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Dear Chair,

Corporate Services Scrutiny Panel Government Plan 2021-24 Review

Thank you for your letter dated 6 November 2020. Please see the answers to your questions, as below.

Vibrant Economy

Migration Policy (CSP3-2-09) & Implementation (CSP3-4-02)

1. There is a drop of £3,000 allocation per year in 2021 and 2022 to CSP3-2-09 when compared to the Government Plan 2020-23, how has this reduction been achieved?

This amount relates to a minor re-allocation of the SPPP budget. There is no impact on overall resources for CSP3-2-09.

2. In the Government Plan 2021-24, the Panel notes the inclusion of implementation costs for the Migration Policy (CSP3-4-02) totalling £108,000 per year for three years from 2022. In addition, the Government Plan revenue expenditure initiatives indicate that Government will continue to invest £183,000 in 2021 in the Migration Policy project, it appears these amounts will primarily cover staffing costs – could clarification be provided as to why the: • implementation of the migration policy will take 4 years; • additional £108,000 per year from 2022 was not recognised in the Government Plan 2020-23. • implementation costs will not decrease with investment in IT migration control services.

Initial funding requests for the Migration Policy (CSP3-2-09) and Implementation (CSP3-4-02) in the Government Plan 2020-23 were made ahead of knowing the final recommendations of the Migration Policy Development Board and which recommendations would be taken forward by the Chief Minister or agreed by the Council Of Ministers, the impact of Brexit, the design of the UK's new immigration system and the extent to which we might use existing technology, systems and processes to instigate the intent of proposition P.137/2020.

The 2020 Government Plan provided for £78,000 recurring to support policy development, and £108,000 in 2021 to support project costs associated with new migration controls. Presuming agreement by the States Assembly to P.137/20 'Migration Control Policy' this will include:

- gaining approval from a wide range of stakeholders and the States Assembly
- amending existing Control of Housing & Work Law legislation to provide for more responsive migration controls
- designing and implementing cost effective and practical administration of agreed controls
- providing improved data collection and analysis on current levels of migration by employment sector

- co-ordinating any agreed changes with parallel changes needed to immigration processes following Brexit

The 2021 Government Plan provides for: £108,000 recurring from 2022 to support operational and administration costs of improved control system including:

- the operation of simplified and amalgamated systems required to apply for various permissions required to, live in and work in Jersey;
- to operate enhanced controls that provide more responsive control for the government
- to provide a system that is simple for businesses to use;
- to provide timely and detailed data for politicians and the public to understand the current level of migration and allow for more responsive controls to be implemented;
- give improved treatment to new migrants and the provision of clear rights to new residents to maximise their social inclusion.

These are high level costs, at present, that will be refined next year. Administration costs may decrease with improved IT systems, but the migration control policy scheme also envisages additional compliance activity on businesses which may require additional inspectors.

3. Are costs related to changes in the Control of Housing and Work Law included here?

Yes – as detailed above.

a. If not, where are these shown?

N/a

4. There is a capital investment within the Government Plan of £1m in 2021 for IT Migration Control Services, what will this provide as no breakdown is provided in the business cases provided in the Government Plan? Why was this not included in previous allocations such as within CSP3-2-09?

The likely need for an improved IT system was identified last year but a decision was taken to make a bid for in this year's Government Plan once the project was further advanced. Following COM agreement of the migration control policy lodged as P.137/2020 this scheme is currently being scoped.

5. A saving proposal in the 2021 Government Plan seeks to increase the fees collected under the Control of Housing and Work Law to provide an additional £600,000 of annual income. The Panel would appreciate a breakdown on how this will be achieved.

This is not included in the Government Plan.

Modernising Government

People and Corporate Services including re-organisation or restructure within various departments (OI3-10)

6. Allocation to OI3-10 has dropped £2,000,000 in the 2020 to 2023 period, what impact will this have?

The allocation reduction includes £1.6 million related to the delay of the implementation to the recruitment to the new target operating model. It has not been possible to recruit to the majority of roles as the department was significantly impacted by focusing on supporting workforce management during the COVID-19 response.

a. **Stabilise:** When will basic standards and functions be implemented, and will this lower the cost of around £3 million currently allocated? Has this been rebranded as "sustain", although costs are around the same figure?

The £3 million 'stabilise' funding is permanent base-funding replacing short-term and project funding that had created instability within the department through the use of short-term contracts where work was on-going. This included building capacity and capability in areas where there has been a significant demand but poor provision (e.g. key worker recruitment, case management and organisational development).

b. **Respond:** When will key programmes, such as the development of Diversity and inclusion programme, implementation of the Target Operating Model and system management in developing succession planning, automation, self-service and reduction in transactional costs be completed and will this lower the cost of around £2.5 million currently allocated?

Recruitment to these vacancies has now started and new starters are taking up their post in Q4/2020. We expect the majority of roles to be filled in Q1/2021.

c. **People Strategy:** We note that implementation of a People Strategy was predicted to cost £1.5 million a year by 2023, will this be the ongoing cost and what is provided for in that sum?

We have made good progress in setting out our new People Strategy and priority programmes, refreshed values, policy framework and the implementation of the new business partnering model. We have continued to invest in stabilising our core people management systems with the roll out of people management automation and people management dashboards even during the Covid-19 response period. However, the final basics are dependent on filling the key consultant, adviser and assistant level positions in which we will invest in professional development to build capacity – most of these posts are entry level.

During 2021, we will be implementing our workforce development planning framework (currently being piloted) which will enable succession planning. This will be at a basic level in 2021 whilst we configure and implement the Integrated Technology Solution (ITS) with key modules coming on-line from 2022. We have made good progress in the design and development of a Total Reward Review – a longer-term view of our pay strategy, policy framework and addressing in-built inequality within different pay structures. This will, by 2024, lower transactional costs and the administration of the complex set of terms and conditions and pay rules.

For the allocation of £1.5 million for the People Strategy, the initial allocation is on the development of key products (such as the new learning platform, performance management system, support for staff networks and groups, apprenticeships, development programmes for management and leadership, employee value proposition).

The proposed reductions over the Government Plan period relate to secretariat support for the States Employment Board and Jersey Appointments Commission with these functions being merged and embedded within a wider governance function within People and Corporate Services.

Commercial Services – enhanced capabilities (OI3-02) and Commercial services - restructure (OI3-15)

7. Why is an additional £8 million investment required for Commercial Services restructuring when the Government Plan for 2020-24 provided £7 million investment to this Department?

Historically, whilst part of Treasury and Exchequer the Procurement Team did not have sufficient budget to cover its standard operating costs. The deficit was covered through underspend. This shortfall in funding continued when the activities were transferred to the Chief Operating Office in 2018. The additional funding provided in the Government Plan 2020-2023 addressed this position and allowed the key improvement activities to begin.

As part of delivering the key improvements, a full strategic review and benchmarking exercise was undertaken. Through this comprehensive investigation, it was shown that Commercial Services was not set up or structured to support the current demands of the wider organisation, let alone the growing demands of future operations and unforeseen events. The maturity model developed, demonstrated that the maturity gap was greater than anticipated and the demand from across the organisation for Commercial Services support was increasing. Therefore, additional funding is required to enhance the maturity by increasing capacity and capability and support the Government in meeting its ambition as laid out within the Government Plan 2021-2024.

In addition, recent strategic issues such as Brexit and Covid-19 have shown, beyond doubt, the need for professional commercial and procurement services able to continue to deliver the best outcomes possible for the organisation during both normal and challenging times. For example, during the early stages of the pandemic response not only did Commercial Services have to supplement its core resource pool with interims and secondees but it also had to halt virtually all other activity. This is unsustainable in the medium to long term.

a. Why has this not been deferred?

2020 has demonstrated the need for an enhanced Commercial capability whether that is sourcing PPE around the globe, establishing the Nightingale Ward, keeping airlinks open both on commercial routes and through the Air Ambulance or establishing Test, Track and Trace. As stated above, this was only achieved by boosting the current inhouse capability and halting virtually all other activity. The Government Plan period 2021-2024 will require an unprecedented amount of commercial activity, for example, to implement the Jersey Care Model, build a new Hospital, deliver Office Modernisation and estates rationalisation, and deliver carbon neutrality and sustainable transport amongst many others. The Government spends several hundreds of millions each year on goods and services in addition to the sizeable sums spent on capital programmes. Without developing sufficient in-house capacity and capability that spend would either have to be slowed/halted, undertaken without good commercial oversight or be supported through the extensive (and over the long term expensive) interims and consultants.

Deferring the investment would lead to a greater maturity gap across the organisation and ultimately the level of investment required to evolve the service to the same bench-marked level will increase. Additionally, we will be reliant on external support to deliver our requirements for a greater period, and this will further increase the overall costs of delivering the Government Plan.

Enabling Policy Excellence (OI3-04)

8. We note that Enabling policy excellence (OI3-04) has had funding reduced from £80,000 to £20,000, what impact will this have?

The Enabling Policy Excellence monies have, in part, been reprofiled. The monies available have been reduced by £60k in 2021 and by £27k in 2022, with a slight increase in monies in 2023 and 2024. It is anticipated that the impact in 2021 and 2022 will be marginal in part because the two-day policy professional workshop, which was intended for roll out in 2020, was delayed due to Covid-19. That workshop, whose development costs were incurred in 2020, will now be rolled out to staff during 2021 with minimal cost implications.

A Reduction in Investment (GP20-OI6-01 and GP20-OI6-02)

9. There are two items in the Government Plan Annex 4 detailing a reduction in contingency and investment totalling £4.4 million over the 4 years, what do these relate to?

These items refer to £1m per year and £116/7k per year.

The £1m per year reduction reflects the removal of a departmental reserve budget held in Customer and Local Services. The sum has been removed because there is a centrally held sum of £2m in General Reserves to cover the volatility in benefit spend.

The £116/7k per year reduction reflects the anticipated outcome of a zero-based budgeting process that will commence in quarter 4 of 2020 in the Justice and Home Affairs Department, including States of Jersey Police.

Re-organisation – Ministerial Support Unit (OI3-17)

10. Is the allocation for the Ministerial Support Unit (OI3-17) of £5.5 million related to staff costs, or are there additional elements?

The allocation of £5.5m over the 4-year period relates to staff costs only for the Chief of Staff Office and the Ministerial Support Unit, the details of which have been provided in an outline business case to the Panel.

The Allocation outlined is net of transfers from other departments which were incorporated in the 2020 base budget.

a. How has this resource been filled during 2020 and previously?

As outlined in the business case, the resources have been funded from one-off resources during 2020 from within OCE and previously in 2019 from underspends. However, going forward the structure needs to be funded on a sustainable basis with adequate base budget. This was flagged in the 2020 Government Plan, that more detailed proposals would be brought forward in the Government Plan for 2021 because the priority was to consolidate additional funding for non-executive States Members as a priority in 2020.

11. Why does the brief summary for OI3-17 in the Government Plan mention the Government Plan 2020-2023 allocation to improved resources for non-executive States Members, including dedicated research and casework staff mentioned (OI2-01 States Greffe extended services)?

It was to highlight the close working relationship between MSU and the Non-Ministerial Departments in the day-to-day operation of the Government and States Assembly business, which was prioritised for funding in the 2020 Government Plan to ensure the right resources were in place to support the political machinery of the States Assembly.

Re-organisation Communication (OI3-18)

12. The Panel understands that the re-organisation of Communication (OI3-18) relates to the amalgamation of existing communication officers spread through different Departments into the Communications Directorship, is this correct?

The reorganisation of the Communications Directorate was made up of three distinct points.

The first was the amalgamation of existing communication officers spread throughout different departments in the Government into a professional core Directorate. This allows for greater support to Ministers, working in tandem with the Ministerial Support Unit, and makes sure they are aware of news across the organisation, can schedule in their announcements to support one another, and receive support and back-up to their areas when they have large scale projects or announcements as part of the Government Plan.

Following this, some additional people resources were required for departments that did not previously have budget for internal communications. In 2020, these costs have been met initially from one-off funding sources. A permanent funding settlement is now required to ensure that suitable internal and change management support is provided to all departments on a sustainable basis. This new structure is critical in supporting colleagues throughout the Government's ambitious change agenda and will allow for more consistent and coherent communications to all colleagues throughout these changes.

Finally, a Government wide review of communications called for an enhanced marketing provision to support Islanders with campaigns that could better their lives through behavioural change communications. During this review it was identified that Government spending on marketing and creative agencies could be reduced by recruiting an in-house internal design team. This would save money for the public. Accordingly, a Marketing, Digital and Design Team was established within the Directorate. Initially, the design team was funded primarily from recharges to projects that required marketing and creative support and would otherwise have commissioned agency work. This mode of funding is administratively burdensome and can generate practical difficulties that take time to amend and prevent more money from being saved. Now that the benefits of internally resourcing a Marketing, Digital and Design Team have been proven to provide better value for money, and enable more consistent and coherent output, it is proposed that additional base budget funding is provided to replace the recharge model.

a. Where is the resulting drop in allocation to Departments for this previous function shown?

The budget transfers were completed as part of Transition II (Ministerial Decision in 2020) and incorporated in the base budget. Therefore movements (respective reductions/ increases) are not visible in the 2021 Government Plan.

b. Can you clarify that this will not be counted as an efficiency or rebalancing?

No, this has not been counted as an efficiency.

Office Modernisation and Strategy

13. Office Strategy (GP20-PFV-08-N) is not allocated any funds in 2021, could confirmation be given to the Panel as to the reasons?

The–Office Strategy (GP20-PFV-08-N) was allocated funding for a pre-feasibility vote for the Office Modernisation Project. This funding has enabled the Government to undertake a procurement to identify a preferred developer site and detailed design scheme as part of a agreeing a Full Business Case. Further details about the procurement process cannot be shared due to commercial sensitivity as the process has not yet reached completion. The Full Business Case is anticipated to be considered by the Council of Ministers in December 2020 at which point the projected costs for 2021 as identified in the Government Plan for 2021-23.

14. The Office Modernisation Major Project, also called the Office Modernisation Programme within the document (GP21-OI3-CAPITAL) is allocated £3.45 million up to 2023, is this a full budget or will there be additional costs? a. What is this being spent on?

The capital allocation included in the proposed Government Plan 2021-24 will cover Government of Jersey costs as client for the project to deliver a new office building for the public service. This includes legal, procurement and project management costs of over the 3-year period up until practical completion and staff move costs to the new building.

b. Will Government be looking to own the property?

The Council of Ministers considered this matter before entries were made into the proposed Government Plan. The Council of Ministers noted a preference for the Government to own the property but asked for a flexible option that could allow them to monitor the economic impact of Covid-19 on the Government's fiscal position before committing to buy. Accordingly, the Council of Ministers supported an option to initially enter into an agreement for lease, with an option to purchase within 3 years of completion at a fixed price.

c. Would leasing potentially raise these costs in the 2021 plan?

A lease arrangement would not raise the costs in the 2021 plan as entries have been included on an initial lease basis.

15. Office Modernisation (OI3-21) incurs a £5 million cost in 2024 which is separate from the Office Modernisation Programme, what is this for? a. Why has a business case not been included?

This £5m is an estimate of the rent payable in the event the option to purchase is not exercised on practical completion. This £5m is an anticipated worst-case-scenario figure for lease costs as more detailed costs will be dependent on the completion of the ongoing procurement process. If any rent is payable – which will not be the case if the Government opt to purchase the building on practical completion – it will be below the market rent for a comparable building in St Helier. An options appraisal of different funding options was considered by COM and a full business case based on COM's preferred funding option will be considered by COM in December 2020 before the scheduled Government Plan debate.

Moving into a new office building will enable the Government to exit leases on office spaces and dispose of buildings, meaning that the Government can realise a number of benefits. The benefits were assessed for the strategic outline case and include operational savings of £7.2m, potential sales receipts of over £28 million, an increase in book value of £65m, economic benefits of employment during the construction phase, and the release of some sites for other uses, such as housing. The full business case that is being developed will reassess the benefits of the strategic outline case and, once approved, will be shared with the Corporate Services Scrutiny Panel. No calculations have been made for productivity savings and this is expected to be included in the full business case.

16. Please can you outline the reason for allocations for GP20-PFV-08-N, GP21-OI3CAPITAL and OI3-21 to be separated?
a. Why are there separate allocations to what could be considered the same project?

There are separate allocations as the allocations refer to a pre-feasibility vote, a capital allowance and revenue costs:

- GP20-PFV-08-N concerns the pre-feasibility vote, which will be completed in 2020.
- GP21-OI3-CAPITAL concerns the capital costs to deliver the project, up until practical completion in 2023.
- OI3-21 concerns the revenue costs for leasing the property, as set out above.

Modernisation and Digital Enhancement (OI3-09)

17. We note the continued investment in Modernisation and Digital Enhancement. Do you still plan to remove most face-to-face services by 2023?

There are no plans to remove most face-to-face services, indeed there are many services that can only be delivered face-to-face. However, there is an increasing demand from islanders to interact with Government online as evidenced by the 32% of tax payers who filed their returns online.

a. Have savings been incurred through the closing of the One Front Door?

We are unsure as to what this question refers. Modernisation and Digital is the Directorate within the Chief Operating Office responsible for the provision of IT, IT related services and Portfolio Management across the Government. It does not operate through a One Front Door approach.

b. Why has allocation of £50,000 moved from 2022 into 2023?

£50,000 of the c.£5m was moved from 2023 to 2022 as, upon review, it was felt that this better reflects the likely future cost profile of the increased resource and tooling.

c. Will the ongoing cost of this project remain £6,000,000?

This is not a project. This represents the business as usual funding required to establish and maintain a functional Modernisation and Digital Directorate, including people resources and technical tooling. As set out last year, the key areas of focus are:

- Change Delivery – to deliver technology change
- Business and technical architecture – to ensure that future technology investments are appropriate and sustainable
- Corporate Portfolio Management Office (CPMO) – to provide oversight of change across the Government
- Information management – cyber security, records management, data management and GDPR compliance

As technology becomes an even more important part of the Governments delivery of services, patient care, policy, etc the level of investment in the organisation to develop, maintain and run the technology is likely to increase.

Technology Transformation Programme (OI3-14) and Information Technology Capital Projects

18. Could you confirm that there is no additional funding of JD Edwards past 2023 as it was stated this would be concluded by that end of year?

Based on the current, most likely, release schedule there will be no requirement for funding of a live J D Edwards system beyond 2023.

19. There is a reduction of allocation to OI3-14 of over £5 million, what has enabled this?

This has been abled by a re-assessment of the ongoing revenue implications of two initiatives within the overall portfolio. Based on the latest business case produced by HCS for the Electronic Patient Record, the ongoing operational costs are expected to be less than originally predicted. Also, in consultation with CLS, the approach to the ultimate replacement of the New Employment and Social Security Information Exchange system is expected to have a lower revenue cost than originally forecast.

20. Will the ongoing costs of OI3-14 continue at £13,570,000 from 2024?

As these costs relate largely to licenses and third-party support and maintenance costs it's too early to predict how these might change beyond 2024 but we do not predict any significant changes to the underlying requirements.

21. There has been a reduction of £2 million in allocation to MS Foundation (Major Project) (GP20-IT-02-Y), why is this?

As a result of the impact of COVID-19 we have had to take a different approach to implementation and as a result, whilst full deployment of Windows 10 and MS365 will take longer than originally planned, we are able to reduce costs. In particular:

- The original model assumed we would undertake a significant Partner procurement for MS365 rollout, however the unexpected and forced acceleration earlier this year under Covid-19 led to a different approach of using internal and local based contract resource. This model has been working well and we have continued with it through this year. The burn rates for this model are much lower than that assumed in the original business case;
- The original business case contained a significant forecast for kit replacement. Non-compliant kit in the W10 upgrade project has instead been replaced through the Asset Replacement capital programme;
- We have also seen savings from the procurement of the MS365 adoption partner which have come in much lower than the business case had assumed.

22. As with last year there is little description of what "replacement costs of various IT infrastructure assets" entails (GP20-IT-03-N-BAU), can up to date details of the £5 million per year up to 2023 allocations will pay for, as well as the £2.5 million allocation in 2024 be provided?

This funding is in place to cover both planned and unplanned replacement of IT assets. The Government has an extremely broad and varied estate and at any time assets are either reaching the end of their useful life, are found not to be performing as required or simply break down. This funding is provided to ensure that M&D has budget to deal with the replacement of assets in a timely manner to protect the integrity of the IT infrastructure. It is analogous to the funding provided to IHE/JPH to ensure that the physical estate is maintained in good order. Any funding not required in year is returned to Treasury.

Supply Procurement (OI3-12)

23. The 2020-23 Government Plan requested £318,000 additional investment for Supply Jersey Maintenance, Licencing & Procure to Pay Analysis (OI3-12), through 2021 to 2023, this is now £399,000 for (£133,000 per year 2021-23, 0 in 2024), why has this been increased?

Due to an oversight, when the funding request for 2020-2023 was submitted the cost of Supply Jersey licenses was included but not the costs of support and maintenance. In 2020 the support and maintenance costs have been funded through underspends elsewhere within Commercial Services. For 2021-2024 this oversight has been corrected based on licenses being c.£108,000 pa and support and maintenance being c.£25,000 pa.

a. This funding does not continue into 2024, does this signify an end of contract with Wax Digital (Supply Jersey supplier)? If so, what are the estimated costs of replacement and why is it not discussed or allocated funds in the Government Plan 2021?

Replacement of the Supply Jersey system is included within the scope of the Integrated Technology Solution (ITS). The current assumption on the release schedule for ITS would see the Supply Jersey system fully decommissioned by the end of 2023.

Supporting One Gov (OI3-13)

24. Team Jersey have been allocated £252,000 in 2021, we assume this is an extension of their contract?

The £252,000 does not relate to an extension of the existing TDP contract. The original contract runs until 31/03/21 and the £252,000 represents funding for the period 01/01/21 to 31/03/21. This was included in the Government Plan 2020-2023.

a. What additional service will they be offering for this additional quarter of a million pound?

There are no additional services.

b. When will this be completed?

Due to delays in implementing some aspects of the Team Jersey Programme as a result of COVID-19 (e.g. face-to-face Manager and Colleague sessions had to be suspended between March 2020 and September 2020) they will be approximately 180 delivery person days outstanding when the original contract comes to an end on 31/03/21. A contract extension is currently under negotiation which would allow for the delivery of the originally contracted days and some additional activity, in particular to support the development of the internal capability to take over activity from TDP (which was also delayed in 2020 by the impact of COVID-19) and specific support for departments. The contract extension is expected to run until 31/03/22.

c. Are there no additional funding requirements for them post 2021?

The Team Jersey Programme (separate to the TDP contract) was expected to continue beyond 31/03/21 and be delivered by internal resource within People and Corporate Services, as such, funding beyond 31/03/21 is already included with OI3-10.

Yours sincerely,

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Chief Minister

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