

#### **4.7 Deputy D.J.A. Wimberley of St. Mary of the Minister for Treasury and Resources regarding the timetable for the 3% and 5% additional cuts for 2012 and 2013 under the Comprehensive Spending Review:**

Will the Minister outline the timetable for the 3 per cent and 5 per cent additional cuts for 2012 and 2013 under the Comprehensive Spending Review and advise when the consultants/advisers were appointed for the major reviews and by what date departments have to submit their proposals to the Corporate Management Board and/or the Council of Ministers?

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

Departments without major reviews are required to return their proposals for the 3 and the 5 per cent to the C.S.R. (Comprehensive Spending Review) team by mid-July. The remaining 4 departments will submit their proposals by the end of August. The Council of Ministers will consider all the initial proposals in the September period. External advisers on the reviews for Home Affairs and court and case costs were engaged on 15th June and have already started their work. Interviews for the terms and conditions review took place last week and further clarification is being sought prior to an appointment being made shortly. Expressions of interest for the review in Education, Sport and Culture have been received and are being evaluated and the terms of reference for Health and Social Services are being finalised.

#### **4.7.1 The Deputy of St. Mary:**

I am quite surprised at that answer. In the budget speech on 8th December last year the Minister announced his intention to support this process, i.e. the C.S.R. process, with a panel of independent commissioners, and on 20th April we were told these reviewers would be in place by the end of April and on 8th June, in response to a written question from me, I was told that external advisers will be used but we still do not have them, and yet the submissions from these major departments have to be in by the end of August. So, just to confirm, is the Minister telling us that these advisers who are supervising or looking closely at these major reviews are not in place yet, will not be in place by the end of June, and in 2 months they have to conduct major reviews of major departments? Could the Minister explain how this can take place, how they can do this job?

#### **Senator P.F.C. Ozouf:**

I think I need to be clear. The C.S.R. team which is based within the Chief Minister's Department has been engaged in setting up all of the reviews for all of the major departments and there is a difference between the spending commissioners, which I have asked that should oversee the process of the work of the review boards and the actual external advisers. The external advisers, I have already said, in relation to 2 of the departments are underway, one is shortly to be appointed and another one is now being finalised, and the work of the departments themselves in working up their proposals has, of course, been underway for some time. The idea is that the boards and the independent reviewers are going to be there to see what the departments are going to propose in terms of their 3 and 5 per cent. I realise that this is a difficult issue and I realise that this is challenging but I remain of the view that it has to be done and it has to be done within the timetable in order that the Assembly can make decisions as far as the envelope of spending in the budget later this year.

#### **4.7.2 The Deputy of St. Mary:**

I would ask for a point of clarification on that. I am now more confused than when I started this question. We now have external advisers and commissioners and boards and working groups. So, I would just like the Minister to please be absolutely clear, set out the process with respect perhaps to one Department, how the working group is, who these commissioners are, external advisers and the boards. I am quite confused, thank you.

**Senator P.F.C. Ozouf:**

Perhaps this is a complicated issue to deal in an oral question, and I will help the Deputy and Members by sending a note round later on today which explains the structure. There is a board which oversees the Department's review, there are advisers which are being engaged for that board which will advise on differences for the departments on how to deliver the 3 and 5 per cent, taking an opportunity to re-invent their services, to re-prioritise, and the independent commissioners are there to oversee and to question that the process is actually working. It is quite clear to me but I will put it in a note so that the Deputy has a fuller understanding of exactly the respective roles of the checks and balances that are in place.

**4.7.3 The Deputy of St. Mary:**

I thank the Minister for that clarification. Now, we have a little bit more light. The advisers who are working to the boards which are overseeing each review, and these advisers will help with how to re-invent departments and restructure them, they are not yet in place. Please confirm that, and if so can you explain how this job can be done in 2 months when the Chief Minister has told us at the briefing at the beginning of June about the C.S.R. that major restructuring is a lengthy process and can take up to 5 years?

**Senator P.F.C. Ozouf:**

I think the point is that 2 of the advisers have been put in place. We are finalising the advisers for the 2 other major departments. This is not going to be a short process. Certainly, I am asking for the States to confirm the ability of the departments to deliver the 3 and the 5 per cent in the budget later this year. That is not the end of the matter. This is going to be an ongoing long process of implementing those changes. The purpose of these reviews is to identify if it is possible and if it is realistic in order to deliver the 3 and the 5 per cent, and therefore to inform the Assembly in the budget later this year whether or not we can deliver the £50 million worth of savings.

**4.7.4 Deputy M. Tadier:**

Will the Minister be making the fees paid to the consultants from overseas available to the public, and also can he confirm whether he has been able to successfully negotiate a 3 and a 5 per cent reduction in their fees?

**Senator P.F.C. Ozouf:**

I think that there is a hallmark of my tenure as the Minister for Treasury and Resources of being absolutely transparent in matters and I am more than happy to confirm that any of the costs associated with the C.S.R. in terms of engaging of advisers will be published.

**Deputy M. Tadier:**

I thank you for that confirmation from the Minister. It seems that other Ministers are not so willing to give out such straight facts when asked by other Members. I was simply thanking the Minister and asking if he agrees with my thanks. **[Laughter]**

**4.7.5 Deputy R.G. Le Hérisssier:**

Can the Minister for Treasury and Resources confirm that part of the remit will be to look at management structures and management costs, and would he not also confirm that in terms of the low hanging fruit the decisions are ultimately political decisions rather than decisions served up by, no matter how eminently qualified, management experts?

[10:45]

**Senator P.F.C. Ozouf:**

I completely agree with Deputy Le Hérisssier. A lot of these issues should be politically led and all Ministers, and I know that every Minister working with their Department is challenging their departments and giving direction as to how to deliver the 3 and the 5 per cent and what is politically delivered. I do not believe that Ministers should be simply abrogating their responsibility and simply saying that it is up to some independent board and independent consultant. I know that every Minister has ideas and examples of where there will be opportunities for removing costs and cutting expenditure and re-prioritising. What the advice is in place to do is to ensure that the Minister and his Chief Officer is supported with where there is external advice brought in, for example at Home Affairs where there are examples of police forces which have re-organised themselves, which have modernised using information technology, whether or not there are examples in the N.H.S. (National Health Service) in the U.K. where money has been saved in procurement or management. It is harnessing best advice from experts who have shown that they can deliver quality public services for less. I would just also point out that the independent commissioners are coming forward and are not being remunerated, and yes I agree that management and reform of management is a key delivery item in terms of delivering the 3 and the 5 per cent. Management has to be reformed.

**4.7.6 Deputy T.A. Vallois of St. Saviour:**

The Minister has been quoted as saying that businesses and the public will not accept higher taxes without savings being made. Could he therefore explain why the F.S.R. (Fiscal Strategy Review) was started in September 2009 and the C.S.R. only started in February of this year?

**Senator P.F.C. Ozouf:**

The F.S.R., which I signalled in the budget debate last year, is dealing with business tax and personal tax and it is quite appropriate that every government looks at tax and looks at where it should be improved and reformed, and so the F.S.R. originally started with looking at the tax system and how it should be improved and how it should be made more fair. As issues have emerged it is now clear that the F.S.R. has had to deal with issues of business tax which were new issues which were put into the public domain within Europe in October and now also have, I think, the realistic reality of having to raise more tax as well. So, the F.S.R. has been running for some time and I do not think the Deputy is doubting my personal commitment of delivering the C.S.R. and £50 million worth of savings. I do not believe the public will accept higher taxes unless we show that we can deliver our services more efficiently.

**Deputy T.A. Vallois:**

I do not believe the Minister explained as to why the C.S.R. started later than the F.S.R.

**Senator P.F.C. Ozouf:**

The C.S.R. started, as far as my work was concerned, when I stood in the Assembly and said that I was going to concentrate on savings and efficiencies when I secured the position of Minister for Treasury and Resources. It might have been labelled as a C.S.R. late on in 2009 but the work of the C.S.R. started well before that in planning and in terms of my driving and asking for it to be done.

**4.7.7 The Deputy of St. Mary:**

I am still trying to chase down the answer to my original question, as is often the case with the Minister for Treasury and Resources. He did say in his opening answer that there were 2 external advisers who had been appointed ... sorry one has been appointed so far, the court costs, and the terms and conditions of States staff is on the way very nearly. Now, I then heard him say that there were 2 advisers in place for departmental reviews. Well, could the Minister tell us quite clearly for the major departmental reviews, the 4 departments, how many advisers are now in place and for which departments, and can he then tell us how on earth they can make a decent stab at major restructuring of major departments in 2 months?

**Senator P.F.C. Ozouf:**

Let me be clear, Home Affairs, court and case costs appointed, work underway. Terms and conditions review shortly to be appointed. E.S.C. (Education, Sport and Culture), and Health and Social Services undergoing a process of appointment. I reiterate the point that I made earlier that it is not the reviews that are going to solve and to give the exact answers to the question of the 3 and the 5 per cent. They will be confirming and looking at the departmental proposals and I am fully accepting of the situation that we will not be agreeing line by line items for each department for some time. What I want to know is, is it possible to deliver the 3 and the 5 per cent within the 3-year period? What are the restructuring costs that are going to be required in order to inform the Assembly of the envelope of spending in the budget later this year? This is needing to be done and it needs to be done with a timetable. I know it is difficult. Cutting costs is difficult but it has to be done and I have to carry on driving a process against the timetable