

2018.11.06

16 Deputy G.P. Southern of the Chief Minister regarding his proposals to deliver savings in productivity improvements and vacancy management: [OQ.179/2018]

Following the answer given by his Assistant Minister to Oral Question 161/2018, when he understood that Members would see the measures proposed to save £30 million through productivity improvements and vacancy management before the 2019 Budget, will the Chief Minister publish his proposals today to allow detailed study by Members before the scheduled debate and, if not, why not; and will he explain how those savings measures are sustainable?

Senator J.A.N. Le Fondré (The Chief Minister):

As outlined in the response to the written question on the subject, which is 238/2018, proposals for 2019 will be available before the end of the year in the Transition Report and that will be based on the work that has been taking place to transform the public sector, which is around delivering productivity improvements, supporting investment in the common priorities, and that will have to be done within the expenditure limits approved by the previous Assembly for 2019.

4.16.1 Deputy G.P. Southern:

In other words, if I may, we will not be aware of how these cuts are to be delivered, whether they are sustainable or not, or any detail in fact of the plans going forward, until after the Budget has been voted on. Does the Chief Minister not consider this is a lamentable state of affairs?

Senator J.A.N. Le Fondré:

Sorry, I was very tempted to give a very concise response, which is no. So the issue is that the deficit that we are trying to address is in 2020, therefore it is during 2019 that we need to get the measures in place. It is not for the beginning of 2019 and that is the crucial thing. The measures that policy will be talking about is about responsible vacancy management, but it is also things like - which are referred to in the question - improvements in contract management, stronger emphasis of back office, buying things together, doing things once, things like customer services, avoiding excessive costs though we have quite a dispersed asset base; these are all the kind of first line of attack for what we are trying to do. Therefore I do believe they are sustainable.

4.16.2 Deputy G.P. Southern:

Second supplementary: has the Chief Minister paid sufficient attention to the response outlined by the Minister for Health and Social Services that all of the 300-plus jobs that he was aware of were front line essential services being delivered. Does that not knock into a cocked hat his estimate that he can produce £24 million, £30 million or £40 million of savings without affecting directly front line services? Is it not a fact that he cannot issue any assurances on not affecting front line services?

Senator J.A.N. Le Fondré:

Sorry, again I am very tempted just to say no, it does not knock it into a cocked hat.

4.16.3 Deputy R.J. Ward:

Can I ask - given the 639 vacancies that were also identified in another written question - your priority for a loss of some of those vacancies, would it be healthcare workers, teachers, nurses? I have asked this question of your Assistant Minister and there seemed to be no clarity in the answer there.

Senator J.A.N. Le Fondré:

I should apologise to Deputy Southern because I was answering his question as he worded it. The point is that at this stage we know that there is an issue in 2020, we know we have to address it, and one of the measures that is going to take place, it is not the only measure, will be about responsible vacancy management. At this stage it was a modelling exercise that was done that identified it is slightly more than £30 million from recollection and that then gives us confidence that we can achieve it. Now, put it into context, firstly, as was previously identified, and as Deputy Southern is aware, this is consistent with the findings of the Corporate Service Scrutiny Panel I think 2 years ago of the 2016 M.T.F.P., which Deputy Southern and certain others all voted for. So that is why I am comfortable with the principle and basically it is something that we have been carrying for a very long time, we have been carrying vacancy rates of around 12 per cent. That is way too high and therefore that implies therefore it is basic cash management issues; there are savings that come out of that. But there are other measures in there, so it is not just vacancy management. I think that is where the details will be brought together at a higher level than the Transition Plan and they will be worked on through the Government Plan in 2019. I hope that helps clarify matters.

4.16.4 Deputy R.J. Ward:

Is it not the case that what we cannot afford is to put £50 million into a Contingency Fund at a time when we have a serious need within our public services to, not only maintain, but to build the services that this Island needs?

Senator J.A.N. Le Fondré:

Firstly, we are not spending the money, do not forget, the money is still available if it was needed. Secondly, the advice from the F.P.P. (Fiscal Policy Panel) is to rebuild the Stabilisation Fund and it obviously is a reprioritisation, if the Assembly agrees, from a previous decision to put it into the Strategic Reserve, which locks it down far more. But do not forget, there is no magic money tree in this thing. We have to make sure we can deal with recurring savings rather than just applying one-off lumps of money to solving a recurring issue. I think that is the fundamental principle we have to understand.

[11:30]

4.16.5 Deputy G.P. Southern:

Yes, and I do wish the Chief Minister would stop reminding me of a mistake I made voting for that right-wing solution to our problems. But now it has become clear I am directly opposed to those moves, and it may have escaped the Chief Minister's notice that last week I asked his Assistant Minister what alternatives he had to vacancy management in order to achieve his aims of saving £30 million to £40 million and he did not have an answer. Does the Chief Minister know what the alternatives to mere vacancy management are in delivering his goals?

Senator J.A.N. Le Fondré:

Am I allowed to say: "Yes, I do"? Sorry, I am pulling Deputy Southern's leg slightly. Yes, there are some alternatives and, for example, we are aware that one of the pressures on the £30 million is arising from the £15 million increase in the supplementation grant that will take place in 2020. One easy solution there is to do exactly what the previous Council of Ministers did, which is essentially put it off against capital receipts effectively rather than as a revenue item. So what I am trying to say is, so when one brings these things together, it is all around making sure that the deficit in 2020 is sorted out on a sustainable basis. My personal view - and I know we have had that discussion - it will be a longer piece of work. The issue around supplementation is a short-term fix, but there is a medium-term fix we have to put in place. But as a short-term fix that would, for example, partially

solve the problem, as I said, coupled with, as part of the picture, responsible vacancy management but also the other efficiency measures we have to put in place. I am sure the Deputy will be asking me further questions in questions without notice.

Deputy G.P. Southern:

If I may, will the Minister at least give a list of the measures he has under consideration apart from...

The Bailiff:

You have had your final supplementary.