

2.3 Deputy D.J.A. Wimberley of St. Mary of the Minister for Treasury and Resources regarding the 6 in-depth reviews of the biggest spending areas and departments:

Given that the Minister announced that 6 in-depth reviews would be carried out of the biggest spending areas and departments of government as part of the process of achieving 3 per cent and 5 per cent savings in years 2 and 3 of the C.S.R., can he advise who is carrying out these reviews, exactly when they started work and when they are expected to finish?

Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

Members may want to refer to written question 21, which also addresses the subject of the Deputy's question. I can advise that professional advisers have been appointed to carry 4 of the 6 major reviews, Health and Social Services are just about to issue a brief to consultants and the Social Security Review will be encompassed within the review already announced by the Minister for Social Security into income support. Of the 4 reviews underway, Tribal have carried out the Education Sport and Culture review and are undertaking the Terms and Conditions review. Tribal in partnership with TQMI have carried out the Home Affairs, Court and Case Cost review; the former started in July, the remainder in June. All the reports have been or are being finalised and presented to the relevant steering groups. The groups are now drafting their own reports with findings and these will be discussed at the political boards on 21st September. These outcomes will be discussed in relation to part 2 of the C.S.R. process looking at savings in 2012 and 2013 of which the conclusions will be announced in advance of the budget at the end of October.

2.3.1 The Deputy of St. Mary:

I thank the Minister for his reply. Doing the review of Jersey Post, there is a commissioned efficiency review of Jersey Post commissioned by the J.C.R.A. (Jersey Competition Regulatory Authority) who are much admired by the Minister and his colleagues. That review had 4½ months from the start ... Sorry, it was a tendering document but the J.C.R.A. allowed 4½ months from the start of the project to the delivery of the finished report and that included discussions with Jersey Post, who are being reviewed, and with the J.C.R.A. and interim reports. The Minister has just told us that Health and Social Services are just about to issue a brief. They have no reviewer and they are expected to present a report that goes to a political board by 21st September. Education, Sport and Culture, 2½ months to review a body that surely is more complex than Jersey Post which requires 4½ months and so it goes. My question is, how can these shotgun, really fast reviews have any real credibility?

Senator P.F.C. Ozouf:

I do understand the Deputy's concerns but what I would say to him is that the key question that Ministers are asking and wanting to inform the Assembly on in advance of the budget debate later on this year is whether or not departments are capable of realigning and reorganising their services to take a 10 per cent cut in terms of their funding. Those are the purposes of the reviews. I am not saying for one moment that there is not going to be a great deal of work that is going to be required in terms of implementing the decision in principle to reduce States spending by 10 per cent for different departments. That is why these reviews which are ... I have not been briefed on all of the reviews but a great deal of extremely good work has been done by the departments themselves with the assistance of the independent consultants and the

independent reviewers and from everything that I can see so far there are some really good ideas in terms of budget reductions and how to deliver them.

2.3.2 Deputy M.R. Higgins of St. Helier:

The Minister mentioned Tribal and TQMI. For the benefit of all the Members, would he explain who they are and what experience they have?

Senator P.F.C. Ozouf:

Both entities... Tribal perhaps will be better known to Members because they have carried out similar efficiency reviews for the States of Guernsey and were central in the States of Guernsey decision to make a number of efficiency savings at the end of last year. If the Deputy wants more information on those 2 firms, I am happy to circulate some information about them but they are leading consulting agencies in terms of assisting governments, assisting organisations such as the States of Jersey in terms of driving efficiencies.

2.3.3 Deputy G.P. Southern:

When he circulates the information, could he also outline the terms of reference given to Tribal and TQMI?

Senator P.F.C. Ozouf:

I think the terms of reference have been circulated, but I am happy to re-circulate them.

2.3.4 Deputy M. Tadier:

The Minister may be aware that there seems to be some disagreement within the Council of Ministers as to which Ministries are leaner than others. With that in mind, will the Minister explain what would happen if, in fact, a particular department is found to be completely lean, that there is no fat or not the fat that was hoped for, will the 3 per cent and 5 per cent cuts still be going ahead?

Senator P.F.C. Ozouf:

If I may just correct the context. The Treasury announced previously earlier this year that unchecked the Island faced a total deficit of £100 million. That was as a result of the global downturn affecting our income, decisions on spending and putting on to the table all the necessary contingency amounts that the States have and we need to find a solution to that. We are going to be proposing changes inevitably in terms of taxation, but the decision on taxation is going to be guided by how much we can target in terms of savings. So as far as unity on the Council of Ministers is concerned, I have to speak as I find, and I find the Council more united in a determination to drive efficiencies within the whole of the public sector and to present to States Members as detailed reports as we can in terms of efficiencies and projects to completely deliver the most services in the most efficient manner. Inevitably, there are going to be some discussions about which departments can take more and which departments can take less and that is the whole work that is going to be going on in the next few weeks as we work through now the second stage of the Comprehensive Spending Review.

2.3.5 Deputy M. Tadier:

Does the Minister acknowledge that inefficiencies can be both financial as well as operational, so a system can be inefficient because too much money is being spent or

wasted but a system can also be inefficient because not enough funding or not the correct funding and the correct facilities or staffing is being given, and therefore that also is an inefficiency in the system which will necessarily have social and possibly financial implications?

Senator P.F.C. Ozouf:

If the Deputy is talking about efficiency in terms of departments not having the right resources, the right I.T. (Information Technology) systems, the right structures in order to perform their work, then I would agree with him and that is why one of the repeated refrains that I am going to be saying in the Business Plan debate is that the restructuring costs, the restructuring one-off amounts of money which Members have targeted in order not to make some difficult decisions in the Business Plan, must be kept intact because I recognise that if we are going to save money in delivering services not only are we going to have to make some restructuring arrangements that are going to require an upfront cost, the departments are also going to have to have access to money for, for example, new I.T. systems which are going to make them more efficient and going to deliver their services - and I hope better services for the public.

2.3.6 Deputy G.P. Southern:

In the light of his answer to question 19 today, can the Minister explain to Members why Social Security was largely exempt from making these drastic cuts and yet now seems to be subject to this sort of analysis and suggestions that it does make major cuts?

The Deputy Bailiff:

I do not think, Deputy, that supplementary relates to the subject matter of the question but as the Minister raised the question in his own answer I will direct him to answer it.

Senator P.F.C. Ozouf:

I think the Deputy wanted to ask about the question as it relates to the major review of Social Security. First of all, I would say that drastic cuts are exactly what the U.K. (United Kingdom) Government is having to do because the U.K. Government has done what Deputy Southern wishes to do, which is not to match income and expenditure every year and to start borrowing and to start going down that slippery slope. If we adhere to his view of the world we will be having to have drastic cuts. In relation to Social Security, there is going to be a discussion with Social Security about the whole of their budget; £66 million of their budget, £99 million for income support, £66 million for supplementation. We need to look at the cost that the States incurs in terms of putting money into the social security system and we did not put a 10 per cent cut across the whole of their budget recognising that supplementation almost was in perhaps the tax F.S.R. (Fiscal Strategy Review) project itself. That is something I know the Deputy agrees with looking at the issue of the cap and certainly, as we go forward, we are looking at how we can reduce that supplementation amount of money as appropriate with the forms and there are constructive discussions going on with Social Security.

2.3.7 The Deputy of St. Mary:

We have learnt now that these reviews - these wonderful reviews of the 6 major areas - are not going to give Ministers suggestions of cuts, they are not going to have worked out cuts. We are going to find out whether the departments are capable of

taking the cuts. Would the Minister care to comment on the timescale on which this whole process seems to be evolving, and I am just wondering to put it to him whether it is not really all a little bit rushed?

Senator P.F.C. Ozouf:

I appreciate the issue of time but this Assembly has to make some really difficult decisions about the balance between tax and spending. If you simply say we are going to take 18 months to review and to make decisions about whether or not we can target savings, then that is not going to help our public finances in bringing them back to balance. There are going to be proposals, I am reasonably confident, out of the second stage of the C.S.R which are going to be specific ideas, more than ideas, proposals, in order to reduce money and there are going to be ... All departments have come forward virtually without exception with aspects of efficiencies and cuts that they can deliver and I hope they will be able to deliver some of those things earlier than 2012 and 2013. Inevitably, there are going to be other departments, particularly perhaps in Education and Health, that are going to take more time in order to work through but the Assembly must agree what the target is with the best information it has and then give all the encouragement we can for those departments and implement those savings over a reasonable period of time.