



Corporate Services Scrutiny Panel

Government Plan

Witness: The Chief Minister

Friday, 27th September 2019

Panel:

Senator K.L. Moore (Chair)
Deputy S.M. Ahier of St. Helier (Vice-Chair)
Connétable R. Vibert of St. Peter
Connétable K. Shenton-Stone of St. Martin

Witnesses:

Senator J.A.N. Le Fondré, The Chief Minister
Deputy S.M. Wickenden, Assistant Chief Minister
Mr. C. Parker, Chief Executive
Mr. J. Williams, Director of Business Change
Mr. R. Bell, Treasurer

[15:30]

Senator K.L. Moore (Chair):

Welcome and thank you for coming in this afternoon. We have a lot of questions to get through on this subject of the Government Plan so if we could ask you all to be as concise and clear as you could be please in your answers we would be very grateful. We will get on with our initial introductions because I am sure you are all quite aware of the rules of engagement and the notice that is to your side. I am Senator Kristina Moore, and I am the chair of the Corporate Services Panel.

Connétable K.S. Shenton-Stone of St. Martin:

I am Karen Shenton-Stone and I am a member of the Corporate Services Scrutiny Panel.

Connétable R. Vibert of St. Peter:

Richard Vibert, a member of the Corporate Services Scrutiny Panel.

Deputy S.M. Ahier of St. Helier (Vice-Chair):

Deputy Steve Ahier, vice-chair of Corporate Services.

The Chief Minister:

Senator John Le Fondré, Chief Minister.

Assistant Chief Minister:

Deputy Scott Wickenden, Assistant Chief Minister:

Chief Executive:

Charlie Parker, Chief Executive.

Treasurer:

Richard Bell, Treasurer.

Director of Business Change:

Jonathan Williams, Director of Business Change.

Scrutiny Officer:

Simon Spottiswoode, Scrutiny Officer.

Assistant Scrutiny Officer:

Theodore Stone, Assistant Scrutiny Officer.

Senator K.L. Moore:

Thank you, all. Chief Minister, the Government Plan has been billed as an efficiencies programme, yet it displays a 12 per cent increase in spending, so could you just start by explaining to us please how the 2 marry up?

The Chief Minister:

That is probably the wrong premise. We said efficiencies are a key part of it, it is not just an efficiencies programme. So, I reiterate the point, I am quite proud of the work that has been done and what has been brought forward and what has been presented to States Members. Increasingly around the States, the first time in my political life, so 14-odd years, where we have got income and revenue-raising measures generally, expenditure and policy into one document. That is a first for a

long time. So, efficiencies are an important part of that, no question. It is not just around efficiencies. What we have been able to do ...

Senator K.L. Moore:

Clearly not because it is a 12 per cent increase in spending.

The Chief Minister:

Over the period of the plan obviously.

Senator K.L. Moore:

No, in the first year there is a 12 per cent increase in spending so I think it would be helpful for people to understand how you are achieving that and why, as opposed to when the public are being told that there are many efficiencies being made.

The Chief Minister:

The reason the expenditure has increased is, in essence, there is a lot of investment going into all spends, depending which way you want to call it, going into a whole range of areas that have not had the right level of spend in the past. The classic one, using this week as a particular area, obviously Children's Services we know needed money spent on them or needed more money spent on them in the appropriate way. Off the top of my head, without looking at the tables, that is around £20 million to £23 million a year going forward. I.T. (information technology) services, which either Scott or Jonathan can talk to you in far more detail, we have I.T. systems that are not in the best state they should be, I think might be the diplomatic way of putting it. So, there are at least 2 aspects which we need to be addressing there. One is bringing it up to spec and to a standard to be able to deliver the services that people would expect of us these days. Two, if you get the right investment in, that will drive further efficiencies going forward. The classic example, looking to my left slightly between Richard and Charlie, I seem to recall we have got something like 9 million pieces of paper in taxation records alone. That is not a good way of dealing with them, let alone if we get the Health records. All of us around the table would hope that we could always spend less than the previous year, the reality of what we have been finding is that a lot of the spending decisions in the past have not, for whatever reason, put the investment in the right place or not addressed core areas and that is what we are having to deal with now.

Senator K.L. Moore:

Yes, I see, but in previous speeches the public have been told that reducing duplication in the public sector was going to save "tens of millions of pounds" yet when we look at the Government Plan, as it is published, and I appreciate that the efficiencies part is still incomplete and only £19.7 million have been identified, some of which are revenue raising but we will go on to that later, £300,000 of

the efficiencies that are proposed in the Government Plan refer to removing duplication from the public sector.

The Chief Minister:

I think there are a range of issues in there. I believe you have had the same documentation and briefing that hopefully the Council of Ministers have been given which, broadly speaking, they only have the 20 ...

Senator K.L. Moore:

I am referring to the pages that we are allowed to refer to that we have publicly. What is publicly available is that £19.7 million of efficiencies, which some of them we can discuss later, £300,000 are attributed to removing duplication from the public sector. The simple question is: why is that not tens of millions of pounds that were prefaced previously?

Chief Executive:

So, it would be helpful, Chair. The context for the efficiencies programme is over 4 years. The target for the 4 years is circa £100 million, which is tens of millions of pounds. Within the context of that, the efficiencies are phased and will take account of the whole of the Government Plan period. In reference to your suggestion, there is in the Government Plan £19-plus million, which has been identified, of which that is significantly more than that that perhaps has been achieved in the recent past. There is a further tranche of efficiencies that have been provided on an early update to members of Scrutiny, which brings the figure to circa £33 million. The final £7 million will be provided well in advance. I am sure we will come back to the detail of that. Within those there is not just the avoidance of duplication, there are a whole series of other improvements about the effectiveness of public services because efficiencies is not just about a zero sum gain of reducing controllable expenditure, it is not just about taking headcount out, it is not just about slashing and burning to core services. Within the confines of the Government Plan, I think it has been made clear that the programme that Ministers have charged us with is to try and improve the effectiveness of services, to improve the value for money of those services and to reduce cost here appropriate. Within the confines again of the funding, which I think you have talked about, there are 2 premises; there is new spend and then there is continuation of spend that previous Governments have committed to but within a government period where those monies were not put in as long-term revenue commitments. So, in effect, the Government Plan has had to also pick up on some of those. By way of example, Brexit and other such areas, are not confined to the period of said Government.

Senator K.L. Moore:

Sure, but the considerable area of growth in the budget is, for example, £100 million on I.T., which the Chief Minister has mentioned in his introduction, yet when questioned by the Economic Affairs

Panel recently it was discovered that that spend in that area is framed around a very short period of time rather than smoothing it over a longer period of time to minimise the expenditure year on year. We are really wanting to understand a little more about where you are all coming from and how you are proposing to spend public money. For example, if we pick a path that £19.7 million of efficiencies that we do know about so far, £1.2 million of that is charges and subsidies and £7 million is more efficient tax collection therefore one could question whether that is a genuine efficiency because it is taking more money out of the taxpayers' purse and therefore more money out of the economy.

The Chief Minister:

Let us address the last one first. What that is about, it is not about tax measures that increase tax take from all of us in the room, if we are all taxpayers. It is about people who should already be paying tax, who either are not paying as much tax as they should be or are not paying tax when they should be. That is an efficiency measure.

Senator K.L. Moore:

But a previous Government invested £11 million into doing a very similar thing and has to date, I think, returned an additional £1 million annually following that £11 million investment. Your Government Plan now proposes an additional investment of £1.5 million therefore one can question how feasible it is to suggest that we can be receiving £7 million back after that £1.5 million of investment.

The Chief Minister:

I think the man to deal with it to my left is the Treasurer. I am sure when you have the Minister for Treasury and Resources in front of you and, I suspect, the Comptroller of Income Tax he can also elucidate further, but Richard.

Treasurer:

First and foremost, if we are talking to the same £11 million, £11 million related to the much-needed investment in I.T. primarily in taxes faced with a 35-year-old system. It is almost one of the higher risk systems we have, if not certainly one of the oldest systems we have. Its only safeguard being that no one else uses that language anymore in terms of programming. That drove a largely manual paper-based system, and I will typify this as a tax return comes in, it is scanned into one system, it comes up on a screen and is typed in to another system. That system does allow us to have more information at our fingertips and it did have a savings associated with that, and that is changing from being a manual system into being a more automated system. We will eventually get less reliant upon files, but we have to scan them if we wanted to get entirely reliant on files. What we are talking about doing here, that is to put further investment into the team, to boost the team to be able to do more of this risk-based compliance work, fed by the information that is now and will be available in

the new system. So they are 2 different things. The only thing I would point out is that we are upskilling. Our teams are existing teams but also, we are very fortunate to have such a very experienced Comptroller of Income Tax who is bringing experience from elsewhere. He is using experience of what he did in similar instances elsewhere and what was driven out of tax systems elsewhere to see where we can go further. There are examples, and we will have to bring those numbers with us on Monday, as to what we have achieved in recent times off the back of that.

Senator K.L. Moore:

If I could just come back to you on that point though that Jersey differs from elsewhere in that it is a low tax therefore generally one would expect a low avoidance jurisdiction as opposed to other places where tax rates are significantly higher therefore people's behaviours may be somewhat different.

Treasurer:

I was told very recently that some of the work we have been doing recently, and companies that were still charging 3 per cent G.S.T. (goods and services tax) rather than 5 per cent G.S.T. and in that environment, and that is just one example, but in that environment it is straightforward we have to ask ourselves what more we need to do in order to inform taxpayers of their responsibilities and help them to avoid those errors. It is not all just about looking for evasion or deliberate evasion. It is looking for people who are still making errors as well.

Senator K.L. Moore:

Okay, that is helpful, thank you, Treasurer. If we could go back to the efficiencies and if you could just give us an overview of how much money is coming out of departmental budgets and the impact that that may have on some of our core front line services, particularly those that the community value, such as the emergency services.

The Chief Minister:

I think context-wise, it is slightly difficult ... we have moved on from the £19 million, and I accept that is what is in the public domain but for the record that is also in the public domain, you have been sent the details of just under £33 million in 2 forms: one, if you have had the presentation the Council of Ministers have had and, secondly, you should have had the breakdown, which is something that looks like that, which is the individual cases for each of the individual lines in the slide that forms part of the pack the Council of Ministers have had, and you have also had the service analysis by department, which is the total spend side. In the context of the £33 million, obviously the spend reduction is just under £25 million.

[15:45]

The cost recovery is about £700,000, give or take, and the income which you have referred to is around £7 million. So, I think when we are talking about the efficiencies, spend reduction - if that is a reasonable definition of efficiencies or having said that - raising income without raising taxes could arguably be an efficiency message as well we are talking tens of millions already. In terms of front-line services, and you mentioned emergency services, within the whole Government Plan, and particularly from the Minister for Home Affairs, the number of police will increase under the Government Plan, so there is not a cut in those emergency services, for example. What we have been quite clear on is it is not acceptable to put up taxes without demonstrating to the public that we are being serious about the spend and how we manage it. We have had these competing pressures because - and perhaps Richard can touch on that shortly - we have some of the issues in the ... there is no blame here I hasten to add, it is just reality, in some of the dying days of the last M.T.F.P. (Medium Term Financial Plan) was the deliverability or not of efficiencies or identified them and that was also tied into the rigidity of the M.T.F.P. I will say it again, having said it already before, this really feels to me very, very different; the conversations are very much around restructuring the target operating models, the elimination of duplication of using ... I will say "assets" without being specific, in a much more efficient way. That is purely through scheduling. That does not cost jobs. That means you can utilise it more, and more effectively. Those all have monetary consequences and that turns into real efficiencies. That is not about cutting front line services because that is the bit ... we are aware of it. Will there be changes? Often there will be. Will there be outcomes that come from that?

Senator K.L. Moore:

May I give you an example? This week we received a letter, as you will be aware, it is a public document, from the States of Jersey Prison Services Association who expressed their concern that following their drive to deliver efficiencies through the Government Plan process they were now being asked to deliver further efficiencies, which causes them concern.

Chief Executive:

Can we be clear? The target operating model produce some efficiencies, albeit that the Assembly made a decision in P.24 to rescind some of the proposed arrangements around that, which saw a reduction in the efficiencies that would have been gained from that. As part of the follow-up, we have been looking at more effective and efficient ways of dealing with spend. For example, in the prison, staff have been asked to look at current day-to-day operation. One of their efficiencies, and there are many, would be for example the use of bottled water rather than mains water where they were spending vast amounts of money. Staff themselves come up with some proposals about day-to-day operational spend which is not about headcount, it is not about some of the things that perhaps one associates in the term "efficiencies", which is about cost cutting to the point where it is just about jobs, because the Council of Ministers gave us, as officers, the target to look in the

transition year for the first period of the Government Plan and all the low hanging fruit that we need to be able to deal with. So, by way of example, we spend a large amount of money on absence and these are duplicated costs that we have to deal with. We can come back to some of that when I am sure you will talk about it. So, in the prison service they themselves have offered up a whole raft of efficiencies and I can take you through that, including the way in which we will be dealing with day-to-day spend. The Prison Association may have written in but the officers themselves are comfortable with the proposals that they have submitted as part of this exercise. I am sure there will always be a view whereby some people do not like efficiencies, but I think it is better to be able to deal with those sorts of things rather than job cuts.

Senator K.L. Moore:

I think the tone of the letter was quite clear, that they were fully supportive of the process that had gone behind the first £400,000 of efficiencies that were discovered yet ...

Chief Executive:

But that was not in the prison service.

Senator K.L. Moore:

... they were drawing a line of concern.

Chief Executive:

£400,000 was not just in the prison service. It is £400,000 across the whole of the Justice and Home Affairs. The point I would say in this particular issue is you will always find some people, if you are trying to take costs out, that will have a view. The question is, at the same time as the charges being given by Ministers and the Chief Minister has made the point, the objective of this programme over 4 years is to modernise and improve services, reduce cost but make them more effective, and we are not doing that in some of our ways in which we currently operate.

Senator K.L. Moore:

The point that is being made here is when that crosses from something that is achievable to something there is concern about the safety of its delivery and how that as the Government you are preparing to ...

Chief Executive:

But without having seen the letter I cannot comment.

Senator K.L. Moore:

You should have done because it has been covered in the media this week, it is a public document.

Chief Executive:

It has not been sent to me, so I do not think we have received the letter and the context of the letter I do not believe I think I recognise that services are being put at risk by the proposed reductions. I do not think reducing the purchase of bottled water puts services at risk.

Senator K.L. Moore:

Clearly not but ... we would beg and request you to look at that and to come back to us with how you propose to deal with that particular issue ...

The Chief Minister:

Perhaps we will track down the letter first.

Senator K.L. Moore:

... and other issues of safety going forward. As you touch upon the area of absence and illness, perhaps you would like to elaborate on how that is being conducted please.

The Chief Minister:

I am going to get my numbers the right way round. I think it is overtime, sickness and agency. So broadly speaking, if you put the whole lot together we spend around £7 million in overtime, £14 million on sickness absence and £21 million on agency. So, within all that lot - this is definitely one for the gentlemen to my left, I think Jonathan is the starting point and Charlie may wish to comment - we believe that can be managed better to generate some savings that come out of that. For example, depending on the sickness side of things, if somebody is off with something chronic can you perhaps work with them to perhaps put them somewhere else in the organisation, depending what you do, rather than just being not fit to do the post they were down for. Does that possibly relieve overtime pressures? It might do, it might not do. But more specifically, it might release the agency cost that might be covering one of those posts somewhere else there which is going to be more expensive. That is the current principle. If you can do that then you get sort of double hits, if you like, in a positive way and we are addressing some of those figures. Not looking to address them all and you are not going to address it 100 per cent obviously. What you are trying to say is: "Those figures are quite high, and can you do something to reduce them?" Jonathan, do you want to address that?

Director of Business Change:

What I would like to share is that we are, in the context of efficiencies, addressing sort of around under a theme called "modern workforce" under which there are several areas. So, looking at how we deal with overtime is one and absence management is another, looking at how we deal with

agency and contracts is another, looking at how we deal with vacancies is another. There are a series of levers and those levers will not be pulled identically by each department or each team, so we have to respect the fact that each business, each department, has a different composition in their workforce and have different needs. So, our focus is to identify the levers and the kind of management convention you can make to try and drive a more efficient workforce and then provide discretion and support to each of the teams to do that as is best for their department. That means we will not be applying a blunt percentage decrease into these areas, that would not be appropriate, more that we are supporting the provision of data and identification of different activities to best as possible and as appropriate as possible to drive down those costs.

Senator K.L. Moore:

Forgive me, but with all due respect, this is very much an H.R. (human resources) area however my understanding of your skillset and experience to date: is this being driven purely through a systems approach and what H.R. influence is there?

Director of Business Change:

So, H.R. or the people with the corporate services function are providing the support of a lot of this and this is not in the context of being a previous role focused on technology and now looking after the efficiency programme internally, and a lot of what I describe here is being led by the very experienced people in corporate services functions supporting those departments separately.

The Chief Minister:

To give a higher level I suppose on the H.R., which you are touching on, if you go to page 106 in the R.91 document, that identifies some of the investment that is going into the people at the H.R. area, the people in the corporate services side, and that splits between 2021 where we have got £7.9 million and 2020 we have got £5.4 million, and the rest of the numbers are on the page. I think it is the 2021 is the split where £3 million is staff and £4.9 million is basically non-staff, which will include I.T. What we are saying is we know we have to invest in certain areas, that is some of the spend side, which is about getting the team correct, and I think the quote on the bottom of that case says the C. and A.G. (Comptroller and Auditor General) has quoted to S.E.B. (States Employment board) that the budget for human resources management is beyond lean. In other words, it is significantly under resourced.

Senator K.L. Moore:

Can we just return to some higher-level questions? Initially, why when you went to print with the Government Plan in July did you only have £19.7 million of efficiencies and it is taken you until now to agree your ... I think you were saying £30 million that you have achieved? If you could just explain that first.

The Chief Minister:

I think it is 2 areas here.

Senator K.L. Moore:

Quickly.

The Chief Minister:

One is timing, lodging the plan and what was available then and the timing of efficiencies, which perhaps Charlie and Richard will address in a bit more detail. Again, context-wise, as you say, high level; the Government Plan was lodged with something like 18 weeks of ... between the date it was lodged and the date for debate. If we were in the old M.T.F.P. days, the debate for the M.T.F.P. ...

Senator K.L. Moore:

No, sorry, can I just stop you?

The Chief Minister:

Hang on. It would be next week.

Senator K.L. Moore:

We have been through all this, this is nonsense. If we can just focus on what the question is, is why was your Government Plan not complete when you went to press? That is the question. You had not finished the work to deliver and agree as a Council of Ministers on what your efficiencies were going to be. That is the question. I would just like to focus on that.

The Chief Minister:

Putting it into the context.

Senator K.L. Moore:

I do not need that. That would take up too much time.

The Chief Minister:

Okay. The debate for the M.T.F.P. would now be next Tuesday, actually next Monday. The debate for this plan is 8½ weeks from now. So, in terms of the timing and availability of information, which is kind of what you are relating to, we are still in that timeline, which is what was laid down in the plan.

Senator K.L. Moore:

Sorry, the timeline was that you were publishing your plan, okay, one would normally expect a Council of Ministers to have agreed their plan in advance of its publication. That is my question. Why was it not agreed in advance of its publication?

The Chief Minister:

The plan was agreed, the efficiencies as the element of that and the challenge that we set was that we would have expected a certain amount of efficiencies come out of that plan. Do not forget, the whole exercise is what they call an estimation process. This is what we intend to spend. This is what we plan to spend. It will never be the precise figure down to challenging events, it is an estimate process; it is what we are going to spend up to. Now the efficiency side, one lot of work has been done on that and will also have, as said already, that for next year we will be in that position absolutely. But for this year, a lot of the work that was going on was around the professionals who are looking at saying: "In our experience from other places we would expect certain areas because of the state things are in to generate certain efficiencies" because we can see there are areas which have not been addressed previously or look like there is further scope of savings to be made. That is the high level and then the detail has been coming through as a result of that process. But the reason I keep going back down to the 18 weeks is because we lodged everything significantly ahead of where it previously would have been some stuff is coming through on this type of timeline, which is what is laid down in the plan.

Senator K.L. Moore:

If you do not achieve your efficiencies as you intended to at the start of this process, what are the risks and what will you do to remedy it?

Chief Executive:

The plan identifies all the risks and includes a risk matrix around potential for the efficiencies. As the Chief Minister has made clear, the plan also identifies the fact that there would be an efficiencies plan that would follow. The reason for that, as has been explained, was that we were working through quite a complex set of arrangements in 2019, which is a transition year dealing with change, we are dealing with a whole series of new processes with the Government Plan, which is a completely new way of doing government policy, income and forecasting arrangements.

[16:00]

As part of that, we put everybody on notice that the efficiencies would not accompany the plan in detail by the time we published it and lodged it. The reason for that was the Ministers wanted as much time as possible, more than in the previous M.T.F.P. period, for there to be a scrutiny of the details. Secondly, we gave a commitment that in future going forward, there would be an opportunity

to ensure that we would bring, I think on the Chief Minister's recommendation, forward all of the efficiencies in time for there to be as long a period of scrutiny as is possible and, finally, on the back of that, you would have the detail. Going back to your point, is the £40 million going to be achieved? I believe that the £40 million represents real opportunities that will be delivered. On the back of that, we obviously have a £60 million programme to deliver going forward. One of the big things that you asked earlier was about I.T. spend. I am sure the Minister will come back about some of the detail but the key driver in the efficiencies programme and the Council of Ministers were clear, was as part of the effectiveness of services we want to drive out costs through automation. It takes time for I.T. to be able to be onboarded, bedded in, before it delivers the efficiencies that it is striving to do. A lesson learned from the C. and A.G. reports from P.A.C. (Public Accounts Committee) and from past examples is that we have not been very successful at doing that. In the Government Plan there is an invest-to-save principle. By way of example, a key chunk of the I.T. investment is on the premise that by 2023 we will be achieving significant savings on the back of the technology benefits realisation piece. That is explained in the plan but in order to do that you have to invest upfront. Some of the things that we also need to do are, as has been explained, dealing with the lack of investment over a number of years where again the C. and A.G. report has been very explicit. We are not compliant with systems. We are not compliant with much of our data protection arrangements. We are not compliant on cybersecurity. We are not compliant on the information flow that supports our accounting processes. We have obsolete systems that consistently over the last 10 or 15 years no investment has been made into them and now unfortunately they have come together. So, in part of the I.T. spend that is the immediate priorities. It is not a nice to have. It is an essential for good business in order that this jurisdiction is going to be safe in much of the key finance around tax, health, social security and government services. If we were looking at the real cost, and Gartner have done the work with us, which is the industry standards piece, they have said these are essential. We are suboptimal on a number of areas, which for a Government would be something that would potentially put at risk, going back to your point, Chair, about services and the systems that we have would put at risk Jersey. So as a part of that, in the investment we have dealt with the prioritisation that is needed but included within that is the invest-to-save principle. If we were to do a full audit of requirements for spend it dwarves the £100 million and we will need to come back to that figure going forward in future Government Plans. We made this point to P.A.C. on Monday. They fully understood because we have been briefing P.A.C. as part of this process and we are indeed very content to provide a further private briefing to both P.A.C. and this committee around the investment that is required on I.T. and why we would do that.

Assistant Chief Minister:

It is not all doom and gloom though, it is not all about cybersecurity and G.D.P.R. (General Data Protection Regulation). When we change these systems, we are going to give the public a better way of communicating with government as a government rather than a department. We know with

the siloes of the past the Islanders used to deal with either the Planning Department or the Social Security Department or the Tax Department. The way that we are going to be working things in the future is about making the customer the focal point on how we deliver services to them. That is going to be the best offset. Behind that of course is all the security and the G.D.P.R. and everything that we are going to shore up, we are going to be able to get better financial management information, the background of this, there will be a lot less duplication, there is going to be a lot less risk of manual input doing things wrong. It is going to be beneficial to the Islanders at the end of the day by what we are trying to achieve now. The sooner we can do it the better.

The Chief Minister:

Do you want to add anything to that?

Senator K.L. Moore:

Shall we move on to Constable Vibert's question?

The Connétable of St. Peter:

Chief Minister, how is the flow of information for the efficiencies programme structured? Are the Council of Ministers the first point of contact to discuss updates to the efficiency programme and how does the OneGov Political Oversight Group, what part does that play?

The Chief Minister:

If I have understood the question correctly ... let us work backwards. Efficiencies ultimately come to the Council of Ministers. Prior to it coming to the Council of Ministers it should have gone to the individual Ministers. Somewhere around there, it will depend on the individual process, it will have gone to the Political Oversight Group of which I chair, and then prior to that it will be at the operational level as to what is practical in the assessments and things which we touch on in the document - Richard might want to touch on - and quite often I will go to a briefing somewhere in that process before it goes up to anywhere. Perhaps that helps. Do you want to add anything in that?

Chief Executive:

No, I think that is right. There is an operational oversight. It goes through into the particular oversight alongside Ministers and ultimately it is the decision of C.O.M. (Council of Ministers) because this is a Government Plan of the Council of Ministers.

The Connétable of St. Peter:

So, there is a structure that flows through.

Chief Executive:

Yes. There are a series of timelines which had been shared with Ministers, so everybody is alive to the various milestones that are needed to be able to produce information, of course of which the scrutiny process is built into that.

Senator K.L. Moore:

Just quickly: how did Ministers prioritise? So, if they felt that lots of growth bids have been put in and they were not all achievable, how were decisions arrived at or were decisions arrived at to move some items into different years?

Chief Executive:

For the Government Plan itself?

Senator K.L. Moore:

Yes.

Assistant Chief Minister:

Robust discussion, from what I recall.

The Chief Minister:

If you go back to the wider context, and perhaps Scott can add to this from his side, but just before then, there were quite a lot of workshops that were done I think over the Easter break and around that sort of time, various groupings of Ministers, Assistant Ministers, and they were involved in that whole process. As things coalesced they came up to various sessions of C.O.M. purely to deal with as the Government Plan was put together, some were held up at hospice, some held down at St. Paul's, and they covered the whole gamut of whether it was expenditure or revenue-raising decisions. Ultimately, as things came along, there were some discussions about profiling the spend as to when it should start, so for example not every spend budgeted for is necessarily going to start on 1st January. You can say well the reality is it is going to start on 30th June, that has an impact on what you put into the budget for that particular year. In terms of revenue, as part of the plan, there was a variety of discussions around a whole range of areas, we coalesced them down as to where we thought, bearing in mind the focus being on trying to keep revenue-raising measures down to keep the pressure on the efficiency side, we challenged various ... we had quite a lot of discussions around that territory. We coalesced those discussions down at certain points and then, for the sake of argument, when you got down to a particular measure there might have been half a dozen options under that measure and we just broke them down. Basically, that was by a vote around the table as to, right, which one goes first type of thing, whatever, in favour/against; whittle them down and ultimately it came down to usually 2 choices and then there was a final vote as to which choice people went for. That was pretty much where we followed that all the way through.

Some of the profiling, if you look at the Overseas Aid side, they had an ambition but when we look through it, we have all discussed, we were all supportive of an increase, but we have worked on that to produce the figures that are in there. That should give you an idea.

Chief Executive:

Just underneath that, Connétable, which helps, there was ... when the C.S.P. (Common Strategic Policy) was produced Ministers broke into themed groups where they came together so that you looked across the organisation of government rather than up and down. Those same groups were reactivated for the Government Plan because in delivering the Government Plan it has not been led by departmental, it has been led by a policy prioritisation process. So, the strategic planning process that was adopted for delivering the C.S.P. was replicated for the Government Plan. So, Ministers came together in groups, supported by a cross-section of officers. So, in the early preparation of both analysing bids and looking at priorities that those themes wanted to take forward, that was done in that collective way where you got groupings of Ministers across different portfolios and departmental interests coming together and that fed up. It went back down again into those groups for some prioritisation as well as coming out back then to the Council of Ministers.

Assistant Chief Minister:

To me, what was really interesting, and this one from previous iterations was that it was not just Ministers that were involved in the whole process. Assistant Ministers because they have other interests were involved in what would be in the Government Plan and how it would be evolved. So, it was not just the Ministers in this way and it was quite interesting to see all of the Assistant Ministers be part of that process because it is a whole Government.

The Connétable of St. Martin:

Chief Minister, what are the top 3 government departments that you expect to deliver the highest amount of efficiencies in total value?

The Chief Minister:

That is an interesting question. It is quite a difficult question. I am going to pass to my left on that one. I think the emphasis we also say is that it is not just necessary departmental focused, if you see what I mean. It will be some cross-departmental stuff as well. I am trying to think of the brief that was sent through if that does give an analysis. Let me just work through. In terms of the departmental efficiencies ... I just want to make sure I am giving you apples and apples not apples and pears. Health is delivering quite significant savings of about £8.25 million and Treasury are delivering about £7.5 million. Bear in mind I am looking at expenditure, revenue is shown separately. But I do emphasise very much, Health is in a better position because they have better data than probably anybody else. Also, a larger budget as well.

Chief Executive:

Just to support the Minister there. The other reason is if, and I am sure the chair will remember this, Health previously were due to deliver a number of efficiencies that got backloaded over the period of the last M.T.F.P. and some of which were not then delivered with the expectations that they have in part, and that has been one of the troubles of delivering the efficiencies in the past, rolled over into 2020 as well. So, some of what was now being delivered was previously being discussed but not able to be delivered. So, there is some impact on Health, which is a culmination of previous attempts to deliver efficiencies which had not been achieved.

The Chief Minister:

To be really clear, there are certain areas there where that is where they looked at scheduling and things like that, which drives better utilisation and they are able to save money. That is an efficiency not a cut. That is a process; I am not just saying this stuff. I have been so impressed with that approach as it has been briefed to me and certainly the messaging I get from the new team at Health is that they are very much up for this and they think there is more scope there.

The Connétable of St. Martin:

By saying that, you have identified the first significant efficiencies in Health but are these efficiencies being identified solely by your department or through consultation with the relevant experts, such as medical professionals who understand the risks of these efficiencies?

[16:15]

Chief Executive:

I am sure other colleagues can come in. The way in which we have been looking at the health modernisation programme is talking right across the whole of the system. As the Chief Minister says, we now have quite a lot of data which talks about everything from utilisation of theatres back to the amount of time that is spent whereby we can look at the effective use of bed nights and bed blocking and the impact of all of that, what we are doing about the productivity of each consultant, which we now have down to that detail, as well as the productivity of the nursing and the support key functions, whether that is theatre staff or whether that is specialist staff on wards or whatever. So, what we have been able to do is provide the evidence for the first time in quite granular form, which has been able to drive a number of assumptions around the value for money and cost associated with functions.

The Chief Minister:

Certainly, the discussions - and I will hand over to Scott - I have had with the head of Health have been very much they are fully behind this and a lot of it as well is challenging even down to the type of procedures that people are running these days and what impact that has.

Assistant Chief Minister:

I have a monthly meeting with my other hat, Social Security, with a primary care model. We have got people from the hospital, from Health, we have got doctors, we have got pharmacists, we have got dentists, we have got care workers that all sit in a room together and talk about how we can best understand building a better model and create efficiencies and provide a better service to customers across everyone's fields of expertise. So, we definitely are engaged better than ever before with experts that deal with services locally on this Island on how we can make efficiencies and do things better.

Director of Business Change:

Just with reference to the activity with health efficiencies, it is also important to reflect - and you will have seen some of the narratives that we have more recently provided - that there is a very robust quality impact assessment undertaken that makes sure that medical staff have a look to assess and determine there is no impact on patients of the delivery of efficiencies that drive productivity. Each of the efficiencies goes through this very rigorous process and that is an important safeguard that has been put in place.

The Connétable of St. Martin:

Does Jersey have adequate outpatient facilities to justify the changes as to how operations are being carried out in Jersey?

Chief Executive:

I think we would have to provide you with the fine detail of all of that, but the short answer is yes. I think that is a question that has been raised already by the Scrutiny committee to both the Minister for Health and Social Services and the director general in previous conversations. Clearly, as we take forward the new model of healthcare, which is about to be announced and discussed with Members of the Assembly soon, you will be able to see some of the detail behind how that will be achieved.

The Connétable of St. Martin:

In the past you brought an amendment to remove vacancies from departmental budgets. Is this part of your thinking now?

The Chief Minister:

I wondered if that might come up. It is interesting that when we identified the work from that side of the table ... and I was not influenced from this side, I hasten to add, but when officers came and started talking about that type of thing, vacancy management came up, at which point a little lightbulb went off in my mind and thinking, well, maybe there was a point to the work we had done previously. But perhaps either Richard or Jonathan want to address that.

Senator K.L. Moore:

I think the question was directed at you, Chief Minister.

The Chief Minister:

Yes. Just repeat the nub of the question, sorry.

The Connétable of St. Martin:

In the past you brought an amendment to remove vacancies from departmental budgets. Is this part of your thinking now?

The Chief Minister:

I think the point about vacancies ties into what I said about the £21 million, £14 million and £7 million minutes previously. It is that area of a piece of work. What we have been saying for quite some time is that we carry a lot of vacancies, off the top of my head it is 11 per cent, give or take, which is large. So, effectively, it is operating as a departmental contingency. In other words, in something like a budget of £10 million that might be including 100 staff, but it is only ever carrying 90 staff, they have got a contingency of 10 that are in their budget, which they never use. Sometimes that balance is then used to spend on other areas and what we are saying is that not entirely but in some of that you can use ... you remove some of that vacancy, you manage it better and that is all tied up within the whole restructuring that is going on. I really emphasise, by the way, that I have not had any discussions to promote the point that we put through Scrutiny 2 or 3 years ago. It has come to me as in vacancies as one of the areas that is being addressed and has come to me as part of this programme. So, if you like, it reinforced the point that in the area of vacancies there was an issue, there remains an issue, and that is one of the areas that is being addressed.

Deputy S.M. Ahier:

Thank you, Chief Minister. If we could move on to the social security grants on the table on page 179. In your quarterly hearing on the 25th March this year you stated that grant payments for the Social Security Fund would be unfrozen at the end of the year. However, in the Government Plan we note that the grant remains frozen until 2022 when it rises, when this grant will be reinstated. When was the decision made to keep the grant frozen until 2022?

The Chief Minister:

Can you just remind me of the date of the hearing?

Deputy S.M. Ahier:

25th March this year.

The Chief Minister:

Right. Was that in the context of where the deficit had come from, out of curiosity? One of the reasons we had is that on 1st January 2020 we are forecasting a £30 million deficit, which no one had particularly been aware of because the forecasting had stopped at 31st December 2019. One of the reasons for that deficit at that point was the unfreezing of the supplementation grant, so that is probably what I was referring to, or certainly what I was meaning to refer to.

Deputy S.M. Ahier:

You were not aware of the grant being frozen at that time?

The Chief Minister:

I think that is probably an answer for Richard Bell, but what I was going to say is that in the discussions and if one looks, as you say, at those tables and also in those discussions about long-term care, because of the spending pressures that were coming through we discussed the impact on the Social Security Reserve Fund and we were very clear on 2 things. One is we had to get it unfrozen at some point because that is about keeping the funding sustainable, so the impact of one or 2 years in the context of the surplus in the fund was immaterial, effectively. I am sure Richard can expand on that. The other point we have also been fairly clear on, which is referred to elsewhere in the plan, is that in the long term that is certainly a piece of work that we are going to have to do. In 2020, hopefully, we have got to address the long-term sustainability of the size of that grant. By unfreezing I think by the end of this plan we rise to somewhere around £93 million a year and I think going forward that is just going to keep increasing. It will very rapidly hit £100 million and keep going north. Without going into the issues because of the time here, there are a range of issues around that that says perhaps the balance of how that is funded is based on ratios in proportion to when it was set up maybe 30 years ago - 30 years is my personal opinion - and maybe that is something we should be looking at and see if we can address it in a different way.

Treasurer:

I think you have covered most of the points I was going to make, Chief Minister. I would like to go back to understanding the context of what was being said, but I interpret that to have been if you do not do anything it will be unfrozen as a matter of legislation unwinding from the last Medium-Term

Financial Term. That would be different to saying that we are going to phase back in, back up to the natural level that the grant is by the end of the period.

The Chief Minister:

The serious discussions would be around there or afterwards, so would evolve during that time.

Assistant Chief Minister:

It is also a strategic decision. There is £50 million that we could use on much unfunded or underfunded areas within this plan, so mental health and areas that we know have been massively underfunded, childcare and so on. It is better to use that £50 million to get us where we need to be rather than putting it off for another day. So there has to be a level of how we best use the money rather than putting it just into a fund somewhere where it is not used, using it for the benefit of Islanders.

The Chief Minister:

Most importantly, without ... because it does not affect the sustainability of the fund. That is the crucial point.

Deputy S.M. Ahier:

Who was responsible for the decision to freeze and was the Minister for Social Security engaged within that discussion?

The Chief Minister:

The original decision to freeze was in the existing M.T.F.P. that is now running to its tail end at the end of this year. That would have then set the decision to unfreeze, because it had been frozen to a particular date and then would have automatically unfrozen on 1st January next year. The discussion around the profiling of that and to say to freeze it for a period of time was taken around the Council of Ministers but ultimately ...

Assistant Chief Minister:

She was 100 per cent involved in it.

The Chief Minister:

Yes, exactly, and so ultimately it was her decision.

Deputy S.M. Ahier:

What contribution does the freezing of the grant until 2022 make to the claim of a total of £50 million that you intend to invest in the agreed priorities set out by the Government in the Government Plan? Is this regarded as an efficiency saving?

The Chief Minister:

No. It is not an efficiency saving, no.

Senator K.L. Moore:

As the Minister for Social Security is behind this, you too, Chief Minister, support it, in contradiction to your previous statement?

The Chief Minister:

Sorry, which statement?

Senator K.L. Moore:

As the Deputy was saying.

Deputy S.M. Ahier:

The statement said that the Social Security Fund would be unfrozen at the end of the year.

The Chief Minister:

Sorry, I thought you said that I said the Minister for Social Security was not in favour. The Minister for Social Security is fully supportive.

Senator K.L. Moore:

Yes, the Minister for Social Security is 100 per cent behind the continuation of the freeze, as you are yourself, having previously spoken against doing so?

The Chief Minister:

Yes. What I was trying to say is at the time what I was saying is that it was going to unfreeze, and I think that is the context and that was in the context of that is what was contributing to the debts that we were saying. What I have also said, and that is identified in the plan, is that the long-term sustainability of the grant as a whole needs to be looked at. Whether that is an issue around a one or 2-year shift, bearing in mind the size of the fund and the impact of that, I was comfortable with because it does not affect the sustainability of the fund at all.

Treasurer:

That is set out in figure 39 on page 478.

Senator K.L. Moore:

Shall we move on? We have discussed the 12 per cent increase in spending compared to this year. Part of the increase in expenditure is a significant change to capital expenditure, so there is now £90.6 million proposed, which compares to £32.9 million spent on capital this year. Why is there such an increase in expenditure in capital spending?

The Chief Minister:

I was just looking for the relevant page, but I think to an extent we have covered that already. That is about the fact that a number of areas - and I include I.T. within that in terms of infrastructure - do require some significant investment to bring them up to some form of service and it has got to the point where - and I use I.T. as an example - you could not not spend some on it. That is the high level of it.

Treasurer:

From our perspective, this is one of the issues, firstly, that relate to the rigidity of the medium-term financial planning process. I think the chair probably agrees with that after having that frequent debate at the end of last year.

Senator K.L. Moore:

This is an objective process, Treasurer.

Treasurer:

Yes. An identification of the fact that there has been some historic underinvestment that needed to be addressed, but also what needed to be addressed and included in that part in order to guide transformation, improve customer service, deliver efficiency and effectiveness down the line. It applied as equally to I.T. investment as it did to bricks and mortar. So, based upon that and based upon the considerable balances that had accrued on the Consolidated Fund, which were not able to be spent because of the rigidity of the Medium-Term Financial Plan that was in place, notwithstanding the fact that while we had higher balances on the Consolidated Fund that is not to say we were running high surpluses. It did not warrant increasing at that point expenditure because then we would be running bigger deficits than we should have been running. That did mean that funds would be available for one-off capital spend, so we are able to finance that through the balances on the Consolidated Fund.

[16:30]

Senator K.L. Moore:

One of the very few members of the public who were in attendance at the public meeting earlier this week on the Government Plan asked the question of the inflationary impact of such a significant amount of capital spending and how the economy can sustain that when there is already considerable competition, particularly in the construction market. How do you propose to alleviate that pressure on the economy, Chief Minister?

The Chief Minister:

I was going to say it is a multifaceted answer again, because it is not just construction. As we said, I.T. is a significant tranche. That is not in competition with the construction industry, obviously. There is a twofold thing here. One is, which is positive both ways, in the context of Brexit if we have a slowdown this gives us some flexibility as to how we can help the economy, because potentially at the moment some of the plans, which we can talk about a bit more, if it is construction, for the sake of argument, might mean more prefab and might mean bringing staff in from outside, so you are not hitting the tighter job pool here. If that job pool slows down, you can turn that round and do more work on Island, so it will depend. Some of it obviously ...

Senator K.L. Moore:

So, you are planning for a downturn?

The Chief Minister:

Sorry?

Senator K.L. Moore:

You are planning for a downturn?

The Chief Minister:

No, what we are saying is we are not necessarily planning for it. We are just keeping in the back of our minds that it is not impossible, bearing in mind the uncertainty that we are facing over the next 4 or 5 weeks and depending on the outcome of Brexit and depending what the impact is.

Senator K.L. Moore:

In light of a downturn and your increased revenue forecasts in the Government Plan, does that potential for a downturn sit well with you in terms of prudent planning?

The Chief Minister:

I think if you look at the F.P.P. (Fiscal Policy Panel) comments that came out in September, broadly speaking they basically say the finance is fine as it stands. I am trying to find the quote.

Chief Executive:

I think it said: "The central forecasts of the economy will remain strong and continue to grow. The panel has recommended that we stick to the overall approach of the draft Government Plan." However, they also make the point that we need to retain the flexibility necessary to be able to balance what might be the aftermath of a no-deal Brexit scenario and we have asked them in turn to go and do some analysis of what that might mean in order to be able to feed into their report back to us.

Senator K.L. Moore:

Are you all confident as a team in the increased revenue forecasts, which I presume are based on good performance this year and the previous year?

Treasurer:

Having received the latest forecasts for the economy from the F.P.P., we are doing, as you will recall, what we usually do, which is take those numbers and finalise any reforecasts that would fall out of that as a result of that for our income. So, we are finalising that. We have to go through the Income Forecasting Group, including external members, to validate that forecast. There are 2 scenarios within, the first time we have had those 2 scenarios from an F.P.P. report. One remains as the base case, as does the current plan, and we are working through how any changes in that forecast might affect the sustainability of the current plan on an ongoing basis. Separately, through the possibility of a deal or no deal, the F.P.P. has helpfully provided for us a forecast of what the impact might be of that. We are also working through what those impacts would be. Fortunately, ... well, not fortunately, planned, we put £50 million into the Stabilisation Fund as a result of the previous Budget and we are planning in the event of the base case to transfer £36 million in 2020 and £16 million in each of the following years off the back of the advice from the Fiscal Policy Panel. If their advice changes as a result of deal or no deal, the most obvious conclusion you would reach is, first and foremost, that you would not do those transfers and that might be something to revisit in the event of a deal or no-deal Brexit, and that is what we are working through. They are the obvious first defence against that, in addition to which there are recessionary pressures that you can see coming through in that F.P.P. forecast of that particular scenario and that is the very reason for which money was put into the stabilisation fund in the first place. The Government Plan has a degree of flexibility that can be triggered by the Government and the Assembly in the case of a deal or no deal, depending on the timing. If you know what the date is, that might help.

Senator K.L. Moore:

Thank you. Just one point of curiosity really, and hopefully this will be a quick answer: the Chief Minister has described how there is a thematic approach to the Government Plan, and we can see

that in the report, but there is a sixth theme that appears in the Government Plan, that of modernising government. It just puzzled us slightly as to how and when that appeared as a strategic priority.

The Chief Minister:

It is not so much a strategic priority as in what is in the C.S.P. but it is a default. As I say, we are going through a major organisational change and, therefore, it is a key component of the overall plan because there is money being spent to achieve either organisational change or efficiencies or whichever bits are in there.

Senator K.L. Moore:

Do you now consider that your sixth priority?

Assistant Chief Minister:

It is an outcome.

The Chief Minister:

Yes, I think that is correct. We could end up quibbling round nomenclatures.

Assistant Chief Minister:

It is going to happen, and it is going to modernisation and there is going to be efficiencies based on the work that we are doing to deliver within ...

Senator K.L. Moore:

But you understand why we ask the question, because the Assembly agreed your 5 themes and now there is a sixth, which is treated equally in the Government Plan to all the others. It is just interesting, really.

Chief Executive:

In the original C.S.P. document there was a sixth strand, if you recall, and we had ... there was a debate with Ministers about how best to structure that because it covered a range of initiatives, which were deemed to be about modernising public services, government and improving the way in which we do our business. Going back to the F.P.P. and others, their view has always been that you need to invest to modernise our public services. There was a debate that took place about the principle of consolidating that area of work under that title and that is where it was driven from. It is more of an administrative, as the Minister said, tie-up of what was already in the C.S.P. in that other area, which notwithstanding did not have a very simple title, and that is where the original thinking came from.

The Chief Minister:

The C.S.P. was always clear about the organisational change and all that was going ahead.

The Connétable of St. Peter:

Chief Minister, page 138 of the Government Plan shows a list of resources mapped by Minister. Can you briefly explain what the budget allocated to you of £47.2 million is made up of?

Treasurer:

I can remember very well the day we lodged. I am just struggling to remember ... 138. We will come back to you with the detail on that. From recollection, it was some of those overheads that apply across the piece and are, therefore, difficult in the timeframe to allocate directly to Ministers.

The Chief Minister:

That includes the whole H.R. and I.T. side.

Senator K.L. Moore:

That is largely related to your modernising government?

The Chief Minister:

Yes.

Treasurer:

Are we talking to table 9?

Senator K.L. Moore:

Yes.

Treasurer:

Which line is the ...

The Chief Minister:

The top line.

Senator K.L. Moore:

The top line.

The Connétable of St. Peter:

£47.296.

Deputy S.M. Ahier:

Chief Minister, if efficiencies are to focus heavily on front line services and spending in the Government Plan are focused heavily on issues such as modernising government and internal spend, does it not imply that this is a Government Plan for the Government and not for Islanders?

The Chief Minister:

Sorry, what was your very first line of that question?

Deputy S.M. Ahier:

If efficiencies are to focus heavily on front line services.

The Chief Minister:

I would challenge on that assumption straightaway, because we are trying to turn it around from that. I always try and avoid guaranteeing that nothing will ever happen because Sod's law says that there is a 1 per cent chance that it does happen. But overall the focus is always trying to be on this, that we are not hitting services to the public, that we are hitting the "how" not the "what" is delivered. I think that is probably the best way of putting it.

Deputy S.M. Ahier:

Will there be an overall reduction in staff costs for front line services?

The Chief Minister:

That is slightly different. Will there be an overall reduction in staff costs? That is different because that could include back office, effectively; it could include what we talked about, the vacancy, the sickness and the agency side of things. Does that mean there is a reduction in staff in front line services? Not necessarily because things like the police, for example, are seeing an increase in manpower.

Assistant Chief Minister:

The whole idea about front line services and efficiencies is about using technology and using best processes and removing duplication, so you are bringing services together so that the customer can deal with the Government as one organisation rather than a lot of organisations. So, the efficiencies with front line services are a good thing and it is not about getting rid of staff but there may be a level of it. As I have used on the radio in times before, I said if you patio over your front garden because you want a parking space, you are not going to continue to employ a gardener. There are levels of efficiencies that need to work that are about delivering the best service to the customer and it is not

about anything other than providing the best possible services we can to the people that we provide the services to.

Deputy S.M. Ahier:

Chief Minister, will there be a reduction in staff numbers in front line services?

The Chief Minister:

It is possible, but it is not our day one intention to reduce staffing in front line services. For example, if part of the programme said that we can move people around who do administrative support for those front-line services, you might see that allocation change. You might, as a consequence of that, see someone who is retiring not being replaced. Do you see what I am trying to say? That would automatically lead to a reduction, but nobody is being made unemployed. That is why I am being quite careful about how one phrases it. It does not mean that you will never get someone being made redundant. There is a process, which I am happy to talk you through or let someone talk you through, about how we manage staff, try and keep that side to a minimum, which is around managing it properly so that we do not have the kind of unforeseen consequences that you might be talking about, but we are trying to drive out the efficiencies bit.

Chief Executive:

Could I just ... because it is quite important because if I give you a good example of where ... and, Chair, you will probably recall this. We, at the moment, do not have a hospital record system that is electronic and digitised. It is a manual process. That system does not talk to G.P.s (general practitioners) and it does not talk to any other providers in reference to benefits. At the moment, we have a large number of people who operate manually the recordkeeping for that system. If you were being sensible as a modern organisation you would not be deploying people to do that where the system is inefficient, ineffective and does not talk to, for example, G.P.s. It is inevitable that if you then put technology in that you are going to see less people managing that, but it would be more effective, cheaper and better for Islanders and taxpayers. But what you can do is use the people that are in that work area in other parts of the Government. Now, I will give you an example of a really important point: 13 per cent of our workforce is over 60. If you were just, by natural wastage, to see 13 per cent leave in the next 5 years, you can already begin to understand that there is plenty of headroom in the way in which the organisation is structured, because of the demographics, to be able to look at a more sensible way of redeploying people back into the Government. But equally, going back to your point, which I get, Deputy - where is the money being spent - 3 people roughly leave the organisation every day but we do not have a recruitment function in H.R. Our H.R. data is so poor that we do not know how many people we employ, technically. We spend a significant amount of money on temps, which we do not need to if we were to look at the way in which we can recycle and look at jobs that perhaps are currently being dealt with by temporary allocations. We

have no formal appraisals, we do not know whether we are under-reporting on sick, which is above the average for both the Island and similar organisations in other public bodies across other jurisdictions, and we spend £10 a year only on training our employees, on an average.

[16:45]

If we do not invest in our people - they are our single biggest asset - and deal with some of these things, as the C. and A.G. report has said, we are skeletally thin around our support for people and for delivering front line services, so we have to invest. When it looks like there is investment going into key parts of our business it is going into supporting the staff that deliver our frontline services.

The Connétable of St. Martin:

Briefly, what is the Government's communications plan for the Government Plan? Do you have a communication strategy?

The Chief Minister:

There is an overall strategy. I do not have it with me, so I am sure ...

Senator K.L. Moore:

I think it was due to be running in this month and next month and so really our question is, other than the occasional tweet and the 5 or 6 public meetings that have been conducted, what else is occurring to engage with the public? A quick question.

The Chief Minister:

I see. The main function has been it was to be the peripheral meetings that have been taking place. Overall, they have been well received, although attendance has been variable, I think. Looking forward, I would have to go back and look at the plan, I know I have given some directions that I do want some meetings put in place to allow States Members to have a bit more of a direct update, if that makes sense, and I think those arrangements are going to be put in place over the course of October. I do not have the other details in front of me, I am afraid.

Chief Executive:

There is a plan. We can provide the plan for you.

Senator K.L. Moore:

Thank you.

The Connétable of St. Martin:

Have you got a strategy to engage young people with the Government Plan? This will obviously impact on them during the years ahead, and what feedback have you had, if you have had any feedback, from members of the public particularly regarding the voice of the child?

The Chief Minister:

I was not present on the session we did on investing in children, so I would have to follow that up, mainly because of the state of my voice that has been taking place during the course of this week. In terms of the overall feedback from the public, certainly the session that I was attending on, for example, the environment was overall, as I said, quite positive. They were pleased that we have put money aside, an immediate transfer of funds into the Climate Emergency Fund and also the fact that we put in some other measures to start topping that up going forward. As I said, the overall impression I have had from brief conversations with Ministers since those subsequent meetings is that they have been generally going well. Obviously a C.O.M.'s meeting next week and we are doing updates on the Government Plan at each C.O.M. meeting at the moment.

Deputy S.M. Ahier:

Moving on to public sector pay: what provision have you made in the Government Plan for future pay awards?

The Chief Minister:

There is an amount in there on the central funding side. Do you want to address that?

Treasurer:

We have used broadly inflation-based provisions for pay awards, accepting that this is a one plus 3 and therefore in future we will have to adjust provisions that are in there. The provisions for 2020 are broadly because everything is yet to be agreed ...

Deputy S.M. Ahier:

Where in the Government Plan can we find this information?

Treasurer:

We have got the total for the reserve centrally held and we can provide the breakdown. You asked the question ... is the question where is it? We can provide the breakdown. We have summarised it here, but we can give you the breakdown of what is in there.

Chief Executive:

It is on page 138.

Deputy S.M. Ahier:

Chief Minister, have you had any consultation with trade unions on the contents of the Government Plan, and if so, what have you discussed?

The Chief Minister:

I personally have not, but I believe there has been some discussion.

Chief Executive:

There have been a variety of sessions undertaking discussions with trade unions that have operated at departmental level and going back to your previous question, as part of the negotiations over pay there have been discussions with trade unions by sector, but we have not had a single session across all trade unions just talking about the Government Plan. We have tended to do it at a departmental level.

Deputy S.M. Ahier:

With reference to the letter today, the pay review for civil servants, you have said: "The S.E.B. has concluded that we are unable to reach a negotiated settlement." Why is that?

The Chief Minister:

We got to an impasse where there are a variety of issues around the last couple of ballots that have taken place, because we do not know. We know what the percentage of rejection was, but we do not know the pool of people who voted, so we are unable to assess whether for the sake of argument out of roughly 3,000 staff if 300 people voted on it or 1,000 people voted on it. Anyway, the last ballot was to reject the offer, which was fixing the amounts for 2018 and 2019 and 1.3 per cent above cost of living for 2020. In addition to that we were offering them the gain share and also basically extra holidays in return for a very minimal reduction in the working week ... sorry, minimal increase in the working week. One of the difficulties we have had is that not every pay sector, and civil servants are classic, work the same number of hours. From memory and somebody to my left can hopefully confirm civil servants work 37 hours a week and I think nurses, for example, work 37.5, if I remember correctly. One of the suggestions, again this is around harmonisation, is around equal pay and equal value arguments, was to try to move the civil service to a 37.5-hour week but in return to give them extra holiday. That effectively, financially, was broadly speaking neutral. Now, the position we have got to is that was rejected. We did write to the workforce and we have written to the workforce again today and interestingly enough we welcomed any feedback that might be received and I think we had over 100 responses, and by far the majority of those responses, and do not forget this is a self-reporting survey so it might not be statistically accurate, were very much in favour of the extra holiday and seemed to be in favour, therefore, of the minor extension of the working week, because many civil servants do work that extra half hour a week. It is not very much

per day when you work it out, I think it was 6 minutes per day, and therefore they do that already. We have basically got to a point where we were not getting any further forward. We believe in the context of where we are that we have got a good offer and therefore what we have reluctantly agreed to do, and it has been the same position I think for quite a number of years, that the S.E.B., not only us but previous ones, have ultimately had to implement the pay deal that was on the table. That is what we have had to do. What we have also said is that the extra component, so we can implement pay, but we cannot implement, for example, the extra holiday because that is a change in terms and conditions and the unions need to agree to that, but what we have said is that we will leave that on the table. I think that is until the end of November and really then it is a matter for the members of the unions if they wish to take it up. In terms of dealing with this particular pay round we have just come to that reluctant position that we need to draw a line, we need to give certainty and so employees, rather than these negotiations carrying on and carrying on, they will know that they will get their pay rise with effect from 1st January and that will be in their January pay packets.

Deputy S.M. Ahier:

Were there any further negotiations cancelled to make way for the statement and were you prepared to meet the unions again?

The Chief Minister:

They met Wednesday. The unions went away and were going to come back, and I think there was a conversation or an email, I cannot remember if that was last night or this morning, but basically a decision was made. I cannot remember exactly what time today because the unions essentially said no again, and that is when the decision ultimately was taken to start the implementation.

Deputy S.M. Ahier:

Can we expect to see more industrial action because of this decision that has been made?

The Chief Minister:

Our assessment is probably limited impact at this stage, because we believe most people consider that it is a better offer than we have put on the table. We also believe if you look at the action that took place in August there was quite a low turnout of people coming through. It was in the order of, I think, 220 people who went on strike at that time, of a workforce of civil servants of around 3,000.

Deputy S.M. Ahier:

Did the decision have unanimous approval from the S.E.B.?

The Chief Minister:

Of the S.E.B.? To my knowledge, yes. That is 99 per cent certainty.

Deputy S.M. Ahier:

What effect do you expect this to have on the workforce on morale and productivity?

The Chief Minister:

It is always difficult on that front. You have got to remember the workforce has 2 facets to it, because there are quite a significant number who are not in unions and therefore their pay is always held up while the union negotiations are going on. So hopefully for those individuals they will be seeing an above cost of living increase in their pay packets with effect from 1st January in their January pay packet. Obviously, some union members will not be terribly happy about it and I am hoping that most members will appreciate, in the context of what we are operating in, what we have given them is a fair offer and hopefully reluctantly we have to draw a line under it and that is what we are trying to do.

Deputy S.M. Ahier:

Has there been an abject failure on the part of the S.E.B. to negotiate a settlement?

The Chief Minister:

No. I can expand on that, but no.

The Connétable of St. Martin:

Chief Minister, do you agree that the language used in some of the Government Plan's business cases, for example the statements "no more than a guess" and "no-brainer" made in the case for tax policy and International Tax Team investment is appropriate for an official Government document requesting £6,847,000 investment and in hindsight do you not think they should have been removed during the document's editing process?

The Chief Minister:

Can you give me the page references?

The Connétable of St. Martin:

Page 50. It just did not seem very professional.

The Chief Minister:

So, it is the Tax Policy and International Team.

Treasurer:

I think I am going to make the apology there, if that has come through in the final draft of that, in answer to your question now.

Senator K.L. Moore:

We will move on.

The Connétable of St. Martin:

Yes.

The Connétable of St. Peter:

Chief Minister, the term “Cabinet office” is included in the business case. Is it your desire to create a department or structure within the States of Jersey modelled on the U.K.’s (United Kingdom) Cabinet office?

The Chief Minister:

No. Where have you ...?

Senator K.L. Moore:

Page 98.

The Connétable of St. Peter:

Page 95.

Senator K.L. Moore:

Sorry, page 95.

Chief Executive:

I think what it is saying ...

The Chief Minister:

Cabinet office, sorry, there we go: “Support cross-cutting boards, steering groups, working groups and industry support, e.g. Chamber of Trade and Commerce” et cetera. The short answer is no, I think somebody has got somewhat confused on their terminology there, is what I will say. Just to go back to your “no more than a guess” comment, I think, yes, as you say it is not the best terminology, but it is about the estimation of the benefit is a certain sum which they say is £3 million a year but that is no more than a guess. Yes, it is a little bit colloquial, shall we say.

Chief Executive:

But the outcome it is trying to achieve is right.

Senator K.L. Moore:

I am rather mindful of the time. We do have a few more questions. We can put most of them in writing to you if you wish, but if you have got time we could carry on for another 5 to 10 minutes. Would that be okay?

The Chief Minister:

Yes, I can go another 5 to 10 minutes. Shall we say 5.10 p.m. Is that okay?

Senator K.L. Moore:

Fine, thank you.

Deputy S.M. Ahier:

Chief Minister, what consideration has been given to inflation when requesting additional investment? Will new business cases be issued outlining the need for inflation-related additional investment in future Government Plans?

The Chief Minister:

I think I will hand over to Richard. I think that is the normal policy that we have around how we estimate for inflation.

Treasurer:

So, we are going to be making sure that we have got consistency on how those have come through. I would generally favour, and this goes back to your question can we have an analysis of centrally held items to hold inflation, whether it be on growth or whether it be on base projects, existing spend, centrally and then distribute as we get to each year.

[17:00]

Deputy S.M. Ahier:

So, if the Island experiences higher than expected levels of inflation in the coming years where will the money to offset inflation to pay for these projects come from?

Treasurer:

So, in the event that we receive much changed assumptions from the Fiscal Policy Panel we would have to look at our provisions for inflation throughout the plan, so that will be the case each and

every year when we receive a new forecast for inflation we will adjust our future forecasts accordingly. That is very relevant to the deal or no deal scenario.

Chief Executive:

Just on that, I think any fiscal measures that you use around economic fluctuations have to be reviewed as you go through, so if you were in a stagflation period or if you were in a hyper-inflation period you would not automatically roll up inflation costs and just assume that they would be added to every item of expenditure. You just would not do that, so I do not think it would be prudent in any sense of the word to be able to make an open-ended commitment that you are always going to uplift by inflation. Where you should uplift by inflation you would, in the context for contracts or whatever, but there are times when inflation uplifts are not necessary either. I think it is the value of the Government Plan now that we can take a view on things at the appropriate time because it creates flexibility in being able to recast the financial forecasting arrangements for the future or following year.

Senator K.L. Moore:

If we can turn to R.91 and page 98, which relates to enhancing policy capacity across Government: what are the actions that will take place through the approval of this business case?

The Chief Minister:

This is a fairly small one and it is about £80,000 a year roughly. Charlie might want to address this, but essentially it is ...

Senator K.L. Moore:

Page 98.

The Chief Minister:

The principle on this is trying to bring a bit more co-ordination and thought process to how policy is developed throughout the organisation to make sure things are managed in a more co-ordinated fashion. I think that is the high level of comment.

Assistant Chief Minister:

Prioritisation of policy that they did not have formerly, so every department used to have their own little policy units, and this is about bringing together all the policies across Government and making sure that they are in one place, that we can see where the prioritisation is and that there are constant updates about what place that policy is, so Ministers and teams can know where we are in that place and update it and if there is a gap.

The Chief Minister:

If there is a gap, if they identify a gap, they will come across and say: “Right, we have an issue here, Ministers” and force us to make sure that we are addressing it. That is the principle. It is in the early stages.

Senator K.L. Moore:

Chief Minister, are you comfortable with the language used in this business case and its satisfactory description of the intentions behind the business case?

The Chief Minister:

I am just re-reading it as we wait, but “a step change in how we develop public policies and strategies” does not seem unreasonable. Have you got something in mind particularly?

Senator K.L. Moore:

Perhaps you might like to just take it away with you and consider. Another question we would like to ask is that in each thematic area of the Government Plan, the glossy version, there is a section called “Measures” and it is just a point of curiosity really. The measures say, for example in the Health section it says: “Number of years a new-born baby in Jersey can expect to live, on average, in 'good' or 'very good' health.” Many of these measures that relate to specifics are publicly available, so the question is really: why were the statistics of the current position not included in the Government Plan? Secondly, on some of the points it is difficult to understand, and it could require definition, if we are thinking about outcomes-based accountability in which direction the intention of the future being. So, for example, do you expect the number of years a new-born baby in Jersey can expect to live in average or good health, do you wish that to increase, which one would assume yes, in this case, because it is quite obvious, but why is there no indication of the direction of travel and what your target is? I was under the impression that we were operating on outcomes-based accountability practices.

Assistant Chief Minister:

I have got to say you would not be asking us to look at a positive of overweight adults and obesity to go up, so the plans ...

Senator K.L. Moore:

Some of these are not clear though and it perhaps might be useful.

Chief Executive:

So just to give you some comfort, there are 2 additional bits of information that I think we have said very clearly. The first is you get your departmental business plans, which are going to come out,

and we are providing that in October, which will have the performance frameworks for those with both K.P.I.s (Key Performance Indicator) because P.A.C. have wanted some K.P.I.s and outcome indicators, and we should be looking in there for the direction of travel, which is what I think you are looking to get, in those business plans. It was always going to be in the business plan that you would see some of those outcomes. The second bit is, as we have explained to P.A.C., by the end of this calendar year, 2019, we will come with our new corporate performance framework, which is an outcomes-based framework and we have discussed that with P.A.C. who will be taking oversight of that and that will give you your direction of travel as well. So partly what we agreed in this Government Plan was to give some measurements. It was also agreed in here we would have risk, all the things that the C. and A.G. has said we needed to put into the Government Plan, but the granular detail will come out in both those other documents. One is the departmental business plan and the second is in the corporate performance framework.

Senator K.L. Moore:

Could you just confirm when in October those plans are due to be published?

Chief Executive:

At the same time that the final efficiencies plan is published, notwithstanding you will have had all of that information well before then, but the final efficiencies plan we will be publishing the individual departmental business plans as well.

The Chief Minister:

If I have understood matters correctly, those used to be published some time well after the debate, so they are being brought forward quite significantly.

The Connétable of St. Martin:

The People and Corporate Services - enhanced capabilities business case, which is on page 106, includes an expansion of the H.R. office. Did the Government not recently streamline H.R. because there were too many people and if that is the case why do we now need to expand it?

The Chief Minister:

That is part of what I have alluded to previously. That was when I was talking about a split between, for example, in 2021 £3 million staff and £4.9 million non-staff. I think we have touched on the issues we have around what the C. and A.G. was saying around that the budget for H.R. management was beyond lean, skeletal I think was the other one that has been referred to and, broadly speaking, I think it is going to take numbers up from about 51 to 95, which obviously is for an organisation of around 7,000. Charlie, do you want to add to that one?

Chief Executive:

The C. and A.G. report has a number of key issues that it is concerned about; the lack of being able to develop a strategy, workforce intelligence and about how to support the role of the States Employment Board to deal with some of the oversight of that. Going back to what I said to the Deputy, we are not able to report accurately and timely on basic workforce figures, whether that is sickness, vacancies, agency, overtime. We do not have any workforce planning capability in the organisation, so we cannot deal with reductions, future skills, talent management, all of which we have been, I think, having a dialogue with P.A.C. for some time about, and in particular there has been a real concern about Islanders, and I reference that figure about people who are going to retire. We have no succession planning done and we have no long-term arrangements about how many graduates we are going to take, whether we want modern apprenticeships, how we want to be able to develop an employment pathway linking to our education system and our future skills system. What the business plan for going forward here talks about is People Services has a 30 per cent short-term or agency factor. Its unstable workforce means that we are not able to provide the continuing high standard of service that we need to support our people, so this will stabilise some of that and, as the Chief Minister says, that will put numbers back in, which have been previously taken out without any regard, because there was not a centralised People Services until very late in the last Government's arrangements and people had always gone to those areas to make reductions. Secondly, it is about sustaining the investment to provide better services, and thirdly it is about meeting the requirements that the States Employment Board has set about a 10-year plan for addressing chronic skill shortages, ageing workforce, et cetera, and about productivity of the workforce. These are some of the key investment decisions that are in there and it goes back to my answer that I gave earlier, if we do not do it now we will end up not being able to support the single biggest asset that we have, which is our people.

Senator K.L. Moore:

Chief Executive, I do recall seeing departmental dashboards that highlighted sickness, absence and various items that were tracked through People Services in the past, or whatever it was called previously. Were they not adequate measures?

Assistant Chief Minister:

They were tracked but not managed.

Chief Executive:

Some of the data was not able to be validated subsequently. Some of the information systems that we use were not able to exactly provide the deep dive and the granular detail and I think that goes back to some of the previous I.T. investment that perhaps we have not seen the benefit of.

Senator K.L. Moore:

So, it was there but it just was not adequate.

Chief Executive:

It certainly was not at the level that you would require in a modern management of the workforce arrangements.

The Chief Minister:

Just by way of example, occasionally we get written questions on whether it is an S.E.B. matter, which goes into staffing issues, and quite often I have been told ... well, it even takes a while for them to produce them if they are going back to the manual records.

The Connétable of St. Martin:

In saying that, can we be provided with the total number of people employed in H.R. over the last 4 years or would that be possible?

The Chief Minister:

Yes.

Chief Executive:

Is that full-time permanent staff?

The Connétable of St. Martin:

Full time, part time.

Senator K.L. Moore:

Those would be helpful, if there is a difference.

The Chief Minister:

Or do you want F.T.E. (full-time equivalent)?

The Connétable of St. Martin:

Full time and part time.

Assistant Chief Minister:

Do you want it aligned with the budget cuts that they have received year-on-year from previous Governments?

The Connétable of St. Martin:

Yes, it would just be useful to have.

Deputy S.M. Ahier:

Shall we just move on now to page 111? We note that there is a request for additional investment so £418,000 to Supply Jersey. Do you believe that Supply Jersey remains fit-for-purpose or is it now out-of-date?

Chief Executive:

Sorry, I cannot hear.

The Chief Minister:

Within that procurement function we know there are some areas that need to be addressed and that is one of them.

Deputy S.M. Ahier:

What is the overall budget for Supply Jersey?

The Chief Minister:

I genuinely do not know.

Treasurer:

I could not tell you.

The Chief Minister:

We will get the information and come back to you.

Deputy S.M. Ahier:

If there are 75 million transactions taking place within 6 months this represents a critical area for the Government, therefore are we getting value-for-money from this investment and how can you demonstrate this?

The Chief Minister:

Sorry, we are talking about an investment of £100,000?

Deputy S.M. Ahier:

That is an additional investment.

Chief Executive:

This investment is because previously the funding for this area has come to an end because the expenditure that was previously committed did not have a formal budget, and this goes right back to your very first question when you asked why some of the Government Plan has seen an increase, is because there was funding that came out of what was euphemistically called “contingencies”, which were one-off underspends that were deployed at the end of the year often on a forward carryover to be able to fund core business. As soon as that has come to an end there is no sustainable funding attached to it. In order to be able to deliver on the licensing and procure to pay agreements you have to put that money in, so this is a system that we already have but we did not, for whatever reason, fully fund them.

Assistant Chief Minister:

Deputy, I was there when Supply Jersey went in and previously it was people buying things on their corporate cards and then putting in a request for it. They were going to whatever supplier they would like to buy whatever they wanted. It was the Wild West out there on how we procure small items and the idea of Supply Jersey was bringing it all in line from approved suppliers that we could get the best deal from because we were buying more in bulk from the right place. I agree that Supply Jersey now needs to be looked at, but at the time it was a much better service that we provided through it than what we had before, which was absolutely the wrong way of dealing with procuring small items across the Government.

[17:15]

The Chief Minister:

I think the crucial sentence in here, I have just re-read, if you go to that first paragraph and what it is basically saying is the way it has been funded in the past has either been from underspends or elements of income that it scrambled in from different areas. What it says is that: “This income will cease at the end of” I do not know if that is the right year: “so without the ability to access underspends or carry forwards there will not be a financial provision to provide the contracted maintenance and licence fees associated with operating Supply Jersey.” So then if Supply Jersey gets terminated: “The States will not have the means for raising purchase orders and paying external providers for goods and services required, without reverting back to paper-based and manual systems.” That is what you are referring to, as the example, and it quotes September 2018, just under ... sorry, my eyesight is getting appalling here, just under 30,000, 28,000-something requisitions “with a total value of £75.1 million were created in Supply Jersey” in the first 6 months, so it is a large volume that goes through it and it is important that the licence fees are maintained for the time being.

Deputy S.M. Ahier:

On page 175: “The Integrated Technology Solution provides a modern, integrated system ... that replaces the current JD Edwards ... and Supply Jersey systems.” Why is additional funding requested for 2023 if Supply Jersey is being replaced?

The Chief Minister:

Charlie can pick up on that. I might regret this in 10 seconds, but my layman’s interpretation is you have got to maintain the present system while you build a new system to replace it.

Chief Executive:

The Chief Minister is absolutely right. Yes, this is around making sure that the present system is maintained in terms of the necessary changes over the intervening period from today until the point that it is replaced.

Senator K.L. Moore:

Yes, but the Deputy is absolutely right that according to page 175 this business case finishes, and one would expect that the new system would be absolutely in place in 2022, yet if you look back at page 111 there is still an allocated spend of money in 2023 when the new system would be up and running.

Chief Executive:

It is very clear because you have to have a cut-over period. When any systems transfer you run a parallel system at some point. In 2022 you set it up. You have then got to take a huge number of arrangements into the new system and you cut over. Having done quite a lot of system handovers in the past, if you do not budget for that properly you have a very significant risk in the transfer of data from 2 systems, so you normally parallel run. You have a cut-over system and you would normally do that over a 12-month period, in order to be able to deal with your financial management.

Senator K.L. Moore:

I absolutely hear what you are saying there. I cannot resist this, though, it has to be asked, given the situation of the Income Tax Department in the past few weeks and the media coverage of people trying to use the system and being utterly frustrated by the introduction of the new system, why was that lesson not already learned and prepared for?

Chief Executive:

The revised tax system was before my time and that project was dealt with.

Treasurer:

I think the issue there, from my perspective, is that we have gone 35 years without investment in the tax system, so we are leapfrogging forward 4 decades and that is a big ask for the department, in terms of changing its practices, and a transformation of a skill that really should not have been allowed to have gone so long before it was addressed.

Senator K.L. Moore:

For absolute clarity, though, earlier on we were talking about the £11 million investment that previously was put into the Income Tax Department and their systems but then as the Deputy was just referring to on page 175 and the JD Edwards' replacement, are they one and the same or 2 different projects?

Treasurer:

They are 2 different projects.

Senator K.L. Moore:

That is helpful.

The Chief Minister:

For income tax it used to be Giants, did it not?

Assistant Chief Minister:

I just want to add on the Supply Jersey, the ongoing 4 years is for licensing and running costs of a system that does a Supply Jersey function. That will continue to be required because the way that modern technology and green technology is that there is a licence-based approach to using those services, whatever we replace it with, in the Integrated Technology Solution there will be a requirement for a licensing fee, which will be covered within that first Supply Jersey business case.

The Chief Minister:

If it is not recovered there it is recovered somewhere else in the licences.

Deputy S.M. Ahier:

Has a replacement been found for Supply Jersey yet?

The Chief Minister:

I do not know, but do you want to ...?

Treasurer:

We got to the outline business case for the Integrated Technology Solution, which is the future solution I think probably at page 175.

Assistant Chief Minister:

We have not got the money agreed so we cannot go out and try to spend it.

Senator K.L. Moore:

Then we have also got page 186, Customer Relationship Management £2.5 million and then on page 187, apologies, 176 I do apologise, we talked about that in a previous hearing.

Chief Executive:

So, where we are, and I think just for your ... and we want to come and give you a private briefing because of the commercial sensitivities around some of this, is that we are at a point where we have a strategic outline business case for the new system that links payroll, financial systems, procurement arrangements and H.R. system. If you do not join all of that up, going back to your earlier question, Deputy, that is where you do not get an integrated back office function that enables you to be able to get the intelligence, the data, the information and the performance that is required for proper government services. Within that we would then have a business case before a final business case that will have to come through the process, but as the Minister has said, we cannot take that forward any further without the Government Plan being approved. Going back to your original question about the £100 million, and it is a really important question, but also it is really important to understand, this £100 million is about doing the basics. It is not about having a load of nice-to-haves, and in those basics, as we say, we have gone and got external verification about the paucity of the systems and the fact that many of them are legacy systems that have come to the end of their life and if we do not have that change we will be faced with some quite serious difficulties. Secondly, the fact that we are bringing individual business cases forward each time, you will be able to see 3 things. One is cost, the second is timeline and the third is benefits realisation. Clearly at this stage in putting the Government Plan in we cannot give you all of that. We can only go as far as we can, which is about trying to get the best estimate on the cost, so the rest of that work comes out through the individual business cases that we have highlighted, using the 5 case Treasury model. Each of those will come forward in subsequent plans as well and, where necessary in I.T. and I say where necessary because Government needs to make their mind up, if there are other issues that need to come about we will do that. There are lots of things we by law are not doing, just doing our records systems is really important and if we do not do that I think the idea ... it is a very big number in the Government Plan and it is a very simple place to go and say: "Well, let us not do that." It is a very clearly well-thought-out proposal this time, which is about structuring it to be delivered.

Senator K.L. Moore:

In terms of delivery for the public however how does the Chief Minister justify prioritising this expenditure as opposed to perhaps some of the education investments that are planned but are planned at a later date? I think some of the significant items of investment in education start in 2022.

The Chief Minister:

Well, if you take a principle, okay, because this is not quite right but take a principle. If the investment in the income tax system, which is really not a sexy thing to be talking about, has not been done and the income tax system crashed completely off the top of my head income tax revenue alone is £370 million, that sort of territory, you would not be bringing it in. You would have sudden calls on your reserves, you would not be able to spend the money, you would have cash flow problems coming out of your ears and you would not be able to support the basic educational services and other things without an awful lot of extra hassle and cost being incurred. You have got to get your investment done up front to then be able to support services and that is why they are critical. It is a bit like, I do not know, do you replace the gearbox in your car ... no, why do you maintain the brakes on your car? You do not see them, you only use them occasionally and people will probably get more enjoyment out of listening to the radio, unless it is a politician speaking but you have got to have the brakes to make sure you can function properly.

Senator K.L. Moore:

Thank you for that. If I may, I will just come back briefly, if I can still remember my question, we have trundled along collecting revenue and functioning reasonably despite having a very old system for I think it was 30 years we have been told today, therefore how come it is absolutely critical that it is done next year and the year after as opposed to investing in children, which every cohort that misses out on educational investment is another cohort that is put behind and that impacts upon their future?

The Chief Minister:

Putting that principle in, I think it was the WannaCry cyberattack in the U.K. cancelled 88,000 operations in the N.H.S. (National Health Service) for example. I think Baltimore in the U.S. (United States).

Chief Executive:

Baltimore has been shut for some months because of the WannaCry blackmail and they have not been prepared to pay the £500 million that they were requested, so as a place they are not functioning. So sometimes you have to take decisions that perhaps should have been made some years ago but for whatever reason were not made. You talk about children, there is £20 million going in immediately to support children. There is further review going on around schools, about skills, about the way in which we support young people with mental health problems. Cumulatively

those figures will add up, the revenue figures going forward. This is capital expenditure that is different. It is one-off, and it needs to be done now. There is revenue because, as the Minister was saying, systems have changed; you do it by licensing rather than by buying kit now, but these are not nice-to-haves if you were to be subjected to the sorts of attack that the Chief Minister has just said, and these are very real and are going on all the time. We would not know, in some instances, whether we had been attacked.

Senator K.L. Moore:

Shall we leave it there, given the time? Thank you very much, gentlemen, and I thank everybody who has stayed on way beyond the time that we had set. I appreciate it very much. Thank you.

[17:27]