It is applying existing rules and, therefore, it is not changing the system, it is applying it more effectively.

3.9.7 Deputy K.F. Morel:

Given that many times it has been said by the Government of Jersey that there is very little tax revenue lost, whether it is through avoidance, evasion, or just not filling in the forms properly, how has the Government come to arrive at this £7 million figure?

Senator J.A.N. Le Fondré:

I cannot give the exact detail today, but it is around a re-evaluation of the processes, it is having better data in place, it is having the new investment in the I.T. (information technology) systems within the Revenue Department, which have identified some of the anomalies, so that is where the work is coming from.

3.9.8 Deputy G.P. Southern:

The last time this was tried in any major way was something like £12.5 million of savings made in 2010 with the loss of 67 staff, or posts. How is it this time it is going to be different, or are we going to see statements like cease primary school P.E. (physical education) enhancement initiative? Surely, nowadays, we are increasing the opportunities for fitness and P.E. in schools, rather than the contrary. How will he deliver that and still make savings?

Senator J.A.N. Le Fondré:

There are 2 parallel things; one is about improvement and investment in services that have been lacking investment for a long time. In the wider context, we know that Children's Services desperately need more money put into them. We know mental health services need more money put into them. In terms of the context around ... I am generally in the position of saying it is around proper efficiencies, properly validated, properly put together. In terms of employment, I will just flip it on its head slightly, we have a slightly different challenge ahead of us. Basically, at present, we have around 500 people aged 60 or over. We carry a 10 per cent vacancy rate and we have a turnover rate of staff around 10 per cent, or 11 per cent. The point is, bearing in mind we are going through the whole cultural change programme but, hopefully, ultimately making the States of Jersey an employer of a choice. One of our challenges in the future will be making sure we retain staff, but going forward we believe that by identifying duplication that can be removed, by eliminating waste, by being more efficient, that it will coincide with either not replacing people as they retire, it will be that sort of approach. If, in some instances, there are jobs that are put at risk, there are very clearly identified processes and we will always seek, if it is appropriate, to put those people somewhere else in our system. Usually that would be to replace things like agency staff, who are more expensive and that in itself would represent a saving. It is a different approach to the approach that the Deputy has suggested, which I accept may have been the case in the past where there has been a cut. If he has got evidence to the contrary, please come and have a discussion and no doubt, as I said, that will come first through to Scrutiny and then to Members over the next few weeks.