



**Public Accounts Committee**  
**Performance Management**  
**Witness: Director General, Economy**

Monday, 15th November 2021

**Panel:**

Deputy I. Gardiner of St. Helier (Chair)

Senator T.A. Vallois

Mr. A. Lane

Dr. H. Miles

Ms. L. Pamment, Comptroller and Auditor General

**Witness:**

Mr. R. Corrigan, Director General, Economy

[16:01]

**Deputy I. Gardiner of St. Helier (Chair):**

We will go round the table shortly to introduce ourselves but first, for the benefit of the public, I will set out the reasons for this short public hearing today. As you know, we are currently undertaking a review on performance management. We are primarily concerned with ensuring that taxpayers' money is used effectively for the intended purposes and the foundation of a new department provides an opportunity to understand how the Government of Jersey establishes a new department and install performance management systems such as a new target operating model. What is the new target operating model compared to the old target operating model? Let us go around the table and introduce ourselves. Deputy Inna Gardiner, chair of the Public Accounts Committee.

**Senator T.A. Vallois:**

Senator Tracey Vallois, member of the Public Accounts Committee.

**Connétable A. Jehan of St. John:**

Constable Andy Jehan, member of the Public Accounts Committee.

**Comptroller and Auditor General:**

Lynn Pamment, Comptroller and Auditor General.

**Director General, Economy:**

Richard Corrigan, director general, Economy

**Mr. A. Lane:**

Adrian Lane, independent member of the P.A.C. (Public Accounts Committee).

**Dr. H. Miles:**

Helen Miles, independent member of the P.A.C.

**Deputy I. Gardiner:**

Adrian Lane will start with the first question.

**Mr. A. Lane:**

First, I wonder if you could tell us why a Department for the Economy has been established, and particularly why it has been established now.

**Director General, Economy:**

I think it has been a long period in gestation, I would say, from the original OneGov changes that Charlie Parker introduced as the former chief executive. The first stage of OneGov put the financial services and digital parts of the economy into the Office of the Chief Executive with a group director, myself, reporting directly to Charlie and being a member of the Executive Leadership Team, along with other D.G.s (director generals), and then separately what I think many would recognise as the old Economic Development, Tourism, Sport and Culture Department that went into a new department called Growth, Housing and Environment, as it was at the time, with a group director, economy, Dan Houseago, and reporting into the director general on that side, which was John Rogers. In those OneGov changes Charlie had recognised that was a temporary state and he wanted to keep the financial services part, in particular, close to his reporting line because at the time we were dealing with the E.U. (European Union) Code of Conduct Group issue, that was a live matter that potentially could affect tax and financial services. Then we were also dealing with Brexit as well, which I think was the reason External Relations was kept in as closely to the chief executive

also. As those OneGov changes progressed and as the threats from those other 2 areas began to abate, the decision was taken by the chief executive that it was then the right conditions to bring together a single and unified Department for the Economy rather than have different economic portfolios sitting in different departments of Government. That was the long-term intention of the OneGov changes. Charlie started that process by moving the reporting line for the G.H.E. (Growth, Housing and Environment) element, so Economy, across to me in April 2020. I became the accountable officer ultimately for that. The reporting line for the group director had changed. We then started the process of design and consultation in the new department in autumn 2020. Concluded that process. Moved into appointments. The final appointment that had to be made was that of a director general. That was kicked off under Charlie's tenure but of course we have had trials and tribulations of Charlie's departure. Paul Martin then concluded that process working with obviously the States Employment Board and the Appointments Commission, and that concluded in my appointment as director general just a couple of months ago.

**Mr. A. Lane:**

Just to clarify, have all of the constituent parts of the functions that used to report into the Office of the Chief Executive and G.H.E. fallen into your world or have bits been left behind in either?

**Director General, Economy:**

All of my old reporting line for financial services and digital economy now sits with me, as does the part that went into Growth, Housing and Environment. What has been left in the Office of the Chief Executive is the chief of staff function, external relations and comms. Those are the 3 elements remaining.

**Mr. A. Lane:**

I was thinking more of the transfer from G.H.E. because there were elements of sport, et cetera, that was in there as well.

**Director General, Economy:**

Policy on sport and the relationship with Jersey Sport has transferred to me. Sports facilities have stayed with G.H.E. because it is better suited to the work of Property Holdings and some of the other work that is done in, what is now, I.H.E. (Infrastructure, Housing and Environment).

**Mr. A. Lane:**

That shuffle around, did that have any cost implications in terms of the cost of delivery?

**Director General, Economy:**

No, so no cost implications in terms of implementing the target operating model. We inherited the efficiencies that had been delivered on the part that went to I.H.E. We delivered some efficiencies as part of the target operating model. We have also now fully resourced the department to the target level of headcount of 36 full-time employees equivalent.

**Mr. A. Lane:**

Was there any change in the overall budget for those 2?

**Director General, Economy:**

Nothing other than what is already budgeted for in the Government Plan by way of efficiencies or growth spending.

**Mr. A. Lane:**

With those changes, what benefits should the public expect to see as a result?

**Director General, Economy:**

What the public will see for the first time, bearing in mind the department itself becomes live on 1st January 2022, and the reason for that, just being it would give greater clarity on the split out of the department's budgets because we can do that in the cycle for an annual report and accounts rather than at a mid-year point. The public see a much clearer line of responsibility and indeed visibility to the work of the department, both through the future publications of report and accounts, through public scrutiny of the director general, closer alignment with the Ministers, responsibilities and initiatives under the Government Plan, which will then cascade into a departmental business plan for the Department for the Economy, whereas at the moment the Department for the Economy is tied up in the Office of the Chief Executive's department operating plan, and it is perhaps less clear what our influence and our delivery is as a consequence of that.

**Mr. A. Lane:**

I think we have questions on the departmental business plan later.

**Deputy I. Gardiner:**

Thank you for your previous answers because it has clarified the process that you had gone through. Would you please let us know what the cost benefit analysis was undertaken to justify the creation of the department?

**Mr. A. Lane:**

I would not say there was a cost benefit analysis as such in terms of creating the department because this was all part of the original OneGov intent from the chief executive. At the time of

creating the OneGov structure the intention was always to bring these areas together. The core benefits that are expected to be seen from a single department are that there is a greater line of sight around the money that is invested by Government into economic development. The returns that the public see from that, whether it is through tax receipts, whether it is through measurement of jobs that are being created in the economy, jobs sustained in the economy, and also the work of the arm's length organisations that were ultimately held accountable for the department's operating business plan. There was no distinct cost-benefit analysis done. There was a business case produced but there was no broader cost-benefit analysis than an outline business case, which was taken to the Council of Ministers, the OneGov Political Oversight Group, and ultimately the States Employment Board.

**Deputy I. Gardiner:**

Will you specify what internal and external stakeholders were consulted or any consultation was undertaken?

**Director General, Economy:**

There was consultation in a formal sense with the trade unions, as we are obliged to do, and of course with staff as part of any organisational change. There was consultation and engagement with, as I said, Council of Ministers, S.E.B. (States Employment Board) and the political oversight group. Then more widely in terms of the public I would say it was informal consultation and discussion with arm's length organisations, with Chamber of Commerce, Institute of Directors, around a direction of travel rather than specific recommendations that we were looking to apply into the target operating model. For example, the idea of having officers specifically aligned to key sectors like, for example, the sector lead for the retail and visitor economy, it was seen that that would give better visibility and make the officers more identifiable with similar groups, for example, in the Chamber of Commerce where they would know who that go-to person was for day-to-day relationships with that sector.

**Deputy I. Gardiner:**

Just for clarity for the public and ourselves, would you provide us with the bullet points: what services are moved to your department? What would you be responsible for specifically?

**Director General, Economy:**

In terms of the economic sectors, the way that the department is now structured, we have a range of directorates. The first one is economy and that covers arts, culture, heritage, sports policy rather than sports facilities. It covers the retail sector. It covers the visitor economy. It covers inward investment both the high-net-worth residency programme and new inward investment from businesses that may relocate into the Island. It covers the financial services sector. It covers joined-

up government work around combatting money laundering and terrorist financing. I also have responsibility for the chief economic adviser function, which includes competition and intellectual property, policy, and then there is a separate business management and governance team that look after the work of that department and the various grounds that we give to arm's length organisations.

**Deputy I. Gardiner:**

So how many Ministers would you work with?

**Director General, Economy:**

I have Senator Farnham, as the Minister for Economic Development, Tourism, Sport and Culture; Senator Gorst in respect of financial services and financial crime; and then there is a very small proportion to the Minister for Treasury and Resources and to the Chief Minister. Those respectively being to the Minister for Treasury and Resources for the resources we apply to help the Fiscal Policy Panel with their reporting and to the Chief Minister in respect of the Shadow Financial Stability Board.

**Deputy I. Gardiner:**

How would you co-ordinate responsibility and accountability for 4 different Ministers? How would it work?

**Director General, Economy:**

It is easier than it might sound in discussion. There is very strong alignment from the group director, economy position. Everything that sits under their responsibilities is within the remit of Senator Farnham. Everything in financial services and financial crime aligns to Senator Gorst. It is the economic advisory part that is more of a cross-governmental element, involved in cross-cutting policies such as competition policy or economic advice. That is where the responsibilities of the Chief Minister and the Minister for Treasury and Resources fall into place.

**Deputy I. Gardiner:**

One more question just to pick up, the responsibility for sport policy will be within your department but the infrastructure delivery will be with the Infrastructure Department.

**Director General, Economy:**

Yes.

**Deputy I. Gardiner:**

Does it mean that you will provide the list of needs, what you need to deliver your policy to the Infrastructure Department and they will need to deliver how the conversation would go between you and the Infrastructure Department?

**Director General, Economy:**

The political strategy is set between Senator Farnham and the Assistant Minister, Deputy Raymond, who has the delegated responsibility for sport. We then have Jersey Sport as a grant-funded body, involved in helping sports clubs with their development, and also Catriona McAllister from Jersey Sport has been seconded cross into Government to lead the work around sports facilities. She is working in I.H.E. rather than in my department to really do on that work around sports facilities such as the recent applications around Oakfield and other inputs to States-owned sites.

**Deputy I. Gardiner:**

I have one more question about the staff but about the structure of the department and relationship any other questions?

**Senator T.A. Vallois:**

I was going to ask the question: what involvement do you have with the ... I know the acronym but it is the arm's length ...

**Director General, Economy:**

A.L.B.O.B. (Arm's Length Bodies Oversight Board).

**Senator T.A. Vallois:**

... oversight board. It is important to try and use the whole words in public hearings so people know what we are talking about. What is your involvement in that and how does it directly impact?

**Director General, Economy:**

I sit on the Arm's Length Bodies Oversight Board. I have a range of arm's length organisations that I have the accountable officer responsibility for. They perform a variety of roles; principally as catalysts for the growth of Jersey's economy. That will be organisations like Visit Jersey, Digital Jersey, Jersey Finance. There are also several bodies where the Minister has responsibilities towards them. They have statutory responsibilities in law as regulators, so you have the Jersey Data Protection Authority, Jersey Financial Services Commission, and you also have the Jersey Competition Regulatory Authority. They are, to a greater or lesser extent, grant-funded from the Government of Jersey.

[16:15]

I am responsible for the administration of that grant-funded relationship as accountable officer. But ultimately there are responsibilities in law that they have as authorities, and responsibilities that the

Minister has directly towards them again in law. We obviously deal with them differently depending on the nature of that relationship. I do not have any responsibility for States-owned companies like J.T. (Jersey Telecom) or Andium or S.o.J.D.C. (States of Jersey Development Company).

**Senator T.A. Vallois:**

Just in terms of you refer to data protection there, it used to sit under the Chief Minister's Department, why is it now coming under Economy?

**Director General, Economy:**

The Minister for the Jersey Data Protection Authority is Senator Farnham.

**Senator T.A. Vallois:**

Okay, I just had to clear that up.

**Deputy I. Gardiner:**

What return on investment do the public gain from the £4 million allocation for the staff? Basically what will be the staff envelope for £4 million?

**Director General, Economy:**

It is very difficult to say if there is a return on investment of twofold, threefold. We have an economy that is worth several billions of pounds and the work of somebody that is looking after, say, an element of the financial services sector may have a higher financial payback, one would think, because of the bigger contribution that sector makes. However, other sectors may make less of a contribution financially to the economic well-being of the Island where they make huge contributions in other ways in terms of Jersey's environmental, cultural or social well-being. Organisations like Jersey Heritage, for example, would maybe make less of an economic contribution to the Island but are very significant in terms of their custodianship of heritage assets and also attract the places for both Islanders and visitors to go along and enjoy.

**Deputy I. Gardiner:**

How would the staff structure look at your department? How many people report direct to you?

**Director General, Economy:**

What we have is 36 staff altogether. Those reporting directly to me in tier 2 is a group director, economy, a director of financial services, direction of financial crime, the chief economic adviser who is also at director level, and a head of business management and governance.

**Senator T.A. Vallois:**



In terms of your departmental budget overall, could you give us a breakdown? I will not say what is proposed in the Government Plan because it has not been agreed yet.

**Director General, Economy:**

Overall, we have a budget this year of £49 million, give or take, for the loose change. That will move in 2022 to £47 million. The principal change in that is a change in the economic recovery allocation, which reduces from £15 million allocated in 2021 to an allocation of £12 million gross in 2022, as was proposed. If the Government Plan is agreed that will net down by a further £1.8 million because money is being allocated to financial crime from that funding. So we move to about £47 million next year. The vast majority of that is allocated towards the local Island economic, so areas such as arts, culture, heritage, retail and the visitor economy. On the financial services side, beyond the budget for staffing and budgets that we carry responsibility for but move to other organisations within Government for the joint effort on financial crime, the major piece of expenditure there is the grant to Jersey Finance, which is about £5.6 million.

**Senator T.A. Vallois:**

Out of the whole budget there is quite a large amount allocated to grant receivers, £26.2 roughly.

**Director General, Economy:**

I will get the exact figure, but yes.

**Senator T.A. Vallois:**

I notice that as part of your human resource you are creating - I am going to get the wording right - a business management and governance capability established under this new model for the Department for the Economy.

**Director General, Economy:**

Yes.

**Senator T.A. Vallois:**

What is that? What does it do and what does that mean as an accountable officer?

**Director General, Economy:**

As you quite rightly said, a significant amount of money goes out the door on grants to arm's length organisations. The governance around that in terms of the Public Finance Law and Public Finance Manual responsibilities are significant. So those organisations will submit a business plan to Government. We are required then to assess that business plan at arm's length and objectively to look at whether they have delivered on their key performance indicators in previous years, to assess

the quality of management and governance inherent in those organisations and to identify gaps within them, to look at their business plan for the following year as to whether that aligns appropriately with the strategic priorities of the Council of Ministers, then to do a grand appraisal that brings all of that together into a single document. There are then other documents we need to ensure that we have not just collected but also reviewed, such as their annual reports and accounts, the board rotations to make sure that the board is appropriately constituted and so on and so forth. There is a whole governance sector size around that just in one small part. There are other aspects of the business management governance function will do in terms of our own responsibilities for things like freedom of information, data protection, helping with the business of Government around answering States questions as they fall in, making sure that we hit the deadlines to get States questions back into the Greffe. It is taking the administrative side of the department and rather than everybody having sort of admin assistance within the individual sector teams, to try and consolidate that with a little bit of expertise in it and, by doing so, to do it more effectively and efficiently. That has contributed to us making a significant impact on a number of tracker items that we have with P.A.C. and the C. and A.G.'s office.

**Senator T.A. Vallois:**

How does that fit in with the OneGov model? I ask that because we have private secretaries in the M.S.U. (Ministerial Support Unit), we have the chief of staff, we have S.P.P.P. (Strategic Policy, Planning and Performance), we have a corporate kind of centre so why do you need something separate in economy?

**Director General, Economy:**

There is not a corporate centre and you will find that all department have some sort of business management governance capability inherent within them. In terms of the day-to-day management of Minister's business; yes, there are private secretaries and support there through the Ministerial Support Unit sitting under the chief of staff. Business management and a whole variety of other aspects that come into us from a civil servant perspective that we have responsibility to discharge appropriately. So trackers for internal audit points, for C. and A.G. findings, following through on P.A.C. recommendations, freedom of information requests, States questions, because of a lot of the M.S.U. will co-ordinate that. The detail often sits within the department. Managing our own data protection and archiving and other aspects there, checking the money that goes out the door, managing the processes with H.R. (human resources) around staff recruitment retention, P.59 to have to do with the States Employment Board, there are a whole raft of things there. If we asked everyone to do it on a more devolved basis you do not build any expertise, it takes more time and, as the past has shown, I think, in other departments, is probably done less effectively. One of my observations, certainly picking up responsibility for these combined functions, is that we had to do our business of government better and far more sharply. I would like to think that the work that we

have done, even with COVID in the background in terms of some of the business support schemes, that that business management governance team has definitely shown the benefit of having their expertise and having that central co-ordination.

**Senator T.A. Vallois:**

You have explained the structure, you have explained how much money and why, in particular, governance and business management, so if we take the pot - £49 million this year, £47 million next year - if we just take the COVID out because I think we are a little bit tired of listening about COVID, if I may say - but as an example how do you demonstrate that you have achieved value for money for the public? So a portion of the £49 million this year as an example.

**Director General, Economy:**

A significant part of this is grants and therefore it is making sure that the arm's length organisations are delivering to their business plans, that those plans were aligned with the Council of Minister's vision in terms of the Government Plan more widely and that those organisations are delivering on their objectives for Government and for the public at large in terms of economic growth or other outcomes that they are tasked with. There is a journey there, which I think has been quite rightly referenced by the Comptroller and Auditor General around the quality of annual reports and accounts. There is a real mixed bag there. So we are driving up standards in that space and we are pleased to see that there is a journey of improvement. We are certainly not at the destination yet but I think that will give the public much greater visibility of the work of those organisations who receive substantial public money and can then be a much better judge of the value that they are presenting back to the public. We are assessing that within the department through the grant management process but that is done behind the scenes somewhat. The annual report and accounts I think definitely helps to bring that much more out into the open so the public can make some value-based judgments as well.

**Senator T.A. Vallois:**

You refer to the annual report and C. and A.G. report. How do you assure yourself as the accountable officer then if the annual reporting is not as good practice as has been identified? How do you assure yourself as accountable officer that grant is actually demonstrating value for money?

**Director General, Economy:**

That is a combination of going to the board meetings. As a board observer we cannot sit on the boards on any of the arm's length organisations because it would present a conflict of interest with our officer responsibilities. But we go along to the board meetings as observers. We can take part. We can challenge. We can be challenged by those boards appropriately. We see their annual report and accounts in its current form. We see their business plan. We see quarterly management

accounts for various of those organisations. We see other management reporting. We see a lot ourselves that perhaps has not, to this point, been seen clearly by the public at large. But a much more comprehensive annual report and accounts in the public domain will provide much more of that information for public viewing and for the public to form their own views on value for money. But I form it through the information I see, which is far more in-depth than that information which is in the public domain. That is critically reviewed by my team of officers in terms of that grant appraisal document that they are obliged to do before we grant any funds. Even those legal responsibilities around: is there need for this money in the first place, could it be done differently, have we considered alternative models? All of that is dealt with through the grant appraisal process.

**Senator T.A. Vallois:**

Finally from me, we hear a lot about the golden thread. The Department for the Economy, how does that contribute to that golden thread? If we take the Common Strategic Policy of reducing income inequality or a sustainable vibrant economy, the corporate objectives, the departmental targets, how are they reflected in the personal objectives and then demonstrated; is there an example that you can give?

**Director General, Economy:**

There is a challenge inherent in the golden thread nomenclature such that the way in part the performance cycle works is a bottom-up process through My Conversation My Goals. Ultimately, I am a firm believer that bottom-up also has to meet top-down because as officers we are led by the States Assembly and the Council of Ministers want to do and what they set as political priorities. You cannot have bottom-up and top-down falling slightly lopsided. So we do have to make sure that we have got that very tightly managed in terms of what is in the Government Plan, what then sits in the department business plan that is reflective of those wider public priorities, particularly where additional money is being allocated, and that then breaks down from me for the department and then to my direct reports and to their direct reports so that you have got that consistency all the way through My Conversation My Goals on major projects.

**Senator T.A. Vallois:**

In terms of creating this new department then, has that given you an opportunity to revisit K.P.I.s (key performance indicators) and objectives that are expected to make sure that they do align and if so, how?

**Director General, Economy:**

Prior to the changes of reporting lines there was a relatively poor uptake of My Conversation My Goals if I look at the staffing across the department we had inherited. We are now one of the leaders on a standalone basis within Government around not just the adherence to My Conversation My

Goals but the quality of what is being input to My Conversation My Goals. The quarterly reviews are taking place. I have fortnightly one to ones with all of my direct reports, so there is a check-in much more regularly in terms of performance and resources that are required as well. I am not going to sit and say we have got it 100 per cent right. I do not know if we can ever really say that. But I think we are certainly on the right tracks in terms of getting that alignment all the way through and trying to manage what can be a conflict between bottom-up versus top-down.

**Mr. A. Lane:**

It seems your area is potentially particularly fraught with the externality effect, so your measures may be G.V.A. (gross value added) or employment but whatever happens with the U.S. (United States) Government is probably going to swamp whatever you can do in terms of the response or COVID is going to come along and change that. How are you going to unpick what your department is delivering versus what is happening from the outside world?

**Director General, Economy:**

I think if we do nothing it is a risky approach. We have to do something. I think it is finding a range of macromeasures or micromeasures that are appropriate for the circumstances. You are quite right, we have got 14,000 jobs in the finance sector and there is a huge financial crisis does that mean we are suddenly bad stewards of the financial sector or is it an externality if it is thrust upon us? But what we have done with the financial services sector over the years is being able to diversify the markets in which they are looking for business.

[16:30]

We have been able to diversify the sectors themselves inherent within Jersey so if you go back 10 years or so ago, we were very heavy on banking jobs as a proportion of the overall. That has now evened out much more in terms of more people now working in trusts and fiduciary services and also in fund administration. So there has been a better balance there. That has not happened by accident. That happened if we go back to the work around the 2013 McKinsey Report and following through on those recommendations that we created the right climate for that growth to take place and for that change in the industry to happen without losing the jobs. It is finding an appropriate range of measures to say, yes, headline employment and G.V.A. contribution and some other things maybe provide some indicators but underneath that we have other elements like the Jersey performance framework and we need to be using those much more to identify new metrics that makes our work more measurable and more accountable to the public.

**Mr. A. Lane:**

There may be a series of input measures from around policy development, et cetera, where you say that is desirable, have we delivered it, that will go into your department?

**Director General, Economy:**

Yes, so if we do not have a strategy for the retail sector, for example, we are leaving everything to chance. Or you could take the view you leave it entirely to the private sector and that they will come up with their own strategy. I think the public expect more from us than that, that we do have a strategy for these individual sectors.

**Mr. A. Lane:**

Do you have a strategy for each sector?

**Director General, Economy:**

There is a draft retail strategy that was published earlier this year and there will be a final version published next year. We are in the final stages of an arts strategy and a culture strategy. There will be a new tourism strategy coming forward next year. We are just completing a refresh of the financial services policy framework. That will be published in the next 4 weeks. So we have been busy trying to set that enabling environment to give a clearer view of where Government is thinking on each of these economic subsectors. I would say that we have served as well - of course I would say this - but you look at other aspects like the digital policy framework, which was published 4 or so years ago, and how that has helped to inform some of the developments we have taken forward on the digital side as well.

**The Connétable of St. John:**

Just on digital, do you get involved in the Government's digital strategy with Digital Jersey; is that something you are involved with?

**Director General, Economy:**

My responsibility is for the digital economy as opposed to a digital government. One does meet the other; of course it does. I would like to see one meet the other much more often than perhaps it does at the moment. That is about how the digital economy presents itself to Government, looking to win tenders and contracts. But also how Government presents itself back to that sector and looks to create legacy skills of knowledge in the sector as well. I think combined there is much more that Government could and should be doing with the local digital sector but responsibility for the Government's digital infrastructure and cybersecurity and so on sits under the chief operating officer.

**The Connétable of St. John:**

Do we get enough out of Digital Jersey in terms of supporting the Government's digital strategy?

**Director General, Economy:**

I think they are a critical friend. I think there is a healthy tension in the relationship Digital Jersey has with Government. I would say that is good. Sometimes that might stick in the throat a little bit because you are funding an organisation that can be a critic at times. But as long as that criticism is well-intended and constructive in its direction I think that is a healthy place for us to be.

**The Connétable of St. John:**

You mentioned in an earlier answer about considering alternative models when you are talking about funding for A.L.O.s (arm's length organisations). Have you given that a good look to see if you can reduce the amount of A.L.O.s and reduce duplication?

**Director General, Economy:**

That is one of the measures I think through the Arm's Length Bodies Oversight Board that we should start to look at where we can bring greater consistency. I think there has been great strength in the work that some of these organisations have been able to do for businesses and for Islanders and it is a consequence that has benefited the public purse. So if we look at the work that Jersey Business did during the COVID pandemic in terms of helping smaller businesses in particular, not just with work around the company finances but other aspects, such as employment law. If you are changing the nature of your employee base you can get into a heck of a lot of trouble if you do it the wrong way. I think that has helped with some real practical help and support. We do not want to lose the best of that but I think there is the opportunity to say that we could be finding them working from a common office address with one reception with shared meeting space, buying their I.T. (information technology) hardware from the same provider, having the same software platform, having the same payroll provider; yes, absolutely that is something we need to drive to. Whether that is savings that we capture as genuine savings on public expenditure or whether we capture it in savings that can be reinvested in economic development will be a matter I think for the politicians to decide, but I do think we can drive a more efficient A.L.O. community, yes.

**The Connétable of St. John:**

In terms of the target operating model for the new division; is that completed now?

**Director General, Economy:**

It is, yes. We are fully there.

**The Connétable of St. John:**

What are the specific objectives and criteria of that target operating model?

**Director General, Economy:**

The target operating model really was a means to an end. It was putting the right staff in the right place. It was trying to properly resource for the challenges and the opportunities. We did that partway through the pandemic, so while we settled on what should be a reasonably permanent type of structure we were able to work dynamically and across the team to help deliver some of the business support programmes. So it was good to see the work from the economy area, from the chief economic adviser's team, and from the business management team and then for them in turn to be working with colleagues in Treasury and elsewhere to deliver support. But each of the subsectors will have their own strategies or policies or legislative targets to work for. Those will be clearly defined in the department's operating business plan in 2022 so that we can be held publicly accountable for the delivery of those.

**Deputy I. Gardiner:**

If I understood you correctly, we can say the target operating model for your department is completed and from 1st January you are moving to business as usual, like for normal business operation?

**Director General, Economy:**

Yes.

**Deputy I. Gardiner:**

And whatever changes that you would go forward it will not be the target operating model?

**Director General, Economy:**

I think there is a train of thought, certainly from the interim chief executive - and I have not met the new chief executive who will join us in March - but saying that everything is permanently set in concrete is probably the wrong thing to do in any organisation. What we think we have got is the right structure but it may need to flex over time. There may be individual jobs where we need to overweight in certain circumstances. But I would say that what we have set up has a degree of durability to it and we will not have to do another big bang change in the next several years.

**The Connétable of St. John:**

What has been the cost of that target operating model?

**Director General, Economy:**

It has been cost neutral. We inherited efficiencies that were already committed to in the old Growth, Housing and Environment Department's plan. So those efficiencies have been delivered sustainably. We had our own efficiencies to deliver within the legacy, financial services and digital economy area. We have taken the department to its full headcount. There were a number



vacancies that were being carried because of this rather nomadic state that the economy function had previously had within G.H.E. So we have been able to fully resource the team. In some respects, there is some increased cost because we have gone to full headcount. But the full headcount for the department previously was for 2½ F.T.E.s (full-time equivalent) and I believe now we have fully resourced at 36 F.T.E., and that is us in a steady state.

**The Connétable of St. John:**

Does agriculture come under your ...?

**Director General, Economy:**

Yes, it does. In terms of agriculture as an economic sector, and any support that Government gives to the sector, then yes, clearly there are other environmental and other elements that agriculture will deal with other departments.

**The Connétable of St. John:**

The announcement that the new department is going to be set up, it was stated that it was going to move away from pandemic recovery and towards supporting and the diversification and development of Jersey's economy, are these 2 items reflected in the target operating model?

**Director General, Economy:**

We have created that sector focus within the department. We have the money for the economic recovery allocation, which the Government Plan that basically took effect in January 2021 was being incubated at the time of the target operating model. So we were able to see money set aside for the economic recovery allocation so that some extra money could go into some shorter-term initiatives that help to drive us towards recovery. We have had, I think it is fair to say, several false stones around properly moving out of a pandemic response into a genuine recovery mindset, I would say. Of course with case numbers where they are at the moment we continue to keep a very close eye on that as to whether any further forms of business support might be required. We set up the Economic Council in the summer of 2020 with a view to trying to be focused on economic recovery and renewal. Their report was published in December last year, notwithstanding that we have had some distractions again this year with further waves of COVID. We now have sprint groups established that will take forward the 5 themes of the Economic Council and look to identify ways that those can be translated into bids for the economic recovery allocation in 2022 and 2023. Then if there are longer-term funding requirements required that those can be considered as bids to go into the consideration pot for the Government Plan 2023-2026 once a new Government is formed.

**The Connétable of St. John:**

You have your new department, so how will you prevent that becoming a silo in itself?

**Director General, Economy:**

I have always sat around the Executive Leadership Team table since I first joined Government and throughout the OneGov period. So good relationships with colleagues across Government, making sure that we put the work of the team very much at the heart of public policy where it is appropriate to do so. The economy does not just stand on its own. There are other environmental, social and cultural impacts that the economy has, but can have positively and negatively. If I look at our hunger for skills in certain sectors of the economy, that is easiest to work with C.Y.P.E.S. (Children, Young People, Education and Skills). If I look at the hunger for migration for key positions or for certain sectors. Again that would see us working with colleagues in S.P.P.P. So we need to do that to make sure that the raw materials that the economy needs to provide the standard of living that Islanders expect we need to work with other departments to ensure that we have a steady supply of those raw materials.

**The Connétable of St. John:**

In terms of what role the chief executive, particularly the incoming permanent chief executive, plays in preventing silos within your department.

**Director General, Economy:**

I cannot talk for the incoming chief executive. I have heard good things but I have not met with her yet so I really cannot comment there. What I know is that in Paul Martin, as the interim chief executive, Paul is very keen to see how we work laterally across the organisation rather than just vertically within departments. Earlier today I was critiqued by a range of colleagues on a department business plan for 2022, and that has been something that Paul has done with colleagues across each of the director general portfolios to ensure that the business plans are fit for purpose, that they are clear, that they have smart objectives wherever they possibly can. I think that again points to a healthy process of challenge and also developing a deeper understanding in other areas of what individual departments are planning to do.

**Dr. H. Miles:**

I am conscious of time so just a couple of questions.

**Director General, Economy:**

I am good for time.

**Dr. H. Miles:**

How will the performance of your new department be assessed?

**Director General, Economy:**

I think principally it will be assessed in the political sphere by a delivery against Government Plan initiatives and measures. I think it will be assessed by the public in no small part through our delivery of the department's business plan. I think in due course the grant-funded component will be assessed I hope through much better quality information being provided by the arm's length organisations for public consumption. I think there will be a range of measures there on how we will be assessed. My performance will be critically reviewed by the Ministers that I have accountability towards and also in terms of direct line management to the chief executive of the organisation as well.

**Dr. H. Miles:**

How will the Department for the Economy improve the implementation of States Assembly decisions?

**Director General, Economy:**

We look very carefully at what has been decided by the States Assembly and how it affects us. Ostensibly that is placing responsibility upon the Minister to deliver a particular programme of work or legislation or support. We will take that and integrate that into the work plan dynamically intra-year if that is what is required. So the department business plan is set out at the start of the year. I think in most business plans, once you get to the end of the year you will find that there are some things that you have not been able to start. There are some things that you have stopped and there are some new things that have taken over and picked up that capacity. I do not think it will be any different and we would look to accommodate States Assembly decisions in that same way. But giving them obviously the appropriate priority, given the primacy of States decisions.

**Dr. H. Miles:**

Final question then really in terms of the recommendations tracker, you talked about starting and stopping. Is the recommendations tracker in the new Department for the Economy going to start again or are you carrying forward recommendations from previous departments?

**Director General, Economy:**

We will cut and paste out into our own dedicated section of the tracker but it will remain part of the overall tracker that the chief of staff ... I think principally it relates to P.A.C. and I think to the C. and A.G.'s office on. We have made some great headway with legacy recommendations that were in there and we want to carry on with that as we go through the balance of this year and into next. But will be clearly identified again as a separate department and I think that will promote clear accountability when I am in front of you in future hearings.

**Deputy I. Gardiner:**

Do you know how many recommendations from the existing one will be carried to your department?  
We just reviewed the recommendation tracker today; what other themes?

[16:45]

**Director General, Economy:**

There are not that many that we have. I think there are a number that relate to the retail strategy. We have a few relating to the decision to demerge C.I.C.R.A. (Channel Islands Competitive Regulatory Authorities).

**Deputy I. Gardiner:**

It is just Scrutiny ones?

**Director General, Economy:**

They are all Scrutiny recommendations. I do not think ...

**Deputy I. Gardiner:**

For example, you mentioned the quality of the report and the recent C. and A.G. report. Would it be something that will come under your remit, do you think?

**Director General, Economy:**

For the arm's length organisations that report to me; absolutely. We have been very clear the journey for improvement we expect from those organisations. Some are further down the line than others in terms of this year's report that they produced earlier in 2021. Others, the timing of it meant that we were already kind of locked into a process of the 2021 report. But we will see significant improvement when they report in 2022 on 2021's performance.

**Deputy I. Gardiner:**

Before I ask a couple of final questions, are there any supplementaries from the members?

**Senator T.A. Vallois:**

Just in terms of the reporting, I just want to check. In terms of your responsibility as an accountable officer to make sure that those bodies can implement improvements what would you do? Would you provide more resource, would you provide manpower? Are there certain things that you can think off the top of your head right now where you could, if you put somebody in there, improve?

**Director General, Economy:**

I think there is a delicate balance of, I suppose, materiality. If it is going to cost an arm's length organisation an extra £50,000 to produce a really comprehensive user-friendly public domain set of accounts and accompanying annual report, if the grant is £300,000 that is quite a material issue. I think we have to consider it in that context and try and relate it appropriately to the organisation. But if you have an organisation that is receiving several million pounds of public money then the need to have a very clear line of sight to why the money was granted, what their business plan said they would deliver, and a sort of R.A.G. (red, amber, green) status of what has been delivered and any reasons for deviation from that is really important. We will critique that, as we do already on the internal documentation we get. But we will be critiquing that in terms of what goes into the public domain. If there is a resistance in any way to provide that quality of reporting, for me that goes to the very heart of the governance and stewardship of those organisations, which then affect my ability to grant money to them. It is a conversation I would then have to have with the Minister. If I got to a point of feeling sufficiently uncomfortable to grant the money to them I would ultimately have to ask the Minister if he supports or if he wants to instruct me to give them the grant nonetheless. That then translates into the political domain.

**Deputy I. Gardiner:**

Two questions from me. One of them related to the feedback that we received through the estate management report, the performance report and also through the COVID report there is a feeling there is a disconnect between Government and the way the Government work in making decision policies and businesses. Kind of not joined type of board steering groups where everyone can contribute and do work together. Is it anything that you will be looking into or it is already entrenched?

**Director General, Economy:**

I think we have very good constructive relationships with trade bodies, partly through the arm's length organisations but also directly with them; so Chamber of Commerce, Jersey Hospitality Association, the Institute of Directors and a whole variety of others. Communication is one of those where again I do not think you will ever get it right to everyone's 100 per cent satisfaction. But I think we have shifted the dials on that quite markedly, partly out of necessity during the pandemic so that we had a better understanding of what was going on in the community and could respond to it as quickly as possible. That is something that we have got to take. The pandemic showed us lots of things. I think we have to try and remember some of the good things that we have learned through this process and the value of working together with parts of the economy and with other groups, and that we can keep that as part of what we do going forwards. That is certainly one of my objectives when we did the target operating model, to have sector-facing teams that promoted much clearer lines of sight to businesses trading in those sectors.

**Deputy I. Gardiner:**

The last question: the next P.A.C. in another year will meet with you, what would be 3, 5 main targets, priorities, objectives from your perspective that you said during this year, this department delivered X, Y, Z? What will be your focus for the next year?

**Director General, Economy:**

For me it will be that we have delivered a range of actionable initiatives around the economic recovery allocation that has helped us to properly transition away from granting money to businesses or sectors and helped them with some of the problems that are facing them around skills shortages, investment and capital, and moving towards a new economy. We will have an economic framework published in quarter one 2022, that will help to inform future decision-making around the economy and some of the trade-offs that you have to consider in going for economic growth in a given sector, including supply use tables that sit behind that and help to understand the ins and outs of what you do in one sector and how it affects in others. You will see a tourism strategy. You will see final versions of the arts and culture strategies. We will publish our financial services framework late this year but will make significant headway with that in 2022. We will have made significant progress on the anti-money laundering and terrorist financing agenda over the course of 2022, and we have a line of money specifically allocated for that purpose. I think there is a range of very visible measures that will be evident in the business plan for 2022 that I will be accountable for, and obviously these are ambitions that are set currently by Ministers but of course will be subject to review, as a new Council of Ministers is formed in due course.

**Deputy I. Gardiner:**

Thank you very much. That is really helpful. Thank you for your answers.

[16:51]