

Chief Minister



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Deputy Geoff Southern

Chair, Government Plan Efficiencies Review Panel
BY EMAIL

30 October

Dear Chair,

I am writing in response to the Panel's letter of the 21 October 2020, which set out a number of questions in relation to efficiencies. I have responded to each question in turn, following the format set out in your letter, as below.

Work Sector

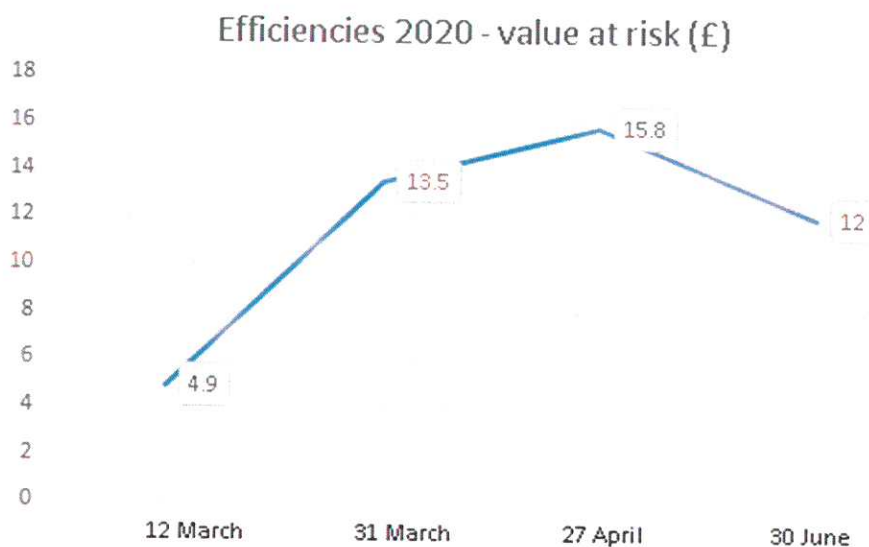
1. How much of the £40 million efficiencies target outlined in R.130/2019 Efficiencies Plan were met?

Focus on delivery of this plan continues to the end of 2020 and we remain confident that £40 million of measures will be delivered.

2. What progress had you made in ensuring the delivery of the 2020 Efficiencies Programme before COVID-19?

In early 2020 the value of efficiencies at risk of non-delivery was £4.9m. The immediate impact of COVID was to increase the value at risk by £8.6m. This worsened by a further £2.3m in April to a total of £15.8m at risk. Work undertaken over the following weeks reduced the value at risk to c£12m, as reported in the six-month progress review. This will be delivered through one-off measures, typically deferred spending of growth funds as a consequence of the impact of COVID.

At the end of September, of the £40m target, the forecast value at risk remains approximately £12m. The final update on these efficiencies is anticipated to be published by the end of February 2021. As indicated in the Efficiencies Plan 2020, where the recurring efficiency has not been achieved, an alternative measure will be substituted.



3. Are Departments being asked to consider options to reduce head count?
(Example ref: Govt Plan, p.97, a vacant post reduction of 1% to the police force is counted as an efficiency)

In 2021, as in 2020, measures are proposed by Directors General, approved by Ministers, and peer reviewed by the Council of Ministers before being adopted. Departments have the opportunity to consider both operational workforce planning and the progression of Target Operating Models, amongst other approaches, when developing rebalancing measures.

There is no headcount reduction target.

4. Did you anticipate the rebalancing programme will affect working conditions which you said you were going to target?
(Ref: p.26 of Efficiencies Plan, VR, O/T, management of sickness/reduction in agency staff and fixed term contractors, review of investments and vacancy management)

Working conditions are established though policy developed by People and Corporate Services and with appropriate approvals from, and noting by, the Executive Leadership Team, States Employment Board and the Council of Ministers. These policies have been advanced significantly as part of the Government's response to COVID, for example greater flexibility to work from home.

Notwithstanding these policy developments, working conditions are further influenced by the more consistent application of these policies i.e. improved workforce management.

The impact of the existing and proposed rebalancing measures is not anticipated to have any impact on working conditions.

5. How did you measure the impact that the efficiencies had on the workforce, both qualitatively and quantitatively?

Impact assessments were included as part of proposed efficiencies in the 2020 plan and these continue through into the 2021 rebalancing proposals. As stated above, it is anticipated the measures will have no impact on workforce.

6. Does the Chief Minister accept that the use of vacancy management (see GP annex p. 131/20 SoJ Police) to produce savings is not an efficiency but a budget cut?

Vacancy management, and the application of a vacancy factor to workforce budgets, was set out as an approach to deliver recurring efficiencies in the 2020 plan (page 13 – Vacancy factor). A small incremental figure is contained in the proposed measures for 2021 reflecting that managing this factor requires ongoing effort and focus. This more efficient use of funds has not resulted in any reduction in services.

7. You stated in the Efficiencies Plan (p.27) that efficiencies in the above areas would not lead to a cut to services – has that been the case?

No services have been cut in order to deliver efficiencies set out in the Efficiencies Plan 2020.

8. Are public sector pay cuts being considered to ensure delivery of efficiency targets?

No

9. Last year you identified efficiencies to be made by each department, then the money was taken from the budget and when the department couldn't make the efficiencies it had previously agreed due to changing circumstances, they were told to find them in any way they could – why?

This was the process that was agreed with the Council of Ministers during its work on the government Plan.

- a. How was that tracked?

As previously set out tracking is undertaken through the monthly budget monitor process.

b. Is that what you're planning to do this time?

Yes, this process will continue in 2021

c. How do you separate unintentional efficiencies made because of Covid-19 (such as working from home or consultants unable to travel into the island)

Delivery of the measures set out in the Efficiencies Plan 2020 is tracked monthly: quantitatively via the budget monitor, and qualitatively via the *Perform* project management system. A further distinction is made between recurring and one-off measures. The aggregate value of the latter is carried forward to the following year with an objective to identify new and/or deliver planned recurring measures.

d. What if a Minister pushes back on the efficiencies you identify?

As previously set out, efficiencies are identified by Departments. Ministers have agreed the rebalancing measures for 2021 and these have been peer reviewed by the Council of Ministers before inclusion in the proposed Government Plan 2021 – 24.

e. The efficiencies have already been removed from base budgets. Are all relevant Chief Officers signed up to delivering the efficiencies in their own Departments?

As previously set, out measures are proposed by Directors General.

f. How are Departments going to deal with the negative impact on 'normal' budgets if there is non-delivery of such initiatives and bottom line budgets have still to be delivered?

As previously set out, Departments (through Accounting Officer requirements in the Public Finance legislation) are required to deliver within cash limits and will need to defer growth and/or make other one-off or recurring savings from base expenditure. This is described as 'Plan C'.

Identifying Efficiencies

10. How did you identify new efficiencies for the Recovery Plan?

As previously set out, Directors General proposed rebalancing measures, Ministers subsequently agreed these for 2021 before being peer reviewed by the Council of Ministers and included in the proposed Government Plan 2021 – 24.

A range of activities were undertaken to identify measures including, but not limited to:

- **A review of expenditure considering what could halt, defer, reduce or be transformed**
- **A continued application of the themes set out in the 2020 plan (e.g. Modern and Effective Workforce, Efficient Commercial Operations, etc.)**
- **The application of Zero-Based Budgeting (ZBB) methodology (HCS only)**

a. **What expert advice did you rely on to continue with the efficiencies or recovery programme?**

Development and delivery of efficiencies and rebalancing measures are within the normal operational business of a department. Where additional support is required Directors General will engage resources as necessary.

Specific support focussed on the development and approval of the fees and charges framework and development of business support models has been provided.

b. **What public engagement or consultation has taken place to inform the continued efficiencies or recovery programme specifically for the Government Plan 2021-2024?**

Consultation, where deemed necessary, is undertaken by a Department as part of normal operational business. At a Government level the plan to deliver £100m of measures was set out in last year's Government Plan and continued in this year's proposed Government Plan (proposed to increase in £120m including 2024).

This puts the proposed measures in the public domain ahead of the debate on the proposition later this year enabling Islanders to review and comment to States Members as appropriate. Evidence of engagement in 2019 was clear from the amendment to remove changes to chargeable parking hours from the 2020 plan.

With rebalancing measures contained within the proposed Government Plan 2021- 24 the approach to engagement and consultation is described on page 26 – *Listening to islanders*.

11. **Zero based budgeting is a way to reassess from the ground up whether a department is delivering what it should – You had already commenced a programme of ZBB across the Treasury but you halted it during Covid – why? (The Review Panel**

consider it might have been a good opportunity to use ZBB to assess how to prioritise those in need rather than a salami-slicing approach of efficiencies across the board?

The ZBB programme was paused recognising that a quality process, and therefore outcomes, require thorough and extensive engagement with functional leaders. This, as a proactive exercise, was considered a low priority relative to the urgency of responding to COVID.

The ZBB programme has been re-established and will inform proposals for future rebalancing measures over the remainder of this Government Plan.

The reference to 'salami slicing' is not accepted.

- a. P.127 Annex – within Health and Community Services, identified £2million already and a potential £3 million of efficiencies through a Zero-Based Budgeting exercise?

It is inferred that the panel wish to question the progress of the ZBB programme within Health and Community Services (HCS). HCS are the first department to undertake this exercise and, at the time of publishing the proposed Government Plan, are confident of identifying £5m of recurring rebalancing measures.

These will be approved through the established HCS Governance regime before being proposed for Ministerial approval and delivery in 2021.

12. We see you intend to continue with an aggressive efficiencies programme, including an extra £20 million bring the total expected efficiencies to £120million over the next 4 years – but now it is called rebalancing and has been subsumed into the recovery plan – can you explain? –
(ref: Annex p.111/112)

In 2024 £20 million represents approximately 2.25% of an estimated base expenditure of £892m; it is deemed entirely reasonable to expect continued delivery of rebalancing measures to this value/proportion.

The reference to an '*aggressive efficiencies programme*' is not accepted.

13. Is the renaming from efficiencies to rebalancing being used to cover the fact that efficiencies are unachievable?

Since the establishment of the Efficiencies Programme the financial challenge to rebalance Government expenditure has become significantly greater. Consequently, the Government has revisited both the measures and

methodologies that support rebalancing. There will be a continued focus on recurring efficiencies within this programme with examples of approaches described in the response to Q.10. The level of efficiencies proposed are achievable.

Property

14. You're looking to add an extra £20 million of efficiencies on to the total, making £120 million in total over the next five years – wouldn't you have been better off producing a property strategy, considered urgent nearly 2 and a half years ago?

(ref: C&AG Report on Operational Land and Buildings, June 2018)

An estates strategy has been developed and will shortly be presented to Ministers for consideration. The impact of this strategy on Government Expenditure, and more specifically opportunities for rebalancing, will be reviewed once it is approved.

15. How does the continuing imposition of efficiencies fit with your promise to prioritise the health and wellbeing of Islanders, and can you provide examples?

Page 91 of the proposed Government Plan 2021 – 24 describes the development and application of sustainable wellbeing impact assessments on the proposed rebalancing measures. The templates published in the Annex (from Page 112) include the output of these assessments.

The reference to '*continuing imposition of efficiencies*' is not accepted.

16. The Review Panel lists below where the efficiencies sought appear to be inconsistent with your commitment to prioritising wellbeing – could you provide (brief) explanations:

- a. Annex p.137/138 – deferring the care needs at home project by one year? Saving £400,000? (This affects 100-200 households and is in direct contrast to the Jersey Care Model)

The care needs at home project was originally planned to start detailed research through home visits to individuals living in their own home with a serious disability and/or long-term health condition. The family would be visited by a health professional and a policy officer to discuss details of their domestic living conditions and their additional domestic costs associated with their health condition (for example, the need to buy particular items of food, use more energy for washing or heating et cetera).

This project was deferred for two reasons:

- **It was inappropriate to continue with home visits as the COVID emergency impacted upon Jersey. It was not considered appropriate to attempt to gather this detailed information using video or telephone calls.**
- **The staff undertaking the project were redeployed to support urgent COVID activities.**

The intention is to maintain the full scope of the original project but to restart the home visits at the beginning of 2021. The saving in the project relates solely to the delay in implementation. The full budget is restored for 2022 and beyond.

Our overriding commitment to well-being was to protect the health of the individuals and families being interviewed. Alternative financial and practical support continues to be available to these families whilst the new scheme is being designed and approved.

The aims of the scheme are fully aligned with the Jersey Care Model and officers across departments will continue to work together closely during 2021 on the design and implementation of this scheme.

- b. **Deferring the appointment of a Public Ombudsman (p.115/116 Annex) – you state no analysis has been completed (but surely this delays customer benefits and complaints handling, areas you have been criticised for in the C&AG's Report on Handling Complaints?)**

The previous Government Plan provided funding for the establishment of a Public Services Ombudsman from 2021, however legislation development was delayed due to Covid-19 so implementation in 2021 was not possible.

It was originally intended that, for the first few years of operation, the Ombudsman would not investigate health care complaints due to the complexities associated with scoping such complaints into law. Deferral until 2024 allows for the Ombudsman to address health complaints from the outset thus providing a more comprehensive service to islanders. In the intervening period the States Complaints Board will continue to investigate complaints about maladministration and GOJ's customer feedback process, as

introduced in late 2019, will continue to provide a more robust complaints management process.

The Government Plan does not show funding in 2024, however it is intended that the Ombudsman will be implemented in 2024 and funding requirements will be addressed in the next Government Plan once more scoping work has been undertaken)

- c. We own over a £billion worth of property yet we now need to rent 28-30 The Parade premises, at nearly £1.5 million a year for the next 4 years? (p88, Annex)

The requirement to secure additional office rental is dictated by the condition and nature of our estate. We own insufficient high-grade office buildings, hence when further space is required, we have to look at private sector supply. This is a driving force behind the case to build a new office which will also deliver a noteworthy economic stimulus and a range of benefits for the organisation

- d. Could you confirm that you consider the SOJP vacancy as an efficiency rather than a budget cut? Annex p.133/132

Yes, please see response to question 6 above.

- e. Can you explain your thinking around the 'New charges/full cost recovery of £950,000 savings as an efficiency?

This is set out on page 97 of the proposed Government Plan 2021 – 24.

I welcome the publication of your letter, and my reply, in the public domain.

Yours sincerely,



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Chief Minister

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