
STATES OF JERSEY



STATES EMPLOYMENT BOARD – FOLLOW UP: EMPLOYMENT OF THE FORMER CHIEF EXECUTIVE (R.88/2021) - EXECUTIVE RESPONSE

**Presented to the States on 6th July 2021
by the Public Accounts Committee**

STATES GREFFE

REPORT

In accordance with paragraphs 64-66 of the [Code of Practice](#) for engagement between ‘Scrutiny Panels and the Public Accounts Committee’ and ‘the Executive’, (as derived from the [Proceedings Code of Practice](#)) the Public Accounts Committee presents the Executive Response to the Comptroller and Auditor General’s Report entitled: States Employment Board – Follow-Up: Employment of the Former Chief Executive ([R.88/2021](#)) presented to the States on 20th May 2021).

The Committee is undertaking a review of the States Annual Report and Accounts 2020, which includes an examination of the role of the States Employment Board (SEB) in negotiating the exit payment of the former Chief Executive, and will take into consideration this Response on behalf of the Treasury & Exchequer and People and Corporate Services as part of that review. It intends to publish a full report in due course.

Deputy I. Gardiner

Chair, Public Accounts Committee

**C&AG Review: States Employment Board- Follow up:
Employment of the former Chief Executive**

**People and Corporate Services /
Treasury and Exchequer
Response**

June 2021

1. Introduction

Following the announcement that the former Chief Executive should stand down from his role, the C&AG carried out a review to evaluate the circumstances surrounding the severance of the employment of the former Chief Executive and constitutes the first phase of the C&AG's follow up of the 2019 review of the Role and Operation of the States Employment Board (SEB).

The C&AG evaluated the severance of employment of the former Chief Executive in so far as it relates to:

- internal control
- economy, efficiency, and effectiveness; and
- corporate governance.

The C&AG's review was limited to the single severance of employment of the former Chief Executive, but the C&AG's intention was to identify lessons that are applicable more generally.

This report provides the response to the recommendations made by the C&AG and to outline the actions the Government of Jersey intend to take.

2. C&AG review conclusions

On completion of the review, whilst the C&AG considered that the settlement reached was not unreasonable in the circumstances it was concluded that the circumstances of and processes followed in respect of the severance of the employment of the former Chief Executive highlighted a number of weaknesses in policies and procedures in the States of Jersey. The C&AG made a number of recommendations to improve policies and procedures going forward.

The C&AG also concluded that recommendations from previous Comptroller and Auditor General (C&AG) reports in respect of improved documentation standards for cases leading to compromise agreements and ensuring that reports to and minutes of the SEB include a clear rationale for exit terms proposed and agreed, had not been implemented.

3. Recommendation from the C&AG

The C&AG made eleven recommendations to improve policies and procedures going forwards, as follows:

- R1 Change the requirements of the Public Finances Manual to require consultation with the Treasurer and the relevant Accountable Officer prior to entering into an employment contract with non-standard clauses that could expose the States of Jersey to liabilities.
- R2 Develop a suitable disciplinary policy and supporting process specific to the post of Chief Executive.
- R3 Document formally a policy in respect of the line management of the Chief Executive as an employee including any specific delegations of responsibilities from the SEB.
- R4 Update policies and procedures for dealing with perceived and actual conflicts of interest of senior employees including the Chief Executive.
- R5 Ensure that all decisions to enter into compromise agreements are supported by:
- a clear written rationale as to the decision taken, including alternatives considered and the proposed key terms of the agreement; and
 - clear calculations supporting any payments to be made, with a secondary check performed on such calculations.
- R6 Undertake the proposed review of the original appointment process for the former Chief Executive as soon as practicable and implement the findings from the review in the recruitment and appointment process for the new permanent Chief Executive.
- R7 Ensure that all SEB minutes are prepared promptly and are approved at the next meeting where possible.
- R8 To enhance accountability, include in the Government Plan a short description of the scope of revenue income and expenditure budget lines.

- R9 To promote clarity of accountability for decisions and associated expenditure, undertake a fundamental review of the interaction between key constitutional pieces of legislation, in particular the Public Finances (Jersey) Law 2019 and the Employment of States of Jersey Employees (Jersey) Law 2005.
- R10 Ensure that there is clear documentation of the nature and role of all advisors to the Government, including those who are unpaid.
- R11 Ensure that the post of Chief Executive (and therefore the roles of Principal Accountable Officer and Head of Paid Service) is assigned clearly in writing during any future handover period between two chief executives.

The Government of Jersey has accepted ten out of the eleven recommendations, recommendation 8 has been rejected. (See section 5)

4. Government of Jersey Actions

The Government of Jersey have recommended several actions should be carried out to improve the severance process.

Rec No.	Action	Target Date	Responsible Officer
R1	<p>The following requirement will be added to the forthcoming Public Finances Manual section on the States Employment Board:</p> <p><i>“The Group Director of People and Corporate Services must also consult with the Treasurer of the States and the relevant Accountable Officer (with responsibility for the budget out of which any costs would be met) prior to the States Employment Board offering an employment contract with non-standard clauses that could expose the States of Jersey to future liabilities.”</i></p>	31/12/2021	Treasurer of the States

R2	A Disciplinary policy specific to the post of Chief Executive will be developed to come into force prior to the start date of the substantive Chief Executive. The States of Jersey Employees (Jersey) Law 2005 is due to be amended, therefore, this action may be an interim measure, dependent on the outcome of the review.	30/09/2021	Group Director for People and Corporate Services
R3	The States Employment Board will update their scheme of delegation, issued in 2018, to incorporate the recommendation to formally document a policy in respect of the line management of the Chief Executive as an employee.	31/07/2021	Group Director for People and Corporate Services
R4	The Code of Practice, Standards in Public Service issued by the States Employment Board enhances the provisions within the Public Finance Manual to mandate the declaration of such matters. An online system will come into force for declarations in July 2021.	31/07/2021	Group Director for People and Corporate Services Treasurer of the States
R5	Standard Operating Procedures will be introduced to ensure all decisions to enter into compromise agreements are supported by a clear written rationale and clear calculations for payments with reference to the Public Finance Manual.	30/06/2021	Group Director for People and Corporate Services
R6	A review of the original appointment process for the former Chief Executive will be carried out and the findings will be presented to the States Employment Board.	31/07/2021	Group Director for People and Corporate Services
R7	The SEB agree in principle that all SEB minutes should be prepared promptly and approved at the next meeting	30/06/2021	Group Director for

	<p>and, in most circumstances, it adheres to this. The States Greffe prepares the minutes and circulates as soon as practicable after the meeting and they are considered at the next meeting.</p> <p>We recommend that this recommendation is closed as the SEB minutes are prepared promptly by the States Greffe and approved at the next meeting, in most circumstances.</p>		People and Corporate Services
R9	This review will take place as part of the amendments to The States of Jersey Employees (Jersey) Law 2005 due to take place in 2022.	December 2022	Director General for SPPP
R10	A wholesale review of all independent advisers will be carried out to ensure the nature and role of all advisors to the Government, including those who are unpaid is documented.	30/09/2021	Group Director for People and Corporate Services Treasurer of the States Director General SPPP
R11	The SEB agree in principle that the post of Chief Executive should be assigned clearly in writing during any future handover period between two Chief Executives, the recommendation can only be closed following the appointment of the next Chief Executive, whereby this situation may not arise.	30/04/2022	Group Director for People and Corporate Services

5. Rationale for Rejected Recommendations

The Government of Jersey rejected one of the eleven recommendations put forward by the C&AG. The rationale for the rejection of recommendation 8 is set out below. .

R8 The scope of responsibilities of each Minister and department is already clearly set out in:

- Ministerial responsibilities published by the Chief Minister.
- The Government Plan Annex; and
- Departmental Operational Business Plans.

Taken together these form sufficient basis for assessing whether expenditure has been undertaken for the purposes intended by the States Assembly.

The specific point raised in the C&AG's report concerning which budget should meet the cost of severance payments is better addressed through the Public Finances Manual. This will be amended accordingly.