



Public Accounts Committee

Quarterly Hearing

Witness: Chief Executive for the States of Jersey

Monday, 25th February 2019

Panel:

Senator S.C. Ferguson (Chairman)

Deputy R.E. Huelin of St. Peter

Connétable J. Le Bailly of St. Mary

Mr. T. Rogers

Ms. M. Scott

Mr. A. Lane

Witnesses:

Mr. C. Parker, Chief Executive

Ms. K. McConnell, Comptroller and Auditor General

Ms. C. Madden, Chief of Staff

Mr. I. Burns, Director General for Customer and Local Services

Mr. K. Hemmings, Head of Decision Support

[14:02]

Senator S.C. Ferguson (Chairman):

Good afternoon, ladies and gentlemen and members of the public. Thank you for joining us. Shall we start by going around the table and introducing ourselves for the purpose of the ladies in New Zealand who do the transcripts? I am Senator Sarah Ferguson, chairman of the Public Accounts Committee.

Comptroller and Auditor General:

I am Karen McConnell, Comptroller and Auditor General.

Mr. T. Rogers:

I am Tim Rogers, a lay member of the Public Accounts Committee.

Ms. M. Scott:

I am Moz Scott. I am also an independent member.

Deputy R.E. Huelin of St. Peter:

Rowland Huelin, Deputy of St. Peter.

Connétable J. Le Bailly of St. Mary:

John Le Bailly, Constable of St. Mary.

Mr. A. Lane:

Adrian Lane, the third independent member.

Chief of Staff:

Catherine Madden, Chief of Staff.

Chief Executive:

Charlie Parker, Chief Executive.

Director General for Customer and Local Services:

Ian Burns, Director General, Customer and Local Services.

Head of Decision Support:

Kevin Hemmings, Head of Decision Support in Treasury and the Exchequer.

Senator S.C. Ferguson:

Welcome, everybody. The P.A.C. (Public Accounts Committee) is undertaking a review called "Recurring Themes". This review became necessary when we noticed that several of the recommendations of the P.A.C. and the Comptroller and Auditor General were not being implemented by the Executive. These could be banded into themes such as financial management and organisational culture. The theme we are concentrating on today is decision-making. Effective decision-making is the key, as we all know, to securing value for money and delivering services efficiently. Poor decision-making has resulted in financial loss and inefficiency. We have several questions we wish to ask, so please could you keep your answers short and sharp? We may want to follow up this hearing with written questions, if you do not mind. Our questions - and hopefully

your answers - will focus on how decisions were made, the process by which a decision was arrived at, rather than the merits or otherwise of the decision itself. For example, we will not be entering into a discussion about where the Future Hospital should be built, but we will be asking about the timeliness, quality and process of decision-making that led to the options being presented to the States. But before we get to the specifics of some decisions that you have made, Mr. Parker, I want to ask you about your understanding of Jersey's statutory framework. How have you applied your knowledge of working in councils to working within effectively a country with its own laws and customs? How has this affected your decision-making process?

Chief Executive:

They are quite different in many respects, in the sense of obviously as soon as I was appointed to this particular post, I was alive to the fact that Jersey has an autonomy that has been built up over the centuries. It has fiscal autonomy, it has self-governing arrangements that have been enshrined in Royal Charters and it has the power of self-determination, which is quite different from a local government scenario. However, when I worked to central government in the U.K. (United Kingdom), obviously there are parallels with my time as a civil servant, in particular when I worked for arm's length government departmental arrangements, where accounting and legal frameworks were probably more akin to what you might find in Jersey because you were working with a national parliament rather than within a local government structure. However, there are lots of areas where there are similarities. Ironically, the last local authority I worked for was a bigger organisation than the States, both in terms of the population it was responsible for, the turnover of its budget and some of the range of activities that were of a bigger nature than you would perhaps find in Jersey.

Senator S.C. Ferguson:

Okay, fine. Thank you very much. You had 3 months of due diligence, but it was not until after the due diligence that you started implementing changes without comparing them to the ... or it appears that you have not compared them to the statutory framework, because we are finding a number of areas where we have to alter the legislation in order to accommodate the changes you are proposing.

Chief Executive:

The major changes that came about realistically were driven by the introduction of P.1/2018. As a consequence, the legislative debate and agreement for creating the shift, for example, in the corporation sole arrangements, the principal accounting officer arrangements, which were a prerequisite for implementing some of the changes, were being debated and agreed by the last Assembly. The changes that we then put in were the subject for consultation that went after ... sorry, was completed after the P.1 arrangements were enshrined in legislation here and subsequently were endorsed through the Privy Council, as per normal arrangements.

Senator S.C. Ferguson:

Yes, but with respect, for instance, the concept of the Island Plan, which is a statutory responsibility of the Minister and cannot be taken over by the civil servants in the Planning Department, it is not the Executive that issued the Island Plan.

Chief Executive:

But that has not changed, Chairman.

Senator S.C. Ferguson:

No, it has not, but I believe it led to one or 2 problems.

Chief Executive:

I mean, it would be helpful if you would be able to provide the evidence to that. There has been at no stage any attempt to change any of the ministerial responsibilities. Indeed, that is completely outwith the arrangements for the changes to the Executive's operational structure which I have been implementing, and in terms of the Island Plan, the Minister still has complete oversight. The only thing that has been changed is that the team involved in developing the Island Plan has been brought into the overall policy function so that you can bring land use planning - which is clearly a key component of the Island Plan - alongside economic planning, housing and other environmental and social contributors to the Island Plan, which is in fact exactly what the current Minister for the Environment is very keen to do, because he believes very strongly that there is a constraint by the current arrangements for the Island Plan, which does not take account of important structural investments to infrastructure. The hospital is a good example, because the current hospital arrangements do not have a place in the Island Plan, they are not just about where you put a development. They impact on lives, they have socioeconomic contributors, et cetera, so I think there is a misunderstanding if there was a view that the Minister's position has been changed, because that is not the case.

Senator S.C. Ferguson:

Yes, thank you. I think we are getting slightly off ... I probably started the wrong hare running. I think you had hospital ...

The Deputy of St. Peter:

Shall we go into the hospital or the one before that?

Senator S.C. Ferguson:

Sorry, I missed that particular thing. The C. and A.G. (Comptroller and Auditor General), in her 2017 report, *Selecting a Site for the Future Hospital*, identified significant weaknesses throughout the decision-making process at ministerial level, at officer level, risk management, establishing and using criteria for decision-making, consultation and communication, using experts and recording decision-making. The C. and A.G. made wide-ranging recommendations, including to apply the other recommendations, where relevant, to the ongoing Future Hospital project. As we all know, the States has now rescinded the previous decision on the selection of site for the Future Hospital. How were the C. and A.G.'s recommendations applied to the ongoing Future Hospital project and what was the impact?

Chief Executive:

If I am understanding you correct, Chairman, are you talking about this next phase that we will be entering into in the development of a hospital programme or are you talking about retrospectively between the period that the C. and A.G.'s report was published leading up to this period now?

Senator S.C. Ferguson:

I think if you look at the C. and A.G.'s report in 2017, it is progress of the Future Hospital project, subsequent to the C. and A.G.'s report and the acceptance of her recommendations.

Chief Executive:

Going back to the original report, I think there was an acceptance of the report from my perspective, so it talked about programme management, engagement in decision-making and governance in the round, which we have endeavoured to make some key changes to. For example, around governance, there were changes made to the operational oversight, i.e. the officer group, as well as obviously there was a political oversight group which dealt with the governance from a ministerial perspective, which I will leave for Ministers to talk about. From an operational point of view, I think the things that were quite clear were about the client relationships, the S.R.O. (senior responsible officer) and the need for better governance around decision-making. That included financial management and decision-making and the failings to deal with some of the programme and project arrangements. Now, I think post the report, there was a strengthening of that, which we took on board some of the issues. Now, whether the C. and A.G. ...

Senator S.C. Ferguson:

How?

Chief Executive:

By way of example, there was a shift in the way in which we started to look at project management arrangements, specifically in the Future Hospital team, some of the oversight in reference to the way

in which broader officer groups sat on top of the operational arrangements to give greater governance and oversight, and I think that was a key aspect. I chaired a group, for example, that brought all the senior officers together to try to improve and strengthen some of the implementation of the recommendations that were at a strategic level made in that report. Now, moving forward, what have we done? There are the following. We now have financial oversight about investment decisions, which is now based on the Treasury Green Book *Five Case Business Analysis* and therefore for any decisions around expenditure for the hospital project, that goes through a process which is recognised as the right challenge for any of the expenditure that would then be needed for supporting the project.

[14:15]

Going forward, we would strengthen that further, I think, and build that into all future projects' governance arrangements. Secondly, we have established through the new target operating model stronger programme and project management arrangements. For example, the chief operating officer is putting together a broader corporate model for all large-scale projects to enable there to be better programme oversight, which was another part of the C. and A.G.'s requirements. Thirdly, on projects we have within Growth, Housing and Environment a new division there that will look at project management. As we go through the target operating model rollout, we will be recruiting people into those posts to be able to give better project management oversight of large-scale capital projects, of which obviously the hospital is one. We have got a different governance framework which will be for officers overseeing the arrangements going forward for the hospital and the Future Hospital team. Clearly, we are awaiting some political direction about how they wish to deal with that, but draft arrangements have been prepared for the Chief Minister's consideration and once he has determined what governance arrangements he wants to put in place for political oversight of the hospital, then that will be linked in as well. In addition, and dealing with the specific issues about the S.R.O. and the client and the asset lead responsibilities, we have appointed a new director general for Health, who has some experience around developing new medical/hospital facilities. When they come on board, I want to then take a view about where the S.R.O. responsibilities will be led from and also how we will split between the assets and the client team for the medical input into the design of the building going forward, whatever site is ultimately chosen.

Senator S.C. Ferguson:

All right, thank you very much.

The Deputy of St. Peter:

I am not sure I understood much of that, but one thing that is of concern is that you were in post when the first planning application was refused. What I would like to understand is your thinking

and decision-making process that meant that the subsequent planning application was submitted within a very period of time, about 3 months. I would have expected to almost go back almost to the very beginning before starting on the next planning application. What was your thinking behind that? What was the decision-making process behind going ahead? I ask because people on the end of the microphone want to know about where the £41 million has gone and it is very relevant.

Chief Executive:

First off, just to correct you, I was not. When the first planning application was submitted, I was not in post.

The Deputy of St. Peter:

No, you were in post when it was refused.

Chief Executive:

Yes, so the decision came through, but you will also be aware as a committee that the Council of Ministers made a decision that they were going to continue with that site. That site was the subject of an Assembly debate and there was a ratification at the Assembly around maintaining that site and also the financial requirements for building a hospital on that were agreed at the Assembly in terms of the financial envelope. As a result of that, the political direction was to continue with a revised planning application and we put the planning application in and it was significantly different from the original. There was a marked difference in the massing of the building and there were a whole range of more detailed ... even though it was an outline application, a more detailed understanding of how the interface with the historic components of the site with streetscape and some of the height issues and the massing, as I said earlier, that were a challenge in the first application. You will of course have seen that the inspector's decision in respect of the planning application was, for the second one, significantly different from his decision on the first, where there was outright rejection. The inspector allowed and understood that there were opportunities, if the Minister had chosen to approve the application, both in terms of the national interest, and also made some recommendations for variations that you would have expected, because it was not a detailed application, it was an outline. So as part of that, there was a very clear difference between the 2 applications which could - if it had been politically deemed appropriate - have allowed for a different decision to have been made. But that was not and we moved forward. The final bit I would say around that is that in so doing, if you read the inspector's report, the variations that were suggested could have and were being actively pursued in a more detailed application that would have come forward.

The Deputy of St. Peter:

The question was what was your thinking at that time, before going ahead with the subsequent? Did you just say: "The Assembly have decided on a budget and on a location" and you continued on that vein or did you consider the implications of a planning application not being successful on the second attempt, which was refused for exactly the same reasons as the first one, just working in a different order?

Chief Executive:

No, it was not.

The Deputy of St. Peter:

Well, exactly the same headlines and exactly the same headline reasons.

Chief Executive:

No, it was not. It was a different application and the reasons were different. The outcome might have been the same.

The Deputy of St. Peter:

Heritage did not change.

Chief Executive:

The issues around whether the decision was taken to pursue the planning application, of course there was a period of reflection, of course there was discussions with the Ministers and the political oversight group and there was a decision taken to pursue the current site and a second application was made. If you look at the application, it is radically different from the first, and therefore I do not believe that the decision was to just reinstate the original application that was turned down first time around.

The Deputy of St. Peter:

Since the rescindment, the Chief Minister has stated that he is going to adopt a consultative approach with engagement with consultants, members of the public and the Assembly. What will you be advising him to do to ensure that whatever hospital is decided on is delivered without any further hiccups, with subsequent effects to the public purse?

Chief Executive:

I think the first thing is that since the decision that was made by the Assembly, there has been a period of reflection which has been taking place and the Chief Minister has, as you rightly pointed out, made a commitment to engage with a wide range of stakeholders, so there are meetings taking place in smaller groups with Assembly Members and there are a range of questions that have been

put to them to solicit their general tenor and view, bearing in mind it is a new Assembly, to gather from that some directions for travel. He has also made a commitment about engaging with staff and with Islanders and I think the key reference point, to your earlier question, Madam Chairman, about the C. and A.G.'s report is that in that report I think there are some very important guidelines as to how we may want to look at the process of engagement again. I think that would be really important. We are taking the recommendations that came out of that report in 2017, we are looking at a specific engagement programme and that will be developed and obviously will be the subject of ministerial discussions and decisions. The political oversight of that, I think the Chief Minister is still determining how he is going to do that. There is a political oversight framework with the terms of reference ready for him to use, but he, I think, might want to have a slightly bigger stakeholder group as well. So my recommendations to him, which is I think the final bit of your question ...

The Deputy of St. Peter:

I want to know what you are going to advise the Minister.

Chief Executive:

... is that I am clear that there needs to be a very transparent process with whatever is to be determined as the way forward laid out so that there is no ambiguity about the stages. There needs to be a timeline that factors that in to create a proper programme for that engagement. Overlaying that, there will also need to be a whole range of aspects to determine what might be the impact on the timeline by sites. By way of example, site A may have implications which are different from site B, and that will then mean how do you adapt your consultation and engagement programme accordingly. In site A, the issues might be very much around environmental or transport; in site B, it might be very much more about whether it is big enough, for example. They require different levels of consultation, so if you have got a very different set of transport impacts for users, you would want to ensure that that was something that you took account of. If you have a site, like we do in St. Helier, that has been to date the preferred, those sorts of issues are very different from a site that would be outside of St. Helier.

Senator S.C. Ferguson:

Super, thank you very much indeed.

Mr. A. Lane:

Shall we turn to office accommodation? In 2018, the C. and A.G. issued a report on operational land and buildings, and as you will be aware, the P.A.C. has followed that up with a report on estate management showing a lack of overall strategy for consolidation of office space and the States property holdings in general. Since you took office, we have seen 2 initiatives that do property consolidation: first, the local services up into La Motte Street and then the States office

accommodation into Broad Street, so let us focus on that. Tell me about the criteria that you used for deciding which staff you moved into Broad Street.

Chief Executive:

Into Broad Street?

Mr. A. Lane:

Into Broad Street.

Chief Executive:

All right. So part of that would be driven by of course relinquishing Cyril Le Marquand House and creating a split between those staff that were customer-facing that would be part of the customer and local services offering that has been concentrated in La Motte Street. Ian Burns can talk about that when we get to it. We have segmented out, for example, some of the tax frontline staff that were based in C.L.M.H. (Cyril Le Marquand House) because tax and social security work together and there is a lot of public interface with the counters and all of that.

Mr. A. Lane:

Is it as simple as everyone who is not customer-facing goes to Broad Street or some other solution?

Chief Executive:

No. I will come back to that, but that was a big issue for us, because the customer piece meant that we could take out of C.L.M.H. some staff and put them in La Motte Street, for the reasons that I have explained. The consolidation into Broad Street goes beyond though just C.L.M.H. We have started to reduce a number of rented office space that we have. For example, in Durrell House we have colleagues from H.R. (human resources) and people services. They are being consolidated into Broad Street. We have other colleagues in other buildings. We are bringing together senior leaders from Highlands, from the Health Department, as well as other parts of the operational leadership so that you get greater levels of integration and we are looking at - but we have not finalised - whether we will also, for example, bring some of our I.C.T. (information and communication technology) function into that building and be able to relinquish Jubilee House as another asset that we could dispose of for the States.

Mr. A. Lane:

Tell me, at the point you were making the decision, what were the financial and non-financial benefits that you quantified for making the move?

Chief Executive:

Making the move is one of the big first stages of the modernisation of the one government programme, so it is bringing together people under one roof. It is about creating a culture of teamwork and collaboration and collective decision-making. By reducing the number of people in a variety of offices, that creates a much better approach to that. Second, it was very clear that we wanted to generate a seamless front office and back office operation, so that was the way in which we have configured the split between Broad Street and La Motte Street and that improves collaboration and efficiency again. A good example of that is since we have moved into Broad Street, we have seen a 20 per cent reduction in emails already, because people talk to each other, they see each other.

[14:30]

They are not in different buildings and they are having meetings, rather than sending emails, and ...

Mr. A. Lane:

At the point you made the decision, what were the financial and non-financial benefits that went into the business case?

Chief Executive:

I have just given you the non-financial.

Mr. A. Lane:

You are talking about afterwards.

Chief Executive:

No, those were the non-financial ambitions that were laid out very clearly in that process. Then there were financial issues as well, so what can we do about reducing - which has been a longstanding requirement - the operational costs for a range of buildings that we either rent or own, which will require significant investment? By way of example, we had a significant requirement for maintenance for C.L.M.H. going over the next 5 years, because the building was not fit for purpose, it was not able to be maintained in the modern standards that we required and therefore the cost implications for the States when we were ultimately also looking to reduce the number of buildings and finally - we are not there yet - going to a single building. There were the requirements. So we have looked at the cost, looked at the operational arrangements and made the decision to be able to move. Culturally and organisationally, which are different values, the benefit was also seen to be quite significant. For those staff who have moved in, one of the things that they are saying already is they believe that that has been a big part.

Mr. A. Lane:

Do not talk about now. Let us go back to the decision.

Chief Executive:

I am saying then.

Mr. A. Lane:

You made a very quick leap between: "We looked at the financial and non-financial benefits and we made the decision." Tell us about how you made the decision based on those non-financial and financial benefits and putting some numbers around it I think would be really helpful.

Chief Executive:

When I first arrived, there was a commitment made to review our operational estate. Politically that was endorsed by the Council of Ministers in various discussions that took place soon after my arrival. We were then charged with looking to see what office accommodation was available across St. Helier. We then put together a proper accommodation working party to look at how we would do that and as part of that, of course we started to consider some of the non-financial issues that I have just raised with you. Following on from that, we then were faced with a number of buildings that were potentially available, but for a variety of reasons we rejected - size, location, floorplates or cost - because there is a dearth of large floorplates in St. Helier. As a result of that, we went through a process of elimination and review of whatever sites came up, so there was quite a delay between the principle taken and the final decision, because of course you cannot compare the fiscal benefits until you have a building absolutely that you agree on as being the one that you might move to. In March 2018, the proposition about moving to a new building as part of the implementation of the target operating model principles was also shared with firstly the Council of Ministers and then in a briefing with the Assembly. There was universal support to move out of C.L.M.H. and to use the building as a change agent for the cultural issues facing the organisation and the investment that we needed to make in staff for improving their working conditions, at which point we, in late spring 2018, had - we thought - a couple of buildings which in the end we were not able to take because they were not big enough, they did not have the right front door arrangements and they did not have the right location. Therefore it was not until early summer 2018 that we found a site and then we did the benchmarking on the business case for that site.

Mr. A. Lane:

Can you then outline what that business case was at that point?

Chief Executive:

The business case is based on a range of issues, one of which is obviously cost of maintaining C.L.M.H. and what would be the operational and maintenance investment that we would have to put into that. We then looked at the costs for the refurbishment of the building that we were proposing to move into, in this case Broad Street, but also La Motte Street, because La Motte Street was not fit for purpose either. Then we looked at the decision to reduce a number of leases for rented buildings and consolidate in the main our office accommodation into 3 key sites, La Motte Street, Maritime House, which we own, and Broad Street, and then bring larger numbers of people together to reduce the range of buildings that we were leasing across St. Helier. Then that business case was put to the I.A.B. (Investment Agency Board), which was the investment board that had been set up using the Treasury principles that we have talked about before, and then there was a business case proved for the move to Broad Street and for the investment into La Motte Street.

Mr. A. Lane:

Tell us what professional expert support was obtained in making those decisions and the budgeting therefore.

Chief Executive:

We have in-house colleagues that are involved in property services and we also have brought in a project manager, who has specific experience of large-scale office moves and refurbishment that has been looking at that. That accommodation board that I referenced earlier has now morphed into a board that will look at the long-term requirements for overseeing the estate rationalisation for much of our operational stock and we will be using that expertise. We have a team that has been put together to help with that, so there is a combination of in-house and some external fixed-term contracts that we have deployed to do that.

Mr. A. Lane:

The I.A.B., that was appointed by who?

Chief Executive:

The I.A.B. is an internal officer group that was established, which reports into the Minister for Treasury and Resources for decisions about investment that will be required going forward, using agreed methodologies so that we get uniformity across all sorts of requests for additional investment.

Mr. A. Lane:

I am curious on the budget. I think at the time the move was announced you talked about the rent of £1 million being within existing budgets.

Chief Executive:

Yes.

Mr. A. Lane:

I am just curious how we could make that announcement at the point when shortly thereafter we also announced that there was a gap in the States funding for 2019 or 2020, the overall budget deficit.

Chief Executive:

I think I have made the point the budget for the rental cost was contained within existing budgets, so therefore there was no new expenditure.

Mr. A. Lane:

So you made savings of at least £1 million in order to accommodate that?

Chief Executive:

No, I did not say I had made savings. I said that the rental figure was contained within existing budgets.

Mr. A. Lane:

So the budget was more than required at the point ...

Chief Executive:

No, I did not say that either. I said the rental figure was contained within existing budgets.

Mr. A. Lane:

How?

Chief Executive:

The position for ... what I think you are asking me about is where the additional costs would have been for the capital required for the improvements and the fit-out for the building and that came from our capital budget.

Mr. A. Lane:

No, that is fine. I am still curious about the £1 million. The rent came from within an existing budget, which was either not being fully used or was being fully used and therefore a saving was made to accommodate the £1 million?

Chief Executive:

No.

Mr. A. Lane:

It cannot be both.

Chief Executive:

It was neither of those.

Mr. A. Lane:

I would very much appreciate a follow-up that shows exactly how that happened.

Chief Executive:

Yes. Commercial discussions I think are probably not appropriate for this forum around some of those issues.

Mr. A. Lane:

That is fine. Let us just play it back to the decision-making process. When you were going into the decision, what risks did you acknowledge and what consideration was given to the potential overruns?

Chief Executive:

In any large-scale capital project, you always look at the timelines that you are operating to. We had an ambition that we would have completed the move into Broad Street by the end of the calendar year 2018. Indeed, if you look across - and I am very happy for colleagues to start talking about La Motte Street, because you have just focused on one bit - we established our customer services function from October 2018, which was our original target date. When we eventually settled on the Broad Street offices, that was in the ownership of a third party, who had an operational requirement, and they decided that they were not able to move those colleagues at the time that was originally envisaged, so there was a delay created by the occupants staying put and the landlord determining that they were not going to allow any works to take place until a fixed point. As a result of that, our timeline was recalibrated last autumn to ensure that we were in the building fully by the end of February 2019, which we will be. So there was an adjustment taken. It allowed us to have a longer period to do the refurbishment work and obviously because we were in existing buildings in which the leases were not up, it meant because we had already established a buffer in the programme that we were not operationally going to be held back from being able to continue the work of the States. In the case of La Motte Street, we moved people from ...

Mr. A. Lane:

Let us come to La Motte Street. I think we have got some questions on that.

Senator S.C. Ferguson:

Yes, we have, if we can go to the Connétable.

The Connétable of St. Mary:

Yes. What was the criteria for the decision-making process for consolidating the customer service centre at La Motte Street?

Director General for Customer and Local Services:

I think, as Charlie has already mentioned, there were some decisions around the overall structure of the process for One Government. If you look at the One Government document issued for consultation back in March, for example, to staff and the public, very clearly in there it said that there was an ambition to have one front door, because that would be the first step, in a way, of us starting to design services around the customer rather than around Government. Rather than have the customer go to multiple different locations in one go, they could come to one place and that would be at their convenience rather than Government's, which is currently spread all around town. That had been previously discussed and supported by the previous Council of Ministers. When the consultation concluded at the end of March, there was no change to that principle and we then got on with executing the change that went live in October.

The Connétable of St. Mary:

Were many alternatives considered for the location? Because that is very remote.

Director General for Customer and Local Services:

I think the overarching logic for that was that most customers were coming into the Social Security building in La Motte Street to get Social Security services and therefore it seemed to be a sensible decision to move the other services from South Hill, from C.L.M.H., into the La Motte Street building. That was based upon existing customer traffic and existing customer volume. The programme to do this was worked through as a proper project with risks looked at and we also looked at and discussed with some disabled groups for their feedback on the actual implementation. A number of groups were spoken to so that we could make sure that the layout was correct for people as best we could, using obviously the existing building in La Motte Street, and we have made a number of improvements based upon recommendations and we have facilities now in place. Clearly it has wheelchair access; we have hearing loops; we have a disabled toilet. All those features existed in La Motte Street.

The Connétable of St. Mary:

Quite recently, we nearly voted on putting new offices in Ann Street. Would that still be considered an alternative should a suitable site come up for that, so that you could consolidate everything into one site somewhere?

Director General for Customer and Local Services:

I think the ambition is still to have a single site for Government. Charlie can probably describe the ambition slightly further than me, but that is still the plan, yes.

Chief Executive:

The Government, the Ministers are very clear about that. They want to create a single Government building, reduce further the operational stock for either disposal purposes and/or for secondary uses. Within that, that would see the closing of both ... a range of offices, including La Motte Street, if you were going to do that, for a more appropriate location.

Senator S.C. Ferguson:

Yes, thank you very much.

Mr. T. Rogers:

I am a simple chap, so I will ask short questions and if you could give short answers, it will be probably be more fun for the audience too. We could think of the decision-making process as 'data, diagnosis, decision, do'. We are really interested in all the things that came before "do".

[14:45]

You have very eloquently talked about feasibilities, options papers, business cases, plans, all those components that evidence that decision-making, so rather than go through a protracted discussion of: "Do you have this document? Do you have this document? Do you have this document?" for which I am sure the answer is yes, perhaps you could refer to ... and let us pick on, for example, La Motte Street, because again, very eloquently set out. You have looked at your existing estate, okay, and made a decision, but that is quite interesting, because that sounds really opportunistic rather than strategic. That sounds like something where you see what is before you and you take a decision rather than say: "What is my really long term?" There is a strong logic there, but not many numbers. If we take, for example, some numbers, you have 700 customers a day who walk through the door. That is 14,000 a month. Is that 14,000 representative of a huge improvement that you had identified before: "This is what it is before, this is what it is after" and that is a huge improvement? How did you evaluate? What are these key performance indicators that said: "This is the right decision to take"?

Director General for Customer and Local Services:

I think the strategic bit was outlined in that One Government document, which is to say Government should be based in one building and have one front door. That is the strategic bit, I think.

Mr. T. Rogers:

But that was not reflected in the hearing with Growth, Housing and Education, who said they do not have a strategy and would not aspire to have a strategy or indeed to have a team to consider a strategy for 6 months hence. So it does not sound ...

Chief Executive:

Sorry, a strategy for what?

Mr. T. Rogers:

Jersey Property Holdings and your asset base.

Chief Executive:

No, a strategy for what though? An asset ...

Mr. T. Rogers:

Your property strategy.

Chief Executive:

Yes, but that is slightly different, with the greatest respect.

Mr. T. Rogers:

Well, La Motte is surely part of the property strategy or was it just an opportunistic ...

Chief Executive:

No, so let us be very clear, on the broader state rationalisation and strategy we have a whole host of issues around operational, commercial and also investment properties. We have never established a corporate framework in which to be able to look at the asset base - the C. and A.G. and I have had conversations about this - and nor were we ever set up to be able to do that because they are very, very different and require a considerable amount of effort to get into what I would expect to be a fit-for-purpose corporate property strategy for the States. That, in its totality, is exactly right when G.H.E. (Growth, Housing and Environment) say: "We are at least 6 months away from recruiting the right people and putting in place through the target operating model the right organisational structure to be able to start to address that." If I am being honest, we should have done it some time ago. We have had reports we did not do it; that is something that I think is remiss.

But that is very different from what we decided to do about customers. Customers is a strand of activity of which there is an operational requirement to be able to meet that. There was a political agreement that we should have customers all located in one place wherever possible to reduce the impact on time, waiting and also to improve the efficiency and effectiveness of our services and that is a very different and important point that needs to be made. I will leave you to talk about that.

Mr. T. Rogers:

Thank you, and I accept that. Having said that though, if you could give us an indication of the numbers that support that and, again, I am really interested in how it is strategic, insofar as you think of all the other factors that I know that you are championing, for example, information technology. Clearly, if your view is to have more online engagement one would say: how does this fit with that drive? If you could outline really the data, the slightly boring stuff but the stuff that really informed that decision.

Director General for Customer and Local Services:

The data is really important and we did discovery work around the volumes of traffic that were going into other buildings, so that is how I know that we had more customer traffic come into La Motte Street already. We looked at that and we looked at how the services could be moved and the intention is to close Cyril Le Marquand House and close South Hill; what would be the order of that? Do you do it one big banding up? That was all the discovery work around that. We also looked at other places for better practice and see how they also implemented changes of this nature. We found a couple of sites in the U.K. - Wolverhampton and Milton Keynes - and we went to visit and to have a look at their experiences there, picked up some ideas from them, the things we liked and did not like. To the discovery work ...

Mr. T. Rogers:

That is interesting. Would that document be available to us because I am really conscious of time? Is that something that you could share with us later?

Director General for Customer and Local Services:

Yes, I think there is a project document that we could share, if that is what the panel is after, yes.

Mr. T. Rogers:

Okay, that will be very helpful, thank you. I am very conscious of time but I would like to sort of extend this theme what data diagnosis decision do. What are the things that lead you to making your decisions? You are ambitious with change, you have delivered a lot of change very quickly. I note, for example, that you are going through the review of the Public Finance Law, the change of accounting period and the move to Broad Street, more or less at the same time. That is a challenging

sequence of projects in any circumstances and to do them all at exactly the same time, how did you come by that decision? What made you think that is the optimal way of delivering change to that department?

Chief Executive:

The finance transformation programme, which has been, I think, discussed here and previous P.A.C.s was laid out very early on, partly because unless you get your organisation's finances right and the financial management and business arrangements ...

Mr. T. Rogers:

You are explaining why, not how you can ...

Chief Executive:

Yes. Going back to the beginning, we did the due diligence, which undertook a very detailed assessment of the failings that took place around our financial management. As part of that, there was a report that was prepared, it has been shared with relevant bodies, including the C. and A.G., which was fairly clear that we had to make dramatic and urgent improvements on a whole range of fronts, which we embarked on from the spring of 2018, recognising it was going to take 2 years. There are various stages in that programme which have been produced, and Kevin can talk a little bit about the detail of that, which are laid out not just through to March 2019 but right the way through to 2021. As part of that there are different phases where we are trying to grow the capability of the organisation, et cetera. There was an analysis and there was a programme put together. There are key milestones around it and then we looked at how we are going to be able to deliver it.

Mr. T. Rogers:

But did, for example, that programme say the time to do all these things in this short period is likely to provoke resignations within finance?

Chief Executive:

The level of resignations within finance has been relatively small.

Mr. T. Rogers:

But exactly as predicted by your programme office who said: "This is likely to provoke a ..."

Chief Executive:

Absolutely, but ...

Mr. T. Rogers:

Has that same recommendation turned around and said: "It would be challenging to move into Broad Street on 18th February, given the workload."?

Chief Executive:

No, no, sorry, for the year end we had not moved the people into Broad Street, so we have made specific arrangements for the year end to remain at Cyril Le Marquand House until that period is finished. We have supported the changes for the early close, so that there is no disruption to their arrangements, both in terms of personnel and organisational location. Indeed what we have done is provide additional support for that by bringing in some extra capability. In dealing with the timelines and the impact, we are taking mitigation arrangements where appropriate to deal with any potential risk. The interesting fact is and C. and A.G. and I have had a long conversation, we will and we are on target to meet our early close, which I think at the beginning everybody thought was not achievable. Also, as part of that, the staff themselves now see the benefit of that early close and what it is going to do to allow them to be freed up to be able to concentrate and deliver the Government Plan timetable for 2018. There is ...

Mr. T. Rogers:

That is a very fair response and I will summarise, you took a risk-based approach and it seems to have paid dividends.

Chief Executive:

Yes, as with all these things, you look at the risks and you create the mitigation frameworks and strategies accordingly. In the same way when we had moved Treasury staff at different times - we phased it - so some of the tax offices moved to La Motte Street. Others, like the tax policy staff who were dealing with the policy review around tax, were moved later, so that we were able to deal with their various pressures. The modernisation of the tax going online programme, the project team is still being based in their existing offices to finish the key milestones that we agreed. All of the risks of that were looked at, assessed and, where appropriate, the mitigation was put in place. I am not sure that the coalescing of the timelines has done anything to detract from the delivery time and the ambition to be able to create some momentum to change the financial management arrangements that we have in the States, which is critical.

Senator S.C. Ferguson:

Super, thank you very much indeed.

Ms. M. Scott:

I might do what my colleague has done, insofar as, if I find you are straying into reasons, take it back to process because that is really where we are coming from. We have seen decisions made in the

past by Government, for which the Comptroller and Auditor General has questioned the process and suggested recommendations to improve it. I also understand that you have ... sorry, I am interrupting you.

Chief Executive:

No, I was just asking for some information.

Ms. M. Scott:

Okay. You have been involved in this project to improve financial management, which is very key, through a partnership with Ernst & Young; that is going to take some time to complete, while there is a forecast of a deficit, which might be partly or wholly attributable to poor financial management. So, in a sense, as Chief Executive, you have kind of inherited a bit of a leaky pot when it comes to money. My question is focused on the decisions you have made in relation to the continuation of the making of grants and support of A.L.O.s (arm's length organisations) by the Treasury, following the recommendations made by the Comptroller on the making of grants and subsidies and the oversight of arm's length organisations, bearing in mind that delegation is a decision too. So, do most C.E.O.s (chief executive officers) allow organisations with financial management problems and an impending deficit to continue to spend money without demonstrating need to the C.E.O.?

Chief Executive:

I am not totally sure if I fully understand the question, so if I have not, I apologise. But if I just take you back, in finding and looking and providing the information about the projected deficit, part of that work has come out of the due diligence that we have done throughout the last year. Within that we have also focused and it is important when we get to the grant piece ...

Ms. M. Scott:

But this is about process. You could acknowledge that there is a deficit and we could move on.

Chief Executive:

There is a deficit that is projected but what is the rationale for the deficit in relation to the C.E.O. and decisions that might be made about expenditure, which is, I think, your subliminal point, which might compound the deficit? That is what I think you are asking.

Ms. M. Scott:

Yes, so we are saying ...

Chief Executive:

The question first off is, what is the deficit and the quantum?

Ms. M. Scott:

No, that is not the first question.

Chief Executive:

No, from a C.E.O.'s point of view you have to understand what it is you are dealing with to be able to then determine whether you have a strategy that you can, in conjunction with Ministers, meet the projected deficit.

Ms. M. Scott:

Okay, let me just correct you there because I probably have ... because I am saying the Comptroller and Auditor General's reports tell you what you are dealing with. They have told you where there have been flaws in decision-making processes relating to grants and A.L.O.s. Let me move on to the next question; it might be easier. Although the 2017 accounts suggested that the decision-making process behind the making of grants had changed - it is in the accounts and we know that there is a statement there - the amount given out of in public funds in the same way increased by £1 million from that given out in 2016 and the Tourist Development Fund was depleted from £420,000 to £44,000 in a single year. Could you please explain how the decision-making process behind the making of such grants improved? Because there is a statement in the accounts that a process had changed and I am just interested to know how this could be improved.

Chief Executive:

Right, okay. The issue of the deficit is nothing to do with the question.

Ms. M. Scott:

It is to do with the ...

Chief Executive:

The issue of the 2016/2017 accounts, and you might be able to come in there, it was obviously before my time. I am afraid I am not *au fait* with the detail of those accounts and, to be honest, I think it would have been unrealistic for me to be able to give you a detailed answer but I might ask my colleague to come in. The point that I think you are making though, which is important and valid, is have we taken account of the C. and A.G.'s reports and the issues raised in about how we deal with grants, both to A.L.O.s and to other organisations?

[15:00]

I think, for me moving forward, as the C.E.O., going back to your earlier question, the issues that I am interested in are, are we building on, particularly the most recent report that we have had about how you deal with relationships and clients and grant-giving and are we comfortable that there is an auditable trail for expenditure to be deployed in the right way for grants?

Ms. M. Scott:

I am talking about process. I am talking about things that include things like consideration of alternative funding , identification, assessment and mitigation of risks, consideration of alternative methods of funding, learning from other grant schemes, stress testing, anti-fraud strategies and establishing review processes. I am talking about process.

Chief Executive:

Right.

Ms. M. Scott:

I am trying to understand if this financial direction that I have not seen that has been drafted is in fact being implemented in the making of giving grants, so ...

Chief Executive:

I think it would be better if I could ask my colleague because I think we are straying into territory that I was not privy to.

Ms. M. Scott:

Sure.

Head of Decision Support:

I think the question is: have we fully learnt the lessons from the C. and A.G.'s reports on A.L.O.s and the subsequent report on grants? The answer is that is still a work in progress. There have been improvements, so in one of the areas ...

Ms. M. Scott:

What improvements ...?

Head of Decision Support:

Among the improvements are a great deal of work has been done with what was E.D.T.S.C. (Economic Development, Tourism, Sport and Culture) but is now a department which is Growth, Housing and Environment. In particular, we have tried to learn the lessons about the larger

organisations, so those organisations that stop being simply a grant but have become an A.L.O., where the key thing is ...

Ms. M. Scott:

Sorry, can I just interrupt you there? Because I am talking about smaller grants at the moment but we could move on to A.L.O.s because ...

Director General for Customer and Local Services:

I think that is one of the challenges, that there are a range of grants that the Government currently awards, maybe the contract is attached to S.L.A.s (service level agreements) and there is a range that the new structure that we are moving to does adopt or will when it is implemented and will allow us to manage whatever the funds are called in a much more effective way.

Ms. M. Scott:

Coming back to the annual report and the distinction between A.L.O.s and smaller grants, you did make that distinction in your report. You said in respect of smaller grants that you were applying the principles of this financial direction. You also said that it was too early to make any changes in respect of A.L.O.s, so maybe you could explain why you could not use the same principles.

Head of Decision Support:

Shall we go back to talking about smaller grants or ...

Ms. M. Scott:

Sure, that is where I started.

Head of Decision Support:

Back to your smaller grants then, we have already picked up some instances where more than one department was making a grant. We started duplication that more than one department were making a grant to the same organisation and we have moved some budget around in order to put that all in one place, so there is a single relationship with that body. The other work that is being done, so the draft financial direction on grants distinguishes for the first time between discretionary grants where a decision is taken to give a sum of money to a particular organisation for a specific purpose, most of it is a grant scheme, so they are things like area payments to farmers and environmental people, that type of thing. Previously we were applying the same concept of risk to all of these. Where there is a scheme that had been well designed, and as long as someone met the requirements of that scheme, we were applying the same onerous requirements in terms of provision of information and that type of thing to those. For the first time we have separated those and we are putting more distinctions around those discretionary grants, where this is a choice. If we have set up a scheme

like the area payments to farmers, if someone meets the criteria of that scheme, then they get their funding under that scheme, so there is a very different approach to this ...

Ms. M. Scott:

You are saying you are asking for less documentation.

Head of Decision Support:

Where the scheme has been designed so that people meet the requirements of the scheme and prove that they meet the requirements of that scheme, some of the more onerous requirements around the provision of, say, Andium mechanics and that type of thing can be remote because they are simply not appropriate to that type of payment.

Ms. M. Scott:

How do they prove them?

Head of Decision Support:

Because they demonstrate to the administrators of the scheme at the time of applying for funding under that scheme that they meet the requirements of that scheme.

Ms. M. Scott:

Without accounts now.

Head of Decision Support:

It depends on the scheme. As Ian has said, really we are not talking about ... it is not as simple as something being a grant or an A.L.O. or something, there are a whole range of bodies that we deal with and support that is needed and we are moving into all sorts of new commissioning-type arrangements as well where we are having to try and think of all sorts of ...

Chief Executive:

In 2018 when we started on the changes, one of the things that I identified was we do not have a coherent oversight of grants, our arrangements and relationships with A.L.O.s and also some of those wider programmes of funding that was just referred to. We said in 2019 it would be a transition year. We have some improvements; you can see that, for example, in the C. and A.G.'s report commentary around the Visit Jersey arrangements where we have dealt with some of the grant relationship, which is what I was referring to, relationship of funding better than we used to and we need to build on those. But for smaller grants we are now bringing them under one place. As part of ...

Ms. M. Scott:

Is this the I.A.B. (Investment Appraisal Board)?

Chief Executive:

No, this is where it goes to the Customer and Local Services. We believe that local services should have the co-ordination of our relationship with the third sector voluntary groups and for working with parishes and with other organisations to deliver activity more locally.

Ms. M. Scott:

Could you expand on the process?

Chief Executive:

A lot of that funding has sat right across departments and for the reasons that has just been given there is duplication and there is no single oversight. That will now be consolidated in one place so that we get that grant-giving done differently and in a more coherent way; that is separate though, separate from commissioning. In health we have a number of organisations that we fund, some of which through a contract ...

Ms. M. Scott:

This is smaller grants ...

Chief Executive:

Some of which is not smaller grants, some of which is larger, which we need to deal with outside of the small grants but it is still called a grant.

Ms. M. Scott:

Yes, okay. I was focusing on that aspect.

Chief Executive:

You can give a grant for £5 million or you can give a grant for £5. There is a different requirement for what process and the application and the decision-making needs to be and we have not got that coherently across the Government and we need to do that. Then the final bit is about A.L.O.s, we need to deal with that separately. There is a need to create different criteria for different categories and to manage it in a single place and that is what we are intending to do.

Ms. M. Scott:

What was the process for deciding to distinguish the payments of larger grants to A.L.O.s from the payments of smaller grants in this way?

Chief Executive:

There have been some reports that have come from the C. and A.G., which have laid it out, so there is some guidance already provided to us by the C. and A.G. and we are using that.

Ms. M. Scott:

You are telling me that you are now consolidating the smaller grants in terms of the way in which they are given out.

Chief Executive:

Yes, well they will be.

Ms. M. Scott:

That they will be; it has not happened ...

Director General for Customer and Local Services:

Yes, not consolidating the grants but consolidating the bringing together and the management of them.

Chief Executive:

The management and oversight.

Ms. M. Scott:

So the Investment Appraisal Board?

Chief Executive:

Yes.

Senator S.C. Ferguson:

A quick one.

Ms. M. Scott:

Right, okay. You did mention that it is the I.A.B. and it is being set up to consider bids and it was described as a new, more rigorous process, system process.

Chief Executive:

Yes.

Ms. M. Scott:

Could you explain the decision-making process that has been set for the board for the making of grants and how it distinguishes need from demand? Were they fixing all this, different grants ...

Chief Executive:

I made the point, in 2019 it is the transition; we have not got there yet. That process in 2019 is being designed for roll out in 2020 with the introduction of the Government Plan for small grants. We are also changing the relationship of how we deal with our A.L.O. and, where appropriate, our commissioned services, be it health. So Family Nursing you would not equate with a grant to a small organisation or the farmers group or, dare I say it, the funding that we put into Jersey Telecom. They are all different and some of that will be handled through the commissioning frameworks that will be run out of departments like the Department of Health and also for children and young people. In 2019 we will be developing that and we always said we were not going to get to that until later because ...

Ms. M. Scott:

The I.A.B. has made grants.

Chief Executive:

No, but the I.A.B. does not make grants. The I.A.B. does investment in large-scale projects, capital or revenue, such as the investment decision for Broad Street, which we referenced earlier, or the target operating model implementation or if we are going to bring forward investment for I.T. (information technology) where you need a strategic business case that would need to be determined by a Council of Ministers, you would bring forward a business case that went through a process of which the I.A.B. would be part of it.

Senator S.C. Ferguson:

We shall get through to that on a future hearing.

Chief Executive:

I am sure you will and I look forward to that conversation.

Senator S.C. Ferguson:

I am very keen on it. Tim, I think you had one or 2 questions left.

Mr. T. Rogers:

Yes, I do.

Senator S.C. Ferguson:

Quick ones, come on.

Mr. T. Rogers:

If I may I will keep it quick. I am interested, as suggested before, not challenging the decision; clearly you have made some very good decisions or indeed challenging why but it really is about the process. I am going to wrap this up in one sentence and then allow you to say step one, step 2, step 3, step 4 and please do say step one because then we really are focusing on the process. I am interested in the Public Finance Law, okay, from the point at which you did the terms of reference, evaluating the recommendations, pulling together a plan and implementing it. Could you tell me the process, step one, step 2, step 3, step 4 and the people, the data and the evaluation you did at each of those steps?

Chief Executive:

Yes. I will ask Kevin to take you through that because he is the project lead on some of that.

Mr. T. Rogers:

Thank you, excellent.

Chief Executive:

But I will say one thing before we start it: when I first arrived I had a meeting probably in my first week with the Solicitor General. The Solicitor General made it very, very clear that there was an absolute imperative to change the finance laws for Jersey. I have had such strong conversations with the C. and A.G., with our internal audit and whatever and ...

Mr. T. Rogers:

As indeed I framed the question, no problem at all with the decision or the outcome, I am just interested in process.

Chief Executive:

Before I arrived, there was a recognition, which is the point I am trying to make, that our current finance laws needed reforming and that was not a decision I made.

Head of Decision Support:

Thank you. Yes, so we started from there, it has been apparent for some time, also it is not just diligence work but previous reports of the C. and A.G., Corporate Services Panel and P.A.C. that the finance law was not really working anymore. I would like to think of it like a house that was designed in the early 2000s and ...

Mr. T. Rogers:

Sorry, that is the reasons, what is the process? What is your first step?

Head of Decision Support:

The process was admitting we need to do something about it and the scale of changes that were needed, not all of them large in themselves but simply collectively put together meant that tinkering no longer worked. We have a law at the moment ...

Mr. T. Rogers:

Back to the reason, what was your first step?

Head of Decision Support:

The first step was to commission some external assistance in order to help us carry out the review and make sure that it would be seen through, be seen to be objective, do comparative work with other jurisdictions that we are simply not resourced to do and to deliver a result that would be right for the Island and it would be sustainable and honest and not just be making a change, which we would need to make a change again in time.

Mr. T. Rogers:

Excellent, so what was your next step after having received that?

Head of Decision Support:

The next step, after having received the reports or having designed that piece of ...

Mr. T. Rogers:

Will you go through the steps now?

Head of Decision Support:

Once we realised we needed external support, we engaged with the body to do that after a competitive process. We decided to make the review as wide-ranging and consultative as possible. Our external partners, in carrying out that piece of work, interviewed a wide number of people; they compared with 5 other jurisdictions. A summary of that work has already been provided, I think, but we could do that again. They arrived at a set of recommendations, including a set of principles for the design of a new law, which I think are really useful. Then we presented those responses to this committee and to Corporate Services together, I believe, presented them to the Council of Ministers.

Mr. T. Rogers:

That was then the next step, what is step 3?

Head of Decision Support:

That was the next step to decide to embark on that. That then, following discussion with Ministers and others resulted in the decision of the Minister for Treasury and Resources to secure a law-drafting time to grant a new law.

Mr. T. Rogers:

Okay, so that is a really good and very important step. Can I just ask because you mentioned sort of the necessary consultation, particularly where principles ...? This is the point where you are now going to make a decision. You have got a lot of information, you are about to make a decision. How was that evaluation and consultation? Who was in the room? Who was participant in saying, yes, this is the right thing to do?

Head of Decision Support:

As opposed to what?

[15:15]

At the time that we put a decision in front of the Minister for Treasury and Resources to ask for law-drafting time, what we had by way of law-drafting instruction was the extensive piece of work that our partners had carried out, which extended to 160 pages, I think it is, of comparative information, principles, pitfalls we wanted to avoid with the new law, things that definitely needed addressing in that new law ...

Mr. T. Rogers:

But, for example, was it like a 3-month consultation? Were 1,000 user groups involved? I mean what was the process?

Head of Decision Support:

The review, I have not got that with me; I would have to go back to the review. We can certainly provide that. There were workshops, there were interviews right across the board, so not just finance people by any stretch of the imagination; users, Crown officers, legal people, Public Accounts Committee, Scrutiny; we did try and engage as widely as we possibly could on putting together that new law. Arrived at the output, so the report, the principles, what needed addressing in that law. Since then, which is around the middle of last year, slightly into the second half of last year, a very, very small team of officers have been beavering away with the Legislative Drafting Office, as it now is, on drafting a new law. It is always a tension between do we simply try and change what is there

already? But there are so many things that need addressing that simply are not fit for purpose anymore. None of them in themselves have been particularly difficult but ...

Mr. T. Rogers:

But that is the reasoning rather than the process.

Head of Decision Support:

Yes.

Mr. T. Rogers:

Yes.

Head of Decision Support:

We have then worked through a number of drafts, any number of drafts. I think we are up to draft 32 now of the new law, each of which had been discussed as widely as possible. We have sub-groups of Ministers even now looking at this. We have been to the Council of Ministers a number of times. We have done a number of joint briefings, I think, to ...

Mr. T. Rogers:

Those, for example, would include looking at the original instructions, looking at the law drafting and comparing the original drafting instructions with the draft itself.

Head of Decision Support:

Absolutely, yes.

Chief Executive:

Yes, and comparing the current law with the proposed future law and the arrangements in conjunction with the changes that were agreed around P.1 last year and the principal accounting versus then the role of the Treasurer. That has, for example, resulted in recently a decision that is made to look at the way in which the States employment arrangements because there is now a knock-on to that; it is going to have to be redrafted. There is a commitment being made, which holds the principal accounts officer to account in a different way, which gives more political oversight. All the things that have arisen out of that compare, contrast and review, which we have done throughout the last, I think, 10 months in significant detail with a range of stakeholders and interested parties.

Mr. T. Rogers:

Okay, thank you.

Senator S.C. Ferguson:

Thank you very much.

The Deputy of St. Peter:

I.T.

Chief Executive:

Yes.

The Deputy of St. Peter:

You are committing to reviewing the I.T. systems for financial management and processing by the States, which we clearly welcome. This is one of the major decisions that the States will make a huge financial investment. My personal experience tells me that such complicated transformation projects are for ever over budget and over time and often fail to clearly deliver the benefits that are expected; this is the norm in the industry, I wish it was the exception. Can you please share with us your decision-making process, the how that you are going to make this the exception in the industry, deliver on time and on budget, the I.T. transformation project that you are undertaking?

Chief Executive:

First off, we have done quite a lot of work to assess the range and requirements that we potentially might need. That work is ongoing because inevitably in these sorts of debates you will get everybody putting the kitchen sink into bids for new I.T. systems and I think that has been a failing here before, where lots of people like shiny new toys but we do not understand why and what it is that we are buying and what the benefit of that will be. The chief operating officer, since he arrived in late September 2018, has been working with the chief information officer to do that assessment and understanding across the whole of public services of where you have got issues, pressures, problems and requests for I.T. equipment. At the moment, so there is a board that has been set up, which is reviewing all of those requests and looking at the critical risks associated with it. By way of example, we have a major problem around information security, cybersecurity, which at this particular moment is an absolute priority for us to deal with. But compare that against the J.D. Edwards system that we have for financial management, which is about to fall over if we do not make some pretty critical decisions about its replacement because there is no long-term solution for that particular I.T. financial management system. They are different risks, both of them are critical to us but we are having to compare, therefore, in some very challenging circumstances the level of risk and the greater amount of risk with the way in which we then take forward the investment case for it. The board, which the chief operating officer is leading, is being advised also through our partnership with EY, who are looking at the preparation of an investment case and the categorisation of how that would be done, which is initially due to bring forward by the end of March an outlined

business case, which will move forward to, ultimately, a full business case. As part of that, there is the need to bring that back to Ministers for their consideration, so there is one Government board, Political Oversight Board, that has been set up to look at all the changes that we are talking about, which is chaired by the Chief Minister and, ultimately, that will be the first port of call. We know and I think the chief operating officer spoke to the first Scrutiny meeting of C.S.S.P. (Corporate Services Scrutiny Panel) who are looking at the policy around this, 2 weeks ago, to outline the way in which they are proposing to take that forward. We think that is going to form part of the joint work of this committee for some Scrutiny oversight of the programme that we are proposing to bring forward, so that there is an engagement, a bit like we have just described, over the finance law. The investment case has not been completed but will be completed, as I say, by the end of March as an outline business case level and that will go into the I.A.B. process, that we talked about earlier, to meet the Treasury Green Book standards for any investment that we would make, of which then there has to be a discussion about how that is funded, which will feed into the Government Plan deliberations for 2020 and beyond. Your question is, how do I avoid cost overrun and the failure? At this moment we have not even got the business case. However, having done a number of large-scale I.T. investment programmes, what you would then do is you would have to stress-test the business case, look at the capability of the organisation to deliver it, determine the prioritisation of that and then take forward on a phased basis over a period. Because lots of people will say you spend it in one or 2 years; well you do not, you end up spending it over a longer period. But in a phased period when you would draw down the investment necessary to do whatever it is that is agreed is the first priorities, some of which could be with a partner for certain things. By way of example, we have a partnership for the tax online modernisation programme, which has meant that we have been able to use certain expertise. Some of it may be that you could buy off the shelf and some of it is that you could go into partnership with a provider.

The Deputy of St. Peter:

The equipment is very easy, there are industry metrics to say how many laptops or desktops need to be rolled out and how many phones you need; that is per number per dollar; that can be very easily calculated.

Chief Executive:

Yes, but these are whole systems, not just that I.T.

The Deputy of St. Peter:

Yes, but the team is what I am talking about.

Chief Executive:

Yes.

The Deputy of St. Peter:

The security is a constant moving part; it is impossible to button down I know.

Chief Executive:

Yes.

The Deputy of St. Peter:

The thing I am really concerned about is the business systems. What I require is there is a lot of piecemeal decisions that have been made. The benefit to the Island comes when the systems are integrated, not in the data but at a business application level because that can involve ...

Chief Executive:

Correct.

The Deputy of St. Peter:

These are moving parts that will change all the time. This is what concerns me, how are we going to button down that one and advise the Ministers of a budget for the full transformation project and not have any surprises down the road?

Chief Executive:

Yes. I think it would probably be appropriate for this committee if it wants to have a look at that as a single item because it would take up the whole of the time; it is significant. Your point about the business applications, of course no longer would you buy large-scale system applications of old. A lot of this is how are you going to set up the various towers that you will need to get the business integration and at what level? We have those proposals in outline form but I think it needs to go to Ministers first, if I am being honest, for their direction. We will be bringing forward then detailed propositions we will bring back to Scrutiny because this is going to be a very big issue facing us because we have spent large amounts of money inappropriately before. We have bought large amounts of different systems that do not talk to each other and we have not got the capability in-house for managing that at the level that we believe is necessary.

The Deputy of St. Peter:

This is the thing, not making the same mistakes as in the past.

Chief Executive:

Just on that, there are some very big errors, which I think have yet to come forward and out, which we are now uncovering, which give us even more intelligence about what not to do.

The Deputy of St. Peter:

I assume I have got one more, Sarah.

Senator S.C. Ferguson:

Yes, I thought you would like ...

The Deputy of St. Peter:

How are you going to ensure that you are going to be making this decision-making, like accurate data-based decision-making, based on a combination of legacy systems, J.D. Edwards, while going through the transformation stage?

Chief Executive:

Again, I think it would be better if my colleague was able to take you through the metrics of how we are doing that. But in the scoping work that we have considered there is an appraisal of exactly those sorts of steps, which is picking up on your point, of the plan, do, et cetera. I am not, I think at this stage, the best person to take you through that but there is a wealth of activity and knowledge that I think will be able to give reassurance to this committee about that. I am very happy to have a separate session, Chairman, on this because I think it would be in the public interest.

The Deputy of St. Peter:

Certainly.

Senator S.C. Ferguson:

Absolutely.

Chief Executive:

I suggest that some of it might be in public and some of it private because there is a lot of commercially-sensitive information, so there needs to be the right management of that. But we certainly do need to engage with Scrutiny to ensure that you are comfortable that the lessons learned from the past mistakes, of which there are many, are not repeated.

Senator S.C. Ferguson:

Thank you, yes. I will ask my officer to communicate with yours and get something sorted.

Chief Executive:

Yes, and we will get that. I think post the March deadline, when we have got that information, that will be worth doing and I think we are also engaging with the C. and A.G. around some of that

because there is a lot of evidence. I think, again, that the C. and A.G. can point us to about how not to do things.

Senator S.C. Ferguson:

That is all right if you look at how we bought J.D. Edwards. I was on the Public Accounts Committee when we first got J.D. Edwards, so ...

Chief Executive:

Yes. Having had J.D. Edwards in another place and then replaced it, yes, I understand for sure.

The Deputy of St. Peter:

Can I ask one question?

Chief Executive:

Certainly.

Senator S.C. Ferguson:

It is just one last question.

The Deputy of St. Peter:

It is a bit of the ... but I think it is very much in the public eye at the moment and I think we would be remiss if we did not ask. A lot of the decisions you have been making during your first year in post, some of which, potentially, have led to some low staff morale and we have even had strike action, how are you now going to make your staff feel valued, get back the goodwill and align them to your future decisions?

Chief Executive:

I think there are a number of things that have come together around that issue of industrial action, of which longstanding, and I mean going back in some instances a decade, issues around pay have been a driver. Inevitably, I have said this in my report that I gave to the Assembly, that there is a coalescing of when change occurs and you have some historic frustrations and grievances, that that comes together and morale will dip. We have always known that. Three things immediately that we are doing at the moment, one is we are investing in our staff. Today I met a guy who has worked 19 years in the pensions' team. He has been in one building all his time in the States. He thinks the move that we have done to Broad Street is the best thing that has been done for him personally in that 19 years about his working conditions.

[15:30]

He feels that it is a good facility, he is seeing people, he is engaged, he is in an environment that feels modern, up to date and appropriate. I saw, when I welcomed staff in today and he personally came up to thank me for that because he said he had never felt that we have looked after the staffs' working arrangements in the way that we should. That is a very simple and, I think, powerful way in which you can start to show what needs to be done. Secondly, we are involved in the development of the Team Jersey programme and this is about the behaviours, culture and leadership of the organisation and investing in staff; all staff will go through this. We asked for 50 initial ambassadors for that change that we would train up as part of working with our partner for the legacy about creating a more sustainable long-term capability within the organisation to do that, which I stressed at the beginning was key. We had well over 100 applications for that and indeed we have now extended the numbers of people that we are training towards the 100 mark, rather than the 50 mark. Again, all of the big conversations were over-subscribed and people feel that they have been listened to, which I think is an important aspect of trying to understand how staff feel about their environment, their working arrangements and their gripes. That will be put back to them at the end of March, which is an important commitment that we gave, so that they hear what is being said and how we are going to do that. They are now involved, staff, in the co-design of the programme that we are taking forward and that has never been done before. I think the third thing that we are hopefully going to do is we need to bring to a resolution and it is not the place to do that, the pay dispute, to try and bring not only the financial remuneration questions but the outstanding terms and conditions issues that go back many, many years, which have not been addressed. I am confident over the next reasonably short period we should be able to bring some conclusions to the first phase of that and be able to set in train during 2019 for completion by the end of this calendar year that review of many of those terms and conditions issues, which I think will then create a confidence that the staff can start to trust. Combined with the communication, the conferences that we are having, the discussions, the floor-walking, the engagement processes, that each of the director generals are dealing with in their own departments and it is really important that that is led at a departmental level, so that we understand some of the key issues facing colleagues. I believe that we will start to see an upsurge in morale and when we do in 2020, the next big staff survey, I believe that we will see a shift in some of that. In between time we are doing poll surveys and sample surveys with staff about key issues to see where some of those cold spots that we have identified need to be addressed and they vary department to department. We also need to complete the target operating model rollout because that will give, ultimately, certainty to staff that they have got a job, they know where they are going to be, they know what their opportunities are and they understand where they fit in the organisation. That is why I have been very keen to get this done as quickly as is practical in order to give surety and certainty to staff by the end of the spring for tiers up to 4, in some cases 5 and 6 and certainly by the autumn for the whole of the organisation at 5 and 6, although I think it will be well before then that we will have completed that. That will then give people the basis on which to

move forward, at which point we will move from stabilisation into the first part of recovery for the States staff in order to be able to move, ultimately, to reposition the public services over a 5-year programme.

Senator S.C. Ferguson:

Right, thank you very much.

The Deputy of St. Peter:

I looked at the clock; that is my shut up.

Senator S.C. Ferguson:

Absolutely, he is learning. Super. I do not think anyone has got any burning questions to ask. A very short one.

Chief Executive:

We have got some outstanding requirements which we will bring back for some further information, this piece here, which I think is commercial. There is some stuff over here which we will do and there is the bit about arranging to come back to you, Madam Chairman, around the I.T. piece, to set that up for future scrutiny, which we would be very happy to do.

Senator S.C. Ferguson:

Super. If we have got any more questions, if we can send them through to your office and ...

Chief Executive:

I am sure you will, you did last time.

Senator S.C. Ferguson:

... you can disperse them around ...

Chief Executive:

There were rather a lot of them.

Senator S.C. Ferguson:

Thank you very much indeed for your time, Ms. McConnell?

Comptroller and Auditor General:

Thank you, Madam ...

Senator S.C. Ferguson:

Chief Executive, Mr. Burns, Mr. Hemmings, thank you very much indeed for your time.

[15:35]