

PUBLIC ACCOUNTS COMMITTEE

(29th Meeting)

10th March 2008

PART A

All members were present, with the exception of Connétable T.J. du Feu, Deputy A. Breckon and Messrs. A. Grimes and M. Magee, from whom apologies had been received.

Deputy S.C. Ferguson, Chairman
Senator L. Norman
Connétable D.J. Murphy
Deputy J.G. Reed
R. Bignell
C. Evans
Advocate A. Ohlsson

In attendance -

C. Swinson, C.B.E., Comptroller and Auditor General
P. Monamy, Clerk to the Public Accounts Committee

Note: The Minutes of this meeting comprise Part A only.

Minutes.

A1. The Minutes of the Meetings held on 10th December 2007 (Part A only), 14th January 2008 (Part A and Part B) and 18th February 2008 (Part A only); and the Notes of the meeting held on 11th February 2008, having been previously circulated, were taken as read and were confirmed.

Matters arising.

A2. The Committee noted the following matters arising from its previous Minutes and Notes of Meetings -

- (a) **‘Away Day’ proposed (Minute No. A4 of 26th November 2007)**- The Committee noted that follow-up work on reports and recommendations was under way, with responses awaited from a number of departments. The Chairman and Deputy Reed reported that they had received a briefing from the Director of Property Holdings in advance of a formal response;
- (b) **States Spending Review: public hearing on 11th February 2008 - Chief Executive of the States and Treasurer of the States (Note No. 3 of 11th February 2008)**- The Committee noted that the Chairman had been in discussion with the Scrutiny Office, States Greffe regarding the allocation of an officer to produce reports for and to generally service the needs of the Public Accounts Committee. Whereas a Scrutiny Officer had been temporarily allocated to deal with the transcript of the above-mentioned public hearing and to prepare a report on issues arising therefrom, discussions were continuing regarding a permanent arrangement;
- (c) **“Jersey Enterprise Board: proposed establishment” (P.194/2007): Amendment (Minute No. A1 of 18th February 2008)**- The Committee was advised by Deputy Reed that the Director of Property Holdings had, through his recent briefing, confirmed that a

considerable sum of money would be required to bring all property owned by the States up to a reasonable standard. It was noted that the budget transfers envisaged under the arrangements leading to the establishment of the Property Holdings Department had not yet been completed. The Connétable of Grouville commented that the Scrutiny Sub-Panel - of which he was a member - presently examining the proposal to establish Jersey Enterprise Board remained unclear as to the remit of the proposed entity. It was questioned whether all property held by the States was to be transferred to the new organisation; whether it was also intended that it would engage in property management; and whether its activities were to include an element of property trading. The Comptroller and Auditor General (C&AG) suggested that it was apparent that there was to be no change in principle to the perceived operation of Jersey Property Holdings, with Jersey Enterprise Board being the vehicle by which certain surplus property within the States portfolio could be disposed of. It was evident that decisions would be necessary to determine which properties were to be moved to the auspices of the new company and the Committee recalled that its Amendment to P.194/2007 sought to bring the company and its subsidiaries within the C&AG's remit, so as to give assurance to the public that there would be an independent oversight of Jersey Enterprise Board and its activities.

States Spending Review: transcript of public hearing on 11th February 2008 - Chief Executive of the States and Treasurer of the States.
512/1(16)

A3. The Committee, with reference to its Item 3 of the Notes of the meeting held on 11th February 2008, received an edited transcript of the public hearing which had taken place on 11th February 2008 involving the Chief Executive, Chief Minister's Department and the Treasurer of the States, on issues arising from the States' Spending Review.

Members of the Committee were asked to convey any comments on the transcript to Mr. N. Fox, Scrutiny Officer who had been temporarily allocated to the Committee.

States Spending Review: draft report arising from Public hearing on 11th February 2008 - Chief Executive of the States and Treasurer of the States.
512/1(16)

A4. The Committee, with reference to its Minute No. A2 of this meeting, recognised that it was to have been presented with a draft report on issues arising from the public hearing which had taken place on 11th February 2008 involving the Chief Executive, Chief Minister's Department and the Treasurer of the States, in relation to issues arising from the States' Spending Review.

However, it was noted that this had not proved to be possible and it was agreed that the report should be circulated to Committee members as soon as it became available.

Comptroller and Auditor General: report.
512/1(8)

A5. The Committee received an oral report from the Comptroller and Auditor General (C&AG) regarding the under-mentioned work currently in hand and noted that -

- (a) reports on the States' 2 principal pension schemes for States' employees - the Public Employees Contributory Retirement Scheme (PECRS) and the Teachers' Superannuation Fund (TSF) - had been completed and were being prepared for printing. A further report on the "Liabilities" of the 2 schemes was in discussion with the Head of Employee Relations, Chief Minister's Department and, following a meeting scheduled for 17th March 2008, it was envisaged that all 3

reports would be published. A report was also in the course of preparation on the governance of the 2 schemes, and also on their respective status (whether, for example, they should be constituted as 2 separate schemes, with independent trustees). The Committee noted the difference in approach which had been adopted in the management of the 2 pension schemes, including details of the relative deficits and the manner in which they had been addressed over the years and, in particular, most recently. It was noted with interest that the reforms which had been undertaken to the PECRS from 1987 onwards were only now being made to comparable schemes in the United Kingdom. It was recognised that unfavourable comparison by some observers of PECRS with United Kingdom schemes often failed to take into account the significant membership of personnel from the Island's uniformed services, the costs in respect of which could be substantially higher (i.e. arising from their earlier age of retirement). The Committee noted that relatively recent reforms to the TSF would place it on a similar basis of operation to PECRS, although it was indicated that the effects would not become apparent for some time. Advocate A. Ohlsson declared a conflict of interest in relation to the work undertaken by his firm, Carey Olsen, as advisors to PECRS;

- (b) regarding the report issued on the 2 Confiscation Funds (the Drug Trafficking Confiscation Fund and the Criminal Offences Confiscation Fund), it was noted that following confirmation from H.M. Attorney General that other jurisdictions generally did not consider that confiscated funds should be held separately from general funds, the way was clear for the 2 above-mentioned Funds to be considered as general revenue of the States. In this event, it was envisaged that in future a provision would be made by the States from which 'Court and Case Costs' expenditure could be met;
- (c) regarding the ongoing major Police enquiry involving allegation of child abuse perpetrated historically at the former children's home at Haut de la Garenne, St. Martin, the Committee recognised that the Chief Minister had indicated to the States that the Council of Ministers had "confirmed that all necessary resources will be made available to ensure the most comprehensive inquiry possible and to support any prosecutions that lead from it." The C&AG reported that it was likely that the costs of the enquiry would be met from the balance available in the relevant Confiscation Fund, whereas in other jurisdictions such expenditure might be dealt with by means of a supplementary vote to an appropriate contingency budget. However, it was recognised that this option was not presently available to the Island following the firmer spending controls which had been introduced in the lead-up to the establishment of Ministerial government. The Committee noted that it was intended that a separate report to be prepared at the end of the ongoing 'Jersey Spending Review' would address the issue of overall spending controls;
- (d) Departmental Reports were to be prepared, as follows -
 - (i) following reviews of areas of responsibility under the remit of Home Affairs, reports were to be issued in respect of the Fire and Rescue Service, H.M. Customs and Excise, the States of Jersey Police and H.M. Prison La Moye;
 - (ii) publication of a report on the review of the Education, Sport and Culture Department was imminent;
 - (iii) a report on the review of the Law Officers' Department, with particular emphasis on a request for additional staff, was presently underway;
 - (iv) reports would be prepared in due course on the Health and

Social Services Department and the Planning and Environment
Department;

- (e) a set of papers would be prepared on certain cross-cutting issues, including -
 - (i) property;
 - (ii) pensions;
 - (iii) outsourcing; and
 - (iv) joint activities with Guernsey.