

**WRITTEN QUESTION TO THE CHIEF MINISTER  
BY DEPUTY M.B. ANDREWS OF ST. HELIER NORTH  
QUESTION SUBMITTED ON MONDAY 27th MARCH 2023  
ANSWER TO BE TABLED ON MONDAY 3rd APRIL 2023**

**Question**

Will the Chief Minister advise what work, if any, has been undertaken to ensure technical efficiencies are prioritised across this term of office; and, if none, whether any such work is planned?

**Answer**

As set out in the Government programme 2023-2026, the Council of Ministers (COM) has committed to improving Value for Money (VFM) across the Government during their term of office. The previous Government's Efficiency and Rebalancing plan had set a cashable savings target with a remaining value of £40 million over the 2-year period, 2023 and 2024. However, based on the information available to us at that time, we agreed a different approach was needed.

There are numerous definitions for "efficiencies". *Technical efficiency* in a governmental context is being able to spend less to achieve the same or greater outputs, or spend the same but achieve more. Examples include carrying out activities faster, with fewer resources, or to a higher standard without additional resources.

The COM expect all departments to drive improvements in VFM each year and to have some clear ambitions and targets in their plans. In order to provide departments with more feasible and manageable cashable savings targets for 2023, it was decided during the government plan process to "bank" a proportion of the central non-pay provision, some £7m, thus leaving £3m of the £10m target for departments to incorporate into their operational and budgetary planning.

Furthermore, it was decided that it was important to have a few selected priorities in 2023 to both drive forward and provide support to areas that we perceived were significant issues for the organisation and important to the Island. These areas of focus, described in the table below, are underway and in progress in 2023.

It is planned that the focus of the VFM reviews and support will change each year such that, over the period of our term of office, all Departments, and key areas of spend or income will be explored to ensure demonstrable improvements in VFM are achieved.

**Priority and Focus for 2023**

Purpose	Theme/ focus
<b>Grip &amp; control – driving tighter spend control, validation and spend restraint</b>	Consultancy spend. Contingent labour (interims, agency, locums)  Greater challenge through the SEB (States Employment Board) review process, and a more detailed check and challenge review to commence, led by central team.

<p><b>Increase VFM – including price economy, output and impact through better planning, commissioning, and procurement</b></p>	<p><b>Priority Departments in 2023:</b></p> <p><b><u>HCS (Health and Community Services)</u></b></p> <p>Procurement plan has been developed with the support of T&amp;E (Treasury &amp; Exchequer) (Commercial Services) following detailed analysis of prior year expenditure which has enabled the team to identify opportunities under 3 categories of third-party expenditure: <i>Products &amp; Equipment, Commissioned Services, Contingent Labour</i></p> <p>The plan seeks to deliver opportunities to achieve improvements in one or a combination of price (unit cost) and/or cost-effectiveness (e.g., supply chain resilience or consistency) or increased benefit (better outcomes).</p> <p>Specific examples of work under development include: L&amp;D services framework, Mental Health provider Framework, Palliative care review, Anaesthesia equipment, Locum and agency contracts, Special Care Baby Unit, Free Period products, focus on mitigating supply chain fragilities.</p> <p>In addition, following the projected outturn position in 2022 and the additional budget agreed in-year to support the Department, the HCS Chief Officer was asked to put a financial recovery plan in place for 2023. The Change Team and T&amp;E are supporting the Executive team to establish and implement the plan. In addition to the non-pay review and plan described above, the FRP will consider the following savings opportunities:</p> <ul style="list-style-type: none"> <li>• Tactical – aimed at immediately bringing down the budget overspend.</li> <li>• Operational – Productivity and Efficiency improvement, and income protection or maximisation.</li> <li>• Strategic – Clinical strategy, identification of any underlying structural deficit and drivers of the deficit</li> </ul> <p><b>Scope of opportunity non-pay spend (2019-2021):</b> £106m-£172m including projects.</p> <p><b>Supplier engagement:</b> Circa 2,000 suppliers</p> <p><b><u>Infrastructure &amp; Environment</u></b></p> <p>T&amp;E (Commercial services) have been working with I&amp;E to provide Category-spend analysis and insights to scope non-pay spend opportunities for the department. Development of Market analysis and intelligence to provide improved insights about</p>

providers on island. Development of benchmarking measures. Improving such data, analysis and insight will help the department to better plan their procurement activity over the short and medium terms, to optimise the ratio of spend to outputs and outcomes. This increasing important in an economic climate that is increasingly volatile.

**Scoping the opportunity (through non pay spend analysis):**  
£340m over a 3-year period (2019-2021):

- Capital and Infrastructure represent approx. 35% of overall influenceable spend.
- I&E are the highest spending department within the spend category (£177m), with a spend of approx. 6 times more than the next highest spending department (HCS £28m) within this category.
- Construction and Engineering is the highest spending subcategory by approx. £75m.
- FM and Maintenance has the highest volume of suppliers.
- Design Services has the highest volume of invoices.

**Categories:** Waste, plant and equipment, FM and Maintenance, Real estate, Material, construction, engineering, design services

**Number of Procurement events in 2022 in IHE: 305**

**Supplier engagement:** circa 3,700 and 40,000 invoices

**Specific procurement opportunities** in development/ progress include: Bus Contract, Facilities Management and Grounds Maintenance, Air particulate control Residue (APCR) export, Estate condition Surveys, Solid waste control.

**M&D (Modernisation & Digital) (applications and Licences)**

Consolidation of digital teams from across Government into M&D in 2021-22 has highlight not only the plethora of software applications, licences, and consequent whole life costs incurred. Under a decentralised model the number of known applications increased between 2019 and 2022 from 400-900. While some applications appear to be free, there is a lack of appreciation for the hidden costs of support, risk, as well as the incidence of duplication, over licensing and in some cases under-licensing, the latter of which can put the organisation at risk of litigation (thus cost and reputation implications).

A centralised model will allow control in the future and over the next 3-4 years, licences and applications will be reviewed with a view to removing unnecessary cost and risk from the

	<p>organisation. This will need to be conducted in a measured and phased way to ensure that operations and service delivery and not affected or put at risk.</p> <p><b>Spend analysis:</b> circa £13m spent on Licencing, telephony and applications in 2022 of which circa £6m on Licencing.</p> <p><b>No. of applications:</b> circa 900</p>
<p>Deliver major construction projects to time and on budget</p>	<ul style="list-style-type: none"> <li>• Embedding CPMO (Corporate Portfolio Management Office) framework and inclusion within Public Finance Manual</li> <li>• Training offers increased – e.g., New Financial Training for Project managers, Foundational Training for Project Managers and Programmes, Foundational training for SROs (Senior Responsible Officer), Prince 2, Agile training etc.</li> <li>• Improved Planning and decision making – e.g., additional gateways to access funding, such as “feasibility” as a defined gateway with separate funding before projects are approved and mobilised.</li> <li>• Improved visibility of Change portfolio – help to make decisions and changes.</li> <li>• Increased challenge in the reporting and monitoring process</li> <li>• Track/ confirm benefits and savings realisation – New Corporate Benefits Register is in pilot in 2023.</li> </ul>