

STATES OF JERSEY



SCRUTINY REVIEW OF THE GOVERNMENT PLAN: 2020–2023 (S.R.13/2019): CORPORATE SERVICES SCRUTINY PANEL FINDINGS – RESPONSE OF THE CHIEF MINISTER

**Presented to the States on 9th January 2020
by the Chief Minister**

STATES GREFFE

**SCRUTINY REVIEW OF THE GOVERNMENT PLAN: 2020–2023
(S.R.13/2019): CORPORATE SERVICES SCRUTINY PANEL FINDINGS –
RESPONSE OF THE CHIEF MINISTER**

Ministerial Response to:	S.R.13/2019
Ministerial Response required by:	23rd December 2019
Review title:	Scrutiny Review of the Government Plan: 2020–2023
Scrutiny Panel:	Corporate Services

CHIEF MINISTER’S INTRODUCTION

The Chief Minister welcomes the scrutiny conducted by the Corporate Services Scrutiny Panel. The Panel’s comments have been noted and considered in reviewing the Government Plan process undertaken this year and in considering changes to bring forward for 2020.

FINDINGS

	Findings	Comments
1	States revenue expenditure will increase from a base budget of £735 million in 2019 to £824 million in 2020 (a 12% increase).	The Government Plan explains that £735 million was the original budget from the MTFP, the last figure approved by the Assembly and used for transparency. The Plan also refers to additional allocations to meet emerging priorities, which give an allowable budget of £800 million – which we have advised the Panel is a more sensible comparator. The Panel is reminded that this expenditure is over the life of the Government Plan from 2020–2023. When rebased to 2019 figures, growth is within “norms” and is consistent with growth in previous MTFPs.
2	Combined capital and revenue spending will exceed £1 billion by 2023.	Noted. A significant part of the capital expenditure is to rectify long-term under-investment.
3	Modernising Government accounts for £76.7 million of States spending in 2020. This is larger than the allocations for improving the economy (£65.9 million) and protecting the environment (£27.8 million).	Noted.

	Findings	Comments
4	The highest allocation of new investment within the Government Plan is £25.4 million to Modernising Government. This compares to new investment of £20.7 million in Putting Children First.	An investment in modernising government is an investment in the capabilities to develop and deliver all government services, both existing and those being developed to deliver our Common Strategic Priorities. This investment is principally in our people and our technology, the foundation of government service delivery.
5	The Capital programme in the Government Plan amounts to £90 million. The Fiscal Policy Panel have welcomed the investment but say that there is a “significant risk” in delivering it.	Monitoring delivery of the capital programme will be a key activity for Treasury and Exchequer during 2020.
6	There is no published IT Strategy covering all IT spending in the Government Plan.	This investment is principally in our people and our technology, the foundation of government service delivery.
7	The IT spend in the Government Plan is based on the minimum period in which it could be delivered.	The profiles set out in the TTP are illustrative. As each individual technology programme commences, a more detailed business case process will be initiated, which, amongst other things, will apply a more detailed review of investment, benefits and timescales for delivery. Subject to commercial confidence the output from this work will be made available for scrutiny.
8	There is no increase to the child tax allowance or additional child tax allowance in the Government Plan. These allowances have not been increased since before 2011.	Noted.
9	Duty increases are intended to promote changing behaviours around health and the environment, but it is not apparent that consideration has been given to impact on the economy or local industries such as transport and hospitality.	An analysis of the distributional impact of proposed fuel duty rises and the Climate Emergency Fund is contained in an Appendix to the Initial Report on “Tackling the Climate Emergency”.
10	The food costs bonus has not been reviewed since 2014. In that time, RPI has increased by 13.8%.	The Government accepted the CSSP amendment. The increase in the food weighting of the RPI has increased by 6.6% over this period.
11	The Government plans to use hypothecated taxes more in the future, which is contrary to the advice of the Fiscal Policy Panel.	Part of the fuel duty increases are being ring-fenced for the Climate Emergency Fund. Hypothecating taxes specifically for climate objectives is not unusual internationally.

	Findings	Comments
12	We have a number of concerns about the information provided on the Efficiencies Programme. We consider that the detail presented calls into question the deliverability of the programme.	The Efficiencies Plan sets out a programme to deliver sustained efficiencies of £40 million in 2020. Principles provide for flexibility in the delivery of efficiencies in the event they cannot be delivered as planned. Departments have the flexibility to propose alternative efficiencies and/or reprofile/reduce growth to ensure a balanced budget. Monthly governance oversight from Treasury and Exchequer, aligned with the budget monitoring process, will track delivery. As agreed (P.88/2019) a 6-monthly report on the impact of the efficiencies will also be issued.
13	Changes to end inequality in the personal tax system have been delayed due to possible adverse impacts on certain groups.	Very important changes to address inequality between married men and women and those in civil partnerships are being addressed now – the Minister for Treasury and Resources lodged a proposition to deal with this matter on 22nd November.
14	The Chief Minister aims to develop stronger working ties between the Government and the States Greffe, although details on what this will entail are not provided.	As stated in the Government Plan, there are a number of areas in which the Government aims to improve its co-ordination and co-operation with the States Greffe.
15	The Treasury and Exchequer Department aims to increase its tax policy team to meet tax treaty commitments and improve tax transparency.	This is largely the continuation of funding from Contingency agreed by the previous Council of Ministers.
16	The quality of information provided for additional funding for the tax policy team was poor, and not of the standard expected for a request for additional revenue totalling almost £7 million.	Business cases have inevitably become abridged as they have been developed and progressed to senior funding bodies. The calculation of resources needed to support Jersey’s international commitments is identified at individual post and grade level. A good deal of the growth consolidated in the present case is already in place, following funding from Contingency by the last Council of Ministers. As explained to CSSP, it is difficult to quantify the benefits of a particular size of international tax team: but it is quite easy to understand the consequences of Jersey not meeting its international treaty commitments.
17	Revenue Jersey aims to increase its use of digital systems and services and gradually phase out face-to-face services.	The Comptroller in evidence suggested that Jersey was a society that highly prized face-to-face services and that they were unlikely to be ended. To some extent, face-to-face services are now a corporate offering fronted by CLS, so this was not entirely a decision for Revenue Jersey.

	Findings	Comments
18	The business case for additional funding for commercial services lacks the expected level of detail regarding how the Chief Operating Office aims to spend the additional revenue requested.	The initial allocation of funds is required to progress work essential to the delivery of a new Commercial Services target operating model for which a business case is being prepared in conjunction with a specialist procurement/ commercial organisation. This will include the design of job descriptions, delivery organisation, key metrics and framework for operating in a modern and commercial way, broadening the scope of the traditional procurement function and maximising opportunities for more efficient working. For example: develop capability and capacity, develop contract management, income generation, support One-Government priorities, and increase working with our community/ customers.
19	The intended outcomes for the additional funding for tax compliance are not sufficiently clear.	The intended outcome is improved compliance by Islanders with their tax obligations. The Comptroller has outlined the scope of the compliance programme that will achieve this. The specified outputs from successful delivery of the outcome is additional revenues of a stipulated amount. The Panel was offered a briefing on the compliance programme on 17 September, which to date, they have not taken up.
20	The Panel has concerns about the ability to recruit to the 21 additional tax compliance posts in 2020 and therefore that the full funding allocation might not be used.	Revenue Jersey is confident that it can staff up to baseline with ratified funding from the Government Plan. It has been difficult to fill all posts while so many were funded from Contingency and therefore time-limited.
21	The budget for Human Resources (now called People and Corporate Services) for 2020 has increased by over 100%. The rationale for this is that Human Resources has been under-resourced in the past and has been an easy target for savings.	<p>The total spend, including base budget for 2020–2023 is £51.6 million, relates to around 3% of total workforce costs. This would place the Government at the lower end for percentage investment, compared to good comparable organisations. Given the low base that we are starting from, Ministers considered this as an acceptable level of spend.</p> <p>The Government of Jersey employs nearly 7,000 individuals. In 2020 the total wage bill will be £420 million. Effective people management, both at line management level and through the corporate centre, affects the productivity, engagement and effectiveness of service delivery. At present, a number of key indicators – along with reports from the Comptroller and Auditor General (“C&AG”), Scrutiny and internal audit – have highlighted the need to improve people management fundamentals to deliver the longer-term reform agenda.</p>

	Findings	Comments
		<p>The C&AG Report stated “corporate HR function has been under resourced and this needs to be addressed to help secure the changes urgently needed. The preparation and implementation of a comprehensive People Strategy is essential ...”</p> <p>The report also called out the “significant weaknesses in the framework for the oversight of Human Resources (HR) management”. This detailed the weaknesses in the establishment and function of SEB, JAC, and ambiguity/ gaps in the current arrangements.</p> <p>The department, whilst centralised, does not currently have key functions, particularly in areas where the Government has clearly articulated the risks and challenges we face, including recruitment and retention, workforce planning, health and safety, and industrial relationships. We have been reliant on short-term funding and agency workers, creating significant instability in the service.</p> <p>However, only 20% of the additional funding relates to staffing increases in People and Corporate Services (“P&CS”).</p> <p>The remaining amount is related to direct investment in the workforce through learning and development opportunities, apprenticeships, targeted programmes to address equalities and representation within the workforce, talent programmes, professional development, and employee wellbeing.</p> <p>In the first year, this also covers the need to recruit to significant vacancies and short-term cover within P&CS, pump-priming investment in key basics (such as a recruitment and attraction site to improve and promote careers). We are developing our strategy for longer-term sustainable improvements in workforce management, performance and cultural changes within the Government. We have set out the challenges we will face in the future, including changing demographics, lack of succession planning and key skills and the impact of technology – along with an increasingly competitive market for talent and skills in the Island.</p> <p>In challenging the amounts required, Ministers were mindful of the below-adequate base budget (£4.7 million). They agreed the key functions required in a fit-for-purpose service, looked at the key challenges and activities needed over the lifetime of the Government Plan, and benchmarked this against good organisations (as accredited by Investors in People) about the levels of investment in the workforce required.</p>

	Findings	Comments
		Ministers also accepted that the losses outweigh the investment in a poorly-managed workforce through spend on attrition and replacements, contingent workforce requirements (agency and interims), low productivity, poor staff engagement and unskilled managers – along with gaps in service to our citizens.
22	The Supply Jersey procurement system is due to be replaced once the Government’s new integrated technology system has been implemented.	<p>It is intended that the requirements for a Source to Pay solution (replacement for Supply Jersey) will be included in the requirements capture and specification for the Integrated Technology Solution. This will be implemented as part of the Integrated Technology Solution.</p> <p>Supply Jersey Procure to Pay solution was implemented in October 2014. The current version of the software is at least 5 years old. A new version with improved functionalities available but this will require a complete upgrade.</p> <p>The GOJ has benefited from the improved functionality that Supply Jersey has brought to the process of buying and paying for goods and services – Electronic Catalogues, E-invoicing, improved control and compliance. The GOJ is in a good position to use the lessons learnt and ensure that the requirements gathering and change readiness is captured and is produced in the specification for the service as part of the ITS programme and procurement process.</p> <p>There have been advances in source to pay software – Software as a service (“SAS”) ensures that the version deployed to all customers is the most current, reduces the overhead of support, and improves resilience to the service provided, improves security and improves functionality.</p>
23	The information provided in support of the additional funding for the One Government project is not convincing, and lacks detailed up-to-date information.	Noted.
24	The Technology Transformation Programme is planned over a 7 year period and includes spending of £42 million (Revenue) and £99 million (capital) during the next 4 years. The spending has been planned over the shortest period possible in order to release the benefits sooner.	The profiles set out in the TTP are illustrative. As each individual technology programme commences, a more detailed business case process will be initiated which, amongst other things, will apply a more detailed review of investment, benefits and timescales for delivery. Subject to commercial confidence, the output from this work will be made available to Scrutiny.

	Findings	Comments
25	The business case and supporting information for the “Delivering Effective Financial Management” project lacks the level of detail we would expect for a request for additional revenue of almost £10 million.	<p>Quality assurance of business cases by officers will be part of the new process for business cases, and will ensure the adequate information, including costs and benefits, is available for Ministers to make informed decisions.</p> <p>The stage of development and nature of the investment may influence the level of detail included. For example, it would be wasteful to develop a Full HMT Green Book compliant business case for the replacement of existing assets in line with a replacement schedule.</p>
26	The business case for £20 million (£5 million per year) of funding for replacement IT assets consisted of 7 words. This level of detail does not enable the Panel to have confidence in this business case.	<p>A more detailed breakdown of expenditure has been provided for the Panel setting out what infrastructure is expected to need upgrading and/or replacing over the period of the Government Plan.</p> <p>Similar to the necessary investment in the maintenance of physical infrastructure (roads, sea-defences, etc.) this is akin to a rolling vote in the maintenance of technology infrastructure.</p>
27	There is no explanation or business case provided for the capital programme central risk and inflation funding of £1 million in 2020 (£6.3 million in total over 4 years)	<p>There are a number of estates projects with funding allocations over the Government Plan period. Historically, each individual scheme would have included a sum for risk in the early years and inflation in future years. These sums have been stripped out of individual schemes, to be held centrally, allowing for a lower sum of money to be held, as not all risks will materialise and not all costs will need inflation. Departments will need to request funding from the Treasury and Exchequer, justifying their need if it arises.</p>
28	We have not been provided with enough information to make an assessment of the £1 million pre-feasibility funding for the States’ Office Strategy. This is in part down to delays in the Panel receiving a briefing from Ministers on the project.	<p>As stated in Finding 22, there have been advances in source to pay software – Software as a service (SAS) ensures that the version deployed to all customers is the most current, reduces the overhead of support, and improves resilience to the service provided, improves security, and improves functionality.</p>

RECOMMENDATIONS

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
1	To build public confidence and allow public scrutiny, the Government should publish a strategy covering all Government IT projects for the next 4 years and beyond.	CM	Neither accept nor reject	The focus for 2020 will be establishing the foundation projects which will provide a safe, secure and up-to-date functional base from which to build or transform services in future years. During 2020 the Government will consider publishing a strategy that sets out how technology will support those services.	Consider in 2020
2	The Minister for Treasury and Resources should give greater consideration to children's allowances in the future and how they can be used to help families meet the rising cost of living.	Min. T&R	Accept	Government support for children (both through the tax system and through direct support) is an integral part of the continuing agenda for the Personal Tax Review, and will be carried out in conjunction with the Early Years Policy Development Board.	Consider in 2020
3	The Council of Ministers should bring forward proposals in the next Government Plan to address the impact of inflation on the rising cost of essential items such as food.	CoM	Accept	The Council of Ministers has accepted the lodged amendment to the Government Plan.	Gov. Plan 2021 sub-mission July 2020
4	The Chief Minister should lodge the Efficiencies Programme for separate debate by the States Assembly and allow for a suitable period of scrutiny beforehand.	CM	Reject	This matter has been debated, with Amendment 7 being rejected by the Assembly. P.88/2019 was previously approved, as amended.	Before debate
5	The Minister for Treasury and Resources should aim to prioritise the changes to the personal tax system to end the existing inequalities as soon as possible.	Min. T&R	Accept	The first stage of this reform was lodged on 22nd November 2019, and a further proposition will be lodged before the debate of the Government Plan in 2020.	Before Gov. Plan 2021
6	<i>Omitted from final report</i>	N/A			

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
7	The Chief Minister should provide greater clarity as to what the new working protocols between the Government and the States Greffe will be, and how they will affect the interaction between Government departments and the States Greffe.	CM	Accept	<p>The Government Plan provides a clear picture of the anticipated new working protocols between the Government and the States Greffe. The Plan includes reference to working with the Greffe to:</p> <ul style="list-style-type: none"> • Establish an annual programme of briefings, improving on the notice, quality of content and participation in briefings. • Develop a forward plan of Government business, working with the Greffe to endeavour to make Sittings have a more balanced weighting of propositions, whilst also improving engagement with Scrutiny to support their work. • Introduce new working protocols between the Ministerial offices, SPPP, other Departments and the Greffe. <p>Further detail will become available, following more in-depth discussion and planning between the Government of Jersey and the States Greffe, around specific courses of action.</p>	Consider in 2020
8	The Council of Ministers should aim to ensure that a house style and minimum standard of quality is met by each business case within future Government Plans.	CoM	Accept	<p>A key objective in the T&E Departmental Delivery Plan is to roll out the HMT Green Book methodology in an effective and proportionate way, which will ensure that the right level of information for decision-making is collated based on the size of the investment, the stage of development and other relevant factors such as strategic importance.</p> <p>As this methodology embeds in the organisation, the consistency of information will be enhanced. However, the level of detail may vary, and it will still be necessary to summarise in some cases – a detailed business case may run to several hundred pages.</p>	Gov. Plan 2021 sub-mission July 2020

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
9	The Minister for Treasury and Resources should provide a clearer outline of the methodology used to calculate the figures within Treasury and Exchequer's business cases, and avoid the inclusion of guesswork at all costs, particularly in regard to cases where considerable levels of additional revenue are requested.	Min. T&R	Neither accept nor reject	All Business Cases will use available information to inform costs and benefits, but there will continue to be a need to include professional judgements to supplement this information. It is right that Officers flag where benefits are estimated on the basis of professional judgement, rather than calculated.	Consider for Gov. Plan 2021 submission July 2020
10	In future Government Plans, the Council of Ministers should aim to provide greater clarity on how additional revenue requested in business cases will be used.	CoM	Accept	We will strive to continuously improve the information we provide to support decision-making. However, with a greater focus on outcomes for Islanders, the way in which these outcomes will be delivered may need to be refined and developed. It is possible to estimate the cost of delivering an outcome based on experience and available data, but this will be refined as options are explored and preferred solutions selected.	Consider for Gov. Plan 2021 submission July 2020
11	The Minister for Treasury and Resources should report back to the Panel on a quarterly basis on progress in delivering the outcomes of the additional funding for domestic tax compliance.	Min. T&R	Reject	Reject – a good deal of the benefits will be measured retrospectively (a year in arrears). It may be possible to offer an indicative view based on certain metrics bi-annually.	–
12	The Chief Minister should clearly explain why a budget increase of over 100% for People and Corporate Services is necessary, and how Ministers assessed and challenged the business case put forward.	CM	Accept	Response stated in Finding 21.	Explained in response to Finding 21

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
13	The Chief Minister should provide an update to the Corporate Services Panel every 6 months on the progress on delivering the additional funding into People and Corporate Services.	CM	Accept	The CM and ACM will continue to be closely involved with the investment in, and performance of, the People and Corporate Services Function.	Consider in 2020
14	The Council of Ministers should subject each business case to a thorough review before including them within the Government Plan.	CoM	Accept	Quality Assurance of Business Cases by officers will be part of the new process for Business Cases, and will ensure the adequate information, including costs and benefits, is available for Ministers to make informed decisions.	Gov. Plan 2021 submission July 2020
15	The Assistant Chief Minister with responsibility for digital technology should remain alert to the potential flexibility of the timeframe of the technology transformation project, due to its scale and financial investment.	Asst. CM	Accept	The ACM will continue to be closely involved in the constructive review and challenge of the Technology Transformation Programme strategy and delivery.	Consider in 2020
16	The Assistant Chief Minister should ensure that subsequent IT projects and their overall spend are reviewed by Officers on an annual basis for future Government Plans, with a view to re-profiling the investment over a longer period of time if deemed suitable.	Asst. CM	Accept	The ACM will continue to be closely involved in the constructive review and challenge of technology strategy and delivery.	Consider in 2020
17	The Council of Ministers should give greater emphasis in each business case as to why additional investment is required and what it will be spent on, instead of providing a statement of need.	CoM	Accept	Business Cases will set out outcomes, alongside estimated costs and benefits. The way in which these outcomes will be delivered may need to be refined and developed. It is possible to estimate the cost of delivering an outcome based on experience and available data, but this will be refined as options are explored and preferred solutions selected.	Consider for Gov. Plan 2021 submission July 2020

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
18	The Council of Ministers should ensure that each business case within future Government Plan's contains an adequate level of detail to support the funding being requested.	CoM	Accept	Accepted, although the stage of development and nature of the investment may influence the level of detail included. For example, it would be wasteful to develop a Full HMT Green Book compliant business case for the replacement of existing assets in line with a replacement schedule.	Gov. Plan 2021 submission July 2020
19	The Minister for Treasury and Resources should provide a separate business case for central risk and inflation funding in future Government Plans explaining how the amounts have been calculated, in order to provide assurance to States Members and the public regarding the amounts requested.	Min. T&R	Accept	The intention is to provide greater detail in, or alongside, the next Government Plan.	Gov. Plan 2021–2024
20	The Council of Ministers should provide greater levels of detail on pre-feasibility capital funding in future Government Plans.	CoM	Accept	The intention is to provide greater detail in, or alongside, the next Government Plan.	Gov. Plan 2021–2024

CHIEF MINISTER'S CONCLUSION

The Government Plan has now been passed, with a limited number of amendments adopted by the States Assembly. Whilst the Government is overall happy with the Government Plan, both as the documents lodged and following the debate, it understands that as a new process, combining revenue and expenditure into a single document, there are improvements that can be introduced for next year. The Council of Ministers has already started collating feedback from both Ministers and senior officers in order to guide this improvement process.

The Council of Ministers thanks the Scrutiny Panels for their work on the Government Plan, and for engaging with the process. It will keep the Panels informed of the work being implemented following the adoption of the Plan, and will ensure that it engages in the process set out in [P.88/2019](#) lodged by Deputy G.P. Southern of St. Helier and adopted by the Assembly.

MINISTER FOR SOCIAL SECURITY'S CONCLUSION

The Minister notes that the Panel has undertaken a detailed review of a range of Government Plan projects and has presented a substantial report on its findings.

Within the report a short section (pages 53–55) headed “Other Tax Measures” deals with the GST *de minimis* level, the Food Costs Bonus, the Long-Term Care contribution rate, and the Social Security contribution rate. Apart from GST, these issues fall under the responsibility of the Minister for Social Security. Given the inclusion of these topics in the report, it is disappointing that the Panel did not seek any evidence from the responsible Minister, either in a public hearing or through written submissions. This has led to some factual errors in the Scrutiny Report:

1. Page 53: The Food Costs Bonus has never included a link to the main RPI Index. Previous Regulations have included an uplift in line with the food weighting of the RPI figure.
2. Page 53: The actuarial review of the Long-Term Care Fund did not recommend an increase of 0.5%.
3. Page 54: The increase in the Social Security contribution rates does not fund the provision of family-friendly employment rights.

All these issues could have been addressed and clarified if the Minister had been aware of the interest of the Panel in these areas. All of these areas were also scrutinised by the Health and Social Security Scrutiny Panel, and the Minister gave evidence at a public hearing and responded to the written questions submitted by that Panel.

The Minister urges the Corporate Services Scrutiny Panel to gather evidence from all relevant Ministers to ensure that its recommendations (and in this case Government Plan amendments) are evidence-based and draw on a firm understanding of the areas in question.