



Deputy Sam Mézec
Chair, Corporate Services Scrutiny Panel

By email: s.mezec@gov.je

11 November 2022

Dear Deputy Mézec

Corporate Services Scrutiny Panel - Government Plan Review 2023 - 2026

Thank you for your letter dated 26 October 2022. You requested:

- any observations on the Terms of Reference of the Panel's review of the Government Plan 2023 -2026, the wider Plan and the spending commitments within the Plan; and
- any comments and views in relation to specific matters set out in your letter.

My role

You will appreciate that my responsibilities stem from legislation, in particular the Comptroller and Auditor General (Jersey) Law 2014. I am responsible for providing the States Assembly with independent assurance that the public finances of Jersey are being regulated, controlled, supervised and accounted for in accordance with the Public Finances (Jersey) Law 2019 and other specified legislation and reporting to the States Assembly in relation to:

- a) general corporate governance arrangements;
- b) the effectiveness of internal controls, and of the internal auditing of those controls;
- c) whether resources are being used economically, efficiently and effectively; and
- d) actions needed to bring about improvement, where improvement is needed.

My primary focus is on implementation rather than policy and is backward-looking rather than forward-looking.

LYNN PAMMENT

Comptroller and Auditor General

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My main point of liaison is with the Public Accounts Committee, which I have a statutory duty to attend, rather than with Scrutiny Panels.

However, the Code of Audit Practice that I have prepared and published provides that, where requested by a Scrutiny Panel, I shall consider whether to provide evidence to a Panel where if, in my opinion, doing so would assist the Panel and not compromise the discharge of my functions.

In that context, I am happy to provide observations in response to your request.

The Terms of Reference, the Government Plan and spending commitments

I have reviewed the Terms of Reference but I have not undertaken a detailed review of the Government Plan or the spending commitments contained in it. My observations therefore focus on the Terms of Reference:

- I note that the Terms of Reference include assessments of whether ‘the additional revenue programmes and capital projects are appropriate and likely to have a positive impact on Islanders and Island life’ and ‘whether the resources allocated to additional revenue programmes and capital projects (including major projects) are sufficient, ensure value for money and are best use of public funds’. These objectives are very widely cast and inherently subjective in nature. In my view it is important to adopt clear criteria for undertaking such assessments. In contrast the objective of assessing ‘how the proposed additional revenue programmes and capital projects align with the Common Strategic Policy and the aims and objectives of the Ministerial Plans, including by reference to the Common Strategic Priorities’ is more tightly cast providing a clearer basis for the Panel’s work.
- I note that the Terms of Reference include a commitment ‘To ascertain individual departmental budgets and their feasibility based on future spending’. Establishing individual departmental budgets is relatively straight forward as revenue heads of expenditure are set out in the Government Plan. However, ascertaining the feasibility of delivering those budgets is more challenging and the Panel might wish to focus on the robustness of the assumptions underpinning the budgets.
- I have made a number of recommendations relating to the Government Plan process the implementation of which the Panel may wish to consider in the context of its review of the Government Plan 2023 - 2026. In particular:
 - in *States Employment Board - follow up: Employment of the former Chief Executive* (May 2021), I recommended that, to enhance accountability, the Government Plan include a short description of the scope of revenue income and expenditure budget lines. The Government of Jersey rejected this recommendation
 - in *Long Term Care Fund* (February 2022) I recommended that the;

- the actuarial review of the Fund based on 31 December 2021 data is commissioned as soon as possible for reporting in 2022 and to inform the Government Plans from 2023; and
 - a detailed analysis of Fund contributions collected by Revenue Jersey was undertaken and used to inform or validate future revenue forecasts for the Government Plan; and
- in *Risk Management - Follow-Up* (October 2022) I recommended that the Government Plan includes the high level risks of delivering the priorities reflected in the Government Plan rather than a small sample of the risks taken from the Corporate Risk Register.

Comments and views on specific matters set out in your letter

In relation to the specific matters highlighted in your letter, I would make the following observations:

- I would caution against seeking to make an assessment of overall efficiency and effectiveness of expenditure based on aggregate predicted total expenditure. Efficiency (the relationship between the output from goods or services and the resources to produce them) and effectiveness (the relationship between the intended and actual results of public spending) are best evaluated across the range of government activities using robust performance information. In this respect, my report on *Annual Reporting* (November 2021) highlighted the importance of meaningful performance analysis for inclusion in annual reports. Focussing on the performance analysis included in the Annual Report and Accounts assists in assessing efficiency and effectiveness and determining the extent to which the States of Jersey is in a position to make such an assessment.
- It is difficult to make an assessment of value for money based on the value of capital projects included within the Government Plan. In my view it is appropriate to focus on the robustness of the business cases for inclusion within the Government Plan and, in particular, the extent to which the process protects against optimism bias in developing business cases. The Panel may wish to be aware that I intend to undertake a review of *Major Projects, including Capital Projects* early in 2023.
- I welcome the establishment of a Value for Money Programme. This reflects the recommendation in my predecessor's *Review of Financial Management* (April 2015) to undertake a programme of zero-based budget reviews. The Panel may also wish to be aware that a review of *Efficiency Savings* is included in my current work programme and fieldwork is nearing conclusion.
- The statutory requirements for the content of the Government Plan are predominantly factual and, based on a limited overview of the Government Plan, these elements appear to be included. The Panel may wish to focus its attention

on more judgemental requirements of Article 9 of the Public Finances (Jersey) Law 2019, namely the requirements that:

- the Government Plan includes 'other information that the Council of Ministers believes that the States may reasonably be expected to need in order to consider' the statutory factual requirements of the Government Plan; and
- the Government Plan sets out how the proposals in the Plan take into account:
 - 'the medium-term and long-term sustainability of the States' finances and the outlook for the economy in Jersey'; and
 - 'the sustainable well-being (including the economic, social, environmental and cultural well-being) of the inhabitants of Jersey over successive generations'.

I trust that you will find this letter to be of assistance. If you require any further information, please do not hesitate to contact me.

Yours sincerely



Lynn Pamment
Comptroller and Auditor General

cc. Monique Magalhaes, States Greffe (M.Magalhaes@gov.je)