

STATES OF JERSEY
Corporate Services Panel
Quarterly Hearing with the Minister for Treasury
and Resources

WEDNESDAY, 9th MARCH 2011

Panel:

Senator S.C. Ferguson (Chairman)
Deputy T.A. Vallois of St. Saviour
Deputy J.A.N. Le Fondré of St. Lawrence

Witnesses:

Deputy E.J. Noel of St. Lawrence (Assistant Minister for Treasury and Resources)
Connétable J.M. Refault of St. Peter (Assistant Minister for Treasury and Resources)
Treasurer of the States
Deputy Chief Executive, Chief Officer Resources

In attendance:

Ms. K. Boydens (Scrutiny Officer)

[10:04]

Senator S.C. Ferguson (Chairman):

Good morning, gentlemen, and welcome to this quarterly briefing of the Corporate Services Scrutiny Panel. Now I believe you have the health warning document there, obviously if you have not read it before if you would just read it, and for the purposes of the lady with the recording machine I wonder if you could go around and say who you are.

Deputy Chief Executive, Chief Officer Resources:

John Richardson, Deputy Chief Executive and Chief Officer Resources.

Assistant Minister for Treasury and Resources:

Deputy Eddie Noel, Assistant Minister for Treasury and Resources.

Assistant Minister for Treasury and Resources:

Constable John Refault, Assistant Minister for Treasury and Resources.

Treasurer of the States:

Laura Rowley, Treasurer of the States.

Scrutiny Officer:

Kellie Boydens, Scrutiny Officer.

Deputy J.A.N. Le Fondré of St. Lawrence:

John Le Fondré, Deputy.

Deputy T.A. Vallois of St. Saviour:

Tracey Vallois, Deputy of St. Saviour.

Senator S.C. Ferguson:

Sarah Ferguson, Chairman. Right. Now at the last quarterly hearing you very kindly agreed to share the delivery of the C.S.R. (Comprehensive Spending Review), the delivery mechanism and how you are going to monitor and assist departments in delivering the savings objectives. You also mentioned that the Council of Ministers discussed the delivery plan at its meeting on 27th January. Now we have not had a copy of that and I wonder if we could jog your memories and ask you to send it to Kellie, please?

The Connétable of St. Peter:

John, you were going to do that?

Deputy Chief Executive, Chief Officer Resources:

Yes.

The Connétable of St. Peter:

Thank you.

Deputy J.A.N. Le Fondré:

Would it be possible to have an idea of when that would be available?

Deputy Chief Executive, Chief Officer Resources:

I will check as soon as I get back. I do not know why it has not been sent to you, so I will check and get it sent through.

Senator S.C. Ferguson:

Yes, it would be helpful to have it as quickly as possible, because we want to crack on with the C.S.R. review.

Deputy Chief Executive, Chief Officer Resources:

Can I just take you through what I have distributed today, which effectively is setting out the governance programme, how we are monitoring the delivery side of the Comprehensive Spending Review. If we start at the very top and work through the top left, you see the overall responsibility for the Comprehensive Spending Review sits with the Council of Ministers. Because the States Employment Board as the employer of States employees has a specific responsibility for terms and conditions there is a second box there that covers the States Employment Board's role in oversight of the delivery of Ts and Cs.

Senator S.C. Ferguson:

Where is that?

Male Speaker:

In the white box to the left.

Senator S.C. Ferguson:

Okay, just for S.E.B. (States Employment Board). Fine.

Deputy Chief Executive, Chief Officer Resources:

Just for the S.E.B., just because of the difference in relationship between States Employment Board who are the employer, States employees under the law and the Council of Ministers' role. Obviously the Council of Ministers have oversight of the whole process. Below that, one step down, we have the main thrust of the governance, which is planning, co-ordination and monitoring, the C.S.R. steering group, that is chaired by the Chief Minister, the Minister for Treasury and Resources and the Assistant Minister for Treasury

and Resources, which is Constable Refault and the Chief Executive, myself, and the Treasurer and the Programme Director who I will describe further when I go down the next step. They have the oversight of progress and you can see to the right of that box is the independent box and that really is a follow-on from the role the independents played as part of the reviews of the major C.S.R. programmes. They have not been formally established yet but certainly one or 2 of them will continue to have some form of oversight in terms of progress, delivery, delivery against targets et cetera. Just coming down one line you have the Programme Board and that is the Chief Executive, myself, the Treasurer, and the Chief Officer of E.D.D. (Economic Development Department), who is again playing a role which I will describe in more detail as we go down, and Programme Director again. One step below is the Programme Office itself, and that is now already into the delivery aspect of it, a small office made up of 3 people, the Programme Director who is one of our permanent employees in the States and Project Manager, another permanent employee of the States, both drafted in, seconded into this particular role.

Senator S.C. Ferguson:

These are the same 2 people, Janet Marshall and Caroline Anderson?

Deputy Chief Executive, Chief Officer Resources:

No, Caroline Anderson is the Programme Director and a lady called Lizzie Richardson, no relation to myself I have to add, is the Project Manager who is working with them and we have one external resource who is providing programme management support while we get all the projects up and running.

Senator S.C. Ferguson:

Where are they from?

Deputy Chief Executive, Chief Officer Resources:

They are from an external consultancy and they will be here until April and then ...

Deputy J.A.N. Le Fondré:

What is the name of the consultancy?

Deputy Chief Executive, Chief Officer Resources:

The consultancy is Tribal and they have worked with us through a number of reviews and provided support for a few months to get everything running. That effectively is the resource that we have deployed centrally to manage the oversight and delivery of this whole C.S.R. programme. Once we get below that, into the management delivery section, as you can imagine each department will have its own set of objectives which came out of the C.S.R. which is for their own spending targets and own delivery programmes. All of the major departments who have got significant savings to deliver have appointed their own project manager from within their own organisation to have oversight of it and to lead on delivery for themselves, and the relationship which is working very well but is crucial between the departments and the C.S.R. Programme Office to co-ordinate and understand any issues and give assistance if required is crucial and that is working extremely well. Some of the smaller departments who have got less complex objectives to deliver are managing it themselves within their own management teams. Again the C.S.R. Programme Office and some of the other functions which I will describe further down are there to assist as required. Then below that you see the line that says: "Support of delivery", these are very high level but effectively law draftsmen are there to provide any legislation changes required, to deliver any C.S.R. savings, law officers again to provide that support if there are any contractual matters or oversight of any law changes, their usual role and responsibility for those 2. Then to the right we have the main resource support areas, Finance, Treasury obviously providing a lot of support to the departments in terms of cost

benefits, financial appraisals et cetera to ensure that departments have every assistance required to deliver. I might say a bit more on that in a minute. H.R. (Human Resources) again their role is extremely important because one of the key elements that is coming out of the C.S.R. is that to deliver £65 million of savings requires some quite significant cultural organisational change across the organisation and it is in that H.R. function that we have brought in or are bringing in additional organisational development change expertise and support. A very small number of people, probably 2 at the most, but those people will effectively be there to provide assistance to the departments, rather than have people embedded in departments who may not be fully utilised at times, we are going to put them in the central H.R. team and they are ...

Senator S.C. Ferguson:

You have got 2 interim managers there, in effect?

Deputy Chief Executive, Chief Officer Resources:

We have got 2, that is right.

Senator S.C. Ferguson:

Because you are going to be short 2 by the end of the year.

Deputy Chief Executive, Chief Officer Resources:

Yes, so one interim manager is there to cover for the H.R. Director departure in the interim period while we recruit a new one, and the second one, which is effectively the important bit for this programme, is the organisational development change expert who is there to provide support and guidance to departments as they need to make any changes to their organisational structure or change programmes.

Deputy J.A.N. Le Fondré:

So is that a permanent post, civil servant or a consultancy?

Deputy Chief Executive, Chief Officer Resources:

No, it is just an interim we have brought in to do it, it is not a consultancy, it is just an interim manager who is expert in that field brought in on a short term contract.

Deputy J.A.N. Le Fondré:

Already been appointed?

Deputy Chief Executive, Chief Officer Resources:

Yes. Below that there will probably be another 2 people on short term interim contracts to provide support. There are quite a few areas which are looking at quite significant change and if I could just take you back to I think it was a States Members briefing in the St. Paul's Centre, if you recall the independents all stood up and made a very, very clear statement that change of this magnitude across an organisation such as the States which is quite a complex organisation requires very careful but expert change management and organisational development design, and the very clear message from the independents was that we will need additional support in order to deliver that and we are keeping that down to a minimum, but the posts I have described are effectively doing exactly that job for us. But in addition H.R. has got its own target which is delivering of terms and conditions for review. I will not dwell too much on those, but Procurement again has got its own set of savings to be made, £6.5 million over the 3 years, but again it is there to help departments in some fairly significant restructuring as to how we procure throughout the States.

Senator S.C. Ferguson:

Yes, because you have got a fair number of interims there, have you not?

Deputy Chief Executive, Chief Officer Resources:

Well, we did have but that has slimmed right down now to 2 in Procurement and one in Health, to provide Health with assistance to deliver their savings targets and restructure their procurement operation. Property office strategy I think we will cover, if that is all right with you, Chairman, further on in the agenda and I.S. (Information Services) again because there is a lot of reform required in departments a lot of our processes and systems can be updated and modernised in order to provide efficiencies throughout the States as we deliver the programme.

[10:15]

Senator S.C. Ferguson:

So you have got a fair number of interims there?

Deputy Chief Executive, Chief Officer Resources:

No, I think we have got one interim in there and a couple of project managers who are local people there to provide support in programme management, but very small numbers there. That is the structure we are following.

Senator S.C. Ferguson:

Have you got a committee or some sort of a group on the H.R., Property and I.T. (Information Technology) and possibly Procurement which is looking, is more proactive in this, and is looking at it coherently? Because it seems to me that you cannot look at these, particularly the cross-cutting issues, you need to be looking at them surely holistically, not in bits?

Deputy Chief Executive, Chief Officer Resources:

I am trying not to go down to too much detail. Certainly H.R., Procurement, Property and I.S. have their own project boards sitting below all of this who are doing exactly that, are looking at delivering ...

Senator S.C. Ferguson:

Yes, I was thinking though in terms of the departments, if you are having these sort of fairly draconian changes you need to look at how departments are using their property, whether there are better ways of providing I.T. and how this gets across to the workforce, therefore you need a sort of project management board for the departments which brings together these 4 cross-cutting issues.

Deputy Chief Executive, Chief Officer Resources:

That is exactly what we want, Chairman, which is each of those areas, H.R., Procurement, Property and I.S. have their own project boards who are delivering on exactly what you have described.

Treasurer of the States:

May I offer an example?

Senator S.C. Ferguson:

Yes, please. We are only simple-minded politicians.

Treasurer of the States:

I was not trying to imply that. I think your question is pointing at how we are making sure that we are joining all of these different activities together and so from my own perspective I can see how some of this is happening after a few months so we have been working very

closely together, just as one example, on Procurement. There are £6.5 million of Procurement savings to be generated and possibly more than that to be generated as well. We need a lot of contributions in order to deliver that, so we have not just worked through the structure that John has just described, we have also worked through other existing structures that the States has. So we have a Finance Advisory Board on which sit all the finance directors for each of the departments together with a number of people from the centre. One of the key elements of delivering these savings for Procurement is that the finance directors must be satisfied that the savings can come out of their budget based on the action which the interims in John's area are actively working on. So we have worked through the savings proposals with the finance directors, we have worked through the savings proposals at the Corporate Management Board. In fact we had more than a half day out to focus on that and to make sure that the suggestions that were being brought forward by the interims based on their initial work were deliverable and would then deliver the savings that they were identifying. So we are not only working together to make sure we can deliver the changes in contracts of the sort, and I could go in to more detail on that, we are also working together to make sure that the accounting is right, the budgets are right and the savings are realistic, so that when it comes to taking the money out of the budgets we will be in a position to do it. That is the kind of level of work that is going in, and that is just in relation to one area of saving which is the Procurement savings. Separately from that we need these savings to be sustainable over the long term, and in order to do that we need to make some of the organisational changes that John has described. We both sit on a board which is called the Enterprise Systems Board so it looks at the corporate systems for the States as a whole and how we need to improve and develop those. So in another part of our activity we are jointly looking at what are the systems that are going to be used to support Procurement in the future and how we are going to improve our corporate systems to make sure that it is easy for people to buy from corporate contracts that deliver better value than their current arrangements might. So we are not just working through this structure, this is our governance structure for C.S.R. delivery. We are engaging people across the organisation that need to be engaged in order to make sure that the procurement savings are delivered and the changes in how we procure are delivered, and not just that, that they are sustained and we put the arrangements in place organisationally to make that work for the long-term benefit of the States. So these C.S.R. changes are not just going to deliver £6.5 million, they are going to deliver in the long-term a lot more than that in relation to procurement, because we are changing how we are doing things. So I make that contribution, Senator Ferguson, just to illustrate the sort of thing that we are trying to do and we are doing that across a whole range of service areas.

Senator S.C. Ferguson:

Yes, because obviously one of the things that will need to be looked at is the style of working, which is very much an I.S.D. (Information Services Department) thing. I seem to remember from my P.A.C. days that I think we have got 11 desks to every 10 people, which is a great waste of space, but if you have flexible I.S systems then you can change the method of working, but then you need to pull in H.R. which is why if you are looking at the method of working I felt you needed a broader spread of people interfacing with the departments. I mean as far as Procurement goes, when we went to Guernsey they had a system for procurement which was rather like buying things on Amazon. Anybody anywhere in the system bought and not only did you purchase but it did all your ledger entries behind the purchase.

Treasurer of the States:

That is certainly what we are seeking to do.

The Connétable of St. Peter:

Can I just pick up on that, Chairman, because that is exactly part of the procurement

process, that we are looking at - and I will use the word very loosely - an Amazon-style system for the States where anything which is a common commodity, be it from pencils, pens, stationery, all the way through to any other area which every States department will buy would be on an Amazon-style system so that you would be directed to that, and again this is where the linkage comes to I.S., is that your own log-in and password will automatically give you the control around what you are authorised to purchase. So someone who works for example in Health would be able to purchase medical supplies through the approved contract, but any of us who are not approved to purchase medical supplies, just our very name and our location, where we are set up, we would be barred from access and purchasing in that area. So it allows us to provide control without being too dogmatic about it.

Deputy T.A. Vallois of St. Saviour:

So you are bringing the States into the 21st century, then?

Deputy Chief Executive, Chief Officer Resources:

Well, that is one of the projects, yes.

Senator S.C. Ferguson:

I hate to say it, but Guernsey had this in 2004, but that is another story.

Deputy T.A. Vallois:

Can I ask, on the interim managers' side of things when would it be your intention, if at all, to have a permanent manager?

Deputy Chief Executive, Chief Officer Resources:

Sorry, in which area?

Deputy T.A. Vallois:

Well, you have got interim managers in H.R., Procurement and I.S.D. as I understand what you have said.

Deputy Chief Executive, Chief Officer Resources:

Yes, well I.S.D. is very small but the main person who is in I.S.D. is linked to Procurement, to look at how we procure a number of our services and that is something which we cover further on in the agenda. There is a lot of opportunity to rationalise and it does link very closely to a comment that was made earlier, which is where you have to bring all 4 of these strands together, is that if we are going to modernise the way in which we purchase, if we are going to make significant savings and I will use an example but I will have to be a bit careful because it is commercially sensitive at the moment, is one particular area of Procurement where the savings that have been achieved so far are well in excess of any targets we have set, potentially around 30 per cent. But we would never have achieved that level of saving had we continued to try and procure in the way we had previously done so. It was the fact that we were able to bring together a number of individual strands, repackage them, rebrand them, put them to the market and retender them that has delivered significant savings and I am very pleased to say that all of those have been re-let to local suppliers. But it was about doing it in a completely different way. That needed obviously Procurement to be able to devise the specification of the contract et cetera, but it needed input from an H.R. side of it to be able to take people through that change programme to say: "We are no longer going to do it this way, we are going to do it that way" and it is that change and the way in which the staff had to be trained and work in a new way that delivers the savings, not just about value for money by going out and buying a pencil a lot cheaper.

Deputy T.A. Vallois:

So with regards to the interim managers, will they continuously be interim managers going through these departments, or will you have managers put in place?

Deputy Chief Executive, Chief Officer Resources:

Our aim is that interim managers should not be here for any protracted period. They have got a role to play in terms of bringing in expertise, but then we need to be setting ourselves up to make sure that any knowledge they bring with them is imparted through training into our permanent staff, and in one or 2 areas we may end up having to reshape the organisation slightly to get more specialists in certain areas. The example in that area is in Procurement, because of the diverse nature of the States in terms of what we buy we will be looking to have a lead person heading up health procurement who is a health specialist in knowledge, in the health-based area, one in infrastructure which will cover Housing, Transport and Technical Services, the fiscal infrastructure of the Island, roads, highways, building maintenance, et cetera and another one in what we call Professional Services which is engaging consultants, contractors, corporate systems, travel policy, travel accommodation for everyone in the States. That professional area. So those are the areas where we will need specialist expertise and we are hoping that some of that can be provided internally but we will have to recognise that if we want to get the best value out of this we may need to have some external expertise brought in for a period of time.

Deputy T.A. Vallois:

So will there be some structure to the training programmes going forward for the areas?

Deputy Chief Executive, Chief Officer Resources:

If you can recall back to the presentation that the States Members received when Senator Ozouf asked the States to approve the 118 request which included procurement, there was a programme there which showed an expenditure profile over the next 3 years in terms of delivering the procurement savings, but included in that there was a training element and that was part of it, the right training to staff in this new process.

Deputy J.A.N. Le Fondré:

Can I just ask what you define as a protracted period? You say you do not want interims being around for ...?

Deputy Chief Executive, Chief Officer Resources:

My own view is I tend to look at interim roles being 6 to 9 months, maximum of 12. Anything more than that I would start to look at it and say: "There must be a better way of doing it."

Deputy J.A.N. Le Fondré:

Are there any that have been there longer as far as you know?

Deputy Chief Executive, Chief Officer Resources:

Not that I am aware of. [Further to the Hearing it was advised that one interim manager in procurement has been with the procurement function since 2009. This assignment has covered four specific areas – Procurement Strategy, Fiscal Stimulus Housing heating project, Jersey Property Holdings maintenance project and the overall procurement transformation programme.]

Senator S.C. Ferguson:

One of the things that strikes me is, is the platform that we are using adequate for what we are wanting it to do?

Deputy Chief Executive, Chief Officer Resources:

The I.S. platform?

Senator S.C. Ferguson:

Yes.

The Connétable of St. Peter:

I think there is a lot of work to be done on that.

Deputy Chief Executive, Chief Officer Resources:

There is a lot of work to be done.

Senator S.C. Ferguson:

Because there were problems I think with the fact that the company that owned the platform you used was taken over a couple of times and I think it is not going to be upgraded anymore, is it? Or not going to be supported, something like that.

Deputy Chief Executive, Chief Officer Resources:

There have been a number of organisational changes from the corporate body, which is American, but the product is still supported, albeit it will need to be refreshed over a period of time. Laura might want to comment from a financial side of it, but life has moved on from when we bought it in 1998 or 1999 which was to replace the old millennium system which was not followed through.

[10:30]

Senator S.C. Ferguson:

I remember it well.

Deputy Chief Executive, Chief Officer Resources:

I will let Laura comment on the financial side but that does effectively deliver what we want. What we have found is that some of the peripheral functions in these modern, big enterprise systems might not always be the most appropriate, given the diverse nature of this organisation. So while we have got a fairly stable central platform, some of the peripherals we are looking at as part of this programme to decide whether or not we continue with developing the package that was built within our core system or whether we look at what we call: "best of breed" for a particular function, but making sure there is a very strong interface between the 2.

Senator S.C. Ferguson:

Yes, as I say I do know a bit about this because my P.A.C. went into this in some detail and went over to Guernsey to see their system because they had used a different technique for purchasing it and they had a different system, but whether it was their different approach, which is possible, they seemed to have accomplished all this with a different platform without quite so much heart-rending struggle that we have had. I wonder.

The Connétable of St. Peter:

I think the problem we are talking about with J.D. Edwards, it was held to be all things to all men and I think that was the problem that we had whereas the Guernsey system was more targeted in a particular area, whereas J.D. Edwards was supposed to do everything for us and it did not and it failed to live up to all the range of requirements, but the core functions are still there and are still appropriate. I think that is the principal difference between what the Guernsey program is and ours here, the J.D. Edwards program that we are currently running.

Senator S.C. Ferguson:

Well, this is why I ask how much you are including H.R., Property, Procurement and I.S.D. with all the departments. The whole thing should be holistic.

Deputy Chief Executive, Chief Officer Resources:

Question 4 I think will cover that. There was confusion at the last meeting as to what I maybe said but it covers exactly that point.

The Connétable of St. Peter:

I was going to say, just looking at the overall C.S.R. process rather than drilling down, just responding to your first question, certainly we are still pushing almost at the point of ramming it down the throats of everybody, the £65 million that we saved as part of the process and it is going to be setting the scene for the future. It is not like going back to 2002 I think it was when we did the F.S.R., sorry it was 2004, that almost felt like a one-year shot. This one cannot be a 3-year shot. This has got to be a shot in the short to medium term which remains constant throughout the future. It is no good making all these changes today and then putting back the things that we took out in 3 or 4 years time. So restructuring is the principal core, ensuring that we get to the point where we are confident we have made the changes for the long term and not just the short-term changes, I think that is one lesson we really want to get out of the C.S.R. programme.

Deputy J.A.N. Le Fondré:

Would it be fair to say that one is trying to get the sort of service to embrace almost a permanent status of change?

The Connétable of St. Peter:

I could not possibly comment on that one, John, but yes, you are right.

Treasurer of the States:

May I comment on the systems point that John made?

Senator S.C. Ferguson:

Yes, sure.

Treasurer of the States:

I have yet to work anywhere where there was a perfect set of corporate systems that works seamlessly across the whole organisation and delivered everything that the I.T. people and the suppliers promised it would. So it does not surprise me or concern me that there are aspects of corporate systems that need improvement and development. My experience of the States so far is that the way in which people use financial systems is different in different parts of the organisation. So if you were to go to Harbours you would find Harbours producing some very comprehensive financial information which is integrated with their performance data and they produce regular, quality monthly reports that you would be happy to see in any organisation, commercial or otherwise. They also produce excellent annual reports as well, so they are doing a very good job with integrating their financial and their performance information and they are using it actively to manage their activities. They are using corporate systems to do that. If I were to take you to another department which I will not name because it would not be fair I could show you a department that has less clear control and management of its financial activities. They are using the same systems. So what does that tell us? The corporate systems can deliver the sorts of careful management and close administration that we would expect and want. It raises for me questions about how well have we trained people to use the systems that we have got? How well have we understood what the departments really want from the systems and how hard have we

worked to make the systems deliver what they want rather than make the departments work with the systems they have got? Do you see what I mean? There needs to be a 2-way thing there. What departments will typically do, not in the States but generally, if they cannot get corporate systems to deliver what they need in order to manage their business they will invent something themselves, because they need to manage their business and their activity. That leads to a proliferation of systems which are unsupported and also those sorts of systems make it impossible to share data across the organisation and to share information across the organisation. So we need to work hard at the centre to make sure that the systems we have meet the business requirements of the individual departments and where they do not we need to develop that, as far as we can, and I do think there comes a point where departments need to accept that for the sake of the organisation as a whole and for the sake of effective management across the States as a whole that they may need to compromise sometimes in some of the procedures and processes that they have. Double-entry accounting was invented by monks 400 years ago and general ledgers still do broadly the same thing. I am not a fan of throwing tens of millions of pounds at systems which effectively deliver the same basic functions. I am a fan of working hard at making sure that staff are properly trained and managed to get the most out of them and that we work hard to create the sort of integration to which John has referred between different systems so that we can get the best corporate management information out of it that we can, in addition to meeting all the individual departments' business needs. So that is what I would say. I never see it as an answer to throw one system out and bring in another. There are more fundamental things to address about how people work, how people use systems, how well they are trained and how well they are managed to overcome the problems with the tools that they have got.

Senator S.C. Ferguson:

Kill the subterranean culture of spreadsheets that goes around. I suppose my firm written question was always can you tell me how much we are spending on photocopiers by the press of a button, instead of trying to translate the various accounts in the various departments. But going back to the C.S.R., I would love to have a chat with you sometime and we could go on for absolute yonks on this, I would imagine. How are we getting on with the C.S.R. delivery? Are we red, green or orange?

Deputy Chief Executive, Chief Officer Resources:

2011 is virtually all green. 2012 a large proportion is green with some understandable ambers and a couple of reds at the moment purely because business plans are in the process of being developed for those specifics and 2013 has got again some greens but a bit more amber and a bit more red. So the focus has been on getting that 2011 up and running, getting a lot of these corporate type reviews which we have spent some time talking about this morning now running, to make sure we are into delivery mode, and departments because of the governance structure, are now producing business plan templates to demonstrate how they will deliver the saving in 2012 and 2013. Do they need extra support from the centre, do they need extra resource, the invest to save programme, is it going to be voluntary redundancy as part of a programme? All those elements go into the business case and overall being produced now for 2012 which will be finished by I think it is the end of April, because we have got to build that into the 2012 business plan, which the cycle starts in mid- to late-April to go through the political cycle in terms of lodging it for debate in September.

Senator S.C. Ferguson:

What are the risks that you have identified?

Deputy Chief Executive, Chief Officer Resources:

The predominant risks will be broken into a number of categories. Obviously there is

political risk that some of the proposals that were put forward in the first phase might not be acceptable and might want to change. Employee and industrial relations issues which obviously in terms of emissions focuses very much on that area. Timescale, are the savings deliverable in the timescale, and do we have sufficient resource to deliver this? Again it comes right back to what we have been talking about this morning, the scale of change required and if not flag it up now so that we can then put that resource into place and help departments deliver.

Senator S.C. Ferguson:

Super. Is there any more? Right. Thank you very much indeed, lady and gentlemen. The Fundamental Spending Review that we had in 2004, have you been able to bring forward what you learnt from that review in terms of organisational change?

Treasurer of the States:

May I comment on that? I think what I have seen in my first few months are a whole series of examples of where there has been learning between the Comprehensive Spending Review process and the Fundamental Spending Review process. First, I think there has been a real recognition of the need to identify early, at a very early stage, that the savings are really deliverable, and that they are deliverable within the timescale that is set out and agreed. So that is the first point. I think the second point is that I understand that in the past what sometimes happened is that savings targets have been met from a financial point of view but the savings have not been delivered in the way that was first envisaged. So again some learning that we have taken from that. This time we have 2 aspects to our monitoring information. We are not just monitoring the delivery of the savings that we set out, we have still got to achieve targets even where things are not working as they might, so we have got a second set of monitoring information around our alternative savings. So say we are falling short on project A during 2011, we know we have still got to meet our targets so we have identified project B to deliver those savings instead. We are being very explicit about that, so we are recording and monitoring our original savings proposals and how they would be met and then we are recording and monitoring what we are managing to achieve, but never taking our eye off the need to identify the £65 million. So the target stays there, notwithstanding we may have to be flexible and achieve more in some areas than others. I think another thing that we learned from F.S.R. (Fundamental Spending Review) is that sometimes posts were taken out and I think I see experience of this in Treasury, in order to deliver savings and the full implications of taking those posts out were not perhaps fully appreciated. We have seen some difficulties arising from that, so I think also there is very careful consideration being given to how we are delivering the savings and to making sure that we still cover the key responsibilities that we have.

[10:45]

The Connétable of St. Peter:

I think that is a very valid point, we have to make sure, as you alluded to earlier on, Sarah, that when we make cuts that we are confident that the services of those cuts can be delivered elsewhere. As Laura was just saying there were so many cuts made out of the last F.S.R. in Treasury, so many holes which were not filled where things potentially were able to drop through the gap. That is one of the most significant points I think we can pull out from the F.S.R. to where we are now with the C.S.R. We are now aware that that is a danger and that we must prevent that happening by looking forward and planning through how we are best able to deliver those services, having made the cuts, which is a step that I do not think was done generally in the F.S.R.

Senator S.C. Ferguson:

Yes, because the other problem with the last load of savings was that when they were

examined in detail, £20 million worth of savings was in fact £5.98 million, because with exogenous factors putting up charges, these were all counted as savings, the extra income from putting up charges. The changes for instance in education, because the number of children being educated had fallen, but the fact that we were not spending the same amount, it was counted as a saving and these were obviously other things that we should all be watching.

Deputy Chief Executive, Chief Officer Resources:

You can see in seen the whole of the C.S.R. programme, for example user pays, has never been counted as savings. We are still looking at them, if that type of mechanism is appropriate.

The Connétable of St. Peter:

Picking up from what Eddie has just said, certainly on my P.A.C., the one I have just recently left, it was very much a main focus with regard to the C.S.R. process that new charges were not being put forward as savings. New charges are new charges, they are not savings. This is one of the things that we were very much focused on within the recent P.A.C. However in some departments new charges may be the only way they can improve their bottom line, or one of the main measures to improve their bottom line. Where it is appropriate then that is fine but not as a first option.

Senator S.C. Ferguson:

But surely if you are going to increase charges then perhaps you ought to be looking at the way you are delivering the service and this is something that we shall get on to later. Tracey? Oh, no, you were not around in 2004, were you?

Deputy T.A. Vallois:

No, but I have read all the documentation.

Treasurer of the States:

Two other points, Chairman, if I may. On your question on learning, we have been very careful this time as well to programme in the law changes that are necessary to deliver some of the savings proposals and we have also taken a longer term view. We have got a 3-year programme and as you know from our previous meeting we are trying to take a longer term view on financial planning generally and I do believe that will bring us savings, because we will get better value out of the money that we have got by taking a longer term view, more contracts in place that go beyond individual financial years and move away from a situation where people feel that as the year end approaches they need to be spending their money. So I would encourage you to be pleased about underspends at the end of the financial year rather than to see underspends as a problem.

Senator S.C. Ferguson:

Yes, I am not sure you should tell my colleagues, they will think of ways of spending it. Now perhaps we could revert to resources. If you could clarify the policy issue. At the last quarterly hearing we heard that there is one policy for all areas which is about enablement, but we have since heard that there are 4 separate policies that are now out of date, and can we also have an update on the office strategy?

Deputy Chief Executive, Chief Officer Resources:

Shall I clarify?

The Connétable of St. Peter:

The out of date ones, can you look at that one first? I think that is one we need to focus on.

Deputy Chief Executive, Chief Officer Resources:

Yes. Within Resources as you are obviously aware we have H.R., I.S., Property and Procurement. Within H.R. some of the policies in there are probably at a point where they need refreshing; they are things like sickness absence management, overtime, allowances.

Deputy T.A. Vallois:

When was the last time they were refreshed?

Deputy Chief Executive, Chief Officer Resources:

They vary, to be absolutely frank about it. Some of them recent, some not so recent but they are all at a stage where they all need to be looked at to make sure they are current, modern, fit for purpose. We have in some areas different policies to suit different parts of the organisation when in reality we could just have one policy that covers one particular element. Those are all within the heart of the employment of our staff.

Deputy J.A.N. Le Fondré:

Sorry to interrupt, does that mean for example, and I am picking a subject which I know is very close to John Refault's heart, you will have one policy for sickness absence across the board? I do not know if there was one.

Deputy Chief Executive, Chief Officer Resources:

There is one policy. The example ...

Deputy J.A.N. Le Fondré:

But I think it was identified by John on P.A.C., and also I remember at the States Employment Board it was raised that in comparison to private sector experience although in the public sector we might be on average we were still significantly worse than the private sector.

Deputy Chief Executive, Chief Officer Resources:

There is one policy for sickness absence across the whole of the States. The example I can give you ...

Deputy J.A.N. Le Fondré:

It does have to be refreshed.

Deputy Chief Executive, Chief Officer Resources:

It does need refreshing, absolutely. Standby callout across the States, whether it is white collar, blue collar or uniformed services, there are a multitude of different standby and cover arrangements. I think in an organisation as diverse as the States where you have got emergency services, you have got medical staff on call. It is unlikely that you would have one but just within the civil service there are 3 or 4 different standby arrangements for callout or 24-hour cover by civil servants in different areas. That is the example I give you as saying a modern policy should be about having one that suits the organisation of that particular sector, not have 4 different ones.

The Connétable of St. Peter:

Effectively it is a default policy, is it not? It should be a default policy across the whole organisation.

Deputy Chief Executive, Chief Officer Resources:

Yes, so those are the individual departmental ones. Procurement, because it has been so fragmented for many years, i.e. the budget sits in the department so the budgets tend in the past to have managed their own, they are fairly fragmented. Those all need to be refreshed

and brought together. Where I think the confusion perhaps came about before was that those need to be looked at at a functional level but the discussion we had before, which I think both Laura and myself have given examples of, which is where I use the term one policy which is about enablement, is about making sure that we work across our boundaries so that when we deliver a new financial management system or a new procurement system we take into account H.R., I.S., and Procurement for example. That is I think where the confusion was, that what I referred to in a previous meeting which was one policy for all areas which is that enablement, it is exactly that, making sure that we all work together to deliver those end results which is about improving efficiency. In the private meeting that we had when I said to you that of each of the 4 areas my 4 needed refreshing, it was about the policies that relate directly within those particular functions.

Senator S.C. Ferguson:

This is where it needs to be surely, again, cross-cutting. I saw in one of the reports that I have read that in fact H.R. can only interrogate systems on sickness absence down to the top level department level. It cannot drill down all the way. In other words our systems are not delivering the information on sickness absence and the reasons for it that is required. It is in one of the Corporate Management Board minutes.

The Connétable of St. Peter:

Do we have one that specific? Just on that specific only because, as John quite rightly said, it was an area I was quite active in within the P.A.C. Certainly there was a lot of reliance on the H.R. I.S., the computer-based central system, and there was a belief certainly in one department if not more that all the absence was being tracked centrally, but in fact they should be tracked locally within departments, therefore a lot of the detail just did not happen. It made it very difficult to track back what were the absences, were there patterns or anything like that. That is one thing that certainly with the H.R. I.S. system that has now been shelved, has it not?

Treasurer of the States:

Chairman, may I help on that detail? I just happen to know what the position is on this and it is true that you cannot drill down through the J.D. Edwards system to get the level of detail to which you refer. The issue is you can get the information, you just need to come out of the J.D. Edwards system, go into a different system to find the information that you need. In a perfect world you would not have to do that and you would have a look through into the detail on the sickness absence through J.D. Edwards. That is not presently there. It does not mean that people do not have access to information about sickness absence. People do have access to that and they can manage that within their own service areas.

Senator S.C. Ferguson:

Well, this was the point. It just appeared from the way that the minutes were written that there was a disconnect between the top line, and for H.R. to be doing their job properly they were finding it difficult.

Treasurer of the States:

Yes, it could be easier, but I think it would be wrong to conclude from that that the information is not there and that people are not actively managing the sickness absence. You have to look in 2 places instead of one.

Senator S.C. Ferguson:

Yes, because as the Assistant Minister well knows it goes right back to I think it was a 2001 report or earlier with the old Audit Commission in fact, because have you managed to solve the problem of, I think it is, 43 different miscellaneous diseases?

The Connétable of St. Peter:

Not yet. A work in progress, Sarah, I think we call that.

Deputy Chief Executive, Chief Officer Resources:

There is a common coding system which is issued by the Social Security Department in terms of recording different types of sickness which is a coding system used throughout the medical profession, so that we are required to enter into our sickness absence system that code that comes off the sick note, so that is the common side of it, and that list is prescribed and we have to follow it. Unfortunately because of data protection and because that information goes back to Social Security, we cannot use that for analysis purposes so there are one or 2 issues that it would be very nice to resolve, but we just have to be a little bit careful about the position between the information stored by Social Security for their use and the information that we store, but we do have to follow that list that they supply. I do not think there are 43 but it is quite comprehensive.

Senator S.C. Ferguson:

I do not think it was far off. I mean we counted. There were so many miscellaneous diseases and that is something perhaps where H.R. and Systems perhaps need to talk to Health and the G.P.s (General Practitioners). We need to have much more lateral communication.

The Connétable of St. Peter:

I think from the reports point of view and from an employer point of view we really want to know is there a common illness running through the organisation, for example, which could be related to workplace environment. That is the sort of report that we would need as a management team, I am going back into my executive days. Like, for example, if firemen all started having back problems all at the same period of time what has changed to cause that to suddenly happen? That is where those sort of reports ...

Senator S.C. Ferguson:

New fire chief?

The Connétable of St. Peter:

A new fire chief, maybe; maybe a change of training programme and maybe that may let us go back and look at all those sorts of things. Those are the sorts of reports at management level that one would expect to be able to read, not the fact that Joe Bloggs was off on 23rd April because he had a hurt knee, because that is a one-off event.

[11:00]

What you are looking for as an event is if there is a problem one person or if there is a problem affecting all personnel, which therefore is a sick environment to work in due to processes or practices. That is a different sort of report that we need.

Deputy Chief Executive, Chief Officer Resources:

But we also use a system called Bradford Factor which is a multiplier system which works very efficiently. It assigns a points score based on the number of times an individual has been off, not necessarily the length of time. So if someone has been off for many weeks because of a serious illness they would only score one. If they had been off 10 times for 2 days then it would be 10-squared effectively, so it is a very effective way of just capturing data and then that is actively managed by departments.

Senator S.C. Ferguson:

Right. Now the other one we do not seem to have touched on is the office strategy. What

is happening with that?

Deputy Chief Executive, Chief Officer Resources:

I think we have had various private briefings but for this specific review I have an update. The overall office strategy has been broken into 4 key elements. The first is the police relocation, because that is crucial in terms of current accommodation that the police occupy which is very fragmented, very old and in need of a significant refresh and that includes some general office space in order to free up various buildings et cetera. The second is the general office accommodation which you would obviously look at, so the Cyril Le Marquand House, Morier House type buildings where a large number of just States employees are employed. The third area is the Health and Social Services estate which again is a very large estate with a lot of property which is either old and needs refreshing or maybe a slightly different purpose for the future, and the fourth is the Education, Sport and Culture estate. Each of those has specific needs. The last 2, Health and Social Services and the Education, Sports and Culture, a lot of the long term redevelopment for those will depend on the outcome of the Health and Social Services roadmap that is currently being prepared that sets out the position for health care for the Island for the next 30 years and from that we will get a very clear picture of accommodation required to deliver that, and the *Education, Sport and Culture Green Paper* that is currently in draft, I am hoping that will give us some direction in terms of size of estate, makeup and use, et cetera. Those are the 2 which probably are without doubt the biggest 2 in terms of occupancy and area, but they are very much subject to the long term policies of those 2 major departments.

Deputy J.A.N. Le Fondré:

Is that in terms of total estate or office or administration occupation?

Deputy Chief Executive, Chief Officer Resources:

Total estate.

Senator S.C. Ferguson:

All right, so shall we start with the first one, the police one?

Deputy Chief Executive, Chief Officer Resources:

The police relocation is the business case for the optioneering is now coming to conclusion and we are at a point of undertaking the final financial appraisals for it, so as soon as those have been completed we should be in a position of making a recommendation to the Minister in terms of direction for that one. That one obviously is important because of the accommodation the States police are in at the moment and that we hope will be completed certainly in the next 2 or 3 weeks. We are very close now.

Senator S.C. Ferguson:

Yes, because that is the one that will really unlock the whole thing, is it not?

Deputy Chief Executive, Chief Officer Resources:

It provides an opportunity for other areas to be brought in.

Deputy J.A.N. Le Fondré:

So you are saying it is 2 to 3 weeks away?

Deputy Chief Executive, Chief Officer Resources:

Two to 3 weeks to complete the final financial appraisals.

Deputy J.A.N. Le Fondré:

To go to the Minister?

Deputy Chief Executive, Chief Officer Resources:

Yes, and from that we should get a Ministerial recommendation to the Minister.

Deputy J.A.N. Le Fondré:

So a month?

Deputy Chief Executive, Chief Officer Resources:

Yes, I am aiming by the end of March to have clarity about what is the right solution for the police relocation.

The Connétable of St. Peter:

It would be fair to say that we are reworking quite a number of different options, looking at different alternatives but the principle being all the way through is finding how best we can achieve the result to enable the existing funding and whatever other funding streams we need to put in to make it work and bringing those other funding streams in that is not detrimental to the other parts of the office strategy. That is where there have been a lot of cards in the air at one time and seeing which way they fall and how they stack up, and it has been a long process.

Deputy Chief Executive, Chief Officer Resources:

A lot of options needed to be looked at and had to be reworked to make sure that financial appraisal work for the budgets has been allocated.

Senator S.C. Ferguson:

You are satisfied that the financial appraisal has worked?

Deputy Chief Executive, Chief Officer Resources:

It is working at the moment. There is still work to do. It has not been completed yet.

Deputy T.A. Vallois:

Then it is coming to the States?

Deputy Chief Executive, Chief Officer Resources:

No, it does not have to come back to the States. The States has approved the capital programme.

Deputy T.A. Vallois:

So it would be a Ministerial decision?

Deputy Chief Executive, Chief Officer Resources:

A Ministerial decision, yes.

The Connétable of St. Peter:

If it did not fit within the approved capital programme then it would have to go back to the States.

Deputy T.A. Vallois:

Just checking because at the last hearing you said it was cash flow that would have to come to the States when we discuss it.

Deputy Chief Executive, Chief Officer Resources:

That was before we did some of the optioneering.

The Connétable of St. Peter:

Do you want us to move on from the police one, Sarah?

Senator S.C. Ferguson:

If you have got any more comments on the other ones that would be useful.

Deputy Chief Executive, Chief Officer Resources:

The only other one which I think does not fall into the Health and the Education areas is the general office accommodation. The 2 main areas of accommodation are obviously Morier House, which is significant in terms of the number of staff. Unfortunately when that building was constructed it was originally designed as open plan, but then it got compartmentalised, so efficiency within that building is not as good as it could be. So we have got to look at opportunities and see whether those sections that currently occupy Morier House who need cellular office space are best located there and whether there is an opportunity through some rationalisation to open up some of that space which we think there might be, to provide more open plan which allows that density which I think is the point you raised, Chair, at the very beginning of the meeting about being able to increase density. We currently occupy anything between about 100 to 110 square feet per person in one or 2 areas right up to I think it is 180 square feet per person. A vast range. One of the issues we have got though, and I use Cyril Le Marquand as an example, is that Cyril Le Marquand is an old building.

Senator S.C. Ferguson:

Cyril Le Marquand did not want it either.

Deputy Chief Executive, Chief Officer Resources:

Well, regardless of that, that is where we are with that building. If you take the floor plates that we have got the average occupancy is about 150 square feet per person within that building. It varies a bit, some is lower and some is slightly higher. All of the advice that we have had is that is an old building, you will not significantly improve on 150 square feet per person, just because of the nature. If you want to get down to the 100 or 110 square feet per person you have to go to modern, open floor plate construction as you see in some of the new, bigger buildings being constructed in Jersey at the moment. That is the only way you can really get to that very efficient example. So in Cyril Le Marquand there is some more work that can be done and we can probably squeeze a few more people in and rationalise some of the floors, but we are not far off capacity in that building. Certainly that is the advice I have been given by Property Holdings, the experts in this field. So the question then is, once we have got to that stage, can we apply that same criteria to other States departments and States buildings which might be in the 180 to get them from 180 to 150, but we cannot go much further without significant investment in a new, purpose-built, open floor plate type office accommodation. That has got to be looked at. Obviously the property market has got to be taken into account, land availability, location, so there is a lot of work to do on that. Our aim is to try to squeeze down to the 150 mark wherever we can, use the opportunity you mentioned earlier about hot-desking, go from 11 desks per 10 employees to something different and that will all come as part of the next phase.

Deputy J.A.N. Le Fondré:

What would be the target at the end on desks for employees' ratios?

Deputy Chief Executive, Chief Officer Resources:

I think it varies, until we know exactly what the accommodation is, because you end up spending a huge amount of money knocking walls down in Cyril Le Marquand House, for example, in order to increase density to give you that slightly different ratio, but the cost of doing it may be significantly greater than the benefit you receive out of it. You have to look

at the buildings that you have got available and how best to utilise them without excessive cost.

The Connétable of St. Peter:

If I can come back to you, John, we were asked about the ratio of desks per person and the Chairman mentioned earlier on there were 11 desks for 10 people. Is that the sort of area you are talking about?

Deputy Chief Executive, Chief Officer Resources:

Yes.

The Connétable of St. Peter:

I think that is going to be dependent on the operation of that particular department. For example, if a department has people going out on site a lot, then there is an opportunity there for hot-desking and that is something I think we have got to look at, rather than providing a desk for every person when half of them are out on the street for the bulk of their working day.

Deputy J.A.N. Le Fondré:

You will not get any disagreement from me on that at all. I think the key point that has come through on the office strategy is that you have got the balance between basically trying to rework old, and getting older, buildings, which will get to a point - and I am going to ask the question whether you agree with that from a political point of view - if you have got old buildings that, yes, you might have to stretch some extra life out of, but in the longer term, you will be able to demonstrate you are just increasing the liability.

The Connétable of St. Peter:

Yes.

Deputy J.A.N. Le Fondré:

When do you take that decision? The other point is do you accept that what you are looking for is not just the straight hard savings of cheaper areas, but are you looking for the cultural change as well?

The Connétable of St. Peter:

Yes, absolutely.

Deputy J.A.N. Le Fondré:

Because part of the whole thing is surely to challenge this type of mentality within departments.

The Connétable of St. Peter:

Exactly, exactly that.

Deputy J.A.N. Le Fondré:

You would agree with that?

The Connétable of St. Peter:

Fully in agreement with you, yes.

Deputy J.A.N. Le Fondré:

You would agree with that perspective then?

The Connétable of St. Peter:

It is just getting more out of what we have got. I mean, one of the things, which is an interesting concept, which some people may not realise, is a deemed rent principle. For example, if departments knew what their floors were costing and that was featured on their bottom line, it would make them think more about how much space they require.

Deputy J.A.N. Le Fondré:

Would you support that as a principle?

The Connétable of St. Peter:

I support it in principle, and it is making it work within the States system is going to be difficult. That should not put us off exploring that as an option further down, because until ... I am not sure it is appropriate to go into a personal view here. I will talk to you privately. I do have a personal view which I would like to share with you, and I think can do things better.

Treasurer of the States:

Chairman, we are making accounting changes in the direction that Deputy Le Fondré points, so we are trying to make accounting changes to how we recharge for the use of accommodation, so that it makes it much more explicit to departments just the level of resource they are consuming. There are some technical issues that Constable Refault refers to, some ...

Senator S.C. Ferguson:

Yes, you would have to put the budget up so that they can then pay the money back and so forth.

Treasurer of the States:

Yes, some of our accommodation has real cash flows associated with it, but most of our accommodation only has recharging associated with it and we need to untangle some of that. But we are moving in the direction that the Assistant Minister described.

Deputy J.A.N. Le Fondré:

Can I ask a further question - only to put Eddie on the spot, because he has not said anything all morning - which is again on the same subject, do you think a charging mechanism politically should be something that we should be addressing more, provided it is ...

Deputy E.J. Noel:

In theory, it sounds great. It is getting over this having to increase the budgets to then be able to take the charge. If you look at the health portfolio, we have a wide-ranging portfolio of property, much of which I do not think we should have, but that depends on terms and conditions for staff, as we provide a large amount of staff accommodation. I have a personal view that that is not our core business; our core business is looking after the health of the Island. So there are a number of factors there that make it ... it is an ideal that is very complex to deliver.

Deputy T.A. Vallois:

Because you could end up with a similar system to that of rent abatement, where there you have got a vicious circle of money just moving round and round between departments.

The Connétable of St. Peter:

It is just paper money. It is not real money, but one of the things that I can recall, going back to my executive days, in determining whether we should have had mechanics to look after a fleet of vehicles, and I asked a question of the fleet engineer, the fleet manager: "Is

this competitive compared to if we brought private sector people or sent it out to the private sector?" "Oh yes, it certainly is." I said: "Well, have you costed in the workshops and the running of the workshops?" "Well, no, because it is already there anyway." That for me epitomises the problem. They do not recognise, as the Treasurer was just saying, there is a value to that and that must be recognised in the costings. I know I am going back, I have been out of the States over 7 years, the executive, so whether that has changed or not ...

Senator S.C. Ferguson:

I doubt it.

The Connétable of St. Peter:

I would sort of suspect it has probably not changed materially yet. But that is a change we have got to drive in to make them realise what their operation is costing in real terms compared to the private sector, and therefore, should we look at different ways of doing things?

[11:15]

Deputy J.A.N. Le Fondré:

So if something is regarded as a free good, they will not act, or you will not get the behavioural changes that you are looking for?

The Connétable of St. Peter:

Absolutely.

Senator S.C. Ferguson:

Just one slight thing on resources, the big computer project down at Health, can you tell us how that is going along? Presumably that has been project managed from the centre?

Deputy Chief Executive, Chief Officer Resources:

No, the project management was within health, but the project has now passed its user-acceptance tests, and that was just after Christmas, I think.

Deputy E.J. Noel:

It has been in the last month.

Deputy Chief Executive, Chief Officer Resources:

In the last month, so it has now passed the user acceptance tests and Health are now planning up or gearing up to the limitation side of it, which is making sure that they have got all their staff ready and trained, ready to roll it out. I think it is scheduled for April/May, if I remember.

Deputy E.J. Noel:

It is in the first half of this year.

Senator S.C. Ferguson:

So there is no truth in the rumour that it has stalled because they are having to organise finance for the second part of the project?

Treasurer of the States:

I am not aware of any problems of that sort.

Deputy E.J. Noel:

No, there is no second part.

Senator S.C. Ferguson:

Or stage 2?

Deputy E.J. Noel:

Stage 2 is about to be rolled out.

Senator S.C. Ferguson:

That is April?

Deputy E.J. Noel:

Yes, it is in progress as we speak. As we said, a certain amount of the testing has been completed and we are moving on to the next stages. There is no delay.

Treasurer of the States:

Can I take it as an action from the meeting, Chairman, to get you the most up-to-date position on the funding for that project, just to support what the Assistant Minister has advised?

Senator S.C. Ferguson:

Thank you, that is useful. Tracey, anything?

Deputy T.A. Vallois:

No.

Senator S.C. Ferguson:

John?

Deputy J.A.N. Le Fondré:

No, I am okay.

Senator S.C. Ferguson:

We note that the ministerial decision approved a grant to A.C.E.T. (AIDS Care Education and Training) to support their prison education programme. How are you getting on with publishing the accounts of the various grant ...

Treasurer of the States:

We are getting on well, Chairman, with the Assistant Minister's help. I think we can update you on the work we have done so far.

Deputy E.J. Noel:

The 2009 results were published in the annex to the accounts. A similar exercise is happening ...

Senator S.C. Ferguson:

That is just the totals. It is published in the accounts?

Deputy E.J. Noel:

The accounts. A list of the accounts have gone out to the States Members already, have they?

Treasurer of the States:

Yes.

Senator S.C. Ferguson:

Are they on the website? You know, electronically I think is the only way to do it.

Treasurer of the States:

Yes. Would you like me to answer? Where we are, Chairman, when we had our informal meeting, I advised you that we were doing some work on reviewing the financial direction for grants. I have got for you, for your Committee to comment, take away from the meeting and perhaps to comment back to me on ...

Senator S.C. Ferguson:

It would also be useful if it was given to the P.A.C. (Public Accounts Committee), I think, too.

Treasurer of the States:

Certainly, we can do that.

Senator S.C. Ferguson:

Super.

Treasurer of the States:

So that is our current grant. So it is a draft at the moment, very happy to receive your comments on it. Broadly, following discussion with the Assistant Minister, from whom we took advice, what we are proposing to do is to require 4 audited accounts for any grants above £100,000 and to require unaudited accounts between £25,000 and £100,000, and to require a letter or something simple, perhaps a short report, from any grant-funded body that received less than £25,000, so that they can report back to us just how they have used the money. After discussion with the Assistant Minister, we thought that was a reasonable compromise, so as not to burden the grant-receiving bodies too much around the administration, but also to be able to account properly for how the grant funding had been used. What we will then do is we will be in a position to publish all of the audited and unaudited accounts that are provided to us and we can provide on request a copy of the letter back to us saying ... for instance, I pointed out to you one grant that was for £38.

Senator S.C. Ferguson:

Oh, yes.

Deputy E.J. Noel:

To put it into perspective, those grants over £100,000, the audited accounts will be made available. That accounts for something like 80 per cent of all grants made.

Senator S.C. Ferguson:

Yes, I think perhaps ...

Deputy E.J. Noel:

There is one very, very large grant.

Deputy J.A.N. Le Fondré:

I meant in quantity, how many grants? So for the sake of argument, if we give out 100 grants, is it 50? Oh, there are 20 ...

Deputy E.J. Noel:

No. There is one particular organisation that receives several millions of pounds. That is linked with the Health Department, and that is by far the lion's share.

Senator S.C. Ferguson:

I do not think it matters if you name it, because we all know which organisation you are talking about and there is a lot of public support for it, so that I think you are being perhaps a little unduly coy when we are talking about family nursing.

Deputy E.J. Noel:

Yes, we are talking about family nursing.

Senator S.C. Ferguson:

Yes, it is well known that 80 per cent of their income comes from the States. Sorry, go on.

Deputy T.A. Vallois:

Can I ask, on the basis of providing grants, is it against strategic objectives?

Treasurer of the States:

Yes, the other thing, when you and Deputy Vallois get to review our grant, our financial direction on grants, one of the things that we are keen to do is to ... presently, departments do not have any templates that they are using consistently across the States, so if you were to go to Economic Development, for example, you would find that they have a particular approach to grant aid. If you were to go to a different department, you would find some arrangements in place, but they would not be the same, and what we are seeking to do is through the use of this financial direction, is to get some commonality across the way in which we both make the grant aid available in the first place and the criteria that we use to assess that, which will include delivery of strategic priorities and also to follow all the way through to the end to make sure we get proper reporting back and proper accounting around how the money is being used. So we are actively working on that and we have begun the process with redrafting the financial direction. We are going to extend that so that we have got templates for departments to use and what we will then do is work with departments to train their staff to use the particular approach that we are coming up with. Now, we have set aside - bearing in mind my earlier comment about making sure that systems and processes meet the business needs of departments - some internal audit time for our internal auditors, instead of reviewing things that are not going as well as they might, to help improve some of the things that are not going as well as they might. This is one area where we have set aside some internal audit time for internal audit to work with departments and help to develop the framework that we are going to use for the future. So it will take a little bit of time, because we want to end up with a procedure that can be used consistently across the States and that people understand that also meets their particular requirements. So I hope that is sort of moving in the direction that you would hope.

Senator S.C. Ferguson:

Thank you. Anyone else? Yes. Now, the final question, we are moving into private session, so I would be grateful if the members of the public could retire at this point.

[11:24]