

# STATES OF JERSEY

## Public Accounts Committee

**MONDAY, 11th FEBRUARY 2008**

**Panel:**

Deputy S.C. Ferguson of St. Brelade (Chairman)  
Deputy J.G. Reed of St. Ouen  
Deputy A.Breckon of St. Saviour  
Senator L. Norman  
Mr. M. Magee  
Mr. C. Swinson (Comptroller and Auditor General)

In Attendance: Mr. P. Monamy (Senior Committee Clerk)

**Witnesses:**

Mr. B. Ogley (Chief Executive Chief Minister's Department)  
Mr. I. Black (Treasury of the States)

In Attendance: Mr. K. Hemmings (Head of Decision Support - Treasury and Resources)

**Deputy S.C. Ferguson of St. Brelade (Chairman):**

Thank you very much for coming and welcome to this Public Accounts Committee Hearing. Do you know everybody here?

**Mr. B. Ogley (Chief Executive Chief Minister's Department):**

Yes, I do, thank you.

**Deputy S.C. Ferguson:**

Does everybody here know Bill Ogley? Super. Yes, I think if we could turn to the "setting the scene" report. I think one of the interesting facts that came out of that is the pattern showed by table 8, which compared changes in the gross government expenditure, table 8 and table 9, where the confusion was that the draft was consistent with growth and public expenditure having been constrained and growth and public expenditure being less than constrained when G.N.I. began to grow again. In other words, it was demonstrating that there had been an actual reduction in States' spending. But how are you going to cope with the tendency to relax when income increases? Apart from shooting all the politicians.

**Mr. B. Ogley:**

Well it is interesting, is it not? A lot of the spending pressure does come from understandable political desire to do new things. I think that is the inevitability of government in a developing world or a modern world. I think what you are doing, to be honest, with the spending review is probably a major contribution to that - it is not saying because you are doing it you know we all support it - to shine the light on government spending and have a debate. I am hoping - and the Council of Ministers are hoping - that the development of this year's business plan with a much fuller involvement of all States Members, and all States Members understanding not just the pressures but the implications of decisions

that are made, will hopefully keep much greater attention. Now what the political choice is at the end of that as to whether all the things that people would like to have they should do, or whether their decision is: "We can see these, but the pressure on the Island ..." Let us see what the outcome of that is. But it has got to be an improvement to get everybody involved in a thorough political debate and I think that has got to be an improvement.

**Deputy S.C. Ferguson:**

Yes, we felt that the interesting thing was that it was kind of putting a stop to the urban myth that the percentage of government expenditure and the rate of growth were growing unabated and so on. We felt that this sort of thing should be brought out into the public domain.

**Mr. B. Ogley:**

Yes, absolutely right. The other bit that needs to be brought out into the public domain, and we will know the answer to this in March/April/May, is the one that says: "We would like to do all these new things, it will only cost so many million pounds and we will pay for it by cutting a number of those underworked, overpaid bureaucrats." Hopefully the work that will be done will tell us whether that is real or not and certainly bring it out into the public domain. Then we can get into having the real debate where people are saying: "Okay, whatever cut you can make, take that out, now we have real choices to make." That is what politics should really be about.

**Deputy S.C. Ferguson:**

Passing on to the spending review. What is both your opinions of the Comptroller and Auditor General's report? Ian?

**Mr. I. Black (Treasurer of the States):**

Generally accept the analysis.

**Mr. B. Ogley:**

Mine is a bit like Ian's, generally accept the analysis but I think the interpretation of some of the evidence needs some further discussion, which I am sure is something we will do today.

**Deputy S.C. Ferguson:**

Yes, because I think the indications from the analysis are there was a degree of overstatement that these were actually savings.

**Mr. I. Black:**

First of all, is it worth saying on this £35 million that this difference between savings on services and efficiency savings, there may have been some misunderstanding, I think, based on a press release that the £35 million was efficiency savings. It was always intended that it was going to be £20 million eventually from efficiency savings, which £15 million had been achieved to date and £20 million was from the F.S.R. (Fundamental Spending Review) process, which was a political process, about what could be done to reduce the additional pressures on taxpayers to fund extra public spending. So there is £15 million efficiency savings, £20 million from the Fundamental Spending Review.

**Deputy S.C. Ferguson:**

Yes, but in his conclusions the Auditor General says that there is some doubt as to whether savings amounting to £4 million can be said to have arisen. Further reductions were achieved by increasing departmental income, talking about the F.S.R. savings, and the remaining total- departments have left within their reduced budgets. This does represent a reduction in expenditure but can any more than that be said?

**Mr. B. Ogley:**

I think we need to just be clear what we are talking about. As Ian says the C.A.G. (Comptroller and Auditor General) has identified £15 million of efficiencies, we have always said £15 million in efficiencies and £20 million F.S.R. The £4 million others, where there may be room for debate, are within the F.S.R. So I think we just need to be clear which one we are talking about. My understanding, certainly from this report, and my understanding from everything I know about departments, is that if you look on the efficiency side, we have taken the money out of the cash limits, we are living within those reduced sums of money and service levels have not been reduced as a result of it. As far as I am concerned that is efficiency. You are doing the same for less, that is efficiency. If you look at the N.A.M. model, that is exactly what they say. They measure efficiency in terms of delivery versus cost. So on the efficiency side I feel comfortable about that, happy to discuss it. The £4 million is the point I was referring to that I think there does need to be some discussion around it, because I would not, as I sit here today, accept the analysis that says: "You have not made £4 million savings or cutting of budgets." I think there is room to discuss how that has been made but I think those savings have been made. I will give you an example, it is a very obvious example, is it not, yes, demography, reduction in the number of young people, whether they be primary, secondary, in schools is something which has happened outside the States. But taking the money that those young people would represent has been a positive decision, does reflect a cut in the budget and when you talk about something like closing St. Mark's primary school that is a very serious political decision that has to be made and is, to my view, a cut. It is a cut that has been made in response to a change outside the States but is nonetheless a cut. So I do think there needs to be some further analysis of that £4 million in our discussion. Do you want to add to that, Ian?

**Mr. I. Black:**

No, except to say I have been here long enough to remember when there were declining demographics in the past. The politicians did not take it at the time so there was not a saving at all and this did require a conscious decision to close St. Mark's school and that did result in a saving so clearly you have got to do something to generate savings.

**Deputy J.G. Reed of St. Ouen:**

I think we come back to definitions and descriptions, do we not? It certainly has not been clear and it comes down to getting this report. The definitions and categories that you subscribe or put efficiency savings under - are open to quite a lot of interpretation and it could be perceived as misleading to express all the savings as efficiency savings.

**Mr. B. Ogley:**

That is the point we are making. We are not describing the £35 million as all efficiency savings, they are £15 million efficiency and £20 million F.S.R. This will be the only time, I promise you, that I will parade the *J.E.P.* (*Jersey Evening Post*) as evidence. But if you look at the *J.E.P.* headline when we put it out, it said: "£15 million efficiency." We did not claim the £35 million was efficiency. We certainly never have and would not do. I have told you about an error that was made on the actual headline of the press release and that was my error, it was not any spin. The headline of the press release says £35 million efficiency savings, the content makes it clear that it is not. The reason it said that was that the first 2 versions of that press release were drawn up and our Treasury folk were giving people writing the press release information and they got completely bogged down in it. We rewrote it ourselves to make sure that the detail said the right thing, we did not even think about what the headline was saying, or the heading, because we did not read it. But we have never claimed - and you can go back to every business plan that has been published, the actual States proposition on the efficiencies, the change programme, and we have never claimed that it was anything more than the £20 million and we said very clearly £5 million of that £20 million is capital release from disposal of surface assets. We have never claimed it to be anything other than that. The £20 million is F.S.R., is a mix of political policy, political decisions

and, yes, some things that were happening in any event but we have taken the money out.

**Deputy A. Breckon of St. Saviour:**

Can I ask, Bill, you mentioned the press release, can I just quote the first part that said: "The Chief Minister, Senator Frank Walker, has published the cuts which States departments are making to reduce spending. From 2008 these will total over £35 million each and every year and by 2009 will have reached a cumulative total of £125 million." I wonder if yourself and Ian would like to comment on that.

**Mr. B. Ogley:**

I would say that is entirely right. If you go to the fourth paragraph down, second half of it: "The report shows that out of the £35 million we have already made £15 million comes from efficiencies, and we plan to make £5 million more by 2009. That £5 million for capital receipts we have always declared." So we are very clear in this press release that only £15 million of that £35 million were for efficiencies.

**Deputy A. Breckon:**

Do you think that is consistent with the first paragraph, though?

**Mr. B. Ogley:**

Yes, because at the end of the day States departments have made cuts in their budget of £35 million each year running total. £15 million of that is efficiencies, £20 million are as a result of F.S.R., and we published to all of the press and the media the full detail of that line-by-line analysis showing what was efficiency and what was F.S.R. and the total of it showed that clear split.

**Deputy S.C. Ferguson:**

Yes, but the figures I originally quoted were F.S.R. You talked about corporate efficiency, one of the questions that arises is that the original estimates were £11 million in the visioning process but only £7 million was achieved. Is that difference due to bullish estimates or reluctance of departments to participate fully in the initiatives?

**Mr. B. Ogley:**

No, again if you look at this the £11 million was the total to be achieved by 2009.

**Deputy S.C. Ferguson:**

I am going from the Auditor General's report, which is what we are discussing.

**Mr. B. Ogley:**

He is picking up the figures we have given to him, I believe.

**Deputy S.C. Ferguson:**

Originally they said £11 million but in actual fact the corporate efficiencies were only £7.3 million.

**Mr. C. Swinson (Comptroller and Auditor General):**

If I may, we are slightly at cross-purposes. Bill is quite right, the table he is quoting from takes all the savings up to the end of 2009. The press release took savings up to the end of 2008 so that tables are not quite consistent because it includes a year that is not included in the other one.

**Mr. I. Black:**

But that means we are on target to achieve this book efficiency savings we said we would achieve. The difference is that the current year, 2009, will take us to the end of the period.

**Mr. M. Magee:**

Could I just check out something just in terms of the first paragraph? To me reading the first paragraph implies sustainability so that every year we have £35 million saving and that capability is to be continued. Now, I think that one area we would question would be really just deferment of spend and the ability to continue with deferment ... I am talking about from past experience myself where you can get short issues and you say: "Well, I will not spend that this year but I know that at some stage in the future I am going to have to do that and it can become quite a cumulative impact when you have to spend it at some time. I am just wondering, you know, there were some touches on things like maintenance spend embedded in here that you could say, if you were devil's advocate, it is basically just playing with years and so stopping it this year but you know you are going to have to spend it. So to me when we say it is £35 million each and every year implies that that spend is never going to kick back in again. You know, then it has got other knock on impacts like if you keep deferring maintenance spend you go into health and safety issues because you cannot stop doing stuff. Just your views on that one, Bill.

**Mr. B. Ogley:**

Yes, sure. In the programme, the actual target for savings on property revenue, if there is an area where that element would work, would be on maintenance. That was £1.5 million of the total efficiency programme of the £20 million. We call it £20 million efficiency, it is £15 million revenue and it is £5 million capital receipts resulting from more efficient use of your assets, i.e. getting rid of all the surplus stuff that we have got on the books that could do better in the hands of the private or individual sector. £1.5 million of that was a targeted saving in revenue on property and the mix of that targeting was reducing the number of staff working on property by centralising staff and bringing them together. That, I believe, is entirely achievable and is sustainable. The second element of it was the intention that you would introduce new purchasing methods for maintenance. Bearing in mind we got a lot of external private advice on this from property experts, is it Deloitte's? One of them, we got the full report.

**Comptroller and Auditor General:**

KPMG.

**Mr. B. Ogley:**

KPMG, sorry, thank you. Part of that was trading on the experience of Housing, as the Comptroller and Audit General has identified here. Housing made significant efficiency savings in their housing maintenance spend by stopping buying in little penny packets and putting together all the contracts and going for a preferred list and a fixed rate for individual pieces of work. Our belief is that is deliverable. I think the problem we had, and why there is some deferral here, is that we were over ambitious in the timescale we could achieve the change, i.e. we thought we could bring all the staff from all the departments together, all of the property together at the same time and make the savings in real time as these things were happening. What we did not bank on was the union, political and cultural opposition there is to making some change at a very fast rate. We are a good 12 months behind that amalgamation. So given we had cut the cash limit, we had trimmed the spending to meet it, a lot of that was prioritisation of maintenance spend as opposed to necessarily deferral, putting improvements back and you do not have to do them. So that is my answer on that. I think, however, there is an underlying issue on maintenance that has come to light since we made these decisions and since we are doing this, which is from the introduction of G.A.A.P. (Generally Accepted Accounting Practices) accounting which identifies that we are, before we started this programme, spending probably significantly too little on maintaining our assets as things stand. I think the estimate was about £4 million a year.

**Deputy S.C. Ferguson:**

Going forward, have you looked at the cost of bringing all States properties up to the proper standards for health and safety?

**Mr. B. Ogley:**

I am not sure it is health and safety. It is sustainability for the future.

**Deputy S.C. Ferguson:**

Well, the level of maintenance, have you looked at it?

**Mr. B. Ogley:**

Yes, G.A.A.P. would increase the cost by about £4 million a year?

**Mr. C. Swinson:**

Could you just explain how conversion to U.K. (United Kingdom) G.A.A.P. accounting principles increases the maintenance spread?

**Mr. I. Black:**

No, it does not. The process of valuing our assets is likely to show that we are under-depreciating our assets by a very significant sum and we do not know by how much but it could well be tens of millions. Separately, a piece of work done by Property Holdings has identified how much you should be spending on maintaining your assets and how much we are spending on maintaining our assets. The gap between those 2 figures, indications are of the figure Bill referred to which is about £4 million.

**Mr. M. Magee:**

I think to me that is a non cash cost that we put to the side but I can understand how that impacted because it is moving the goalposts in moving to U.K. G.A.A.P. I understand the maintenance, I hear what you say. I get the impression, reading the report, that there is obviously, with regards to corporate efficiencies, much more knowledge than perhaps at departmental level. Is there any comfort that a lot of the departmental savings are not just deferment of costs as well? Because you can read all the stuff at the back of the report going through 2004 and all these items, it is very, very difficult for me to see whether something that is a saving in 2004 has not reversed to being a new cost in 2007. Because you see one side of it which were savings that are just lists and lists and lists of items. It just looks very, very difficult to say: "Could you pick that and say that is a sustainable saving?" To me that is part of your £35 million every year for ...

**Mr. I. Black:**

I think the answer to that varies by department. Some departments have had the initiatives in place and logged every action they have taken to achieve efficiencies and you can be sure they are sustainable. I think it would be fair to say a very good example of that is Transport and Technical Services who I think can say entirely what they have done and they have done something to improve their efficiency and it is sustainable. Conversely Education I think did not give non staff inflation to schools. Now, you have got no way of knowing exactly what schools did and you could argue that you do not know whether it is sustainable. All I can say the Education Department have continued to get very good A level results compared to the U.K. and elsewhere so the outputs have been maintained, they have got better, but they have reduced their inputs and that is a measure of efficiency. They have, in the last year or 2, started logging efficiency savings through our professional accountants, so we know what they are doing and I have got a list with me today. In the early years, it is quite true, we do not know exactly what it is the schools did in order to generate that efficiency saving.

**The Deputy of St. Ouen:**

But that is exactly the point, surely, that the Comptroller and Auditor General is making in his report, that on the one side we have got all of these claims and numbers and figures about efficiency savings, there are question marks over how those have been achieved, and there is not a system in place that is

measuring and monitoring the delivery of those savings and identifying whether it is a service reduction or an efficiency in itself. So, you are coming here and you are telling us: "Look, we've done all of these claims, we have got big reservations about the Comptroller and Auditor General's report" but he is saying: "Fine, boys, it is all very well but if we cannot properly see how that is being delivered then how on earth do we, the Public Accounts Committee and the public, gain confidence in statements and decisions that are made?"

**Mr. I. Black:**

Yes, can we just track through that. Corporate efficiency savings, we can track every pound. I have got with me £1.127 million efficiency savings to the finance function. I can tell you to the pound how that was delivered and what we have achieved, okay? So corporate efficiency savings have been done. Departmental efficiency savings, as I have said to you, lots of departments have done it very well, like Transport and Technical Services Departments, all departments have achieved the reduction in their spending because it is taken off the bottom line. In the last 2 years departments have produced information ... for instance, I have got Education's in front of me here, before that departments did just take it off their bottom lines and they did not track how it was done, but the departments would argue that they have achieved an efficiency because they can demonstrate and maintain their outputs in that time with fewer inputs.

**The Deputy of St. Ouen:**

Yes, but what you have forgotten and what you are leaving out is that at the same time that the States have been requiring efficiency savings, we have been allowing growth. Also other funds and monies have been used to supplement departments' budgets. So on the one hand we have got claims about we are saving but all of a sudden we see money being drawn from funds, we see carry forwards being used, and other monies being added to budgets on an annual basis.

**Mr. C. Swinson:**

I apologise to James for cutting across him. I beg your pardon, James. I was going to raise just a slight concern. You said, Ian, that the budget had been reduced therefore you know that spending has been reduced. I just want to ask how you absolutely know that in the case of schools. Because the non staff inflation award was not included in the allocation to schools, as you know head teachers are complaining that, in effect, the budget for materials used in the course of classes and so on has been cut. I suspect that in some schools they would have used voluntarily raised funds to make good some part of that.

**Mr. I. Black:**

They may have but I have got a list here that says that schools have come back and said that they have obtained greater value for money from procurement. They have been much better at controlling sickness and reducing supply cover, they have changed the skill mix so they have increased the use of teaching assistants with fewer more expensive teachers, they have increased their letting areas from community uses of schools, these are things that are improvements in efficiency. But you do not know definitively how every school has done it so you cannot say definitively how they've achieved the saving.

**Mr. C. Swinson:**

If they have come back from schools individually then you would know definitively, would you not?

**Mr. I. Black:**

That is right, yes.

**Mr. C. Swinson:**

But I suspect that has come from a central answer.

**Mr. I. Black:**

Yes, it has.

**Mr. C. Swinson:**

So the question that lies behind my comments, you will understand this more than I do, which is how you know at the end result how these things have been done. I am not raising that question aggressively, I am just explaining why there is a tension between the points raised in my report and the response.

**Mr. B. Ogley:**

And I think that is right. Can I just pick up on a couple of things that James said? Number one, you said we have got problems with the C. and A.G.'s report. No, we do not. The point I am making is that in section 43 there is £4 million of F.S.R. not efficiency, where the Comptroller and Auditor General is saying: "These are other things that ... is £4 million off the bottom line of net revenue expenditure but may not be cut or may not represent major political decisions." Now, that is where I have a problem with the report because I do not recognise it in the same light and I would love to discuss that section. That is the only point of C. and A.G.'s report that I would take an issue with. Not a problematic issue but one where I think it is worth having a discussion. The second point that James raised was this issue about growth. What we know is that while all these savings and efficiencies were going on, yes there was growth into the States budget, it did not go back into these areas, other than in a few minor instances that the Auditor General has appropriately identified. But the growth went into things like benefits which were not the subject of the cuts, went into health, went into prison. Those are the areas where the growth has gone and they are not the same areas so I am very comfortable to sit here and say that I know the money has been taken out, action has been taken to save it and we have not put that in another way.

**The Deputy of St. Ouen:**

Can I ask you then in that case, if you are so confident that you can demonstrate that money is publicly returned to specific areas, where is the financial information that supports that view? When the departments, as we are well aware, are able to manage the overall budget accordingly and do not have to identify and specify and monitor service delivery.

**Mr. B. Ogley:**

Well, perhaps I can come to measuring and monitoring service delivery. I think you have seen the draft performance report that we will in future be publishing, and we can talk about that.

**Mr. C. Swinson:**

I do not think that the Committee has seen that.

**Mr. B. Ogley:**

Well, we have, we have supplied it to you.

**Mr. C. Swinson:**

The Chairman has.

**Mr. B. Ogley:**

Okay, very happy to supply it to every member of the committee and to have the discussion around that at a future date if that is what you would like. I want to pick up one reaction though. This is a general point, you might not like it but if you are managing an organisation, whoever you are, whichever organisation it is, you really make savings because you change the culture of the organisation and the



way people behave. You make people accountable, you make people responsible, you expect them to deliver frankly more for less. That is what efficiency is about. It is not about going through and saying: "I have saved £10 from a better buying of paper clips." Yes, that helps, it really does help but where it counts is when people behave differently regarding the monies, not alone but something they are personally responsible and accountable for and held to account for. This is not my view, one of the ways you make that culture change is you do take the money off the bottom line and require people to deliver the same output for a lesser sum of money. If what you do at the same time is you say: "By the way fill in a form that tells me every single pound you spent ..." you introduce a significant bureaucracy into the organisation. We are now saying to people: "I am not expecting you to be accountable and responsible and getting more for less, what I am wanting you to be is to be a good bureaucrat and to account for every single pound, paper clip." Now what we have done is we have gone for the line that says: "You are accountable, you are responsible, manage for less and, by the way, tell us the big things you are doing to deliver that more for less as opposed to measure every item." The one thing I would say to States Members is let us all keep our nerve and let us hold those bottom lines and make people responsible for that rather than getting into the debate that says when are you going to have to put -- maintenance I think is a separate issue. It is a very important issue to come to, but generally what we are all very good at, and it is the culture that we have created within the States, is the one where we are all very good at bidding for new resource and explaining why what we have got is not sufficient and let us do something more.

**Deputy A. Breckon:**

Can I ask you, though, from that, where is the balance between what you have just said and giving people, us and others, transparency to what you are doing?

**Mr. B. Ogley:**

That is what we have tried to do and that is why if you look at the -- we have always published business plans, whatever, we have published at a very high level what we are setting out to achieve. I can tell you that I was a bit surprised that in 2006 we did not have through - it is not a criticism it is just a surprise - a full list of the big numbers, the £10,000 and plus. Because the one thing I did, and I hold every chief officer to account through their P.R.A.s (Performance Review Appraisal), at the beginning of the year I asked those chief officers to show me the list of what they intended to do. So I saw it at the beginning of the year what they intended to do. I was a bit surprised I did not see at the year end the measure that said, yes, they had done it. But I do know they lived within the bottom line and I do know that for 2007 we do have those lists the Treasurer has referred to, and we can give them to you. They are not secret lists, we have got those. So I think there is a balance. You do not count the paper clips but you do count the big things. Actually you count the big things, and I think £10,000, £15,000 plus is a big thing, even in a budget of £500 million it is still a big thing. The reason you count them is because somebody else might be able to do the same thing and learn from it and improve as well. And you make sure they do not get the money back.

**Mr. A. Breckon:**

You can transfer this one if you like but do you think we are good at looking at outcomes rather than predictions? You know, this is what we are going to do, do we look in the mirror sometimes and say: "Did we achieve that?" instead of just moving on and saying: "Well, we will try it a different way or we will do something else." How good are we at accounting for it and explaining it?

**Mr. B. Ogley:**

We have not been very good at it, we have to get much better at it. That is the big change for us. It is about specifying what it is we are going to deliver and then holding people to account for that delivery. Frankly, I suspect that is why the public do not think we are as good as we are because we can never explain to the public what it is we are going to do and how to hold us to account. If you remember we

did publish in 2004 and 2005 a benchmarking report that tried to go right the way through the States and say: "This is where we spent the money, this is what we have delivered" and we were going to carry on a run of it. Now with the strategic plan and a whole different set of indicators we started again. But I think that is what we have got to get better at. We produced the performance report for 2006, the performance review at 2 levels, one at strategic plan level that went through everything in the strategic plan and said: "Has it got better, has it got worse?" at a high level. Then at the second level, beneath it, for every department we went through and we measured what it is they spent, what they delivered for it and set that as our benchmark. Now, our error, I believe, was in not publishing it and the reasons we did not was because we produced it towards the middle to end of the year and thought it was out of date and will publish it for 2007. I think that work represents a significant seachange in holding ourselves to account and reporting for it.

**Deputy S.C. Ferguson:**

But this is entirely at variance with the Auditor General's report where he talks about "a lack of clear definition in the service", "lack of information about the effect of a reduction in expenditure", "departments have recorded the reduction without recording the service of it", "in these cases it has not been possible to identify the effects on services of the spending reduction" and so forth". This, you know, gets back to the departmental efficiencies where you have got growth, reductions and everything all mixed up together or the F.S.R. savings where they have got growth, access to other funds, and so on and so forth. So it is very difficult to make any comment other than that departments have lived within their budgets. I think as Ian said in July, there has, up until recently, been a certain amount of fat on the budgets. How much is this contributing to the fact that they can live within their budgets? I know that it has probably been reduced but how much are you going to cope with that?

**Mr. B. Ogley:**

Again not putting words into the C. and A.G.'s mouth but I will tell you what my reading of this report says, and from the knowledge I have, it says that in some departments we have not been as rigorous in recording what we have done. In some departments, frankly, and I think in a small number of cases, we have just cut a post instead of becoming more efficient. That is making the pips squeak. I do not think that is a bad thing because if your pips are squeaking you suddenly realise you have got to become efficient as well. Bear in mind we always said this change programme, starting in 2004, was at least a 5 year programme. It was more about culture and hearts and minds than the paper clips and we have not finished it yet.

**Deputy S.C. Ferguson:**

Who is in charge of it? Who is running the savings programme?

**Mr. B. Ogley:**

The change programme?

**Deputy S.C. Ferguson:**

No, whose responsibility is it for ensuring that the overall States targets are delivered? The day-to-day running of it. It is part of your responsibilities but who have you delegated it to?

**Mr. B. Ogley:**

Every accounting officer has the responsibility of living within their budget and delivering what the States has set in its business plan in terms of the objectives. Bear in mind the business plan has changed. We do have an objective section that we ask the States to agree and to change if they want. Accounting officers are responsible for living within their budget and delivering that with their Minister. So every accounting officer is responsible for their own. The Treasurer has a professional network to monitor that and to report to it and ultimately it is my responsibility and I am happy to accept

that responsibility.

**The Deputy of St. Ouen:**

I would suggest that there is a difference between living within your budget and delivering savings because it is very clear as the Comptroller and Auditor General has really highlighted in his report that a number of the so called savings have been introduction of user pays, it has been the reduction of grants to other providers outside the States. It is not, as you seem to be portraying, cutting manpower in many cases.

**Mr. B. Ogley:**

Sorry, I think again we are talking at cross-purposes. There are 2 things in the C. and A.G.'s report, at least I hope there are 2 - and I have read it, there is 2 - one is about efficiencies. That is what I have been talking about, £15 million. There is a second evident which is called F.S.R., Fundamental Spending Review, I think that is what it was called, that were States political decisions in the old Committee structure. That £20 million was a line-by-line analysis of where we will save money. Either what we will do to save money, which might have been cutting or increasing the charge to the States, or a line-by-line analysis of some of the things where we are going to react to external events - that is paragraph 43 I keep referring to - and those are a matter of political decision. We have done those in all but a few minor cases and the C. and A.G. has identified where we have not and where we have not we have done it in the subsequent year. It is a timing matter. Those things have been recorded. F.S.R. has been recorded, that is the case, is it not?

**Mr. I. Black:**

Yes, just to reinforce that. F.S.R. was not efficiency savings, in fact it is meant to be anything other than efficiency savings, it is political decisions. It definitely included increasing charges. It was a political decision to free up money for other services by increasing your charges or by cutting services. That was only £4 million out of F.S.R., through these areas you are talking about and of those some of them you could say: "Well, charging Law Officers to the Criminal Offences Confiscation Fund was not a saving at all." Well, it was not a saving at all as in it did carry on the same level of spending. It was a saving as in it freed up £1 million to go and provide some other service without going back to the taxpayer.

**Deputy S.C. Ferguson:**

No, no, that is -- there is a word for it and I cannot remember. Sophistry. I am sorry that was a reduction in expenditure due to finding the money elsewhere. What I am --

**Mr. I. Black:**

Sorry, Chairman, can I just say there that --

**Deputy S.C. Ferguson:**

I would like to go back to the structure of this because knowing the silo mentality the politicians have on this, and I think to some degree some years ago it was reflected in the way the civil service runs. I am not sure that this sort of disseminated responsibility for accounting for savings and efficiencies is the most efficient way to do it, is it?

**Mr. B. Ogley:**

I think it is, yes.

**Mr. C. Swinson:**

Can I just add a rider to the Chairman's question? I entirely support, and I am sure every member of the committee supports, the idea that the change in culture that leads to improvement in resource applications, resource utilisation, greater efficiencies, is an extremely important programme. In talking

about a number of departments, you and Ian have mentioned one in particular, T.T.S. (Transport and Technical Services) where clearly as a result of the change of culture, a conscious attempt to look for efficiency savings. You mentioned at least one other where the bottom line percentage approach has not perhaps led to the same approaches used in T.T.S. Could one ask how far you think the bottom line percentage approach has got towards the change of culture that you had in mind and certainly understand and would not wish to speak against for one moment.

**Mr. B. Ogley:**

It is not just cut the bottom line and that will change the culture. You have to do an awful lot more things than that which we are doing. The list is a lot more departments than just T.T.S. and is fairly specific in that sense. But it is a part of a programme. You have to train people, you have got to introduce the accountability and reporting mechanisms. What was one of the first things that was done with the efficiency savings in terms of hard things, as opposed to training, culture and the rest, it was to agree to bring all the finance activities together and, as a result, to make some significant savings. But more importantly than that, to create a professional network of financial officers and financial reporting alongside the accounting officer structure. Because without that we would not have stood a chance. In the old days when things were in silos and the committee or the Minister or whatever just owned all their financial resource and money was allocated to them, we would not have stood much chance of getting this. So we did finance, we did human resources because we then brought all the manpower and management together in the same way and we could focus our training. But we could also know what was going on. So it was not a bit of luck that we did those first, they were done for the specific purpose of (1) to be able to find out what was going on and (2) to get better control and start introducing some changes. I think we are a long way down the line. I think 2007 is the key year because, as you say, we have got the list of what people did. We are starting to get an accounting system, and this is where I do come back to G.A.A.P. accounting, a proper resource accounting system will make it much better and much more obvious to all of us what is going on and enable us to control and monitor it better. But it takes a while to do these things. Maybe I am accepting a bit too much for a while but the one thing I have learnt is we can be very ambitious in the way we do these things, we can get the best professional advice about what is achievable and it still seems to take some time, 6 to 9 months longer. I think we are upping the pace because people are learning to do that. I do not know if I have sort of got close to answering the question but ...

**Mr. M. Magee:**

Can I just do a follow on, because I guess my main issue is that when I see £35 million of cost cuts or however it would be defined I think the majority of people in Jersey, including probably most of the politicians, would view that as being £35 million of efficiency cuts. Now whether they are wrong or whatever, they view that as cost cuts and do not view that there might be user pays principles in there somewhere and there might be deferment of costs. So therefore when that goes into the public domain I think that was my initial -- my initial reaction when I saw Chris' report was there is £35 million stated but some of it is income streams coming through and some of it is that. I think that is where, round the table here, we know you are very close to it and you have never thought that to be the case because your focus has been £15 million of efficiency savings and £20 million of other initiatives that, to an extent, you have maybe inherited. I think everybody else and their dog sees it slightly differently. That is where the thrust is being as I saw it in Chris' report. It is a difficult one. If I put that and say: "Well, that is a line in the sand." Chris has got a whole series of new projects setting the scenes, getting these there and it is really -- okay, so can we, I guess, gain the confidence of the public and other people involved in the process that if things come out of these reviews that say that our efficiencies or cost cutting initiatives that are there can they be monitored in such a fashion that you do not have all this uncertainty and questioning in the future, because they could just say: "Well the last time you said it was £35 million, it was not because Chris said it was not, can we fix that in the future." I think it is going ahead, I think is where I am coming from, and can we do it in a better way than we are doing it just now,

from a monitoring position?

**Mr. B. Ogley:**

Absolutely. Absolutely.

**Mr. M. Magee:**

Where does that monitoring happen? Does it happen at the centre, or does it decentralise ... because I have been through some change programmes where, with all due respect, in corporations you do not trust your operating divisions so you say: "Bring it into the corporate centre and we will have a change management team there" and it is they who have to deliver, report and monitor whether that has been delivered or not. Now, to that extent in my view you are bit like a corporation and I am just not sure whether you can function as a corporation because of the structures that exist, whether it is the laws, whether it is departmental structures, and it is really just to try and -- I am talking quite a few different concepts here but that is really the thrust of it from my perspective. Do you need help to change your structure to enable you to deliver a change of programme, if that is what comes out of Chris' reports?

**Mr. B. Ogley:**

Okay, all help gratefully received and we will have it, yes, please. Do I think we can do this in future? The answer is yes. I think if you are saying that there has been this misunderstanding in people's minds that £35 million was all efficiencies then Chris' report has done a great thing by laying that to rest because it was not. I go to his report, paragraph 42, lists of the £20 million that were not efficiencies and never set out to be efficiencies. We set the 2 things to one side. We did. There was the F.S.R. process and there was 2 per cent per annum efficiency saving. Two separate things in all of the plans. Paragraph 42 identifies the £20 million and within that there were reduced spending on other bodies, there were some increased charges to the public, there were charges to public and private individuals for us doing things for them, which is entirely appropriate. Just like income generation for any business.

**Mr. M. Magee:**

But would you agree it could be misinterpreted by a number of people that this is all efficiencies?

**Mr. B. Ogley:**

Well it obviously has been and I am sad about that. To be quite honest, one of the things I found coming here was this difficulty of getting a handle on what is an efficiency saving. The idea that you can do -- the world I worked in in the past, whether it be public or private, is if you do a lot more for the same money, deliver a lot more, you might be spending exactly the same money but, by God, you are a lot more efficient because you are delivering a lot more service. That one is a really hard one to get a hold of here. If you cut the budget and do the same, that is an efficiency service because you are doing the same for less. What we are now talking about is line-by-line approving it. I think the better financial reporting and financial network we have got will make that better. The other interesting thing around this is that you started the efficiency programme at the same time as the F.S.R. programme and that was the hardest thing we had to come to terms with in terms of changing culture, because we were going around saying to people: "Better, simpler, cheaper. You can do something better if you do it simpler and it will be cheaper." Because, by God, we were an over complex organisation the way we structured ourselves. At the same time as doing that we had the F.S.R. process which was just cutting. As Chris said in paragraph 42, £10 million were straight expenditure savings. Just stop doing things. I have loads of officers saying: "But just cutting something is not an efficiency." We had for a long time a real internal misunderstanding between efficiencies and spending cuts. The sooner we can get away from that, and have done, the better. Do you think we can control, we can measure it in future?

**Mr. I. Black:**

Yes. If I answer Martin's question, I think that - forgive me for coming back to Education, it is not for

any specific reason - using the Education example, just cutting money off the school's budget and saying that is an efficiency saving, I do not think that is good enough for the future. When they wrote to the schools they said they made efficiency savings by improving sickness absence which obviously reduced the levels of sickness in the school, which reduced the need to spend on supply cover. But if they had really done that I think we should monitor that. Indeed we are going to be producing information on that to see if we can show the sickness absence in schools has declined, which we will be doing hopefully or at least produce information, then that seems to me that you have demonstrated you have produced an efficiency saving. I will say I thought that when I have talked to my financial colleagues, this can turn into cottage industry stuff very easily and taking an example, the Transport and Technical Services mows the playing fields slightly less often, is that an efficiency saving or is that a service reduction? You can sit and discuss this for quite some time, and monitoring the savings from this sort of thing can get quite complicated. So my answer to your question would be, yes we should do better by doing things like -- you have to do something to generate efficiencies so you can next reduce sickness, then you should monitor that. We have to be very careful at the same time that we do not create a cottage industry because all the time we spend trying to track every penny on efficiency savings is time not spent, you know, generating efficiencies. So I think we should do better but we have got to make sure we do not create a cottage industry.

**Mr. M. Magee:**

So back to my question, do you think there should be a central responsibility to monitor that closely?

**Mr. I. Black:**

The specific example I have given is going to become a central responsibility in that sickness absence is going to be measured on a consistent basis across all States departments on a regular basis. Should all of these be done on a central basis? I do not know. It worries me that just the fact you are saying you are going to something centrally means new overhead. It may be worth that expenditure, I do not know, I will have to think that one through.

**Mr. B. Ogley:**

I think it should be central in the sense that we should have a financial reporting system that shows us centrally, and the Treasurer has the responsibility formally to each year report on it through financial reporting systems so we know. Not for us to try and do it centrally, that will not work. I just do not believe that. But I also believe, and I mentioned to Alan that we did do this performance review which I think shows what performances -- we do at the same time the review against everything that was in the strategic plan published 6 monthly, performance against the initiatives we said we will do: "Are you doing that?" We also - and this is something we have never made a big deal of but in terms of measuring - have been generating -- developing over the past now 18 months, a department by department scorecard which is a management scorecard that records things like customer services, progress against the strategy, what we said we would do, actual performance and operational delivery, measurement on staff in terms of performance appraisals, sickness, those issues and money in terms of spend against budget. I think you put that together and you get a pretty strong hand to measure the performance. Put it alongside the financial reporting system and you start to get a decent measure of what is going on and I think -- and I know this all going to be part of your review, I hope the sooner we can start getting that into the public domain and everybody knows it the more we can be held to account and with holding to account hopefully will go trust in the outcome.

**Mr. A. Breckon:**

How could that be translated into digestible bite size lumps so that we can all make sense out of it and monitor that?

**Mr. B. Ogley:**

That is the next bit. We have been trying to just measure it to start with without again creating a cottage industry. The important thing, why it is taking a while is that the departmental scorecards, if they are just a scorecard you measure to give me satisfaction then I sit down with the chief officer or the Minister and the chief officer, then it is just an overhead. So departments have to sit underneath this a proper performance management system that they use to manage their organisation. So what is the output from this team of staff and however we are measuring it it is very different for different departments. Then it is not an overhead. Then it gets used.

**Mr. A. Breckon:**

Can I link that to something that Ian has responsibility to and that is the Treasurer's Report and Accounts. I think, Ian, you sat thereabouts and we asked who are they for, who understands them and is it manageable to get that into a reporting structure that says that is what we were supposed to do, this is what we have done, this is where we were out, if you had something like foot and mouth obviously you cannot account for that, it is unforeseen. But to look at them and I think, as a P.A.C. (Public Accounts Committee) this year and last year was our first experience of it and it is a learning curve but I think what we have found is - you might not agree with this, Ian - there is something lacking in the way that we report and the way it is all understandable.

**Mr. I. Black:**

I think it is a very good suggestion and it is so good we are going to do it. We have got plans in place to totally reform the annual report and accounts and you know it is this massive great book at the moment and we are going to produce a lot more succinct executive accounts in accordance with proper accounting principles. At the back of that we are going to have a performance report which has got very few figures in which gives you that sort of output information. This bit is going to be quite a lot of unit costs, benchmarking where we can, and lots of outputs and issues. That is not going to happen on this year's accounts but next year we are doing the big changes.

**Mr. B. Ogley:**

But this will be published as a companion volume to the accounts for 2008.

**Mr. I. Black:**

Yes, we are producing them at the same time this year, we are producing the report alongside the traditional set of accounts and then a year later will bring the 2 things together.

**Mr. A. Breckon:**

Just from practical point of view, these sort of land through the letterbox or wherever at the end of May, beginning of June when people are doing a ... Perhaps it is a fault. We all do not give them the attention that they deserve to revisit things and say: "Well, what we were supposed to do? What have we done?" I think this helps everybody if we can do that, if that is the way you are headed.

**Mr. I. Black:**

That is a very good suggestion and we are producing that report this year; that is going out at the same time as the accounts. The accounts are going to look very much like previous years. We are going to add on a report as well and then the year after we are going to bring the 2 things together in the report.

**Deputy A. Breckon:**

The reason I say that, it is a bigger subject than this, but it relates to this because you have to relate back to what were you supposed to do, what have we done and it happened or it did not.

**Mr. I. Black:**

You spend money for a purpose so you must link that with ...

**Deputy A. Breckon:**

It is other people's money.

**Mr. I. Black:**

Yes.

**Deputy S.C. Ferguson:**

Yes, it is my money and your money. I suppose it brings us back to the whole thing. How sustainable is this all going to be?

**Mr. B. Ogley:**

Entirely sustainable as far as I am concerned.

**Deputy S.C. Ferguson:**

Are we getting sustainable savings when you are cutting on training?

**Mr. B. Ogley:**

We have cut in some places on training and we have put it back in others, so we have invested more heavily in training for this change programme.

**Deputy S.C. Ferguson:**

There is a wonderful phrase in here somewhere, I think, which says something about budget rearrangement or budget movement.

**Mr. B. Ogley:**

There is a great sadness in me that we are not all as straightforward as we might otherwise be and when you do amalgamate things, as we did with H.R. (Human Resources) and with Property, it is quite surprising that the amount of money that was spent the year before you amalgamated is never quite as much as it is in the year after you have amalgamated, i.e. people have taken the money they were spending on this ... because they do not want to centralise it, they have either cut it out or spent it on something else. That was a problem of the old ...

**Deputy S.C. Ferguson:**

That is a cultural problem though.

**Mr. B. Ogley:**

It is a cultural problem but it is also the problem that Martin was hitting on very directly. If you are in a world where you do not have, perhaps, a financial system that records everything in very clear terms and perhaps uses exactly the similar terms ... I am not talking about absolute uniformity for the sake of it but something clear, concise and real. If you have that, then you can put it together and say: "Last year I spent this amount. I now want that amount over here." We will centralise it. We will take 5 or 10 per cent out of it if that is what makes sense. But if what you find is your accounting says: "We spent this amount last year and then, by the way, did you know we spent another couple of hundred thousand out of a different set of budget heads but it was all for that purpose and you cannot have them this year," it is ... and that is what you see reflected in here, to be quite honest. What we have done is we have amalgamated those things. We have taken the efficiency savings and we have redirected resources because I do not think it would be sustainable to make a cut in training in the world that we are trying to get into, so we are spending more on training now.

**Deputy S.C. Ferguson:**



Yes, because the transfers were quite difficult. I mean, was there any real authority to beat somebody over the head and say: "This is what you were spending your money and your resources on last year in a particular area," and transfer it?" What sort of powers do you have, for instance, to say to the head of a department: "Right, this is what your spend in one of the areas in the corporate efficiencies are. This is what you spent, these were your resources; these are to be transferred centrally." Can you just beat them over the head and say: "Transfer it"?

**Mr. B. Ogley:**

It was very difficult in the early years of this programme, let us be honest about it, before we had a ministerial structure in place, because there was no authority across committees and money did disappear. There is no doubt about that. So we have actually made these corporate savings out of budgets which were less than the budgets that were being spent the year before. We have made bigger savings in that sense because we know where some of these people either are still in services or where the post was in the service and it has now gone and was never transferred across. So the service has made that saving and we have never seen it. That was almost impossible in the first couple of years of this programme, pre-ministerial. It is now much easier. We do have some authority. The accounting structure in the ministerial decision structure gives us that. At the end of the day, sometimes we still have to make a ministerial decision to transfer the money but it is much less opaque than it used to be.

**Deputy S.C. Ferguson:**

Except to the general public.

**Mr. B. Ogley:**

I know, and that is the problem, is it not?

**Deputy S.C. Ferguson:**

Well, I think perhaps if it had been a more accountant-type press release detailing the expenditures, much as Chris had done, I think the general public would have accepted it more.

**Mr. B. Ogley:**

It was. I mean, that is the thing you have not seen, is everything that sat behind that press release. This detail you got from the press release, I believe. So this was all detailed there.

**Mr. C. Swinson:**

Not the characterisation.

**Mr. B. Ogley:**

No, not the characterisation, but the detail of this is what it was, here is the amount of money. It was all appended to the press release. The "this is where the money has gone, this is where we spent it", that was done over a long time; so we then tried to write a press release to describe all of that and we did the best we could in half a page and, okay, you can say we got it ...

**Deputy S.C. Ferguson:**

I suppose you cannot really say: "This is £4 million, we do not really think it is a saving. It was just a sort of redirection of resources."

**Mr. B. Ogley:**

Would you like to talk about the £4 million? I would love to because I am not sure I agree with all of it.

**Deputy A. Breckon:**

Just a general thing on that, can I ask you where the incentive is for people to sort of be more robust, if

you like, in what we are spending and, in your opinion, is there any evidence of, let us say, any ... I should not say excessive but perhaps more expenditure in the final quarter of a year; bearing in mind that if people are up to a level if they do not spend it there is a claw back provision, do you think there is evidence to show that the fourth quarters are heavy in that respect and perhaps abused?

**Mr. B. Ogley:**

The Treasurer will answer that. Let me tell you about one bit of behaviour we have though or one problem we have. We do not have a contingency any more. Now, that puts everybody on their mettle and it says: "You have to live within the money you have got and do not come asking the Treasurer for some more money," as was the old culture. That is really good but the reality is that you do not have a risk buffer either and if the pay award is not settled in September at the level that was put in the budget, you have suddenly got ... and we are accounting officers now by law. We have a big problem on our hands to manage and 0.5 per cent on the pay bill is a significant sum of money to manage out in a 3-month period. So no contingency is good in one way, it keeps people to their mettle; bad in another way because it could, if you are not careful, lead to some very odd decisions towards the year-end. So what do we all do? We all hold back on the replacement of asset spend because it is the only buffer you have got. If you have got something in the post, you have got another 12 months, unless they are going to leave and you do not know whether they will. So you hold back, do you not, on (discretionary) the asset spend because you can always make it last another year. You probably cannot make it last another 2 years and carry on as efficiently. Now, whether that does lead to last quarter spend ... Ian?

**Mr. I. Black:**

There used to be huge amounts. There has been less in recent years. I mean, basically in the past, as quoted earlier, budgets in the States were quite generous so people had lots of money left at the year end and if they thought they were going to lose the money, they would spend up to the budgets. It is the way the world seems to work. It can happen in any organisation. I have got quite strong views on this lately, which is that the way to deal with this is to make the budgets tougher rather than take off year-end under-spends and I think there are signs that is happening. There is no doubt the squeeze has been on in the last few years. It will be interesting when we shut this year's accounts to see what the under-spend was like and see the profile of spending. I think what we will find is that the year-end is a very blunt spend and I think we will find people are having to haul in spending in the final quarter because budgets have got tight. I think we have now reached a situation where there is no money sloshing about and I do not think under-spends are going to be a big issue. I think you should allow people to keep under-spends to prevent perverse outcomes like rushing out and spending money at year-end. If you think the budget is too generous, cut the budget rather than take the under-spend away from them. I know that is the way they do it in the U.K. but I know others have a different view on this and it is all for discussion.

**Deputy S.C. Ferguson:**

Yes. You need to look at the spending in the first half of the year and watch October, November and December.

**Mr. C. Swinson:**

Ian, is it your view that in the U.K. there is no distinction between inherently unpredictable expenditure and other expenditure and that there is no contingency provision to allow for the risk that inherently unpredictable expenditure may indeed overrun the provision that is included in the original budget?

**Mr. I. Black:**

In the U.K. they have got a 2-tier system called A.M.E. (Annually Managed Expenditure) and D.E.L. (Departmental Expenditure Limits); which, without going into the detail, is expenditure which is generally within departments' controls and expenditure which is deemed to be out with departments' controls. The classic example of that in Jersey would be supplementation. Once the States has agreed a

policy on pensions and the like there is nothing whatsoever that the accounting office can do to control that expenditure in a year. I have got to say that we are looking at the same system in Jersey at the moment, so what we are suggesting is that those supplementation (and I think we can try and hold it there, though others will have an interest in pushing as much as they can into that area) would be out with normal controls. Then the remaining balance would be within controlled expenditure and I believe that should be carried forward.

**Mr. C. Swinson:**

Other examples might be unpredictable public health problems.

**Mr. I. Black:**

Are you talking about avian flu or other things?

**Mr. C. Swinson:**

I was not being specific.

**Mr. I. Black:**

All right. Well, avian flu I have put in an exceptional category and it is a States decision whether they wish to do that and ultimately I think other areas ... I have been here long enough to know that we used to have some thing that was called cash-limited expenditure and non-cash-limited expenditure, which was rather like the U.K. system. Everybody, officers and politicians alike, tried to push everything into the non-cash-limited box. We started off with supplementation. It suddenly included student grants. Prison expenditure would be in that box. You would then say health, most of that was outside their control. Before you know it no States spending is within control.

**Mr. C. Swinson:**

But dealing with human behaviour, people are going to behave ... not as Pavlovian dogs necessarily. So that your observation about under-spends concern should be taken in the light of a 2-tier system rather than a single tier system?

**Mr. I. Black:**

Yes, absolutely.

**Deputy S.C. Ferguson:**

Just one other thing (and we have touched on it vaguely) is property maintenance. If we decided to bring all our properties up to a proper standard, how much is it going to cost; if we had a blank cheque today and they said: "Right, write your cheque to bring all the property up to the standard it should be"?

**Mr. B. Ogley:**

Can I say the first question you ask should not be that? The first question you should ask is how much property do we need; what is the minimum amount of property we need to do the job that we are expected to do? Then we should not use any more property than that. I think once we have answered that question then we can say what maintenance spend we need; because it is quite clear, if you look around, we are not an efficient inhabitant of property or user of property. Firstly, we have got stuff stuck away for a rainy day. It is part of the old committee structure where properties were mothballed because it might be easier to do so. Well, by creating Property Holding we have at least brought all that together and we are now starting to find out those redundant properties. Secondly, when you look again ... and this does come back to one of the property targets because within the revenue target was an expectation that we could, probably through investment, bring the occupation of just our office buildings to a U.K. level and we would have made a significant reduction in the amount of office space that we actually use because we're just not efficient in it. The question you then get is how much we are willing to invest to

make that change; because, again, if we invest in modern purpose-built accommodation which has got whole-life cost built into it as opposed to going just: “That old office is for use there and nobody else will pay the price for it, so we will have it and pick up a big maintenance bill ...”

**Deputy S.C. Ferguson:**

You have not answered my question.

**Mr. B. Ogley:**

Because I do not think your question ...

**Deputy S.C. Ferguson:**

Presumably you had a quotation; because you are a bright property man, you must have had an estimate of how much it would cost to bring States property up to standard.

**Mr. B. Ogley:**

If I had known the question, I would have brought ... I think you may have seen the provisional report where the figures of property were a number of million pounds to maintain the property. So, to that extent, it is not sustainable.

**Deputy S.C. Ferguson:**

So you can send that on to the committee?

**Mr. B. Ogley:**

Yes, I am sure we can.

**Senator L. Norman:**

But that does not include the housing stock, does it?

**Mr. I. Black:**

No, it does not. Of course, in recognition of that problem, the States has agreed to sell a lot of its properties in order to bring assets up to a decent standard.

**Senator L. Norman:**

Median level properties?

**Mr. I. Black:**

Yes. But I think the total injection was over £60 million, was it not, just in the social rental housing ...

**Mr. B. Ogley:**

It was 850 units out of 4,500, which is reasonable. You could do more perhaps but ...

**Deputy A. Breckon:**

Bill, can I come back to the office thing again? You mentioned earlier about the cultural thing. How do you create a landlord/tenant atmosphere in the public sector where in here, it does not matter, does it? So how do you do that?

**Mr. B. Ogley:**

We do introduce a charging system. We have to be very careful about the concept of wooden dollars that just wizz around the system and we just create then a big overhead and bureaucracy to manage it. But until you actually say to people: “This is how much you are paying for the property you are occupying and it comes straight out of your budget and your bottom line,” when you have done that,

they have got an incentive to reduce the cost and then you will see that change.

**Mr. I. Black:**

Our plan is that this time next year P.P.C. (Privileges and Procedures Committee) will be paying for this room. It will be budget enhanced at the same time but they will discover that the cost of ownership of a room like this is not insignificant and the cost of facilities management on a room like this is not insignificant. They may get a charge for this room of ...

**Deputy A. Breckon:**

You might get a charge for it if you want to use it as well.

**Mr. I. Black:**

Exactly. Well, it is likely that they will get a charge for this room of say (I will make a figure) £7,000 a year and they will then discover that it is used no more than 70 times in a year and find out that the cost of this meeting this afternoon, excluding everything else, was £1,000 and they may decide to make better ways of using the rooms. So we are bringing in charges for the use of facilities.

**Mr. C. Swinson:**

C. and A.G. has to budget for that.

**Mr. B. Ogley:**

Against that, on the other side of it though, you have to have the ability to then dispose of the accommodation that you do not have; otherwise it is just wooden dollars.

**Deputy A. Breckon:**

Absolutely, but you may well decide that you should meet in a coffee shop instead.

**Mr B. Ogley:**

I mean, you will never get rid of this building but there are outlying buildings that if we can get ... that will be in the Island's benefit as well because once you give a public activity in a building, when people might be needing housing or private office facilities ...

**Mr. I. Black:**

It is interesting; there are two places in the States that charge for the use of facilities at the moment. They are Mourier House and Maritime House. Mourier House, all the offices there ... all around the department, every department should have office space apparently. Well, Mourier House seems to regard office space like a hot potato. They are forever trying to give it back to us because they are being charged for it. Maritime House, I now find out that Harbours are trying to move out of there because it worked out that they can ...

**Deputy A. Breckon:**

They have both got lease arrangements, have they not?

**Mr. I. Black:**

They can utilise some of their other facilities better for their office accommodation. So the two places in the States that we actually charge for the use of accommodation, uniquely we find out they have got far too much. Everywhere else they have not got enough.

**Deputy A. Breckon:**

The lease is higher, that is why; they have got a lease on it.

**Mr. I. Black:**

Yes. So, for me, that justifies charging for the use of accommodation.

**The Deputy of St. Ouen:**

Just coming back to the Comptroller and Attorney General's here, we spoke about performance reports and obviously I am encouraged by hearing that you are monitoring a whole range of different areas. Does that include the full cost or are you able to identify presently the full cost of particular service provisions? Equally, are you also able to measure the impact that a cut or saving might have on that particular service provision?

**Mr B. Ogley:**

Do you have a service in mind because I thought ...

**The Deputy of St. Ouen:**

Any. I mean, the States provide a whole range of services, do they not?

**Mr B. Ogley:**

Yes.

**The Deputy of St. Ouen:**

I mean, if we are talking about cultural change and the management of our provision of services and seeking to draw out efficiencies from them, obviously we need to identify those separate services and then look at how they can be delivered in the simpler, better, cheaper method that you have been promoting for the last 5 years.

**Mr B. Ogley:**

Well, the business plan does set out the cost, using current accounting methods, of providing all of the States services and, beneath that, departmental business plans break it down further, as does the financial reporting system. So the question, do we know the cost of what we are doing? Yes we do, using the current accounting methods. Do we know the cost of the consumption of assets? No, we do not.

**The Deputy of St. Ouen:**

Just to get an answer; so regarding the information to identify the full cost of a service provision it is yes and it is also yes to the measurement of the impact on a service delivery relating to savings or cost reduction. You can do both.

**Mr B. Ogley:**

Excepting for Ian's point that we have to be careful on the savings thing that we do not create another industry where we are employing people to go round and measure things that are not significant.

**Mr. C. Swinson:**

I think the rider I would put on it is it depends upon the degree of granularity you are expecting to achieve in terms of accounting for services.

**Mr B. Ogley:**

Yes, okay.

**Mr. C. Swinson:**

Just picking up on what you said, one can imagine a service that is so narrowly available that you would not consider calculating the cost of it to be worthwhile. So there is an issue about ...

**The Deputy of St. Ouen:**

I am just picking up on a comment, going back to the £15.7 million in efficiency savings that you highlighted earlier and the Comptroller and Attorney General makes the comment that there is no measurement of the impact on service delivery at the moment.

**Mr. C. Swinson:**

I think, just to be helpful, if you look at the departmental business plans and look at the performance indicators each department has nominated for particular service indicators and then start seeking the evidence of performance against their own chosen performance indicators (just accepting what they currently say about that), it is quite difficult to find the information. I do not wish in any way to undermine the platform for the annual performance report that you are projecting because I would not wish in any way to delay or detract from that project. But simply looking at what people could do at the moment in terms of their business plans and, as I say, their chosen performance indicators and then comparing that with what they publish in their departmental sections of the annual States of Jersey accounts, there is, shall we say, a gap.

**Mr I. Black:**

That is just work in progress and ...

**Deputy S.C. Ferguson:**

Paragraph 36, I think, refers to it in the report.

**Mr. B. Ogley:**

The C. and A.G. is absolutely right and, as Ian said, this is work in progress. Bear in mind where we are compared to where we were; we are long way forward. What we have actually got to do is to start publishing something and then making it better because only by publishing it will people be able to give exactly those kind of comments. But if you do not publish something, somebody else cannot tell you it does not mean anything to them. We are all professionals and we can get bound up in our own world and we say: "I will measure this, this and this," and you measure it and you publish it and everybody else says: "What the hell does that mean?" We have got to start somewhere.

**Mr. C. Swinson:**

But where we are at the moment is departments saying: "This is what we think we should be measured against."

**Mr. B. Ogley:**

I know. You are right.

**Mr. C. Swinson:**

They are not measuring themselves against it.

**Mr. I. Black:**

That has changed on both fronts. On the first front every department was asked to come up some performance measures over a year ago by Bill and one department's key performance measure was how much it spent on postage. There were ... Sorry, you are shaking your head.

**Mr. C. Swinson:**

What I am talking about are the performance indicators which have been included in business plans for a lot longer than a year.

**Mr. B. Ogley:**

You are absolutely right. We had to start from somewhere by getting people to write down what the performance was then we can start doing exactly what you have said, which is: "Well, you have said that is what your performance is, so what is it actually?" "Ah, we do not measure that." "Well, why the hell did you say it in the first place?" It comes back a little bit to where Martin was. Do we sit here and try and do it all centrally and give it to people and sort of beat them up and force them to do it or do we say: "No, the requirement is you will do this and you will start to define it and you will measure it and then I am going to come along and check that is what you are doing." We have had one or two interesting discussions like that.

**Mr. M. Magee:**

That was going to be my question ...

**Mr. I. Brown:**

Quality insurance as well, yes. We have done peer reviews on the corporate management board of each other's performance measures and we have got a central unit under Janet Marshall which also throws back at departments to say: "This just does not look to me like the sort of thing that we should be measuring."

**Mr. M. Magee:**

Not pre-empting results that might come out of the "setting the scene" initiatives but there are difficult initiatives in there. In terms of delivery of those, is the corporate board -- what is the philosophy? Do you have the ability to tell or ability to ask in terms of just how it will work with departments? Because I guess I gauge from things that Ian said before, it was much more of an asking culture and you were lucky if you got it at times, historically.

**Mr. I. Brown:**

It was, yes.

**Mr. M. Magee:**

I am just trying to get some comfort that there is a sea change towards more of an ability to tell.

**Mr. B. Ogley:**

Yes, there has been. There is no doubt about that. I always prefer the world where people agree to do something because then they are much more likely to do it willingly as opposed to being told. But, at the ultimate, if they do not then you tell them to do it. I do not have a problem at all about that. That is where we are now and I think the change to ministerial made that much more possible and the role that I inhabit is a role that nobody has inhabited in that sense before. I mean, politics can cut across that and a Minister can come in and say: "I will not do that," but they have got to now make that as an overt ministerial decision. So I will know about it, you will know about it, and then we can challenge it and do something about it, which we could not have done in the past. So what I cannot do (and it would not be appropriate) is override the political system because at the end of the day you have got the States and you have got Ministers. But I can hold every chief officer to account because I hold the performance line for every chief officer and they have to account to me and report to me. The management board is a vehicle for us to have those discussions and to hold each other to account again.

**Mr. I. Brown:**

The chief officers now report to Bill. They did not used to, so it has changed.

**Mr. M. Magee:**

Just a final one in terms of division of duties. Do you report to Bill, Ian?



**Mr. I. Brown:**

Yes.

**Mr. M. Magee:**

You do? Because I know in the law there are certain things said about the Treasurer being more independent. I just wondered how that worked in ...

**Mr. I. Brown:**

I am the Treasurer of the States and I have got a right to go directly to the States, so I can leap over not only Bill but over my Minister as well because I am representing the States' interests. But I cannot say - I cannot come anywhere near that.

**Deputy A. Breckon:**

There are a number of things in there. Can I just have a quick flick through there because as a non-accountant, when I look at some of these things, perhaps there is some conflict in some of the policies? For example, on the table of things, there is £237,000 reduction for grants paid to greenhouse growers and ...

**Mr. I. Brown:**

Have you got a reference number?

**Deputy A. Breckon:**

It is 162. I know that when there was an exit strategy for greenhouse growers, it was a 3-year plan and most of them took it in the first year. To say there is probably a reduction is probably not quite accurate. In there, at 157 (again Webb), it is pleasing to see if Webb has got a reduction then perhaps now it is up to washing its own face. Economic development again, 149: a reduction of on-Island festivals. I mean, what are we doing here? Are we not supposed to be promoting the air display. You might like to declare an interest here, flowers and bands and other sort of stuff. Again, 141: Webb's grant was reduced to £154,000 but surely this is Webb emerging as it was supposed to. So is it a saving or are they really emerging as they should have done? I think the Comptroller and Attorney General mentioned 137. The savings at the Met Office never happened because there was a staff saving of £172,000 that was not ... With Education, the demographics at 127, 128 and 129; I understand that that is people-weighted. So it is not a saving, it is what was previously agreed. There is about £850,000 there.

**Mr. I. Brown:**

I am just tracking you. Can we go through these one at a time?

**Deputy A. Breckon:**

I am just doing this because I am identifying something which is rolling up. Home Affairs, at 82 and 83, identify the police authority have saved 2 staff posts in 2005 and it is identified again there and it is nearly £200,000. The police authority is a sort of casual thing. I did not realise they had that many staff. There are things in there really ... and, again, rolling over, hospital car service. I mean, are we creating problems here? How are people coping if we are chopping stuff like that? Sports centres and community organisations, these conflict with some of the policies ...

**Mr. I. Brown:**

The first thing on the general, this was a political process. These are politicians making decisions about what politicians thought were important to the public, the taxpayers.

**Mr. B. Ogley:**

To be clear, this is not a list of efficiencies. This is a list of those F.S.R. cuts or re-allocation of funding or whatever. To 82: yes, there were 2 staff posts. They were taken out. The Met Office, interestingly, no; there was not a saving in the first year because there were a couple of redundancies. We have made all the staff savings in 2009. So all of the 6 posts that were to be cut out of the Met Office will have been taken out by 2009 as a result of people retiring. We could have replaced those folk. In fact, in the old world, those people would have been replaced; so we have been cutting back on the Met Office. Again, it is a political decision.

**Deputy A. Breckon:**

I had a few things. Again, just a final one I had, 51 about the reduced scrap metal subsidy. That is world markets. Whereas before they could not get rid of the stuff, now India and China cannot get enough of it. So although we are saying that we have reduced the subsidy by £350,000, actually world markets have overtaken that and the stuff has now gone away. The reason I have just run through that is because if we had some debate about this, about whether we have saved money or whether we have not, then I think ... Well, I do not think we have had the debate about this so those things as listed, to me, are not conclusive. They are the subject of more debate, I think.

**Mr. B. Ogley:**

Well, 51 is not world market. It is being produced to increase the user pays, the man that people pay when they register a car. To keep going back to it, the items in paragraph 43, the Comptroller and Attorney General has said: "And be clear, they are not efficiencies, they are not pretending to be efficiencies; they are F.S.R. political decisions." If I can just do this, Chairman, if you look at paragraph 42, in this report, as I understand it, it is saying they were political savings to reduce the cost of the States by £21.1 million. Of that, £10.4 million are actual real expenditure cuts; £3 million are States expenditure cuts (so it is money that is not being paid to other bodies to do so; so it is off the bottom line of States spending, it is not raised through taxation); £2 million is user pays (people are paying for it in a different way but it is still off the bottom line and it is not being raised from general taxation - political decision).

**Deputy S.C. Ferguson:**

But it gets hidden in the net revenue expenditure.

**Mr. B. Ogley:**

I do not dissent at all from this issue about net revenue, gross revenue ...

**Deputy S.C. Ferguson:**

You know, we have got four types of expenditure.

**Mr. B. Ogley:**

Yes, but the reality is the States was controlling net revenue expenditure because that is what they use to set the amount of tax they would have to raise. I think that is right. The States' concern was to not lose taxes they did not need to. So you have got all of those sums there and then you have got £4 million left and those are ...

**Deputy S.C. Ferguson:**

Why do you talk about it as ... Have I missed something?

**Mr. B. Ogley:**

This table says: "Out of the £20.1 million political decisions to reduce States spending, £16 million of it must rate savings which are either spending or more user pays." Then you go over the page, on mine to paragraph 43, and it says: "Of that remaining £4 million of political decision taking, £1.9 million of it is

not resulting from States activity.” I think that has also got the school demography in it. Actually, that was a States decision. You might say we had a funding formula and if the numbers go down, the money should go down. Absolutely right; so we took it out. But it is still money that does not have to therefore be raised from general taxation and difficult decisions had to be made. If you had the ...

**Mr. C. Swinson:**

What was the difficult decision?

**Mr. B. Ogley:**

Close St. Mark’s School. It was a tough decision.

**Mr. I. Black:**

It is the first time a school had been closed in decades.

**Mr. B. Ogley:**

That was to make that saving, because there were not enough ... If we did not take so much off each school ... Some of it did come out, but because the numbers were not enough to keep the schools running at the prepared formula, we closed the school. Well, that is a pretty tough choice.

**Deputy S.C. Ferguson:**

The schools were not too far away from each other. I mean, if you start talking about the parish schools then that will be a fairly political hot potato.

**Mr. I. Black:**

So declining pupil numbers does not automatically result in a saving in Education then.

**Mr. B. Ogley:**

But I do not dissent from what you are saying. It might be an easier decision to close St. Mark’s School than a parish school but actually a political decision is still taken to do something. I find it hard ... I am absolutely on the same page as the Comptroller and Attorney General but I find it hard to say that closing the school is not a political decision. It is. Others, yes, may follow. Then you have got another paragraph there: £540,000, cessation of ...

**Mr. C. Swinson:**

Could you confirm to me the saving there is not just the pupil cost?

**Mr. I. Black:**

The saving is full cost, so it is ...

**Mr. C. Swinson:**

So the saving there is not just the saving from closing the school?

**Mr. I. Black:**

Well, yes, you need to do that to get savings; because in the past we have had similar demographic reductions and, for better or worse, the current Minister for Education has argued that he could not find a saving because he would say: “Well, I have saved 2 pupils in this class and I have saved 2 pupils in that class; I still need a teacher in front of the class. Although pupil numbers have declined, I do not save a penny because I still need a teacher.”

**Mr. B. Ogley:**

Yes. But is the C. and A.G. not right that the actual net reduction in the line is the per pupil funding?

That is what the actual reduction in the budget is, total; but the way that Education achieve that was to close a school. So they did not necessarily cut ... That is my understanding.

**Mr. I. Black:**

You do need to do some restructuring to deliver the whole of the savings, not just that cost of running the building. You need to get savings in teachers as well by restructuring in order to keep your class sizes up at 27, 28 or whatever.

**Mr. C. Swinson:**

This will sound a rather arcane conversation for colleagues, my point is that the way in which Education works is it does reduce budgets for schools if the pupil numbers fall.

**Mr. B. Ogley:**

Yes.

**Mr. I. Black:**

Yes.

**Mr. C. Swinson:**

Even after the closure of St. Mark's, the building cost was not saved because that building is used by Education.

**Mr. B. Ogley:**

That is right.

**Mr. C. Swinson:**

It is still funded by Education.

**Mr. B. Ogley:**

Yes.

**Mr. C. Swinson:**

So that saving was not saved from the budget. The building saving was not achieved.

**Mr. B. Ogley:**

The building was not, and that is what I have said; the per unit. But, in order to make that per unit saving, Education closed St. Mark's School because if you just cut the per unit funding of all of the other schools you get to a point where the per pupil funding is not sufficient to keep the school running with the curriculum choice that is required.

**Mr. C. Swinson:**

I think that I would be slightly more persuaded by that point if there were not a very substantial number of unused school places left after the closure of St. Mark's.

**Mr. B. Ogley:**

I know. Therefore we should have had to close more schools.

**Mr. C. Swinson:**

But you have not.

**Mr. B. Ogley:**

No, we have not.

**Senator L. Norman:**

I think this is where people sometimes get very confused and a bit distressed. True, St. Mark's closed as a school. Yes, there were savings and that is absolutely clear. But the building (no longer a school) is still being used, taxpayers' money is still being spent on it, and all the things that are going on in there are being paid for by the taxpayers. So all that has happened, instead of paying for children to be educated in there, the taxpayers are paying for all the social things that are going on in there.

**Mr. I. Black:**

Because there was a political decision ...

**Senator L. Norman:**

I accept there was a political decision.

**Mr. I. Black:**

... to create the Children's Executive following the *Kathy Bull Report*. You would have incurred that expense anyway. The fact that you can utilise a redundant building, I know you are still spending money but it is still the same ...

**Senator L. Norman:**

This is the point. It is a saving in isolation but the building is still being used and taxpayer's money is still being spent on what is going on in it. It may be more or less.

**Mr. B. Ogley:**

That is what I said earlier. One of the reasons for creating a Property Holdings Department and bringing all the property together under a central point of administration is that in future you should not be able to just make that choice about that. We as a State should make that choice.

**Senator L. Norman:**

Bill, you were interrupted after an hour and a half or more from finally getting to talk about what you wanted to talk about, the £4 million. Do you want to carry on?

**Mr. M. Magee:**

The reality is I do not think we really want to get into detail because there is so much detail. There is this stuff in the back that Alan is alluding to, which I think it is recognised that half of these things ... well, not half; a number of these things were targeted but they have been delivered perhaps in a different fashion. Could be.

**Mr. B. Ogley:**

I do not think I would agree with that.

**Deputy S.C. Ferguson:**

I think there is a problem with definitions, is there not?

**Mr. B. Ogley:**

They have been delivered as targeted. The question is what do you define them as. That is why I keep coming back to that £4 million, because, out of the £35 million, I think it is the £4 million where there is not a disagreement. Because I agree entirely with the Comptroller and Attorney General in the way he has categorised them; the question is was it £4 million off the States' bottom line of spending that is raised from taxes? Yes. Therefore, taxes are lower by the equivalent of £4 million per annum as a result

of those decisions, and they were political decisions.

**Mr. M. Magee:**

I am not going to disagree, Bill. I think if there was time or inclination for Chris to spend months doing this, then I think you would be questioning a lot of these initial things.

**Mr. B. Ogley:**

It is not worth it.

**Mr. M. Magee:**

But there is not, so I am saying there is no point in getting into detail because I think it becomes point scoring and you would be ...

**Mr. B. Ogley:**

That is the point.

**Mr. M. Magee:**

Yes, Perhaps it is a misinterpretation from a definitional viewpoint that James has referred to. It is important going forward that there is £X million of savings that are identified, that there are no smoking mirrors with the delivery of that, that money to be reported on is delivered in the fashion that was expected rather than going through another route like user pays. It could be that that is maybe one of the conclusions that comes out but it has been done in a different way from perhaps initially thought about or initially targeted.

**Mr. B. Ogley:**

No. You go to the nub of it here because the point is (I come back to it) these were political decisions to reduce the bottom line by £20 million. What you have here in the detail are those political decisions that were made by the States. They were, in some cases, to introduce a user pays charge to raise that money. So it is not that a decision was made and it was delivered in a different way. No, that was the decision; that we will introduce a user pays charge, we will raise a fee income, it will reduce the bottom line, it will then go to taxpayers to fund. That was the political decision and it has been done. I am not going to say 100 per cent but very close to 100 per cent, what has been targeted has been done. Something like the Met Office has been done but it did take us 12 months longer because we would have had to end up paying redundancy to get rid of 2 people rather than wait for them to retire and it is cheaper to let them retire. So everything that was said to be done has been done. The question is, is introducing a charge a saving? That is the basis. So we have done what has been expected of us. That is the only reason I come back to it; because you are holding us to account for what we were told to do. We have done what we were told to do, we have reduced the bottom line by £35 million in the way we were asked to do it, and the only question, on some of these, is were they real savings or was the political decision ... and they were real savings of net revenue spend. They might not have been real savings if you were using a different measure, like gross spend.

**Mr. M. Magee:**

Okay, but if I took an example (and you have rightly excluded capital savings from this) but say that instead of a target of £5 million it was £10 million, I think that it is worthwhile if that was the case and that would be good because it is £5 million that is not expected. But when we are communicating that, we do not seem to take the credit for something that perhaps is driven by market forces, like property market; because you could view that depending on how the press release came out for that one. You could be taking quite a lot of credit for something that was, to an extent, out of your control as some of these initiatives are perhaps thought by Chris to be sort of external forces pushing up, revenue flows are pushing up. They would not need to do some things that perhaps were thought required in the first

place.

**Mr. C. Swinson:**

Where I come from is very close to that. As I think the report says, the fundamental spend in the political process, to get the bottom line, it has not always subsequently been described in that way. On some occasions, to put it no more strongly, it has been described in a very different way from the original intention. In that sense, the report is getting back to the way it was originally intended and described. It is also, I think, attempting to explain the consequences of that, which is that some of those reductions in net revenue expenditure are inherently sustainable, some of them may not be; and the demographic factors are of that sort because they may reverse. The Island may start breeding more quickly. I could not speculate on the implications of that. There was no political decision that the chief officers should go and breed. In terms of the efficiency savings, I think I am a little distant from them, partly because in some departments the change in behaviours that Bill is describing has not quite happened in the way that I am sure he originally hoped. In those areas I think the effects are not quite perhaps in line with what you might have hoped to achieve by this point.

**Mr. B. Ogley:**

No, I agree with you.

**Mr. C. Swinson:**

I would be the person who says that in most of the corporate savings areas there is significant achievement which has been driven, monitored and recorded. That should be celebrated frankly because that is an important condition of further cultural change in the States, I would say. In one of those corporate areas, Property, I think it is not true to say that chief officers have gone and done what they were told to go and do because the original estimate of the time that would be required to do it was unrealistic probably.

**Mr. B. Ogley:**

Exactly. Yes, I am with you.

**Mr. C. Swinson:**

Although the savings which were targeted have been achieved, I think they have not been in practice achieved in the way it was originally forecast or intended. I think there is room to say that the way in which they have been achieved in fact increases the problems for tomorrow or the day after or whenever, in the sense of increasing the backdrop and maintenance spend rather than the reverse. I think one needs to be open-eyed about the consequences of that. Where one gets to as a result of all of this, I think, is shown in one "setting the scene" paper, which I think tries to say that there has been significant achievement in constraining the growth of public expenditure; which, again, should be recognised. There are some rough edges, which I have tried to describe fairly, about the ways in which that has been achieved. Again, one needs to be open-eyed about that. I would be the person who says, having looked at all of this over some time now and argued about some of the lines in greater detail, that the road is getting harder for savings because the low-hanging fruit, if guys have been doing the job, have been picked. It is not the moment to snap under pressure on that because doubtless there is still more to be done but the outfit is on a road and we are travelling.

**Mr. B. Ogley:**

For the record, I entirely agree with that. I do not dissent from that one little bit. I think all it says to me is we have to be held to account to try harder rather than give us the money back, but the temptation is always to give the money back.

**Deputy S.C. Ferguson:**

I think also if you could just make it a bit easier for Joe Public to understand. You know, give it to a States Member first to look at.

**Mr. M. Magee:**

Can I ask one final question and just go over the timeframe with regards to employee numbers, just where it started out from and where we are now, because I think to most people in the street that is a gauge and a barometer of efficiencies or cost cutting. I do not always find it easy to find statistics on employee numbers.

**Mr. I. Black:**

We have got the statistics. We have put them in the public domain. We are happy to share with you States manpower has been growing in recent years by smallish amounts. When you look where it has gone, it has gone almost entirely to front-line services, in particular health. If you want my pick for the future, dealing with an ageing population, increased expectation for health care (health staffing is almost certainly a political decision) is going to carry on growing. As a result of that (this might be the wrong political decision) public sector manpower, trying to keep it at current levels is probably unsustainable unless you significantly cut other services. But we have got the figures and what we have also got is comparators which show that Jersey public sector manpower, that is essentially the workforce, is far lower than the Isle of Man, is lower than Guernsey and is far lower than Gibraltar.

**Mr. M. Magee:**

Is it possible just to split just between that front line and back office because I think that is the one that is ...

**Mr. I. Black:**

Yes, we have done that. This is one that was provided to the *J.E.P.* They decided not to make a big thing of it because it did not confirm their prejudices.

**Male Speaker:**

In your view.

**Mr. C. Swinson:**

Be very careful about the distinction between front line and ...

**Mr. M. Magee:**

I know it is very tricky.

**Mr. C. Swinson:**

For example, the organisation of Jersey's foreign policy may not be a front line service in the sense you have not got a member of the public on the streets as the recipient of the service, but it is a fundamental service provision of the States without which the Island's future would be more at risk than it would otherwise be.

**Mr. M. Magee:**

I understand. It is more the growth rather than the absolute numbers.

**Mr. I. Black:**

We can provide the numbers and show the growth. The one I always say to be careful on is to try and keep things simple in Jersey we try to consolidate the number of pay groups. We have got lots of people now called "civil servants" who you will think are people like me, who are not civil servants at all.



**Mr. C. Swinson:**  
Speech therapists.

**Mr. I. Black:**

All the physiotherapists in health, they are all civil servants; so you say, "Oh, there was another growth in civil servants." In fact it was a growth in physiotherapists. But we have done that analysis as well, so we can show true front line people as opposed to back office staff and, yes, we got the information from P.A.H.R. (Payroll and Human Resources).

**Mr. B. Ogley:**

There is one small health warning. We had best be honest about this. We have got those numbers to the best of our ability. It has to be said that until we put together the H.R. service we were reliant on every department recording sometimes manually. It is only literally this month that we implemented the fully integrated payroll and H.R. system where, to be quite honest, I sit here without any real confidence in the numbers we produce. I think we do have to be honest about that. In terms of absence and that, it was lucky if some -- not lucky, sorry I use the wrong phrase, but the degree of rigour in the way in which people's attendance was necessarily recorded would have been extremely rigorous in some places, because you are in a total job cost system, and which was really quite flabby in others. I think it is literally only from this month where we start having numbers that we can have total confidence in and say now we do actually know what is going on, who is employed. I fully expect, not that there is going to be big growth in head count, but that when we see the numbers out of the payroll/H.R. system we will find there are a lot more people than we have reported in the past.

**Mr. I. Black:**

That could well be the case. It may be the absolutes are wrong but I think the trends are probably right.

**Deputy S.C. Ferguson:**

We have been promised that though since 2004, I think, was it, James?

**Mr. B. Ogley:**

You have been promised it, that is right.

**Deputy S.C. Ferguson:**

Yes, we kept asking about it. Yes, we are going to have this wonderful system; so we shall await with interest.

**Mr. B. Ogley:**

What month does it go ...

**Mr I. Black:**

April, I think.

**Mr. B. Ogley:**

There was one of these wonderful things done, a bit like J.D. (J.D. Edwards financial system) when it was very first introduced and is now not working in this way, to introduce one I.T. (information technology) system for the States to record manpower. Yes, there was, but actually there were at least 15 different systems using the same technology. Now we have actually got -- and it is one of the things centralising all the finance processing and the H.R. There will be one system which drives both payroll and H.R. and we really will get a handle on this.

**Deputy S.C. Ferguson:**

Right, any more questions?

**Deputy A. Breckon:**

I am just wondering where the bug is in this room because we were discussing that earlier, because the employment thing ... we have to revisit because we have had somebody sitting there who said: "I am not long in post," and that is something I am looking at. I am not satisfied with the reporting and things across the system. So it is something that we are coming back to. You have pre-empted the strike there; so, as I say, your intelligence is well founded there.

**Mr. B. Ogley:**

It is just honesty is the best policy sometimes.

**Deputy S.C. Ferguson:**

In this village everything goes round twice as fast. James?

**The Deputy of St. Ouen:**

Just a thought; obviously in light of the Comptroller and Auditor General's report and the definitions and categories that he used, are you aiming to restate the claimed efficiencies or amend them so that it is clearer for the public to identify?

**Mr. B. Ogley:**

I was not intending to because I think it has been clear to the public. I come back to my one bit of ... *J.E.P.*: "Spending: States have saved £35 million. Efficiency drive: £15 million [now they have called it service cuts] £20 million." I think, to be quite honest, they have been following your report and the argument about the £4 million.

**Deputy S.C. Ferguson:**

We decided you had spent all weekend printing it. Sorry.

**Mr. B. Ogley:**

I think I am being harassed. [Laughter]

**Male Speaker:**

Is it dated tomorrow, that *J.E.P.*?

**Mr. C. Swinson:**

You can say it satisfied the description because it is what the Comptroller and Auditor General has used.

**Mr. B. Ogley:**

Apart from the £4 million, yes, and as the Comptroller and Auditor General then described it all, I was very satisfied with it.

**Deputy S.C. Ferguson:**

I do not think there is anything else. Thank you very much for all of your time, gentlemen. We will allow you to review the transcripts in due course for, I suppose, correction of any mis-typings and we will, in due course, be preparing a report.

**Mr. B. Ogley:**

Thank you.