

STATES OF JERSEY

**Corporate Services Scrutiny Panel
Comprehensive Spending Review: 2012-2013 and Delivery
Minister for Transport and Technical Services**

WEDNESDAY, 25th MAY 2011

Panel:

Senator S.C. Ferguson (Chairman)
Senator J.L. Perchard
Deputy D.J. De Sousa of St. Helier
Mr. M. Oliver (Panel Adviser)

Witness:

Connétable M. K. Jackson (Minister for Transport and Technical Services)
Deputy K.C. Lewis of St. Saviour (Deputy Minister for Transport and Technical Services)
Chief Officer, Transport and Technical Services
Interim Audit Manager, Transport and Technical Services

Also Present:

Mr. M. Haden (Scrutiny Officer)

[11:35]

Senator S.C. Ferguson (Chairman):

Welcome to this Corporate Services Scrutiny Panel Hearing for the Comprehensive Spending Review for the period 2012 to 2013 and delivery. For those who may not have been before to a scrutiny hearing, there is a health warning on a card next to the Minister. All right, let us crack on. If you would like to give your name and position, please.

Connétable M. K. Jackson (Minister for Transport and Technical Services):

Morning, Senator, Mike Jackson, Minister for Transport and Technical Services.

Deputy K.C. Lewis of St. Saviour (Assistant Minister for Transport and Technical Services):

Deputy Kevin Lewis, Assistant Minister for Transport and Technical Services).

Finance Director, Transport and Technical Services:

Finance Director, Transport and Technical Services.

Chief Officer, Transport and Technical Services:

Chief Officer of Transport and Technical Services.

Senator J.L. Perchard:

Senator Jim Perchard.

Deputy D.J. De Sousa of St. Helier:

Deputy Debbie De Sousa.

Senator S.C. Ferguson:

Sarah Ferguson, Chairman.

Mr. M. Oliver (Panel Adviser):

Michael Oliver, an adviser to the Committee.

Senator S.C. Ferguson:

All right, what do you understand, Minister, is the purpose of the C.S.R. (Comprehensive Spending Review)?

The Minister for Transport and Technical Services:

Well, there is no doubt in my mind that the C.S.R. is a process designed to review Government spending in order to set firm cash limits for expenditure, which have really only been varied in extreme circumstances.

Senator S.C. Ferguson:

How are you going to ensure that your department is going to make genuine savings as per the Auditor General's 2008 report, rather than some of the ... say, user pays is a saving and things like that?

The Minister for Transport and Technical Services:

Well, budgets have always been extremely tight in T.T.S. (Transport and Technical Services) with really about half the expenditure related to staff costs. So if we are going to make sustainable savings of 10 per cent, which we are committed to do over 3 years, there have to be fundamental changes instigated. There is no scope any more for just scrimping and saving and that is really what has happened in the past. We have looked at a critical review of the services we provide, we have reviewed the mechanism for providing the services and made changes in a way that these are provided rather than just reducing budgets. As an example, for the Parks and Gardens section we have some special consultants, which I know is easy to say, these consultants came from Royal parks in London and the City of London parks organisation to look at our operations and make recommendations, and using their knowledge has resulted in a reorganisation of the department with a considerable reduction in managerial positions.

Senator S.C. Ferguson:

Yes, and what about input from the people who are doing the job?

The Minister for Transport and Technical Services:

That has been very fundamental in the whole review because, first of all, I suppose, starting at the top, T.T.S. senior management, myself and my Assistant Minister attended a day's workshop where all the services were identified and evaluated as a legal requirement being essential or desirable, who the provision was for, whether T.T.S. specialist skills were required, whether there was any alternative provision

available within the Island and therefore whether it should be continued, and whether it should be continued in the current form. So going on from that, the central toolkit was completed by all activity areas which required a review of financial service demand, identification of cost drivers, benefits, both financial and non financial, and whether the services were needed to be provided by a government or could there be an alternative provision. So 13 work streams were established in different areas of the department so the review could be conducted at ground level. So we feel we are in touch with the coalface.

Senator S.C. Ferguson:

Yes, and having started this sort of process of thinking, do you have a suggestion scheme in place?

The Minister for Transport and Technical Services:

Yes, indeed. Sorry, a staff suggestion scheme? Yes, they are constantly coming through and we have a list we can give you here with regard to, for instance, saving energy at Bellozanne. That was one staff suggestion. Better use of effluent water at Bellozanne, water provided for staff should not be bottled water, as you have experienced in Scrutiny, as a result, I believe, of Deputy Rondel's suggestions. There was an email to staff to remind them to turn things off, whether it be heaters, lights, computers, et cetera. The suggestion of street lighting being turned off between 12.00 at night and 6.00 in the morning. Parks and Gardens came up with ideas regarding Health and Social Service gardening could be combined with T.T.S., which is an issue, I am sure, Senator Perchard will be familiar with. Some of our Parks and Gardens machinery is used by Health and Social Services so there seems to be a lot of commonality there. Health should perhaps have transport vans and minibuses and ambulances, but do they need a tractor has to be the question? So we have a good rapport with our staff with regard to this.

Senator S.C. Ferguson:

Health had a tractor? Maybe it is for bariatric patients.

Senator J.L. Perchard:

On the general subject of C.S.R. and the pressure that departments have been put under to deliver 10 per cent over 3 years, do you feel the timescale is a little bit tight to do any meaningful structural reform in the department and, if you do, do you think that it is the easy option just to pick the low hanging fruit, or take the low hanging fruit, or just salami slice a little from everywhere? Had the timescale been longer, would you have achieved the C.S.R. demands differently?

The Minister for Transport and Technical Services:

Well, in effect, as I said before, we have started on this process. Yes, there is no question of doubt if the targets were longer it would have been easier, but as far as I was concerned we were set a 3 year target, that is our goal and that is what we aim to achieve.

Senator J.L. Perchard:

You missed my question, Minister. Would the targets have been slightly different - I think your Chief Officer was gagging to say something there - had you had a longer timescale?

The Minister for Transport and Technical Services:

Yes, I think so because you make the plan to fit the goal. But having said that, there is no harm in any business in restructuring and making it more efficient. I think in all truth it has sharpened us up to doing that.

Chief Officer, Transport and Technical Services:

I think there is a strategic “how can we do the business differently” overarching model. When you are talking about culture change it is 5 years. Those real big goals to change culture is something we have strived for within T.T.S. for the last 10 years and I think we are achieving that slowly. I think C.S.R. with a 3 year window has missed that opportunity and I think your point is ... for T.T.S., I do not want to sound as though we are bragging but that is what we are about, we are about being more commercial and being more efficient and that culture changing has basically carried on. But if you started from scratch with that culture change 3 years is not long enough.

Senator J.L. Perchard:

By culture change, what do you mean really? Working practices, for example?

Chief Officer, Transport and Technical Services:

All those things, yes. Working practices. The old-fashioned sort of view of job for life and the issues that that brings about. Being more commercial as an entity. T.T.S. fit into that very well because we do lots of things that local government does not normally do so a more commercial viewpoint is something which the Minister has championed, as I have, in the last 2 years. So it is something which we would naturally build for doing that and we are trying ... part of C.S.R. has helped us drive that further forward.

Senator J.L. Perchard:

That is an interesting answer and I want to explore this area a little bit.

Senator S.C. Ferguson:

I was just thinking, does it make it more difficult in that all your staff negotiations are done by the centre?

[11:45]

Would it be easier if you had the ability to do your own staff negotiations, working negotiations, working practices, black book, that sort of thing?

Chief Officer, Transport and Technical Services:

I do not think there is any doubt about that at all. Yes, we could far more and be far more responsive to staff needs, efficiencies and so on and incentivise in a far more efficient manner.

Senator J.L. Perchard:

Are there any areas that if you are seeking to reduce the budget on over 2011, 2012, 2013 that really hurts you, and going back to the question of had you had a longer period in order to manage this requirement to reduce your budget you would have been able to not make the cuts in that painful area?

Chief Officer, Transport and Technical Services:

We will find balance in T.T.S. between ... making sure we do not cut maintenance costs and I think what has been highlighted recently is that the road conditions that we have in Jersey now are a function of 10 years of lack of investment. Now, you can say that in any other different format but that is the reality of what we face now. So we have always got a balance between spending the appropriate amount on maintenance ... the easiest thing on C.S.R. would be to just cut the maintenance budget and not look at how we do things. We have tried to avoid that and I think we are being quite fortunate in ... the changes within solid waste particularly is

something we have been working on for many years and that has been a real catalyst of being more efficient in terms of working conditions and changing the operation there. So that has hit us very kindly in terms of C.S.R. Some of the C.S.R. outputs are about more efficient operation and you cannot be efficient when you have got a 30 year-old incinerator that breaks down every week. So it has enabled us to focus more on how we are doing our business and how we can improve it. Liquid waste, we have still got an aged asset there and that is the one we are struggling with now. But we have a plan for that and hopefully that will take us forward. So there are no areas that we do not believe we can maintain at least a similar standard and look at doing things better and smarter.

Mr. M. Oliver:

Staying with this idea of changing working practices, there is a note about more efficient working practices in terms of both overtime and equipment under the solid waste efficiencies line there on the table. Have you found much opposition within the department to changing working practices and overtime?

Chief Officer, Transport and Technical Services:

Yes, I have spent 2 years negotiating with the staff, one of those years prior to C.S.R., about this and it is tricky. If people have to cut ... you know, if their wage is cut they are not very happy, but the driver we had for that was the change in the solid waste infrastructure has meant we have to change. So we have effectively negotiated a single status agreement for the staff working in solid waste and we have also de-manned the site with year on year savings. So I think we have got the outcomes we want as management and the staff have got the outcomes they have got in terms of they have got interesting and long-term career opportunities.

Mr. M. Oliver:

Have you introduced any sort of incentives such as performance-related pay or are you constrained by what the centre is doing?

Chief Officer, Transport and Technical Services:

No, there is no ... we work very well with the central H.R. (Human Resources) team and we have effectively lead the negotiations but the suite of tools at my disposal are very limited, and they do not include performance-related pay.

Deputy D.J. De Sousa:

I am interested to hear you say that you are not going to cut on maintenance and yet one of the amber sections, Parks and Gardens Staff Reorganisation, it says there: "Stop decoration." That is a form of maintenance. How can that be a saving, a real saving? It is going to have to be done at some time.

The Minister for Transport and Technical Services:

Parks and Gardens decoration is more going to be about the displays, floral displays and that, so I think it is not paint and wallpaper. To provide floral decorative displays is quite expensive and we have to look at a different way of providing what the public want, if you like, at a lower cost.

Senator S.C. Ferguson:

The other thing that we have not touched on, which is obviously a problem, and a net expense for the department, is waste management. Have you been able to look at better ways ... considering that the market for recycled goods is either the bottom has fallen out of it or certain suppliers are sending stuff to Central Africa. Have you looked at what you are spending on waste management and been able to come up with any better ideas?

The Minister for Transport and Technical Services:

I think we are always striving to come up with better ideas and there is a balance being struck with public expectation and what we do. From the point of view of our recycling we ensure that the ultimate destination of recyclates from Jersey end up getting recycled and not put in a landfill in China or India or wherever. Each recipient needs to be accredited so that can be justified. It is challenging. We are working on trying to export to France, quite challenging from a pricing point of view and we work the market the best we can and obtain the best prices available which sometimes, I have to say, barely offsets the shipping costs, which is quite fundamental in these things.

Senator S.C. Ferguson:

But going on from that, I have heard it said by a number of people in the farming fraternity that they would welcome the opportunity, for instance, to do the composting recycling to diversify their businesses. How far have you got in your identification of your core services to look at what, perhaps, can be outsourced, for instance, to the farming fraternity of the composting?

The Minister for Transport and Technical Services:

I think we are always looking for opportunities and if we can get an improved price by outsourcing the whole exercise, well we are doing it. What is our situation with composting?

Chief Officer, Transport and Technical Services:

It would be welcome for anybody to take our composting, I can assure you of that. The difficulty and challenge we face is finding somewhere to do it, and I believe we have reviewed the Island on about 3 occasions and reviewed 30 on sight, whether they are in what we call private ownership of our composting. There has been grand

plans to do localised small composting and everybody loves the idea until it is next to them. The difficulty with composting is not the process, and I am very happy for other people to do, and farmers are very able to do it and do it for their own produce and their own by-products, the issue is N.I.M.B.Y.ism (not in my backyard).

Senator S.C. Ferguson:

Yes, I must admit, the only time I tried it I ended up with a lot of nasty green sludge.

Senator J.L. Perchard:

So you have considered the options of outsourcing some of your non core services and I suspect, I put it to you, probably that this is one of the areas that would take longer than the 3 year timescale that you have.

Chief Officer, Transport and Technical Services:

Yes, the composting operation as it stands does not require many States workers. The distribution of the composting is all outsourced now and that is probably half the cost. So there is a fundamental element ... you know, it is a public private partnership as it is set up at the moment.

Senator J.L. Perchard:

Sure, but that is composting. But your non core services?

Chief Officer, Transport and Technical Services:

We have reviewed everything.

Senator J.L. Perchard:

Yes.

Chief Officer, Transport and Technical Services:

What I do not see is a logical outsourcing to an off Island supplier unless it is really specialist. I think the core skills must be maintained within the Island and particularly T.T.S. were blessed with excellent technicians and excellent technical competence which is not provided by other suppliers in the Island. If we lost those core skills I think we would be vulnerable to increase costs and higher risk.

Senator J.L. Perchard:

So you have identified your core services, you have made a judgment as to what could be outsourced, what could not.

Chief Officer, Transport and Technical Services:

That is correct.

Senator J.L. Perchard:

Have you considered new streams of income and how the department could help to achieve its C.S.R. by user pays or completely alternative forms of income?

The Minister for Transport and Technical Services:

Absolutely. We always investigate every opportunity to increase the departmental income by enhancing the present income streams or identifying others. There is always, of course, a public reaction, referred to as stealth taxes and so on, one is conscious of that and it is a difficult time for everyone. Deputy Le Claire's proposition to make charge for commercial green waste is a case in point and, of course, that will come on to line in the near future. I think that is not unreasonable that commercial waste is charged for.

Senator J.L. Perchard:

What other options have you got to increase your departmental income?

The Minister for Transport and Technical Services:

In practice the bus service is going out to new tender 13th January and whether it will be a reduction in subsidy or an increase in income will be open to be seen as that tendering process develops. You have to bear in mind that we have in T.T.S. several statutory obligations and that is really the core service about which we cannot ... it is difficult to contract that out or there is going to be a large expense in so doing. So we are constrained by the statutory services very often.

Senator J.L. Perchard:

I do not want to put words in your mouth but obviously handling waste from another Channel Island would possibly ... incineration may be an opportunity.

The Minister for Transport and Technical Services:

I am glad you mentioned it. Speaking for myself, it is something that I think would have to be put before the States but within the department we can see an attractive opportunity for commercial advantage there. We see no problem from a technical point of view. The issue - and I say it quite openly - is a tribal issue, and whether States Members are prepared to accept that the department imports waste from the other Channel Islands and charges them for it.

Mr. M. Oliver:

Can I just pick you up on the efficiency saving on retendering of the bus contract? You said it is going out in 2013. There is a saving of £225,000 in for 2012, if it is not going to tender until 2013 why is that in there at 2012?

Chief Officer, Transport and Technical Services:

The C.S.R. process was based on the gross budget. Now effectively the bus contract is ... so what we have done is we have basically asked the existing operator to make savings over this period which maps the C.S.R. savings, otherwise my core strategy and other obligations would have to make more savings to compensate for that. So there is no contractual obligation for the existing contractor to do so but we have suggested it would be very positive if they did.

Mr. M. Oliver:

So there is a possibility that the £225,000 might not be made in 2012?

Chief Officer, Transport and Technical Services:

I think that is likely ...

Deputy D.J. De Sousa:

That moves on nicely to my next question. The traffic lights system, your green, ambers and reds, I see you have no reds but you have 2 ambers. What do you think are the ways you should develop this and use the green, red and amber? So green would be those that are achieved, amber, get ready hopefully, and red are much more difficult. So what process have you used to adopt these measures?

The Minister for Transport and Technical Services:

First of all, Deputy De Sousa, I must remind you that we also administer proper traffic lights so we know all about those. **[Laughter]** But having given that answer, I will pass over to the Chief Officer to give a technical one.

Chief Officer, Transport and Technical Services:

The scoring process on the risk matrix that is in front of you is a common one throughout all the departments, and our goal within T.T.S. is to make sure we do not

get any reds. We want to deliver this and we want to deliver what we said we are going to deliver. So the methodology we are using is a standard project methodology we would use in any sort of project in that we assess what we are doing now, we assess the needs and the feasibility of the change, we communicate with our staff and then we deliver it ... we do not use ... on a project basis we will use a scoring mechanism for reporting but it is not something we need to use, it was just used for the C.S.R. process to give the political areas and corporate management body a snapshot of where the problems were. Predominantly the red ones, I think, have been political and user pays charges.

Senator S.C. Ferguson:

So from what you understand of the red ones, it is where there is a political problem or ... well, user pays is a political problem really, is it not?

[12:00]

Chief Officer, Transport and Technical Services:

Yes, that is right.

Senator S.C. Ferguson:

So it is really where there is a political problem.

Chief Officer, Transport and Technical Services:

The other ones, I think, well it is the timeline. Terms and conditions challenges. Easy to say have delivered, and I think T.T.S. have delivered so many and we have borne the scars to do it. I think there has perhaps been some naivety of putting these on these lists in this timeframe, which goes back to Senator Perchard's point earlier.

The Minister for Transport and Technical Services:

The difficulty with the terms and conditions really, a lot of it is outside our control. It has obviously been handled centrally so we do rely on the performance centrally to achieve that.

Senator S.C. Ferguson:

So you would prefer more kind of localism?

The Minister for Transport and Technical Services:

I think past experience can be viewed in 2 ways. I think centrally the view will be taken that it is better central. At departmental level, I think, it would be the converse.

Senator S.C. Ferguson:

Very tactful.

Senator J.L. Perchard:

One of your colleagues, one of your fellow chief executive officers told us at a hearing that the C.S.R. is for life, not just for 2011, 2012 and 2013 and I thought that was excellent. He backed it up really by providing an impressive list of how he was going to do it on a long term basis. Do you think that not resurfacing roads in 2011, 2012 and 2013 is for life or is just for 2011, 2012 and 2013?

Chief Officer, Transport and Technical Services:

Well, we are resurfacing roads. The legacy items were faced because we have not had the investment over the last 10 years. The recent change to G.A.A.P. (Generally Accepted Accounting Principles) accounting, which has been followed by yourself and another person who has been instigating that, has put a value on the assets and

perhaps made people notice that if you degrade the assets it is going to cost you in the long term. So that has enabled us to secure more funding for the infrastructure than we have had in the past. It has been a very good argument. Quite simply we have secured £7 million per annum for the infrastructure network and that is assuming that all the infrastructure lasts 100 years because the value is £700 million. It is quite an easy argument to explain to say: "Well, we are assuming the last 100 years, we have got to spend that amount of money each year." If you want to class it over 150 years, we can spend less but people realise that is an unachievable goal. So we have managed to secure better long-term strategic funding from the capital programme. In terms of the C.S.R. process going beyond 2013, I think that is inevitable and I think we should start that now so that the point you have made earlier about the high level strategies and the more business change elements and cultural change elements can be instigated now. But that piece of work, I think, needs to start almost in parallel. So you do the nuts and bolts of delivering C.S.R. but now we instigate a more high level review and start commencing in 2014.

Senator J.L. Perchard:

So the T.T.S. team are not going to be crossing the finish line in 2013 like exhausted athletes needing nourishment?

Chief Officer, Transport and Technical Services:

We have always reviewed in T.T.S. and without C.S.R. we would be doing this. Maybe not to the same ... we would not be sat here but we would be still doing it because that how we work and it is about getting the best out of the budgets we have got, the people we have.

Senator J.L. Perchard:

So you sign up to this 10 per cent is ongoing for ever?

Chief Officer, Transport and Technical Services:

I think we have got to be careful about setting the percentages and the ... I think 10 per cent year on year or a 10 per cent over 3 years is hard. At some point you are going to run out of brass. So I think there are other ways you could set that.

The Minister for Transport and Technical Services:

I think it is dictated ... one is then going back to the statutory requirements and roads are a case in point. We have a statutory duty to maintain the roads and not having the cash, I am afraid, is not an excuse. So it is difficult to, I suppose ... we have a technical reason why a road may not be serviced versus the public perception that the roads are falling to pieces. Now, there are lots of reasons in the middle, whether it be utilities needing to go in there at a certain stage before you can resurface or impending developments and so on and so forth. But we do not like to waste money. We do not like to resurface a road and knowingly have it dug up in a few years' time. To which end, it may be a source of income in the future, we are developing a street works law which we hope will come into play, subject to States approval, next year. That will sharpen up a lot on the present arrangements with the utility companies and it may open up an avenue for us to make charges for usage of the public asset.

Senator S.C. Ferguson:

Yes, talking about core services, is the general cleaning and rubbish collection you do, particularly the road cleaning and so on, that is a core services, is it?

The Minister for Transport and Technical Services:

Well, that is open to conjecture. No, it is ... I suppose ...

Senator S.C. Ferguson:

Is it statutory?

The Minister for Transport and Technical Services:

To a degree. I think that any road authority has an obligation to maintain the roads in a reasonable passable condition. So one, I think, is obliged to remove any rubbish that is on the roads, I am talking both with a T.T.S. hat or parish hat as both being road authorities. I think if you fail to perhaps remove slippery leaves from a road, I think one would be liable to challenge.

Senator S.C. Ferguson:

Yes, have you ... certainly as far as the rubbish collection goes, St. Helier have reached an arrangement with T.T.S. in that, I think, they do one part of town, you do another?

The Minister for Transport and Technical Services:

Everything within the Ring Road.

Senator S.C. Ferguson:

Yes. So have you had the same negotiations with the parishes?

The Minister for Transport and Technical Services:

We have had negotiations with a certain parish to the south west as a result of a degree of commonality. In fact the arrangement there is that ... principally in St. Oban, which is a difficult area to deal with via machine, is being dealt with by the parish manual staff, whereas some parish roads which are quite easily done by a machine are being done by T.T.S. There has been a bit of swapping done there. It is on a trial period and we think it will probably work. The result is a more efficient service for the general public.

Senator S.C. Ferguson:

What about the other parishes, have you been in contact with them for similar things?

The Minister for Transport and Technical Services:

St. Peter have been talking but we are quite keen to talk to others. So I think there is mileage in developing areas should they so wish. At present the parishes either contract to private contractors with their cleaning of the road or, in fact, they have also asked us to tender. We have not been in a position to provide services to that extent in the past but I am quite keen, I have to say, that we do. If we can offset the cost to the public of providing our central service.

Deputy D.J. De Sousa:

Sarah, can I just come in? You mentioned core services in your questioning. You said you have identified your core services, can you state what are your core and what are your non core services for us?

Senator S.C. Ferguson:

If it is a long list, can we have a copy?

Chief Officer, Transport and Technical Services:

Yes, we have got a long list.

The Minister for Transport and Technical Services:

I think really it is down to the statutory requirements. Certainly it may revolve around the rose laws, the drainage law, and the like, and those are principally the areas we need to look at but we can certainly provide a list.

Senator S.C. Ferguson:

So cleaning public loos is not one of your statutory duties?

The Minister for Transport and Technical Services:

It could be, and I think it depends on the areas involved. If I can get down to the nitty gritty, there is a situation down in the sewage works where we often have issues with what comes through toilets, if you like. This is very often down to cleaning methods. Maybe it is an area we have to look at closely. This is as a result of a visit last week. I think it is an area we have to look at better and ensure we do not get the effects we are having at the moment down at Bellozanne.

Senator J.L. Perchard:

Can I ask a question about the detail on this sheet? Have you got a copy in front of you? I am trying to find ... presumably the new incinerator will enable you to provide efficiencies once it is up and running, fully commissioned and it is the perfect timing really, prevailing into the latter part of this year, 2012 and 2013. Have you identified these and where would I find them on this sheet?

The Minister for Transport and Technical Services:

The principal efficiency really is on the staffing side and I am not sure whether that ...

Senator J.L. Perchard:

That is right.

Chief Officer, Transport and Technical Services:

There is a generic term called solid waste efficiencies.

Senator J.L. Perchard:

What number is that one?

The Minister for Transport and Technical Services:

That is fifth from the bottom.

Senator J.L. Perchard:

It has got a TS20 or ...?

Chief Officer, Transport and Technical Services:

TS21, that is the I.D. (identification) for it.

The Minister for Transport and Technical Services:

If you look on the right of the column you can see the breakdown of it there.

Deputy D.J. De Sousa:

It is the third down.

Senator J.L. Perchard:

Third down, okay. Right, okay, that is solid waste efficiencies and that is a result mainly of the new incinerator or totally?

Chief Officer, Transport and Technical Services:

Some of it. There is ... it is more around the staff elements of not moving waste about 6 times before we to go to Bellozanne. We have been quite conservative with that because we still have not got a full appreciation of the costs for operating the new plan because of the gas cleaning, the carbon, the line, the quite expensive things that we have got already and are running. We are fairly hopeful that ... we have got projections on how much it is going to cost but we would really like this year

to prove that so we can get proper running costs and maybe be able to unlock some more savings from that.

Senator J.L. Perchard:

As 2011 has unfolded are there any unknown or were there any unanticipated costs related to the incinerator that had not been budgeted for?

Chief Officer, Transport and Technical Services:

Not really, the incinerator is still under the contractors' control and certainly in the power generation we have seen so far and the price of electricity has increased so the price we are getting for the electricity is higher than we anticipated 2 or 3 years ago when we were negotiating the deal. So it is all positive pretty much at the moment.

Senator J.L. Perchard:

As an aside, when do you expect to be completely up and running at La Collette and closing down Bellozanne?

The Minister for Transport and Technical Services:

Well, Bellozanne is not functioning, has not functioned since Christmas Eve, so we are awaiting the contractors performing on the last elements of the contract and we are looking forward to get on with it. We are hoping for early autumn.

Deputy D.J. De Sousa:

If it is not functioning why is there sometimes smoke and still the smell over St. Helier District 3 or 4?

The Minister for Transport and Technical Services:

It has not run since Christmas Eve. So any ... there may be odours from the sewage works but certainly not from the chimney.

Senator J.L. Perchard:

The cost of dismantling the chimney and the plant has been included in the estimate for the new plant? Is that budgeted for?

Chief Officer, Transport and Technical Services:

Yes.

Senator J.L. Perchard:

Where does that appear?

Chief Officer, Transport and Technical Services:

That is still in the ... it is effectively a contingency element of £2 million which we ... it is very dependent on the price of steel, the demolition cost. So if the price of steel remains high then we should be able to do it for the money but it is going to be quite an expensive project to pull it apart.

The Minister for Transport and Technical Services:

Unfortunately you cannot just blow the chimney up and let it all tumble down.

Senator J.L. Perchard:

It is not bricks, is it? It is bolted steel, is it?

Chief Officer, Transport and Technical Services:

It is reinforced concrete, yes. It is bricks inside.

Senator J.L. Perchard:

Is it?

Senator S.C. Ferguson:

What are the lines of accountability within your department for delivery of the C.S.R. programme?

The Minister for Transport and Technical Services:

In effect we have established a project board to oversee and manage it. The project sponsor and therefore the person ultimately responsible obviously is the Chief Officer and he has our Finance Director and various individual directors being responsible for delivering the savings in their particular areas.

Senator S.C. Ferguson:

All these projects, are they down the scale assigned to somebody to get them through?

The Minister for Transport and Technical Services:

Christine, how do they answer you? You wield the big stick.

Finance Director, Transport and Technical Services:

Yes, every line has got a director assigned to it, and underneath the director they have got somebody who is specific lead on each one. It sort of generally tends to be the managers in the areas because they have got the most knowledge. They have to report to the director who then reports on to me.

Senator J.L. Perchard:

Christine, have you gone to every director and said: “10 per cent, 10 per cent, 10 per cent, 10 per cent” or have you made a judgment at this level as to whether perhaps some areas of your service provision should be subject to greater in order to effect another area less?

[12:15]

Finance Director, Transport and Technical Services:

Initially we did a straight: “Let us see what everybody can do at 10 per cent”, the list came through and there were certain areas that we did not want to take that, like the maintenances. So we then ask other areas: “What more can you do? Let us not look at it in 10 per cent term, let us look at it in what can you do?” and then we went through the list of what could they do and then selected from there.

Senator J.L. Perchard:

Good.

Deputy D.J. De Sousa:

I have asked a question of each ministry that has come in, there was a £21 million underspend released to the media recently, what amount of that, if any, was from your department? If so, in what area and are you looking to get that money back?

Finance Director, Transport and Technical Services:

It was £122,000 in our area.

Senator J.L. Perchard:

Say again the number?

Finance Director, Transport and Technical Services:

£122,000, and that arose from excess bus income that we had in that we were not expecting and we have asked to keep that money to put towards the cost of the tendering of the new bus contract.

Senator J.L. Perchard:

So that was a very close shave. What percentage of your budget does that represent? 0.00-something?

Finance Director, Transport and Technical Services:

It is about 1 per cent, I think.

Senator J.L. Perchard:

Did you get with a shopping list at the end of 2010 to get it that close? Did you go on a shopping spree? How did you manage to get it that close?

Finance Director, Transport and Technical Services:

We manage it ... you know, with maintenance, we can delay a maintenance programme 3 or 4 months if we have to.

The Minister for Transport and Technical Services:

We have got a bit of money to spend to resurface a road.

Senator J.L. Perchard:

It is a very fine number that. Well done, Christine, I just wondered how you achieved it.

Chief Officer, Transport and Technical Services:

T.T.S. have been forecasting for certainly the 7 years I have been here, so you forecast the budget to the end of the year. The relationship we have with our finance team and Christine's team is such that last year T.T.S. had 500 finance meetings within the organisation. Now I think that might give you some feeling for how we work together and how we make sure the brass is right, the money is right, at the end of the year. This is not about end of year big Christmas spends and buying big daft stuff, this is managing finances properly.

Senator J.L. Perchard:

Yes, okay. Good.

Senator S.C. Ferguson:

Can you please update us on how your invest to save proposals for the C.S.R. have progressed?

The Minister for Transport and Technical Services:

Well, there were really only 2 invest to save proposals from central funds, if you like. So the funding for these were only received last week so work is now starting to ensure they are achieved in 2012 as planned.

Senator S.C. Ferguson:

Remind us which they are?

The Minister for Transport and Technical Services:

There was the ... the other bit related to the loss of staff which has been implemented and the areas has now been restructured. So those are V.R.s (Voluntary Redundancy) which took place at the end of last year. Which was the first one?

Finance Director, Transport and Technical Services:

The 2 invest to save bids, one was for the bus canteen, they have currently got a bus canteen down at La Collette and we want to move that into Lib Station so that the bus drivers do not have to travel that far and we can use it more efficiently. The other one was for the energy audit, which followed upon on something the Minister said earlier about the guy saying there was scope for savings in utility costs, so we wanted to commission an energy audit to reap those benefits.

The Minister for Transport and Technical Services:

With regard to the bus canteen move, effectively we were paying £50,000 a year to E.D. (Economic Development) for rental of an area down the Albert pier and that was threatened to be raised significantly, which made the numbers fit with regard to putting it back into Lib Station. Linked to that is a desire to make the buses more efficient. Up until now drivers have been taking their breaks as and when and, of course, the vehicle was also coming off the road. So the new revised proposals are going to mean that the buses will continue to work while the drivers have their breaks and another driver would simply take over.

Deputy D.J. De Sousa:

That is a no brainer, if I may say so.

Senator S.C. Ferguson:

What is the relationship between your departmental plans and the overall business improvement programme and the C.S.R. programme?

The Minister for Transport and Technical Services:

They are all interlinked. The departmental plan is linked to the business plan and as such there is a direct correlation between inputs and outputs. The C.S.R.

programme is linked as it affects the inputs and therefore the outputs and we are always looking to review and provide innovative solutions to improve the business operations and then they can be built into the departmental business plans obviously without which none of this could be achievable.

Senator S.C. Ferguson:

We have talked about changing the way you work but what sort of procedures of changing the way you work have been put in place to achieve the anticipated more efficient working practices?

The Minister for Transport and Technical Services:

T.T.S. are not so new to the world of change. There have been significant changes, I think the last was in 2005 where there were significant changes. There has been always pressure on cost savings and doing things better and more efficiently. I think there is a perception that was alluded to earlier on that the low hanging fruit can be picked and T.T.S. always seems to be in the area that people have looked at first. We have got an engineering based culture which naturally applies a structured methodology to any project or review. Our basic project principles include assessing what we do at present, including cost sustainability and outcomes, then we assess the needs now and into the future. We review the possible options, ideas, from all levels of the organisations, as I mentioned before, and stakeholders, agree a plan and then deliver it. So you can take as an example the new E.F.W. (Energy from Waste) works and the staff transformation mentioned before. The staff elements of this took 2 years of discussion and challenge and the outcome has been a staff culture change. A single status agreement, an empowered workforce and staff savings due to lower manning levels offering year on year savings. So for each of the independent reviews which we mentioned firstly, there are ... will be significant transformation and Parks and Gardens we mentioned, there will be a

communications plan to ensure that employees are aware and, indeed, influence both the cultural and physical changes needed. So, as always, it has been supported by the Human Resources Department and the unions have been fully involved, which is absolutely necessary to achieve the result if we want them to take place.

Senator S.C. Ferguson:

As background to this, how much inter-departmental working has there been? You mentioned earlier about taking over the gardening for Health and Social Services, has there been a constant programme of talking to other departments ... because obviously if Health say: "Well, we are not going to employ T.T.S. any more to do our gardening" or Housing or whichever, that may be a saving to them but it is not a saving to you?

The Minister for Transport and Technical Services:

Yes, I think historically there have been issues. We took over, you may recall, the Harbour yard staff some years ago and that was fraught with difficulty and I think John has been successful in overcoming those difficulties and now the staff are fully integrated with our workforce. We also took over the Housing cleaning staff, which, once again, have been quite a challenge from a union point of view. We are, I think, probably moving into a model these days where other departments have to work with us, we have to work with other departments, we look after the Education playing fields, we contract to them for that work. Having said that, I think it is incumbent on us to produce an efficient service if we are expecting other departments to use our services. We cannot expect them to pay over the odds if they can source the contract elsewhere. So if we are not commercially competitive I would not expect other departments to use our service. I am very keen that this department is commercially competitive.

Senator S.C. Ferguson:

We do have frequent meetings with other departments throughout the States system where you can ... there may be some process that ... you have mentioned cleaning for instance, where both department are doing something, are you having consistent talks ... one of the problems that we are always moaning about is the silo mentality. What I am trying to get at, I suppose, is are you having sufficient and sufficiently frank meetings with other departments in order to stop double counting, both doing something and working together, as opposed to working independently?

Chief Officer, Transport and Technical Services:

Certainly at officer level we are doing that and T.T.S. are very good at being frank. It is a key skill. One of the big challenges we face is that I do not think that a lot of departments are aware of the added value of using T.T.S. Certainly the call out systems we have in place for maintenance, the extra mile we can go, the size of work force we have, which means we can, if there is an emergency, put more people into that play. The longer we do it the more we focus on treating on our other departments as clients and we treat them with the respect of a client and make sure they get good value, the better it becomes. But it is a tension which we are happen to engage with them on and talk about mutual savings. Certainly we have undertaken that with Housing, Education, and with Health at the moment their garden service is independent of ourselves and they have done some management changes and we are sort of bringing it into T.T.S. because we are the best place to do it.

Senator J.L. Perchard:

Yes, a question similar to that of the Chairman's, we have had one of your colleagues, Minister, saying that there is a compulsion on him and his department to us T.T.S. to provide a service and ... I do not have a copy of the Hansard but I think

he said: "I would like the opportunity of being able to go outside those confines in order to save money." That was just last week we had that evidence given. How can you ensure ... or what is the relationship with other departments, are they compelled to buy your services and, if they are expected to purchase from you a service, how can you ensure that they are getting best value when they too have to make tough choices on C.S.R.?

The Minister for Transport and Technical Services:

If I can just go back historically with a couple of issues. One was the Harbour staff and the other was the Housing staff. We are seen as an efficient route for the staff doing similar works to come under the T.T.S. organisation. We essentially we found when we took them over, we took over quite a headache, which those departments were very keen to lose, shall we say. I think there has to be a certain obligation on other States departments to realise they have to help us overcome those issues, which we have. The Harbours Department is now a far more efficient organisation than it ever was before but it has been quite a challenge getting to that stage. A lot of credit goes to my Chief Officer for achieving that. Likewise with Housing, there are challenges there with the cleaning staff and we will go back to the T.N.C.'s(?) review which will certainly help overcome that.

Senator J.L. Perchard:

Does your department have an exemption from the competition law?

The Minister for Transport and Technical Services:

Not as such. No.

Senator J.L. Perchard:

There is no compulsion on the department to provide services?

The Minister for Transport and Technical Services:

You might recall that in fact the J.C.R.A. (Jersey Competition Regulatory Authority) fined us for be anti-competitive with the tanker service. Interestingly enough, after that, we accepted with good faith and the tanker service was put out to private contractors and subsequent to that the T.T.S. level of demand increased significantly. So I am not quite sure why that happened.

Senator J.L. Perchard:

So the relationship you have with, say, Education, for example, to provide services to them, is one of just goodwill. There is nothing contractual ... obviously you enter into a contract for a certain project ...

[12:30]

The Minister for Transport and Technical Services:

Service level agreement.

Senator J.L. Perchard:

But is there an expectation that they will purchase your services, or is there a compulsion to?

The Minister for Transport and Technical Services:

I think with regards to Education, if we can talk about playing field maintenance, we have specialised staff obviously trained for playing field maintenance and there is probably not a great deal of choice in the Island with regard to machinery and so on. But as I was saying earlier, if Education are dissatisfied with our service we need to talk about it and I think we have to provide a competitive service, but we also need to

look at the alternative. It is up to them to decide what level of grade, if you like, they expect their playing fields to be at because that affects the price.

Senator J.L. Perchard:

I use that only as an example, not that the Minister had expressed a concern.

The Minister for Transport and Technical Services:

You mean in the level of quality of playing fields?

Senator J.L. Perchard:

No, it was not the Minister for Education who said he would like to procure services elsewhere. But I am just wondering, the relationship with other ministries, just talking about the Chairman's question about silo mentality really, is there an expectation that your services will be provided to Housing now and Health soon, Education and ...

The Minister for Transport and Technical Services:

It has to be understood, I think there will be consequences if we cannot provide that service to those organisations in terms of staff. I mean clearly if we were not supporting Education with their playing fields we would be having to lose a considerable number of staff so it really boils down to us providing that service in an efficient sort of manner. Now, if we cannot do that and match up their expectations, then I think we have to start looking inwardly and consider whether it is a service we should be providing.

Chief Officer, Transport and Technical Services:

Can I just add on that, in terms of other Ministers and Chief Officers, when a service has transferred to T.T.S. they are very happy that it has disappeared off their books for about 2 years and then the memory disappears and they are very critical of us

with those staff that they transferred to us. Now, as I have said already, the culture change is 5 years and it is not to be underestimated. I do remind them of what was transferred to us and what service they get now.

The Minister for Transport and Technical Services:

I imagine those interesting conversations take place at C.M.B. (Corporate Management Board) meetings.

Senator S.C. Ferguson:

Well, as you said, you are very frank so it could be interesting. Are there any particular contingencies that you are concerned about under the C.S.R. and your particular programme? Any areas that you are concerned about?

Chief Officer, Transport and Technical Services:

The biggest area of concern for us at the start of the process was the double dip elements of the work that we do for other departments. Most of those, I think, have been addressed. I think there is still an outstanding issue with Housing which we need to look at but ...

Senator S.C. Ferguson:

Are any of your targets particularly, I think the term is, stretched? Particularly ambitious?

Chief Officer, Transport and Technical Services:

We have mitigated the risks to make sure they are not.

Senator S.C. Ferguson:

So you are quite happy. I do not know what your up to date one says, we still have a couple of ambers on our version.

Chief Officer, Transport and Technical Services:

Yes.

Senator S.C. Ferguson:

You are happy you are going to deliver?

Chief Officer, Transport and Technical Services:

Yes.

Senator S.C. Ferguson:

Good. Super. Thank you very much indeed, lady and gentlemen. You can escape.

[12:34]