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Deputy Geoff Southern
Chair, Efficiencies Review Panel
Scrutiny Office
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25 September 2020

Dear Deputy Southern,

Thank you for writing to me on 14th September 2020, please see the below answers to your questions:

“Now that Ministers have had time to digest the 6-month progress report on the Government Plan, the Efficiencies Review Panel is seeking comments on how the departments under your remit have fared with the efficiencies ‘savings’ made on their budgets. The Efficiencies Programme commenced in December 2019 but was paused in March 2021, so that resources could be reallocated to respond to the Covid-19 outbreak. £21.5 million had already been removed from the departmental budgets in line with the Programme. Departments were told if they couldn’t find the efficiency savings in the way envisaged, to find the money elsewhere:”

1. Can you explain what impact that has had?

You will be aware that I reserved my position on 4 schemes when the Efficiencies Plan was first produced, these are listed below:

Highlands College Apprenticeship Training, Business Support Review, Cost Recovery and Fixed Term Contracts.

At the same time I approved 8 schemes:

Accommodation Rationalisation, Overtime Reduction, Contract Efficiency, Sickness Management, VR and Early Retirement, Tactical Contract Efficiency, Children’s Home Rotas and Reducing Off Island Placement Costs.

I have always maintained that schemes must not have any negative impact on the provision of education and supporting services and that all schemes are accurately costed and deliverable. I also received agreement from the Minister for Treasury and Resources that the direct budgets of schools (for staffing and non-staffing costs met from individual school budgets) would be outside the scope of the 2020 phase of the Efficiencies Plan.

Officers continued to work on the “reserved position” schemes alongside the 8 schemes I had approved. The shortfall of delivery is across both approved schemes and those I reserved my position on.

CYPES has already identified £1.1m of efficiency saving from 2020 onwards. The redirection of officials’ time to the CV-19 response has impacted delivery and there is still a requirement to deliver a further £2.4m. The shortfall in delivering the efficiency target set for 2020 will be offset by re-profiled growth funding.

Work is underway to deliver recurring efficiencies; however, this is just later than planned. All unmet efficiencies will be rolled forward to 2021 as part of the CYPES commitment to rebalancing the Government's finances.

2. Have you been able to meaningfully separate the effect of Covid-19 on budgets from the impact of efficiencies? – if so, how?

It has been possible to identify the efficiencies delivered during 2020 and those efficiencies not delivered. It has also been possible to identify the impact of COVID-19 on CYPES budgets, both in terms of costs and underspends in projects resulting from the pandemic.

This has been achieved through a process of identifying underspends, particularly resulting from new growth areas (as part of the 2020 Government Plan) and identify costs relating to COVID and coding them accordingly.

The Department's Finance Business Partner has been working with Directors and the Director General throughout the pandemic to ensure that a consistent approach is taken, as is the case across Government.

"The Review Panel will be asking the Chief Minister about the restructured programme for 2021, that will concentrate on cross cutting measures and be run by the Executive Leadership Team, made up of the Directors General. He previously told the Review Panel that the Team would concentrate on five key areas:

- *modern and efficient workforce*
- *organisational structures*
- *shaping demand (volume and methods of customers accessing services)*
- *processes and systems*
- *commercial operations (including cost recovery and working with Arms'-Length Organisations (ALOs))*

3. Can you advise what work you have done with your departments to prioritise these areas and how much in efficiencies are you going to make?

These 'key areas' offer lenses through which to look at the organisation to identify efficiencies and other re-balancing measures. They have neither been prioritised at a Government of Jersey nor CYPES level. Currently, I have no new efficiencies identified for 2021.

4. Have you dovetailed zero-based budgeting exercise to transform services?

The zero-based budgeting programme (ZBB) has already initiated work with both the Treasury & Exchequer and Health & Community Services departments in 2020.

CYPES is expected to initiate its ZBB work during the latter part of 2020 and into 2021.

Opportunities for efficiencies and other re-balancing measures, alongside opportunities for service transformation, will be identified through that exercise and will inform future service and financial commitments. This will include the re-writing of the school funding formula following the imminent publication of the Independent School Funding Review.

5. What impact has the efficiencies programme had on departmental workforce - for example, is the decrease in expenditure derived from an inability to recruit offset by an increase in overtime and/or the requirement to retain agency and/or fixed term contract staff?

As stated above the 2020 shortfall in efficiencies has largely been managed by underspending on growth resulting from COVID. In any event, it is difficult to isolate the financial impact of efficiencies from the more significant impact from COVID. The implementation of efficiencies has not been formally assessed but Directors have not reported significant implications arising from implementing the £1.1m reduction.

6. Have you been able to measure the impact that the efficiencies are having on the workforce, both qualitatively (such as health issues, time off, staff morale) and quantitatively (job cuts/reduction in hours)?

It is expected the impact of the 2020 efficiencies programme will have had minimal impact on the workforce. The efficiencies which have been achieved have been straightforward to implement and budget reductions have been made without impacting staff. An assessment of staff morale and wellbeing will be made once the department receives its output from the 'Be Heard' survey and any links to the ongoing efficiency plan made.

7. What progress have you made in identifying new efficiencies for the Recovery Plan/new Government Plan?

I continue to engage fully with the Government's budget re-balancing work and detailed proposals for efficiencies and other re-balancing measures will form part of the Government Plan 21 - 24.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Tracey Vallois', with a stylized flourish underneath.

Senator Tracey Vallois
Minister for Education

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