

STATES OF JERSEY



PROPOSED BUDGET (GOVERNMENT PLAN) 2025-2028 (P.51/2024): TWENTY- FIRST AMENDMENT (P.51/2024 AMD.(21)) – COMMENTS

**Presented to the States on 22nd November 2024
by the Council of Ministers**

STATES GREFFE

COMMENTS

Members are strongly urged to reject this Amendment.

The Transform programme will replace the Government's legacy benefit administration systems and enable significant administrative efficiencies.

If £10 million is cut from the Transform budget, the programme would not be able to continue as planned and there would be a significant risk to the ongoing delivery of payment of benefits and pensions to thousands of Islanders.

The benefits administered through the system total approximately £439 million and include:

Benefit	2023 benefit value	2023 Volume
Old Age Pensions	£241,000,000	32,930 claims
Income Support	£74,000,000	5,235 claims
Long-term Care	£76,000,000	1,463 claims
Long-term Incapacity Allowance & Invalidity Benefit	£31,000,000	4,990 claims
Short Term Incapacity Allowance	£17,000,000	485,000 benefit days

The preferred supplier contract is currently in the final stages of negotiation and the publication of detailed project information at this stage could be potentially damaging to the commercial process. This report contains relevant background information to assist Members during the debate without compromising ongoing commercial negotiations.

Risks

The Department's current administration system has proven resilient for nearly twenty years; however, it is aged architecture and written using a code standard that is not supported on future versions of Windows.

The systems being replaced are essential as they calculate and pay pensions, medical benefits, Income Support and other benefits that islanders rely upon. Ministers cannot accept the risk of having a key system unsupported when a system failure would have catastrophic impact, such as leaving pensioners not receiving their pension and Islanders who are living week to week not receiving their Income Support payments. Cutting the budget at this stage would mean that the programme would need to be rescoped and the current procurement process would need to halt, such a delay would carry the risk of costs increasing rather than making the savings suggested by the proposer in the amendment. As Deputy Curtis notes, the budget has increased significantly. This is due to previous delays in commencing the programme.

Budgeting for the Programme

This is a budget, not a commitment to spend and there will be an absolute focus on ensuring costs are carefully monitored and deliver value for money. The Minister for Social Security has made it very clear to the programme team that this budget is not a blank cheque, and officers will be held accountable for ensuring that best value for money is achieved

When shaping the revised budget, the programme team completed a number of key due diligence steps including independent professional services for financial assurance, and advice from the Comptroller and Auditor General.

The key factors for the budget increase are increases in both market costs and internal staff costs. This was outlined to the Health and Social Security Scrutiny Panel in [response to their letter on 28/10/2024](#). Market conditions and increased internal staff costs (as a result of pay awards) have led to the agreed increased budget, however providing further details whilst the preferred supplier contract is under negotiation would be potentially damaging to the commercial process.

Lessons learned from other large IT programmes show that when projects are under-budgeted and under-resourced it can lead to benefits not being delivered, corners being cut and/or cost overruns. This also aligns with advice from the C&AG who has advised that under-budgeting of complex IT programmes is high risk and can lead to non-delivery of anticipated benefits.

Programme Management and Accountability

The programme has a strong Political Oversight Group overseeing its delivery, including the Minister for Social Security, Minister for Treasury and Resources, Minister for Infrastructure, and the Assistant Chief Minister. The Health and Social Security Scrutiny Panel are aware of the programme and all questions posed by the Panel have been answered. Ministers welcome all scrutiny of this programme and know the Comptroller and Auditor General (C&AG) has it in her work programme for the year ahead with the Public Accounts Committee (PAC) receiving and reviewing C&AG reports.

Ministers are confident that the combined oversight of the Political Oversight group, the C&AG, the PAC, and the Health and Social Security Scrutiny Panel will provide robust challenge and scrutiny of this programme.

Summary

Voting for this Amendment does not mean the Social Security Fund would be better off. The proposed Amendment would prevent the programme from being able to continue. The alternative option to maintain the current technology for a few more years would cost in excess of £15 million whilst delivering no benefits to Islanders or the Government. The CLS Department processes personal data for almost all Islanders and the risk of not replacing its aging IT infrastructure is too high for the Government and the public. Almost £450 million of pensions and benefit payments are paid out through the CLS operational systems every year. Based on the current system risks and learnings from previous Government IT projects it would be imprudent for the programme's budget to be reduced at this point in time.

It is strongly recommended that this Amendment is rejected.