

19-21 Broad Street | St Helier
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By email

5 July 2023

Dear Chair,

Arms Length Organisations' Key Performance Indicators

Thank you for your letter of 28th June, in which you provide a number of questions with regards to Arms Length Organisations' Key Performance Indicators. I have set out below answers to each of these in turn:

Please could you:

1. *Identify the membership of the ALOB?*

Please see attached terms of reference for the Arm's Length Bodies Oversight Board (ALBOB).

2. *Provide a copy of the ALOB's terms of reference?*

Please find this attached as a confidential annex.

3. *Outline how ALBOB ensure that ALO's are held to account to meet the objectives within the CoM Common Strategic Policy?*

As noted in the terms of reference, the purpose of the ALBOB is to ensure good governance across all major Arm's Length Bodies. ALBOB is not responsible for ensuring alignment with the CSP or Ministerial objectives amongst specific ALOs as this work falls to the relevant Minister and Department.

Within my own portfolio, my officers work closely with ALOs to ensure that their business plans align closely with Ministerial priorities and wider CSP, this alignment is also delivered through grant appraisals and regular Partnership meetings.

4. *Highlight what the twice-yearly grant appraisals involve?*

Officers within my area of responsibility complete a written appraisal of the request for grant funding from each ALO on a bi-annual basis. This is a requirement of the Public Finance Manual which states "...six monthly and annual assessments must be carried out in sufficient time to enable the relevant Accountable Officer approving the grant to be provided with the results of the assessments."

The timing aligns to the expected grant payment dates as outlined in the annual Schedule within the Partnership Agreement. Officers have a template to support a comprehensive appraisal of the

grant request that provides them with a framework to demonstrate compliance with the Public Finance Manual. Particularly, the appraisal is to document that the Arm's Length Organisation is supporting the Ministerial and strategic priorities in the most effective, efficient and economic manner, ensuring the imposition of robust controls over governance including probity and regularity in the use of public funds.

The appraisal therefore enables officers to exercise and document a risk-based approach to assurance, governance and the oversight of operational and financial performance.

a. Are these a blanket approach or specific to each ALO?

The Public Finance Manual outlines that "there should be a consistent approach to the utilisation of Arm's Length Organisations across the States of Jersey and a continuous challenge required on both the Arm's Length Organisation performance and the utilisation of Arm's Length Organisations as representing the most optimal mode of service delivery against viable alternative options." In order to ensure an appropriate level of rigour within governance controls covering the management of the relationship between the States or Government of Jersey and Arm's Length Organisations, officers have templates for ALOs who receive more than £1m per annum (e.g. Digital Jersey Limited) and another for those who receive less than £1m per annum (e.g. Jersey Consumer Council).

Each organisation will be assessed based on the evidence from supporting documentation (e.g. audited annual accounts, KPIs against their agreed business plan) in addition to other evidence that may arise mid-year that could cause a fundamental concern to the Accountable Officer or myself in terms of delivery or corporate governance. The mid-year review is largely to ensure that delivery and expenditure is as per the ALOs business plan.

b. How are they monitored to ensure they link into the CoM's Common Strategic Policy?

At the start of the annual grant process, the ALO will have worked with my officers to ensure that the ALO business Plan is aligned to the CoM's Common Strategic Policy and, in turn, my Ministerial Delivery Plan. Performance against the KPIs and Outcomes from the business plan are assessed formally mid-year and at the end of the year.

5. Having noted that targets and KPIs are agreed annually between ALOs, departmental officers and yourself, as indicated in your letter of 17th March 2023, the Panel would ask how far in advance are these KPIs discussed and set?

KPIs are agreed as part of the approval process for annual business plans, these are required to be agreed by mid-December each year to support a timely release of grant payment at the start of the financial year.

6. Please can the business plans and annual reports therefore be provided for all ALOs within your remit for the 2022/23 cycle?

Final Audited accounts and (where applicable) the associated ISA 260 report and management representation letter for 2022 are due to be received by me on or before 31 July 2023. As per the

C&AG report, all ALOs are requested to provide their annual reports and accounts on their website. For ease of reference the latest business plans are attached.

- 7. Noting the irregular publishing of KPIs, will you be considering if all ALOS should be requested to upload their business plans and annual reports to their website (including KPIs), and should there be a dedicated page on gov.je for these to be hosted in a central location?*

I agree that ensuring corporate documents are easily accessible is important for the transparency and governance of Arm's Length Organisations and will be writing to the relevant ALOs to suggest that these documents are published on their website where this is not currently the case.

As you will be aware, the Chief Minister is required to publish a [list of Ministerial Responsibilities](#) under Article 30A of the States of Jersey Law 2005. I would submit that this report would be an appropriate place to include links to the relevant ALOs for each Minister and will request that such links are included in future Article 30A reports.

- 8. The Panel would expect that ALO KPIs would be centrally reviewed and monitored by the ALOB, with the KPIs correlated with progress and be readily available for inspection. As such, could a spreadsheet with the set KPI and the progress in meeting these be provided for ALOs within your remit please. If no such information or tracker exists, please could you provide explanation for why this is the case and clarification on whether you will direct that such information be gathered and maintained?*

The Arm's Length Bodies Oversight Board was initially established to develop a coordinated response to a number of recommendations of the Comptroller and Auditor General, many of which have now been implemented. Over time, the focus of the group has shifted towards Partnership and Governance workstreams – developing better strategic partnership arrangements for delivering outcomes and developing consistent, proportionate governance arrangements for managing ALO relationships. As such, it does not review individual ALO KPIs, which is the remit of the department managing the respective ALO relationships. We continue to discuss progress with the Comptroller and Auditor and engage with ALO partners on improving strategic relationships.

- 9. During our quarterly hearing of 1st June 2023 you indicated that Digital Jersey, Visit Jersey, Jersey Heritage, ArtHouse Jersey, Jersey Sport and others are cost centres to the Government of Jersey. You stated that, although not official government policy, certain ALOs could be identified as having the opportunity to generate their own income. Having mentioned the Digital Jersey Academy during the hearing, could you please clarify which ALOs can be regarded as pure cost centres, and which could be expected to be partly or wholly self-funding and why?*

The funding sources and revenue currently raised by each ALO will be set out in their respective Annual Report and Accounts. I am keen to see ALOs explore new avenues for raising income independently of Government to ensure funding for their important work can be increased and supported by multiple resource streams. I appreciate this will not be possible in every case and expect to be in a position to further explore this following the conclusion of the Department's ALO review later this year.

10. Please provide any statistical or other data analysis performed by or on behalf of the Department that indicates any target elements of KPIs set for any ALOs will improve the Island's economic performance in line with the Common Strategic Policy. Please also inform the Panel the extent to which you and your officers (or the ALOB) are reviewing KPIs for any specific ALOs to improve the Island's economic performance in line with the Common Strategic Policy and of the methodology, modelling and data analysis that you and they are performing or using in this respect.

Measurement of KPIs is typically included as part of the annual reporting process. It should be noted that KPIs relate to the delivery of specific workstreams (rather than strategic aims). These workstreams themselves are of course aligned with both the CSP and Ministerial Plans as part of the annual Business Plan process and KPIs are assessed regularly.

I hope the above provides clarity to the areas you have raised.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K. Morel', written in a cursive style.

Deputy Kirsten Morel

Deputy Chief Minister

Minister for Economic Development, Tourism, Sport, and Culture

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