

**STATES RESOURCE PLAN 1998 (P.112/98):
THIRD AMENDMENT**

**Lodged au Greffe on 16th June 1998
by Deputy J.L. Dorey of St. Helier**



STATES OF JERSEY

STATES GREFFE

**STATES RESOURCE PLAN 1998
(P.112/98); THIRD AMENDMENT**

*In sub-paragraph (b) of the proposition delete all the words
after Appendix 5.2.*

DEPUTY J.L. DOREY OF ST. HELIER

Report

1. Introduction

When Committees of the States produce glossy reports, it is almost traditional that these should not be subject to radical amendment. This is probably especially true of the Policy and Resources Committee's Strategic/Resource Plans.

In this particular case, I began with the intention of proposing specific amendments to the capital programme for the years 2000-2002. The more I have studied it, however (in the very limited time allowed by the Committee's quite unreasonable timetable), the more I have been forced to recognise one simple fact: *The Committee's draft Resources Plan, as set out in Appendix 5.4 of its report, is so unfairly-based, and so out of tune with simple common sense, that no ordinary amendment will cure it.*

I have therefore decided that it would not be helpful simply to put forward an amended list of projects for these three years - even though it would be easy to identify a number of projects which should have been included, and a number which ought to be excluded at this stage. The fact is that the whole list is based on false assumptions and faulty reasoning, and should be reconsidered *as a whole*.

What I am proposing, in effect, is that, in the interests of good order, the States should accept the revised programme for 1999, as set out in Appendix 5.2; but that the programme for the following three years should only be debated by the States after the 'order of buy' list has been seriously reconsidered - whether by reconvening the decision conference or otherwise - in the light of the issues raised in my report.

2. The Decision Conference process - concerns

The capital programme decision conference took place on 23rd and 24th April. During and after the conference, I expressed concern at certain aspects of it, particularly -

- (a) In the spirit of moving towards a three-year programme for capital projects, a number of Committees had submitted for consideration *rolling programmes* of work. It was therefore natural that the conference, having scored the first year of such a rolling programme, tended to take the line of least resistance, by scoring the remaining years proportionately. The effect of this was, inevitably, that the entire programme would score highly if the first year scored highly, or badly if the first year scored badly - the 'all-in-or-all-out principle'. One glance at the proposed programme will show that this is exactly what has happened.
- (b) Committees which submitted more than one project had not been asked by Policy and Resources to carry out the obvious preliminary work, of ranking those projects in priority order. One Committee representative, when asked at the conference which of the Committee's proposed projects was most important, simply insisted that "**ALL** my projects are most important." The conference was therefore compelled, in most cases, to do this work, even though conference participants were clearly not well qualified to perform such a task. In many cases, the conference again took the line of least resistance, by scoring the first of a Committee's projects as best they could, and then scoring the rest in proportion. Again, this leads inevitably to the 'all-in-or-out syndrome'. I strongly believe that in future, Committees submitting multiple capital projects should be expected to *prioritise them, on decision conference principles*, before taking them to the conference.
- (c) The conference, in my view, attached an inflated value to the importance of sewers over other socially and environmentally significant projects. Worse, it failed to draw an adequate distinction between sewer *replacement*, (where the issue is that a failing sewer puts the community at risk), and sewer *extension*. It may be that pre-conference prioritisation by the sponsoring Committee would help to reduce this problem in future.

3. The Decision Conference results - the 'order of buy' list

The entirely predictable result of all this was an order-of-buy list which, *year after year*, favoured a few Committees (but particularly Public Services), at the expense of projects proposed by many other committees (but particularly Defence, the Prison Board, Planning and Environment and Sport, Leisure and Recreation, none of which were allocated any funds at all).

One specific suggestion I made at the conference was that the capital spending programme of any individual Committee, taken over a three-year period, should not be allowed, *as a proportion of the total capital programme*, to significantly exceed an agreed level, probably based on that Committee's share of the total *revenue* budget.

Obviously, adjustments would have to be made, to take account of special cases such as the trading Committees, and Housing, which tend to be major spenders in capital terms, while making very little regular call on revenue funding - but in the interests of fairness, a limit of some kind should be imposed on Committees' capital ambitions.

A rule of this kind would allow for the situation where even quite small Committees sometimes need to get involved in major capital projects, but would prevent the situation occurring whereby capital funds could be monopolised, year after year, by the same few Committees. As it is, the clear message from this year's conference, if we were to continue operating in the same way, is that there will never be improvements to the Prison, and there will never be a new fire station, as long as there are still sewers to be extended.

Having made these points at the conference, I was not surprised at the initial priority list produced by the conference computer. But I made it clear to the Presidents of Policy and Resources and Finance and Economics that the list was unrealistic, and should be modified by a touch of commonsense.

4. The follow-up meeting

It was therefore disappointing, when the conference participants met again on 5th May, that the revised list had hardly changed at all. The only changes were as follows -

the work at Jeffrey's Leap, although submitted as a year-2000 project, has been found extra money, so that it could be brought forward into the 1999 programme;

the foul sewer extensions for 2000-2002, originally costing at £13.855m between them, had now been allotted £4m each;

the Airport Alpha taxiway, originally costing at a flat £13.86m, was now to receive a total of £14.44m over three years;

and the rebuilding of Hautlieu School, included in the draft list at an estimated cost of £19.148m, was still included, but with a notional cost of zero. (A note explained that "No suggestion has been made on the question of funding the rebuilding of Hautlieu School, other than to ask whether other cheaper options should be explored.")

In all other respects, the list was exactly as originally generated by the decision conference, with £64.9m shared out, over three years, among the following Committees -

Health	£6.3m
Education	£7.227m plus, possibly, Hautlieu School
Housing	£13.76m
Airport	£14.44m
Public Services	£23.177m

Within the last sum of £23.177m, £12m was for sewer extensions, and £6.446m for sewer repairs and replacement. A further £4.2m was for other sewage-related projects.

It should also be noted that Education's money still included £475,000 for Victoria College Sixth Form facilities, despite the following note which appeared in the decision conference report -

“The group was surprised to find that [this project] was relatively high in the list of priorities. This was explained as a small cost with a relatively high benefit score and that this was possibly one project where the score was incorrectly inflated.”

At that meeting on 5th May, I reiterated my concerns to the Presidents of Policy and Resources and Finance and Economics, and stated that, if the programme was not amended to make it fairer, it was inevitable that amendments would be brought.

5. The final resources plan

Around 6th June, I received the final glossy version of the 1998 Resources Plan - nearly 70 pages of detailed figures, with the expectation that States members would absorb them, consider their view, and produce amendments if necessary, all within a few days.

Under the circumstances, perhaps it was kind of Policy and Resources not to have included anything very *new* in the capital programme list. The only changes from the list which were discussed on 5th May are as follows -

- (a) Public Services Sewer repair and sewer extension programme is now allocated a flat sum of £6m a year (£18m over three years), to cover the whole list of projects which had originally been costed at a total of £18.446m. As sub-paragraph (iv) on page 24 of the report says, “This will allow the Public Services Committee to have a degree of flexibility in its approach, but it is suggested that Finance and Economics should sanction the proposed allocation and use of these funds at the appropriate times.”

I can hardly imagine that the replacement of six precisely-costed projects, by an annual 'pot of money' which Finance and Economics will try to watch as it boils away, constitutes an improvement, in project control terms.

- (b) To the bottom of the list have been added Housing's £6m project for improvements at Le Squez, and £2.8m for Education to carry out Phase 3 of the work to extend and remodel Grainville School. It is interesting to note that Phase 2 of the work at Grainville *doesn't* quite make it onto the list, so the plan appears to be to carry out Phase 3 before Phase 2.

There are no other changes from the draft list produced for the meeting on May 5th. The Victoria College Sixth Form facilities are still included, in spite of the reservations expressed by the decision conference participants, and Hautlieu is still included as a project which will have no cost, because the Committee are being asked to find another way of solving that particular problem.

With the very minor amendments and additions detailed above, what is now proposed by Policy and Resources is almost identical to the list as originally generated by the decision conference. It now amounts to an expenditure of £73.228m shared out, over three years, among the following Committees -

Health	£6.3m
Education	£10.027m (with Hautlieu to be funded in some other way)
Housing	£19.76m
Airport	£14.44m
Public Services	£22.731m

It is perhaps instructive to compare the proposed capital allocations given to Committees which might reasonably be expected to have capital projects, against those Committees' share of the total revenue budget -

	<i>percentage of Capital (over three years)</i>	<i>percentage of Revenue (1998)</i>
Health and Social Services**	8.6	29.1
Education**	13.69	22.32
Housing**	26.98	0
Harbours and Airport**	19.72	0
Public Services**	31.04	6.14
Establishment	0	1.23
Planning and Environment*	0	0.91
Agriculture and Fisheries	0	2.88
Tourism	0	2.96
Defence*	0	7.8
Employment and Social Security	0	18.58
Sport, Leisure and Recreation*	0	1.45
Prison Board*	0	1.61

* These Committees submitted capital projects for consideration, but were unsuccessful in all their applications.

** These Committees were partially successful, but all had some applications rejected.

(Not included above are: Policy and Resources, Finance and Economics, House, Legislation, Etat Civil, Overseas Aid, Gambling Control, Cottage Homes, Broadcasting, Special Committee. Their aggregate share of the 1998 revenue budget was £12.69m, or 5.1 per cent).

6. Summary

I believe that this year's prioritisation process has got it very badly wrong, and that we need to go back to the drawing board before debating the 2000-2002 programme in detail. Sewers are undoubtedly important, but I doubt whether the Island community would consider them to be so overwhelmingly more important than many other socially-valuable projects which were presented for consideration.