

STATES OF JERSEY



THE STATES AS SHAREHOLDER – FOLLOW-UP (R.25/2019) – EXECUTIVE RESPONSE WITH COMMENTS OF THE PUBLIC ACCOUNTS COMMITTEE

**Presented to the States on 23rd May 2019
by the Public Accounts Committee**

STATES GREFFE

FOREWORD

In accordance with paragraphs 64–66 of P.56/2018, the [Code of Practice](#) for Engagement between ‘Scrutiny Panels and the Public Accounts Committee’ and ‘the Executive’ (as derived from the [Proceedings Code of Practice](#)), the Public Accounts Committee presents the Executive Response to the Comptroller and Auditor General’s (“C&AG”) Report on ‘The States as Shareholder – Follow-up’ ([R.25/2019](#), presented to the States on 14th March 2019).

Comments of the Public Accounts Committee

1. In her report and follow-up report on the States as Shareholder, the C&AG recommended that the Executive access sector expertise to address the disparity in its own expertise and that of the companies controlled by it. Such sector expertise, if independent from that of the companies controlled by the Executive, would assist in the expert appraisal by the Executive of the advice of consultants to which it refers in its response. The Committee is concerned to note the Treasury and Exchequer’s apparent tardiness in appointing independent expertise to advise on the operations of the various companies.
2. The Committee is also concerned to learn that the rationale for ownership of several companies is still not clear. The Executive has not specified when it will articulate whether (and why) it should continue to hold its investments in all 7 companies controlled by it. The Public Accounts Committee makes no judgment as to whether the States controlling these companies is right or wrong, simply that the reasons for retaining or disposing of the companies should be laid out clearly.
3. The Committee was also disappointed to note the slow progress in updating the Memoranda of Understanding (“MoUs”) between the States and the companies. It considers this to be crucial, especially as the risks of all the wholly-owned States subsidiaries are carried by the States and, therefore, ultimately by the taxpayer. The timetable offered by the Executive for revising its MoUs with such companies before the end of the year will require clarity on the position, as well as the identification of the Government’s risk appetite.
4. The Committee is concerned that the Executive does not contemplate completing a review of the effectiveness of new arrangements for oversight of controlled companies until the end of 2020. In view of the risks and waste of public funds that can arise from the failure of the Executive to oversee its investments effectively, the PAC wishes to see the Executive accessing expertise and implementing improved oversight of controlled companies as soon as possible.
5. The PAC will be holding hearings with relevant senior officers in due course.

Senator S.C. Ferguson
Chairman, Public Accounts Committee

REPORT TO THE PUBLIC ACCOUNTS COMMITTEE

Comptroller and Auditor General (“C&AG”) Report title:	The States as Shareholder – Follow-up
Report number:	R.25/2019

Response of the Director General of the Treasury and Exchequer

1. INTRODUCTION

On 24th July 2014 the C&AG published a report entitled “The States as Shareholder: Jersey Telecom” ([R.109/2014](#)). The review reported on the adequacy of the Government’s governance arrangements to discharge its responsibilities as shareholder, and made recommendations for improvement.

The C&AG has now followed up the 2014 review to evaluate the progress made in implementing the original recommendations, and the effectiveness of the design and operation of the current governance arrangements for the Government as shareholder. The follow-up review focussed on the Government’s role as the sole shareholder in Jersey Telecom (“JT”) and was extended to include Ports of Jersey Limited (“PoJ”).

This document provides the Director General (“DG”) of the Treasury and Exchequer’s (“T&E”) response to the review’s recommendations. At the same time as the follow-up review, T&E were already engaged with consultants to consider changes to the Memorandum of Understanding (“MoU”), and other policy work had already been completed for the telecoms sector by the Digital Policy Unit. This consultancy work and policy development is recognised in the C&AG’s review. The output of the consultancy review has demonstrated a clear need for a ‘One Government’ approach to completion of the C&AG’s recommendations; particularly in relation to the development of sectoral policy, ownership objectives and Key Performance Indicators for Government-owned entities. This requirement is clearly acknowledged in the C&AG’s review.

In preparation of this response the DG has consulted with the other Departments responsible for the delivery of sectoral policy and the monitoring of JT and PoJ. Implementing the Target Operating Model (“TOM”) is a priority for Government in 2019, this will develop a new way of working across Departments to deliver the partnership model which aims to ensure that the relationships with Arm’s Length Organisations (“ALO”) maximise long-term economic contribution, rather than a narrower view of short-term financial return.

T&E will be working closely with the Group Director of Economy and Partnerships, as well as the Group Director for Financial Services and the Digital Economy, engendering a corporate approach to integrated policy development, rather than each Department restricting themselves to their core functions.

The C&AG makes comments as to the relative slow speed of implementation since her 2014 report, reflecting in part that T&E cannot move forward with its objectives without progression of policy in respect of each of the economic sectors in which the ALO operate.

The speed of direction is genuinely regretted; however, the T&E takes recommendations and reports of the C&AG seriously, and welcomes the considerable value and contribution in the reviews and reports of the C&AG.

The speed of interaction principally reflects 2 factors –

- As recognised by the C&AG, additional resources have been deployed into the shareholder unit; however, these additional resources have faced a number of competing priorities. The new TOM developed for T&E recognises that further dedicated resources are required that will be focussed on shareholder matters, creating the opportunity to move forward with responding to the recommendations more quickly.
- A sequential approach was adopted, which seemed at the time to be the most effective way of proceeding. Once assessing the bid made to purchase a minority holding in JT had been completed, the approach adopted was firstly to agree and put in place resources to enable the development of a Telecoms Sector Strategy for the Island. The intent was that once this work had been completed and an associated action plan developed, then work could proceed to review the objectives of ownership and, following this, a review of the MoU, including both policy and financial KPIs. As highlighted in the C&AG report, work has now been commissioned to take forward the ownership objectives and review of the MoUs.

Whilst this sequential approach is reasonable and appeared logical, in hindsight the time this has taken from initiation to completion suggests that it would have made more sense to have reviewed the MoU in relation to financial and corporate governance matters whilst the Telecoms Sector Strategy was developed.

2. SUMMARY OF THE MAIN FINDINGS

The C&AG concluded that of the 11 recommendations made in her 2014 review: 2 have been implemented, 4 have been partially implemented, and 5 have not been implemented (although one of these is dependent on another). Below is a summary of the findings from the follow-up review, and concluding comments are at the end of each section of those findings.

Implemented

- The C&AG notes that full financial statements for JT (and all Government-owned entities) are laid before the States Assembly and made publicly available.
- The C&AG acknowledges recent correspondence between the shareholder and the wholly-owned companies reminding them of the requirement to seek Ministerial approval for remuneration of directors and the extension of that requirement to subsidiary companies.

Public accountability for the Government-owned entities is a matter of great importance, and this goes beyond the requirement to simply publish annual accounts. As part of the actions detailed below, we will be adopting a consistent model of best practice across the Government's portfolio, with greater transparency in specific areas of reporting.

Partially implemented

- Since the 2014 report was issued, there has been a focus on the ownership objectives for PoJ through the incorporation process, and ownership objectives for JT were considered in the context of a potential sale.
- Resources have been reconsidered and the shareholder function has been strengthened, it is too early to evaluate the effectiveness of the new Target Operating Model which includes a client-side partnership function within the Department for Growth, Housing and the Environment.
- For the Ports of Jersey the Memorandum of Understanding was strengthened to require the shareholder to lay all sales of property transferred to PoJ on incorporation for a period of 15 days to allow any States Member to review the sale prior to it being agreed. Specific rules governing infrastructure assets have not been implemented for JT.
- The C&AG acknowledges that meetings with JT take place on a regular basis, and there is a good level of engagement between JT and the shareholder. This is similar across all wholly-owned entities where meetings are scheduled at a minimum of every 3 months, and every 6 months at the majority owned companies.

Some of the recommendations made in the original 2014 review were used to shape the incorporation of PoJ, and this is reflected in the C&AG's findings. Furthermore, the shareholder informed the Board Chairmen in November 2017 that it was intending to adopt a more rigorous and consistent approach to meetings.

The implementation of the new Target Operating Model and the 'One Government' approach to implementing the recommendations will be dealt with later in this response.

Not implemented

- A periodic review of the Government ownership objectives can only be implemented when the ownership objectives are fully formulated – this is acknowledged by the C&AG.
- Key Performance Indicators ("KPI") linked to ownership objectives can only be developed once the ownership objectives are fully formulated – at present the shareholder focuses predominantly on the financial objectives of each company. The Government considers financial performance as an area which should receive significant focus, but acknowledges the need for wider KPI.

- Specific objectives for the Government’s risk appetite as shareholder and associated Key Performance Indicators still need to be developed. Risk registers are discussed with each company at the regular meetings, but there is no specific KPI reflecting risk appetite.
- A thorough review of the Memorandum of Understanding has not been completed, but the scope for the consultancy review of the shareholder governance arrangements commissioned in November 2018 included an assessment of the MoU.
- A clear definition of proposed transactions that require consent is still to be established, this will be addressed through the output of the consultancy review.

3. FACTORS THAT CONTRIBUTED TO THE FINDINGS

As the C&AG acknowledges in her review, successful implementation of her original recommendations will require effective working between the shareholder function in the Treasury and Exchequer and other Departments responsible for policy development. This message is echoed in the report received from the consultancy review that commenced in November 2018, and reflects the partnership approach that we know already exists elsewhere, e.g. between H.M. Treasury and other UK Government departments. This re-inforces the need to take a holistic approach to implementing all the outstanding recommendations.

The new TOM introduces a model of partnership liaison to supplement the Shareholding activity, and whilst this is still to be fully established, the proposals are anticipated to provide more effective arrangements for both the shareholder and the client-side partnership function.

Shortly after the original 2014 C&AG review was completed, the original Head of Shareholder Relations (and Treasurer) left the Government, thus requiring new appointments to be made and brought up to speed with the findings. Thereafter a number of specific projects had to be undertaken, some of which had a link to the 2014 review (*). These projects utilised resources which would otherwise have been directed at implementing the recommendations of the review. These projects included –

- Project Dahlia (a review of a potential sale of JT)*
- Andium Homes incorporation – completion of process
- Incorporation of Ports of Jersey Limited*
- Development of a Shareholding Advisory Panel*
- Development and repeated revisiting of proposals for the financing of the new Hospital.

The agreed allocation of further additional resource to the Shareholder function through changes to the Treasury and Exchequer organisational structure will provide more time to focus on strategic matters, such as policy development and the implementation of review recommendations.

4. OUTLINE OF ACTIONS ALREADY TAKEN

Through the 'Implemented' and 'Partially Implemented' evaluations, the C&AG recognises the work already undertaken to address the findings of the original 2014 review. In addition, in January 2018 the Government of Jersey, through the Digital & Telecoms Policy Unit within the Chief Minister's Department, published "A telecoms strategy for Jersey". This strategy provides clear policy recommendations against which ownership objectives for JT will be established on a cross-government basis.

The C&AG also alludes to the consultancy review that was commissioned by the shareholder function in November 2018 and is now complete. The scope of this review was to undertake –

- A thorough review of the MoU for JT and Jersey Post, as to their fitness for purpose, in order to establish a robust framework/governance structure for the Minister for Treasury and Resources and the Shareholder Function, to fulfil its shareholder role on behalf of the Government.
- To work with the shareholder to establish and define the Government risk appetite (and associated dividend policy) for each of the businesses, and to provide a framework for how this will be reviewed on a regular and appropriate basis.
- Key Performance Indicators for each of the companies to be developed and recommended that are relevant and appropriate to the businesses, their future strategies, and the objectives of the Government as owner and the Minister as shareholder.
- Following the reviews of the MoU, appropriate recommendations to be provided for improvements to be made to each, to reflect the complexities of the businesses, the principles of best corporate governance, and the aim to operate as an intelligent and informed shareholder.

The output of this review has been received, and some of the high-level findings have been referenced in this response. Greater details of future activity are shown in section 5.

5. DEPARTMENT PLANS FOR REMEDIAL ACTION

As mentioned in the C&AG's review, the Treasury and Exchequer engaged in a consultancy review in November 2018 which is now complete, and the final report has been provided. This review concludes with 26 recommendations for consideration that are designed to help to address the implementation of the C&AG's previous findings and those from the follow-up report.

In summary, the consultancy review recommends that the Government consider the Memorandum of Understanding as a 'framework document' that clarifies the overall governance for Government-owned entities ("GOE") and provides clarification on their roles and responsibilities. Policy documents for each GOE are expected to be part of delivery, and should be identified and referenced within the MoU to clarify what is in scope for each entity.

The new MoU is likely to contain a broad list of areas which the Government as a whole will expect to see reflected through KPI. These should include Government policy objectives (both delivery and support), being a role model corporate entity, asset efficiency, compliance with and timeliness of reporting and regulatory requirements. A process for KPI setting will be formalised, and monitoring will be included as part of a strengthened Strategic Business Plan agreement. These principles will guide the development of the new MoU and the subsequent internal resourcing requirements to achieve delivery.

KPI covering the delivery of Government policy should be included in the MoU's list of KPI areas, with the relevant policy owner and the Partnership team being involved with the GOE in setting and monitoring the KPIs and managing performance against them. Through this monitoring, the shareholder function will have an overview of each GOE's performance. This reflects the new Target Operating Model and the need for a more joined-up 'One Government' approach to the Government relationships with each GOE.

The MoU should include a requirement that, as part of its business activities, there is an expectation that each GOE co-operates with Government-led initiatives aimed at delivering policy objectives (e.g. Common Strategic Policy). Consideration will need to be given to the impact on each company's business, but KPI can again be utilised to support and monitor delivery.

In the new MoU, the shareholder function should mainly be directly responsible for the setting-out of governance requirements relating to areas of disclosure in respect of certain policies, such as diversity and inclusion, Environmental Social and Governance, corporate role-modelling and remuneration. Policy setting will be managed, monitored and communicated through the Strategic Business Plan and other regular reports.

The new MoU should address the issue of approval rights for the Government in relation to certain decisions that will relate to a number of areas including, but not limited to, asset acquisitions and disposals, debt funding and changes to company structures. Consideration will be given as to whether this is better monitored against specific KPI or through the Strategic Business Plan process.

Whilst not specifically raised by the C&AG, consideration will be given to formalising a dividend policy for each GOE. Historically, a primary objective of ownership for the Government has been the financial return to the shareholder in the form of an annual dividend. Recognising that the dividend policy will need to reflect the needs of each GOE, the Government should give consideration as to whether it would prefer to raise the annual dividend percentage with the intention of increasing reserves for future investment, or lowering the dividend percentage to assist with policy delivery through direct investment by each GOE.

The consultancy review has identified some potential KPI areas and next steps for establishment that will be given careful consideration across Government. For simplicity, these recommendations are replicated below. As KPI may change over time they will not all be specifically identified in the MoU; rather, reference will be made in the MoU to the broad areas where they will be required, and a process set out for developing and agreeing the detailed KPI for both short- and long-term objectives. This will allow the MoU to be completed for those GOE where sectoral policy is still being developed.

To assist with shaping how the future monitoring of GOE takes place, the Government should consider the merits of various governance and stewardship codes and adopt the most appropriate best practice standards to reflect the financial and non-financial ownership objectives of Government. This will provide a demonstration of the Government's commitment to acting as an effective shareholder on behalf of the public of the Island.

In conclusion, the consultancy review has identified a requirement for a fundamental re-assessment of how the Government utilises the MoU and manages its relationship with each GOE. The recommendations within that review should form the basis of how the Government will adopt a more collaborative approach to KPI setting, and the monitoring and management of performance against both policy objectives and governance matters, with responsibility being shared across Government between all relevant Departments.

It is intended to apply the principles of the consultancy review to all other MoU not specifically covered by the C&AG or the review itself, this will include the implementation of a programme for regular reviews thereafter. The relationship with majority-owned entities is documented differently because of other shareholders' interests; however, best practice will be adopted wherever possible.

KPI	Details	Next Steps to establish KPIs
<p>KPIs in respect of policy delivery in the Digital, Telecoms and Cyber areas.</p>	<p>A small number of annually-set KPIs referencing overall performance levels in delivery of States' policy.</p> <p>Could be a consolidation of specific KPIs set by the policy owner(s). Some KPIs could be recurring and others project-specific.</p> <p>Could include some KPI re "customer's overall satisfaction" from the policy owners, covering softer aspects such as relationship, responsiveness.</p>	<ul style="list-style-type: none"> Identify policy owner(s) concerned. Identify examples of areas where KPIs are likely to be set and agreed between policy owner and companies. Include these as part of the overall communication plan with SOEs about the MoU and policy framework. Draft wording for provisions in MoU.
<p>KPIs in respect of support to States' wider policy initiatives and efficiency through collaboration.</p>	<p>A small number of annually-set KPIs referencing overall performance levels in support of States' wider policy initiatives.</p> <p>Could be a consolidation of specific KPIs set by the policy owner or delivery partners. Some could be recurring and others project-specific.</p> <p>Could include a KPI re "customer overall satisfaction" from the Head of Partnerships, covering areas such as proactive contribution, relationships, responsiveness etc.</p>	<ul style="list-style-type: none"> Policy owner appears to be Head of Partnerships, but this should be confirmed. Identify examples of areas where KPIs are likely to be set and agreed between policy owner and the SOEs. Include these as part of the overall communication plan with SOEs about the MoU and States' wider objectives, including Partnerships initiative. Draft wording for provisions in MoU.
<p>KPIs on corporate role modelling: "good employer" and "environment".</p>	<p>Specific objectives and KPIs to be proposed by each company to cover diversity and inclusion, aligned to the relevant objectives set in the SBP.</p> <p>Shareholder is the owner of these KPIs so will review them as part of discussing (and/or approving) the SBP.</p> <p>Company carries out monitoring and reporting.</p>	<ul style="list-style-type: none"> As part of its overall communication plan with SOEs, Shareholder to explain its requirements for these key areas to be addressed. Clarify that SOEs will set the detailed plans in each area (in accordance with new Corporate Governance guidelines). The process will be through the SBP, to be discussed with Shareholder under new provisions in the MoU. Draft KPI (and SBP) wording for MoU.
<p>KPIs on compliance with MoU</p>	<p>To help embed the new MoU, a KPI could be set on the companies' compliance with it. A different area could be the focus each year. Could include topics such as timeliness/compliance of reporting, speed of responses etc.</p>	<ul style="list-style-type: none"> As part of its overall communication plan with SOEs, Shareholder to explain that it may include a KPI on compliance with the MoU itself.

6. TIMELINE FOR DELIVERY

The C&AG recognises in her recent evaluation that successful implementation of clearly articulating objectives of ownership is dependent upon the formulation of sectoral policy. The initial focus is on the delivery of a policy for the Ports of Jersey which has a target completion date of 30th June 2019. Thereafter, work can commence on the policy for the postal sector that should be completed by the end of 2019.

Policy delivery aside, the completion of the consultancy review now provides the shareholder function with the guidance required to begin or complete delivery against the remaining C&AG recommendations. Noting the need for proper consultation across several Government Departments and the GOEs themselves, it is anticipated that this activity will be undertaken on a phased basis throughout 2019, with a view to full completion by the end of the year. Greater detail of the activity to be undertaken against each recommendation is included in the **Appendix** to this response.

Successful delivery of the actions needed to meet the recommendations require effective working across the Government, between the Treasury and Exchequer, GHE and the Office of the Chief Executive, and the development of the Partnership model with the GOE is a priority for 2019. However, it is likely that additional manpower will need to be made available to ensure that delivery can be completed within the proposed timeframe.

NEXT STEPS

- (1) INTERNAL ORGANISATION TO MAXIMISE BENEFITS
 - (a) Determine the role and accountability of the Head of Partnerships and other policy delivery bodies (e.g. Digital Policy Unit)
 - (b) Interaction with the regulator
 - (c) Reconsider the requirement for independent oversight (previously the Treasury Shareholding Advisory Panel)
- (2) DEFINE EXPECTATIONS AND THE WIDER ROLE OF GOE
 - (a) Objectives of GOE ownership clarified for Jersey Post, Jersey Telecom and other GOE
- (3) GOVERNANCE FRAMEWORK
 - (a) Development of accountability framework of the Shareholder, Regulator and other policy delivery bodies (e.g. Ports Policy Group)
- (4) ROLL-OUT OF GOVERNANCE FRAMEWORK AND REVISED MOU
 - (a) MOU template wording
 - (b) KPI framework
 - (c) Governance code reviews
 - (d) Rights of the Shareholder
 - (e) Review of other MOU

7. CONCLUSION

The publication of the C&AG's follow-up review is timely, given the consultancy work that has just been completed by the Treasury and Exchequer. The outcome of that consultation has reinforced the existing understanding that the Government relationship with each GOE needs to be considered on a wider governmental basis, rather than solely through the eyes of the shareholder function. The new Target Operating Model is intended to make the management of these relationships more straightforward and holistic in the future.

The allocation of further additional resource to the shareholder function, as part of the new Treasury and Exchequer structure, enables specific focus to be given to the delivery of the recommendations from the consultation that will ultimately address the items raised by the C&AG.

The Government recognises the important role it plays as shareholder on behalf of the Public of the Island, and the need to ensure that the GOE similarly recognise the role they play as part of the wider Government family. By changing the MoU to reflect the changing external governance environment and Government's own expectations, and ensuring regular reviews of these MoU take place, the Government can ensure that it clearly understands why it owns each company, and the contribution each is expected to make to the delivery of government policy.

8. ACTION PLAN – FOLLOW-UP REVIEW

Recommendation	Action	Target date	Responsible Officer
R1: Review all outstanding recommendations from the 2014 C&AG report in the context of all the Government owned companies and, where recommendations are accepted, agree an action plan for implementation, with clear timescales and responsibilities.	ACCEPT All recommendations from the 2014 report will be reviewed. A separate action plan is detailed below for simplicity.	See separate action plan below	Director of Treasury and Investment Management
R2: Take into account the findings of the consultancy review currently in progress in developing the agreed action plan.	ACCEPT The recommendations of the consultancy review will be considered and adopted where appropriate. This work has already commenced.	30 April 2019	Director of Treasury and Investment Management with representatives from the Digital Policy Unit and Economy and Partnerships as appropriate

Recommendation	Action	Target date	Responsible Officer
<p>R3: Include within the agreed action plan timescales and responsibilities for development of the Ports Regulation Policy and Postal Services Regulation Policy.</p>	<p>ACCEPT Work on the development of the Ports sectoral policy has already commenced, due to resource constraints development of the Postal sectoral policy will follow thereafter.</p>	<p>Ports: 30 June 2019 Postal: 31 December 2019</p>	<p>Head of Partnerships with support from the shareholder function and economics team</p>
<p>R4: Adopt a policy for the enhanced transparency of public reporting by controlled companies.</p>	<p>ACCEPT A review of all relevant codes will be undertaken to provide for the implementation of the most appropriate combination of best practice standards in relation to enhanced transparency of public reporting by controlled companies. The target date for completion is intended to provide sufficient notice to GOEs for their 2019 year-end reporting. This work has already commenced.</p>	<p>30 June 2019</p>	<p>Director of Treasury and Investment Management</p>
<p>R5: Undertake a formal post-implementation review of the effectiveness of the new arrangements for oversight of controlled companies under the Target Operating Model, including the shareholder and client-side functions, by the end of 2019.</p>	<p>ACCEPT but with an alternative timeline A review of the oversight arrangements of GOE under the new Target Operating Model will be undertaken. However, in view of the implementation dates for delivery against the original review recommendations, we would suggest</p>	<p>31 December 2020</p>	<p>Director General of T&E, Director General of GHE, and GD of Financial Services and Digital Economy</p>

Recommendation	Action	Target date	Responsible Officer
	that the end of 2020 would be a more appropriate timeline.		
R6: Adopt, with appropriate adaptations, recognised standards for stewardship as an investor, reflecting the non-financial ownership objectives of the Government.	ACCEPT A review of all relevant codes will be undertaken to provide for the implementation of the most appropriate combination of best practice standards in relation to the stewardship of companies owned by governments on behalf of the Public. The target date for completion is intended to provide sufficient notice to GOEs for their 2019 year-end reporting. This will be combined with the response to R4 and this work has already commenced.	30 June 2019	Director of Treasury and Investment Management

9. ACTION PLAN – 2014 REVIEW (recommendations not fully implemented only)

Recommendation	Action	Target date	Responsible Officer
R1: Reconsider whether the Government wish to continue to own JT in whole or in part and, if so, articulate clearly all the objectives of ownership.	FOLLOW-UP: Partially implemented The Telecoms Strategy was published in January 2018 which includes policy objectives for the telecoms sector. High-level objectives of ownership have been defined through the workshops undertaken as part of the consultancy review, and these will now be defined in detail as part of the work being undertaken to update the MoU.	30 June 2019	Directory of Treasury and Investment Management with input from the Telecoms Strategy Steering Group, Head of Partnerships

Recommendation	Action	Target date	Responsible Officer
	This work will also extend to other GOE as sectoral policy is developed, starting with Ports of Jersey, for which the development of sectoral policy has already commenced.		
R2: Schedule periodic reviews of the Government's continued ownership of JT and associated objectives.	FOLLOW-UP: Not implemented The follow-up review acknowledges that implementation of this recommendation is dependent on the implementation of R1 above.	Biennial rolling programme commencing 2 years after the implementation of R1	Directory of Treasury and Investment Management with input from the Telecoms Strategy Steering Group and Head of Partnerships
R3: Adopt and monitor performance against Key Performance Indicators that are directly linked to all the ownership objectives in the MoU.	FOLLOW-UP: Not implemented The consultancy review provides clear recommendations for the implementation of KPI which are currently being considered. The review concludes that these are not the sole responsibility of the shareholder function, but need to be assessed across all relevant Government Departments. For JT, sectoral policy is already developed and we will liaise with the Telecoms Strategy Steering Group to consider the most relevant KPI for measurement. As other sectoral policies are developed, KPI will be considered as part of the process.	JT and JP: 30 June 2019 Other GOE: 31 December 2019	Directory of Treasury and Investment Management with input from the Telecoms Strategy Group, Financial Services and Digital Economy Department and Head of Partnerships
R4: Adopt a specific objective to reflect the Government's risk appetite as shareholder and associated Key Performance Indicators.	FOLLOW-UP: Not implemented High-level risks of ownership have been defined through the workshops undertaken as part of the consultancy review, and these will now be defined in detail as part of the work being undertaken to update the MoU. Against these risks we will develop the Government risk appetite linking back to R1 and the objectives of ownership. KPI monitoring and the reporting mechanism will be considered as part of this work.	JT and JP: 30 June 2019 Other GOE: 31 December 2019	Directory of Treasury and Investment Management in partnership with the Telecoms Strategy Steering Group, Head of Partnerships and Director of Audit and Risk

Recommendation	Action	Target date	Responsible Officer
<p>R5: Reconsider the resources devoted to the shareholder function, including in light of the change in the nature of JT's business and the increased risk to the Government's investment.</p>	<p>FOLLOW-UP: Partially implemented</p> <p>Further additional resource has been allocated to the shareholder function as part of the new Treasury and Exchequer structure.</p> <p>We will continue to use outsourced sector specific expertise when required, as demonstrated recently through the engagement of industry specific expertise on the assessment of construction projects.</p> <p>As noted in the response to the follow-up review R5 an assessment of the resource allocated and impact of the new Target Operating Model will be undertaken.</p>	<p>31 December 2019</p>	<p>Director General of T&E along with other appropriate DGs</p>
<p>R6: Undertake a thorough review of the MoU.</p>	<p>FOLLOW-UP: Not implemented</p> <p>The consultancy review is now complete and the final report has been received. It makes recommendations for the implementation of a new MoU which is a cross-Government framework document. A new generic MoU template and accompanying framework document will be drafted for implementation across all GOEs, commencing with those which are most historic, i.e. Jersey Telecom and Jersey Post.</p>	<p>JT and JP: 30 June 2019</p> <p>Other GOE: 31 December 2019</p>	<p>Directory of Treasury and Investment Management with input from the Telecoms Strategy Steering Group, Head of Partnerships, Director of Audit and Risk and Law Officers</p>
<p>R7: Provide a clearer definition of proposed transactions for which consent is required, taking into account both the size, context and risk of the proposed transactions.</p>	<p>FOLLOW-UP: Not implemented</p> <p>Included with the consultancy review are recommendations in relation to approval rights. These recommendations are made in the context of risk management, and should be considered and adopted where appropriate as part of the new MoU.</p>	<p>30 June 2019</p>	<p>Director of Treasury and Investment Management with the relevant policy leads for each GOE and the Director of Risk and Audit</p>

Recommendation	Action	Target date	Responsible Officer
R8: Consider whether transactions in respect of specific infrastructure should require prior consent.	FOLLOW-UP: Implemented See response to R7 above.	See response to R7 above	See response to R7 above
R9: Review the form and frequency of meetings required in the MoU.	FOLLOW-UP: Partially implemented As reflected in the CAG report, the frequency of meetings has been reviewed and implemented. Formalising this in the MoU will now be done. See response to R6 above.	See response to R6 above	See response to R6 above

Recommendations not accepted

None.