



## **Public Accounts Committee**

States Annual Report and Accounts 2021 Review

### **Witness: Treasurer of the States and Director General, Strategic Policy, Planning and Performance**

Monday, 28th November 2022

**Panel:**

Deputy L.V. Feltham of St. Helier Central (Chair)

Deputy M.B. Andrews of St. Helier North (Vice-Chair)

Deputy T.A. Coles of St. Helier South

Mr. P. Taylor

Mr. M. Woodhams

**Witnesses:**

Mr. R. Bell, Treasurer of the States

Mr. T. Walker, Director General, Strategic Policy, Planning and Performance

Dr. M. Matias, Director of Delivery and Improvement, Strategic Policy, Planning and Performance

Mr. I. Cope, Chief Statistician

Mr. P. Styles, Head of Group Reporting, Treasury and Exchequer

[15:30]

**Deputy L.V. Feltham of St. Helier Central (Chair):**

Hello, everybody, and welcome to this public hearing of the Public Accounts Committee. Today is Monday, 28th November and this is a public hearing with the Treasurer of the States and the Director General of Strategic Policy, Planning and Performance in relation to the States Annual Report and Accounts 2021, of which we are currently undertaking a review. I would like to draw everyone's

attention to the following. This hearing will be filmed and streamed live. The recording and transcript will be published afterwards on the States Assembly website. All electronic devices, including mobile phones, should be switched to silent. I would ask that any members of the public who have joined us in the room today do not interfere in the proceedings and as soon as the hearing is closed please leave quietly. For the purpose of the recording and for the transcript, I would be grateful if everybody who speaks could ensure that you have stated your name and your role when we do the introductions. Also for the purpose of the public hearing, could everybody ensure that they are speaking clearly and as near to the microphone as possible and also it is helpful to the public if you use any jargon to try and ensure that it is explained as well. We will begin with introductions. I am the Chair of the Public Accounts Committee and I am Deputy Lyndsay Feltham. I suggest that the committee members introduce themselves first and then the officers. Thank you.

**Deputy T.A. Coles of St. Helier South:**

I am Deputy Tom Coles of St. Helier South.

**Deputy M.B. Andrews of St. Helier North (Vice-Chair)**

Hello. I am Deputy Max Andrews. I am the Vice-Chair of the Public Accounts Committee.

**Mr. P. Taylor**

I am Philip Taylor, a lay member of the Public Accounts Committee.

**Mr. M. Woodhams, Lay Member**

I am Matthew Woodhams, also a lay member.

**Deputy L.V. Feltham:**

And the officers.

**Treasurer of the States:**

Richard Bell, Treasurer of the States.

**Director General, Strategic Policy, Planning and Performance:**

Tom Walker, Director General.

**Director of Delivery and Improvement, Strategic Policy, Planning and Performance:**

Megan Matias, Director of Delivery and Improvement.

**Chief Statistician:**

I am Ian Cope. I am the Chief Statistician for the Island of Jersey.

**Head of Group Reporting, Treasury and Exchequer:**

I am Peter Styles, Head of Group Reporting at Treasury.

**Deputy L.V. Feltham:**

Thank you. We have 1½ hours set aside for this hearing, so I ask that answers should be as brief as possible, given the questioning. So we are here today. I have got quite a hefty document in front of me, which is the States of Jersey Annual Report and Accounts 2021. We are going to start with some background questions. The first question that we have is to ascertain who has the overall responsibility for the production of the annual report and accounts.

**Treasurer of the States:**

Ultimate responsibility, in particular under the legislation, for the financial statements falls to me. We operate, however, because if it is the annual report as well as the accounts, as joint S.R.O.s (senior responsible officers) in front of you today, myself and Tom Walker, who lead a project team that meets regularly. We have already started for the current year's annual report and accounts. So we have joint responsibility to the Chief Executive.

**Deputy L.V. Feltham:**

Okay. So you have joint responsibility for separate sections. Can you explain perhaps the overarching purpose of each section and who has the responsibility for each of those sections?

**Treasurer of the States:**

Yes, of course. The annual report and accounts consists of broadly 3 sections. You have the performance report, which gives the story of the year in terms of the performance of the Government, particularly delivery against objectives and a financial review. If you like, the majority of the responsibility there, other than the financial review, lies with Tom or the D.G. (Director General). We then have the accountability report, which lays out the governance structures of the organisation, remuneration and staff reporting and how they support achievement as well as the director's report including the responsibilities across the organisation and a corporate governance statement. Largely that is my responsibility but it is obviously using the appropriate teams across the organisation. Then lastly and by no means least at all, we have the financial statements of the group, which is my responsibility under the Public Finances (Jersey) Law. That is both year on year and outturn against approvals.

**Deputy L.V. Feltham:**

Okay. Can you explain what value each individual section of the report brings to the whole, please?

**Treasurer of the States:**

I think in brief I have just outlined the purposes of each section, so if I go probably about a decade ago the majority of this report concentrated on the financial statements, the financial performance of the organisation. That is the financial performance not only of the core government departments but the non-ministerial departments, the key States funds, most of the States funds or the bequests that lie outside of the accounting boundary, added to which we have the 4 or the 3 most tightly controlled of the subsidiary entities. That provides, if you like, the full financial evaluation of the States of Jersey what we describe as the group. There are also reports in there that provide accountability through to States Members, the Public Accounts Committee and Islanders across Jersey in terms of financial performance against approvals, and I know we have had a conversation about that in a different format previously. So that adds to the value in terms of financial accountability in terms of not only where budgets are spent. It also gives the full, if you like, range and extent of the balance sheet of the entity. By the entity, I am talking about the entire group, which shows the full £7 billion of net assets under management across the group.

**Deputy L.V. Feltham:**

When you talked about a conversation that has previously been had, I am conscious that this is a new Public Accounts Committee and there may well be members of the public that are watching that may not be aware of that. Could you explain a bit more about that, please?

**Treasurer of the States:**

Yes. In our last hearing with the Chief Executive with this Public Accounts Committee we talked about a 6-monthly report that we generate that talks about the establishment and how they are made of the budgets or the approvals either through the States Assembly or in particular through the additional approvals provided by the Minister for Treasury and Resources. At the end of the year - and I cannot remember the page numbers; I will come back to the page number it is on - we then have tables which are outturns of revenue expenditure, project spend and departmental spend against those original approvals identified by the Assembly or sorry, approval given by the Assembly. Added to which, you have various transfers within the year. At the moment, that section is a section which is a particularly dry section, probably enjoyed intensely by the accountants among us but lacks much of the story during the year of how those approvals have come to be. So it is an area for improvement this year to tell the story of what that particular section of the financial report is showing.

**Deputy L.V. Feltham:**

Okay. When it comes to quality assurance processes, what processes are in place regarding the production of the overall report?

**Treasurer of the States:**

I will probably split that into 2 parts. So the first, as you would probably expect, is I am going to talk about the financial report and accounts. Over the last 3 to 4 years we focused heavily on the quality and assurance backing papers that support the figures that we have put together in the accounts, and Peter can provide more detail should you wish. That has been the focus in the last 3 to 4 years, which has allowed us to bring forward the preparation of the financial statements to a shorter timescale and meant that we have done that to March and we intend to deliver them by the end of March this year also. It is fair to say, and I do not think I am overexaggerating, the auditors are pretty content with the approach that we take on preparing for the preparation of the annual report and accounts but also in particular for the audit that gets undertaken. While there is some of the audit done before the year end, most of that starts in the mid-February to late March period. In terms of data assurance on the performance report, Ian can provide more but ultimately what happens there is each director general signs off on the data that they have and then that is reviewed by Ian. Sorry, Ian, I have probably explained some of it already.

**Chief Statistician:**

That is fine. So on the service performance data you have the departmental K.P.I.s (key performance indicators). That is provided by the analysts of business partners and my team quality assure it. At the end of the day, that gets signed off by the D.G.s (director generals). I oversee the data. I also review the commentary, the departmental commentary to make sure the commentary aligns with what is in the data tables. Then as part of the accountability process, Tom and I both sign off that those checks have been carried out. So Tom and I kind of oversee the process and each individual D.G. signs off on their data.

**Deputy L.V. Feltham:**

Okay, thank you. What would you say the key messages are that are arising from the 2021 annual report and accounts?

**Treasurer of the States:**

I will deal with the financial side, giving Tom time to think about the answer on the performance side. I think we spend quite a bit of the annual report and accounts talking about the impacts of COVID. So while obviously the first year of COVID or the first year impacted by the COVID pandemic was 2020, 2021 had more of an impact than we were anticipating when we put together or the Minister put together and put to the Assembly the Government Plan. So in there you have got laid out what the impacts of COVID were financially but you have also got quite an extensive section that talks about the test and tracing programme, the vaccination programme, some impact analysis in terms of the impact on services, in particular health, that are within the report. So, for example, the impact separately - we separated 2020 out from what we had previously reported in 2020 - the costs of

COVID so you can see them side by side in the 2021 report, whereas previously the costs of COVID were shown within the individual departments for 2020. So in particular the costs of COVID in 2021 were almost £110 million compared to £190 million in 2020. Beyond that in terms of financial review highlights, I would say that the message from the annual report and accounts for 2021 was of much ruder health in the finances than was previously feared at the start of the COVID period. So income held up above or at forecast. The balance sheet was in good shape and we had good investment returns in 2020, well contrary to the expectations you might have had the start of 2020, such that we did not need to borrow as much money as we previously said we would need to fund the costs of COVID in particular. Overall I would say fairly healthy finances at the end of the year for 2021 considering we had been through 20 months of COVID at that point.

**Director General, Strategic Policy, Planning and Performance:**

I think for the performance element, I think the key story that we are telling is really about the resilience of the public service in the face of considerable adversity last year. So you will see that throughout the report where we are talking about the work that the public service did to protect Islanders and the health of Islanders through the COVID-19 pandemic and the resources that went into that but at the same time the work that continued to deliver core government business and to make the improvements that we were aiming to make. So I think if you are looking for a central story, I think that is the main one in the performance.

**Deputy L.V. Feltham:**

Thank you. We have talked a bit about key audiences for the annual report and accounts and you did talk about some of those audiences earlier. How do you ensure that those specific audiences understand the key messages within the report?

[15:45]

**Treasurer of the States:**

Well, perhaps if I can talk to a more usual year than the year that we had for 2021. Usually I would say that part of the answer to that is that we do try as much as possible to distil those messages down into briefings to media and to States Members but also to interested parties. We did not get the opportunity to do that in 2021 because of the period of election sensitivity but for us that is a key element and key part of distilling down and delivering the key messages to the Island arising from the annual report and accounts because, as you say, there are quite a lot of pages to the document. Other than that, obviously there are key statements by the Chief Minister, by the Chief Executive and by the Minister for Treasury in the report, which give a high-level view of the finances and the achievements as well as assess performance. I would say that going forward the biggest challenge we have for this document comes from the breadth of the organisation and the number of things it

does, which leads to a huge volume of data and information within the report, which makes sometimes getting to those stories more difficult to achieve. We think it would benefit going forward, probably not this current year, more linkages through to more in-depth detail and the report focusing at a higher level in terms of the key performance data and key objectives. We will be interested to hear more about how we can distil further the financial review but we think we are focusing in the right place on the financial review except that we think we need to do more explanation of spend against budget.

**Deputy L.V. Feltham:**

You have talked there about briefings for specific groups of people, but you would also expect those groups to also want to know the detail that is contained within the report. Given the length that you have discussed, it is a very hefty document. How accessible do you think this is to the target audiences that you are trying to reach?

**Treasurer of the States:**

I will start with the finances. So in terms of financials, what we try to do within the financial review or the financial review within the performance report is distil the key messages down to allow the users of the accounts or the readers of the accounts to understand in a more simple and straightforward way the story of the year in terms of the finances, the state of the finances and the state of the balance sheet as well as things like investment performance. I think that is achieved fairly well. The structure of the performance report - and I am sure Tom will either correct me or add further - is it is set out in such a way that you can deal with or look at the higher level of performance and, should you wish, delve into the individual departments further down the report, is one way I think I would say it in terms of the structure. It starts out by highlighting the key objectives of the Government and then goes into more depth as you go deeper into the report.

**Director General, Strategic Policy, Planning and Performance:**

Yes, I think that the audiences are different for different parts of the content and so some of the stakeholders interested in the report are very interested in the details of a single project or a single department. Others are looking at the performance of the Government as a whole and at the moment we are seeking to accommodate both of those different interests into a single document, so seeking to have both a high-level summary but also to have the project-specific and departmental-specific information for the people who are really interested in something really detailed within a specific department.

**Deputy L.V. Feltham:**

Do you think that they would be able to find the detail that they need, it is quite easy for them to find the detail?

**Director General, Strategic Policy, Planning and Performance:**

We often get questions about a matter of detail. I think most people just do Ctrl-F and word search until they find the projects they are interested in and people do come back to us with queries about something really quite detailed because that is what they are interested in. Others do not because they are interested in the generality. So I suppose the key point to get across is that different people have differing levels of interest and some are very specific in their interests and some are very general, and there is everything in between. Some people are interested in just the performance of the ambulance service; some people are interested in the performance of Justice and Home Affairs; some people are interested in the performance of the Government. At the moment, the report seeks to accommodate all of those different perspectives.

**Deputy L.V. Feltham:**

Thank you. You also talked about the impact of COVID-19 and how the report demonstrates what was delivered in respect of COVID-19 to the community. What perhaps is not so clear is what did not happen; so what was planned for the year but did not happen as a result of that COVID-19 activity? Is there anything that you can tell us about that potentially?

**Director General, Strategic Policy, Planning and Performance:**

Yes. A lot of that was covered in other reports as well. I know that for the Department of Strategic Policy we covered a lot of that in the 2020 reporting where we explained what had been halted, deferred, rescheduled, and then we covered that again in the planning for 2021 where we went back and explained what impact that had had. So there is a lot of information that we have already put into the public domain about that and people interested in a specific project we can usually find where we have been really clear from the start of 2020 onwards on what was going to be delivered and what was not. Most of the work has ended up being rescheduled, either within the last Government or into this Government, and that is the most common act you will find.

**Chief Statistician:**

Can I just add to that? In the service performance measures part of the departmental performance, the service performance measures themselves show where the departments did not meet the target that they had set themselves and in the departmental commentary you normally get an explanation of the extent to which COVID was responsible for that. That is another part of the story as well.

**Deputy L.V. Feltham:**

Thank you. I am going to hand over to Philip now. He has some further questions.

**Mr. P. Taylor:**



I will just go back with a supplementary. It seemed to me that nobody is in overall charge of the production of this document. It is split between 2 parts, so who makes sure there is a consistent thread between performance and financial reporting? You cannot dissociate one from the other. Money is spent for a particular purpose. Richard is reporting on where the money was spent. What I would like to see is a link between where the money was spent and the performance review and a perfect link between the 2. I do not get that from this 400-page report. What is your comment on that?

**Treasurer of the States:**

My comment in terms of not having anyone ultimately responsible, that is not really the way that the team works. The team does work to work across the document. There is an element inevitably of people going down into the particular area that they are responsible for. Given the complexity and volume of work that needs to be put together to drive the financial statements, often they are the thing or the part of the report that is produced last as you can produce much of the performance work far earlier in the day and in fact some of that performance data relates to figures that are available earlier in the year. We do think that we do need to improve the linkages through from financial reporting into performance and that is one of the challenges we have had. We have had quite a growth in recent years, some of those include the period of 2020-2021, where we have been able to produce much more in the way of performance data and performance analysis. So the next step has to be to try to combine the 2 and to make the links across better and that relates not only to the links between financials and objectives and performance but also linkages through to risks and objectives.

**Mr. P. Taylor:**

One of the comments from an earlier report was something you attempted to do in previous financial statements and reports was to reduce the volume of data that was being produced each year and yet now you seem to have gone back a stage and continue to produce large amounts of data, which make the document, to me, quite difficult to follow. Why was it decided to revert to the production of large amounts of data?

**Treasurer of the States:**

Interestingly, and Ian can provide a bit more detail, broadly it was from recommendations that were made that required us to try and or asked us to try to find some more time data, so the timeline, to be able to compare performance between different years, which did not lend itself to some of the very good infographics we had from previous periods. We think there is value in some of that that we presented in the 2021, but on reflection we would like to move back to use more of the infographics and find a way of reporting on the other elements in more detail elsewhere with links through to that data elsewhere. Ian, would you like to ...

**Chief Statistician:**

If it is the service performance measures that you are talking about, one of the points I would make is we have had recommendations from previous P.A.C.s (Public Accounts Committees) from the C. and A.G. (Comptroller and Auditor General) and from the Risk and Audit Committee, which typically asked us to add more data in. So it was a previous P.A.C. recommendation on the 2020 annual report and accounts that asked for a longer run of time series of the performance data, which is why we switched, based on my recommendation, to a tabular format. What we are looking at for 2020 and beyond is publishing that data online and therefore it links into the annual report and accounts so they are more readable.

**Mr. M. Woodhams:**

Just one particular point, having a more comprehensive report, which has more data in it, does not mean having a long report. To use an analogy, comparing J.K. Rowling's first book opposed to her last book, when she had a strong editor at the beginning who cut it down ruthlessly to her last book which was 1,200 pages long, the report, if you read it, there is a lot of that is fat. I said before we started, if I gave you a budget of 10 pence for every word in this, it is going to cost you and the States, how much could you reduce this report to readability? It is not the information that is in it, it is the quantity of words. It is such a long report and because there are multiple owners across all the different areas, there is no real overall responsibility of why have we got a 400-page report. Can we do this in 200 pages that people might be able to read? It is removing things that are unnecessary, not the data, the words.

**Treasurer of the States:**

I think that is part of it. I do think with our interpretation, it is just a page, just a spreadsheet, so the more data you deliver the more interpretation is needed and, therefore, that drives many of the words that are used. I think it is a fair comment to say that we have still got too many words. We have got too much data in one document and if you provide all that data in one document you do have to interpret it.

**Mr. P. Taylor:**

If I could just add a bit there. In any one year or over the years a Government have a number of strategic priorities. I am not saying it is necessarily relevant going forward. This last Government had 5 strategic policy areas. That was what the Government were there for primarily and so to me, because I am simple sort of soul at heart, that is where the thrust of the entire report should happen. That is the way I would have done it and then maybe other areas of service performance I would not necessarily have had in this document. I would have had them in separate documents to make it easier to understand, but that is just a suggestion. I do not know what your thought is on that.

**Director General, Strategic Policy, Planning and Performance:**

We are looking at the possibility of taking some of the departmental reporting out of this and putting it into separate documents, which we will probably aim to do for the 2023 report.

**Mr. P. Taylor:**

I am pleased to hear that.

**Treasurer of the States:**

The 2023 report and in the meantime for the 2022 report picking up, as you just said there, we do suffer from a degree of duplication as well. So trying to strip down or eliminate the duplication should lead to a shorter report as well as perhaps simplifying the story by moving back towards some of those infographics that we have used in the past, in the year before in particular.

[16:00]

**Mr. P. Taylor:**

Before I get a nasty look from my Chair, there are a number of entities, non-ministerial departments for example, where money is allocated and spent for a specific purpose. There are a number of large grants that are given to organisations like Jersey Finance or Jersey Heritage or Jersey Statistics for a specific purpose. I am not saying whether or not the purpose was met should be reported in this document but if there is going to be performance reporting, is that an area where one could perhaps say that the money for Jersey Finance was spent for the following purposes, this is how it was spent and it has been effective in the way that it was intended as opposed to saying they produce their own report, for example? I do not know what your comment is on that.

**Director General, Strategic Policy, Planning and Performance:**

I suppose to link back to the conversation we were just having, I think if there is something in the performance of a non-ministerial department or in an arm's-length body that is inherently important to the Government's central missions, then you would naturally look to reflect that when you are reporting on that Government central mission. But as we have just discussed, one of the things that we are exploring is whether to take the departmental level stuff out of this report and report it elsewhere for ministerial departments and that would make it then consistent with the approach that we take for non-ministerial departments and for arm's-length bodies.

**Mr. P. Taylor:**

Thank you. Let me just make sure I have got my ... yes, this is a question of terminology. Throughout the 2021 accounts - I am sure it will not be the case in this set of accounts - the term "rebalancing" is used often. What does rebalancing mean?

**Treasurer of the States:**

The history back beyond that year and the year before we had a programme previously known as the efficiencies programme. It became fairly evident that in achieving the targets set in the efficiencies programme we were not always using only efficiencies to deliver that target. Therefore, in an approach to rename it more aptly, at that point the rebalancing programme was taken, which looks at other ways not just relating to the efficiencies to deliver the reduction in expenditure and that is purely what it was. It was just because lots of the what previously were ... not lots of them, some of the minority or a large minority of measures that were previously put forward as part of the efficiencies programme were not always efficiencies. They just rebalanced towards the target of reductions in spend.

**Mr. P. Taylor:**

But that was not a reduction in the overall expenditure. It was a movement of expenditure from one head to another.

**Treasurer of the States:**

Yes. So the growth in expenditure ... no, it did not move from one head of expenditure to another. It did reduce the expenditure within the targets over the periods.

**Mr. P. Taylor:**

Normally Matt sits here and poses another question.

**Mr. M. Woodhams:**

No, I am satisfied with the questions and the answers.

**Mr. P. Taylor:**

Okay, thank you very much. I am now going to pass back to the Chair.

**Deputy L.V. Feltham:**

We are going to move on to some questions about best practice reporting and Deputy Coles is going to start with those.

**Deputy T.A. Coles:**

It was judged by the Comptroller and Auditor General to follow some overarching principles when examining the contents and structure of the annual report, focusing on supporting accountability, accessibility, transparency and understandable. As this is a public document on an annual reporting, what best practice guidance do you follow when outlining the contents of the document?

**Director of Delivery and Improvement, Strategic Policy, Planning and Performance:**

I am happy to take that one. We received very helpful support from the Comptroller and Auditor General when we have been looking at this and we have been looking at the various good practice examples from different countries and different public sector organisations as well as the guidance from some of the collective public accountability accountancy bodies. We would say that there is no single exemplar that we can look at to say that is the model that we need to follow. So we are in a process of looking at multiple different examples of government departments, for example, in larger jurisdictions that have large functions but simpler functions or looking at other micro-governments and looking at what they are doing, which is not quite as extensive but where good practice would encourage us to go. So we are trying to draw from multiple different sources at the moment.

**Deputy T.A. Coles:**

And take the function of the bits and ...

**Director of Delivery and Improvement, Strategic Policy, Planning and Performance:**

And take the balance of that advice, yes. As colleagues have said, it is a process of learning and trying.

**Deputy T.A. Coles:**

Can you explain the process by which performance data is agreed upon to be reported within the annual report and accounts?

**Director of Delivery and Improvement, Strategic Policy, Planning and Performance:**

This one I think I will hand to my colleague.

**Chief Statistician:**

Sorry, is that what performance data should be measured in the first place or the accuracy of the reporting at the end of the year?

**Deputy T.A. Coles:**

What is the process that you agreed that the data is going to be collected?

**Chief Statistician:**

The service performance measures are all in the departmental operation business plans. Ultimately they belong to the director general and are signed off by the director general for that department. For 2023 we will be moving to ministerial business plans. I and my team work with the department to provide advice around what makes a good service performance measure, but at the end of the day, the D.G.s are responsible for essentially setting the service performance measures and the targets that they are aiming to achieve during that year.

**Deputy T.A. Coles:**

What checks and balances are in place so that the performance data is reported in a fair and balanced way?

**Chief Statistician:**

You will know where the data is quarterly we are publishing that online every quarter. Me and my team work with either the analysts or the business partners in each department. We collect the data, we quality assure it, we quality assure any commentary that goes with it either quarterly or annually to make sure that the comments are in line with the actual data. As I said earlier, as part of the annual report and accounts, each individual D.G. signs off on their commentary and their data and Tom and I both sign off against that process.

**Mr. P. Taylor:**

Can I ask a supplementary there? Tom, how do you decide which performance data you are going to use?

**Director General, Strategic Policy, Planning and Performance:**

We use the data that reports on the objectives that have been set either by the Council of Ministers or through the departments. So there are 2 separate processes, which was the point of Ian's question to clarify the question being asked. There is a process at the start, which is our advice to either the Government or to departments as to what would be an appropriate way of measuring against that objective. Then we quite often have a process that we go through where initial proposals that come forward from departments are refined through discussion with Statistics Jersey and their expertise or through discussion around the alignment with the policy objective, which is usually my contribution. Then we end up with a set of measures. Quite often the majority of those measures are sound and solid and they work and then sometimes we find that we are trying to do something new, novel, experimental, and then when we get to the end of the year the data is not quite as clear. I think that is where the learning comes in and then we can see there is a process whereby measures that have not worked in order to track an objective are then amended or changed or adapted for the

following year. So it is a continuous kind of year-on-year cycle of learning, adapting and changing, but equally trying to retain continuity in the core central runs of data.

**Chief Statistician:**

I will just add that I think we have implemented this since 2021. In 2020 there were 120 annual service performance measures. For this year, 2022, we have gone up to 223, which has grown like the departments. We are having a review that will lead to a smaller number next year, because we recognise that a number of the measures are not really very relevant for Islanders. They do not really provide you with information on how government are performing. For instance, I do not think Islanders are that keen to really understand how many severity P2 I.T. (information technology) M. and D. (Modernisation and Digital) had. That is relevant to monitor internally in terms of the I.T. Department's performance and security but I do not think that is a particularly effective indicator for the performance of government. We will be going through a process to refine and reduce them.

**Mr. P. Taylor:**

Sorry, I think you have slightly misunderstood the question. In producing this document, as Tom has said, he is responsible for the performance element of the reporting. The question is how do you go about deciding which information and data is relevant for the purposes of reporting in this document, not how you manage ... not how the whole of government is determined. How do you decide on the key messages, the key performance data that will be reported?

**Director General, Strategic Policy, Planning and Performance:**

The document at the moment does do both because it contains the departmental reports, but I suppose your question is how do we then lift out the highlights for the government level stuff. That requires, as usual, the kind of balance of judgment as to what have been the main challenges in the year, the main achievements, anything significant that did not go so well. So, of course, you are exercising judgment in order to do that and in order to arrive at what we think the key messages are. So we do that through the production process. That is quite often suggested by the team, having looked at the data, having looked at the departmental analysis, but also from standing back and looking back at the year kind of top down to arrive at a view that way. Through that process we exercise judgment and produce what we think were the main highs and lows for the Government in that particular year.

**Mr. P. Taylor:**

Okay. Thank you.

**Mr. M. Woodhams:**

Just to follow up with a question. It is a little bit later on but it seems worthwhile asking it now. You are obviously saying, Ian, you are looking at the K.P.I.s you have got. At the moment, looking at the report, I do not seem to have any of the risks feeding into what the K.P.I.s are. As part of that review process, is it being done with the risk function of the States to derive what those should be, how they are going to be reported, how they are going to assess the control effectiveness and otherwise of the States so that we can get more use out of them? Is that what they are involved in?

**Chief Statistician:**

Tom or Megan, do you want to pick that one up? I am not looking particularly at risk where this conversation is going.

**Mr. M. Woodhams:**

Risk is the foundation of everything we do because the whole purpose of this is to manage risk. So when we are looking at the performance indicators, we are doing it because we want to keep a particular risk at bay of something going wrong. That is why we do it because we want to assess the effectiveness. That is why we manage risk because something might go wrong and we want to stop it. So in that case if we have got the performance indicators at the moment that are not being effective, to make them more effective and decide which ones you want to go and pick, you have to work out how you are managing risk, so therefore risk needs to be involved in how you are setting them up.

**Director General, Strategic Policy, Planning and Performance:**

I think you will see that through the report but probably in an implicit rather than explicit way. So in 2021 a lot of the performance highlights are around how we manage the risk to the community of COVID. Of course that was a major, major risk that we were dealing with last year and so therefore it is a big feature. So I think that it has got a risk lens inevitably.

**Mr. M. Woodhams:**

We will get to that a bit later. I mean in terms of the process of what you are doing to redesign these indicators, is it something where you are involving your risk function to provide support so you can align them again to risk management? I would hope the answer is yes. If it is a no, it is going to be: "We are going to be." It is just that is the best way you can help to develop them.

**Director General, Strategic Policy, Planning and Performance:**

Yes, the risk function is involved in these discussions.

**Mr. M. Woodhams:**

Perfect.



**Deputy T.A. Coles:**

Moving on, we note that the quarterly performance data is published on the gov.je website, which in turn feeds into the overall picture through the annual report and accounts. How accessible is this process for members of the public?

[16:15]

**Chief Statistician:**

I am not quite clear what is behind the question. The information is published on the website and it is ... I am not quite sure.

**Deputy T.A. Coles:**

How easy do you feel that it would be for members of the public to be able to associate the data in a report and how it links into the other fields, as it were? So if I am looking in the annual report now, we have got all the charts showing whether you did as well as you thought with green arrows up and red arrows down. Then we have got a number of links coming in afterwards. There is about 15, 16 lines of information and then 5 or 6 different links but I cannot necessarily ... I could click through and find it quite happily but that is me we are talking about, but the wider population is everybody. Do you find that those links relate very easily into these reports or do you think it is a bit more complicated? It does not divide up as in this section here, these first 4 lines would relate to this link and the second 4 lines would relate to that link.

**Chief Statistician:**

To be honest, I am not entirely sure which part of the annual report and accounts you are referencing. I am happy to take that one offline.

**Deputy T.A. Coles:**

Under the performance reporting on the summary section. I am on the children and young people's one.

**Deputy L.V. Feltham:**

I suppose to summarise the question: how accessible to the public do you think that online information is and is it presented in a way that the public could understand it?

**Chief Statistician:**

Picking up on the latter one, I think it is presented in a format that is easier to read than the infographics were, particularly when you have got a time series. What we are looking to do is a

piece of work and what my team are looking at is making some of this data available as open data so you can do time series across a number of years, for instance, which you cannot do at the moment because we only present it year by year. Then there is a lot bigger piece of work that is going on which is how we present statistics on the gov.je website altogether, because you have got the indicators, you have got service performance measures and you have got Jersey in figures and some data appears in multiple places. So we have recognised there are improvements we can make to how that data is presented. There is more to it than just the way we present the service performance measures. If you have got particular suggestions or ideas on how we can improve that, we are more than happy to take that on board.

**Deputy T.A. Coles:**

I also wondered - I am going on the term of accessibility really - is there any consideration around doing audio reports, so people who are partially sighted are not scrolling through data or ...

**Chief Statistician:**

That is not something we have considered, to be honest.

**Deputy T.A. Coles:**

I thought about ease of accessibility. Why has no performance data been included in relation to the non-ministerial departments and States-owned entities?

**Director General, Strategic Policy, Planning and Performance:**

We touched on that earlier briefly. The scope of the performance report is around the Executive and Executive Government and the non-ministerial departments report on their performance separately through their own reports. Of course the majority of the arm's-length bodies and States-owned entities also report on their own performance through their own reports. As we discussed earlier, their direction of travel is to move the executive departments into the same position and then to take an approach to the higher level summary of the Government's performance against their key objectives from wherever that appears. So if a key feature of the Government's delivery against their carbon neutral objective is concerned with a performance such as electric, then we would pull that through.

**Deputy M.B. Andrews:**

So moving on, how easy is it for readers to cross-reference the performance of the organisation in the 2021 accounts with the relevant financial information within the accounts?

**Treasurer of the States:**

In answering the previous question, we acknowledged that the linkages need to be improved between the financial reporting and the performance reporting. Again, as Tom has just spoken to, the performance report is really focused heavily upon the individual departments with some overall corporate summary. Then if you were to look at States-owned entities you would go to their separate performance reports where you would likely find a much closer relationship or more linkages through between the performance of that entity and its financial report. The challenge we have currently is that the financial statements cover the entire group, so when we are doing the financial review we are focusing on the entire group, yet the performance measures are not necessarily linking through as well as they might because we are doing them down to a granular level and a departmental level.

**Deputy M.B. Andrews:**

Okay. So in terms of when we are looking at the 2021 accounts, why is it structured in the current form it is in?

**Treasurer of the States:**

That would be partly arising from not an accident but history of drawing together the financial statements, so if you go back quite a long way back in time you would probably just have that core focus in the financial reporting. A while back before my time we decided to adopt industry standards in terms of financial statements so that we could give the picture of the entire, if you like, income and expenditure of the group that is ultimately owned by taxpayers, including substantial entities such as Andium and S.o.J.D.C. (States of Jersey Development Company). They present their own financial report with their associated performance there. Non-ministerial departments will in some cases produce their own financial report and performance report, but as things currently stand the place in which we report the Executive's performance is within the annual report and accounts. So there is just a slight disconnect, as Tom was saying. What we are going to start to do from 2023 is to go back to departmental reporting that will more closely align their spending year with their service and with the objectives that they deliver.

**Deputy M.B. Andrews:**

Thank you very much. The panel notes that there are 192 outcome indicators in relation to the Jersey performance framework. Please could you advise how the Jersey performance framework outcome indicators could be used with short-term departmental performance data to demonstrate average improvements in department performance over time?

**Chief Statistician:**

I think you are referring there to the service performance measures. The Jersey performance framework has got 2 parts to it. It has got the departmental service performance measures, which are designed to be in year, so the targets that departments have set themselves at the beginning of

the year and are aiming to achieve at the end of the year. So basically they show, you will see, the extent to which people have or have not met the performance targets they set themselves. The other part of the performance framework is the outcomes and indicators, which are long-term sustainable wellbeing measures. On those performance measures, they are designed to enable Islanders and anybody else to see did departments achieve the performance targets. So it is not talking about projects or programmes, it is just for the business as usual activities - did they deliver against what they intended to - and the commentary that goes with that puts some flesh on the bones.

**Deputy M.B. Andrews:**

Okay. Thank you very much.

**Mr. P. Taylor:**

Can I just ask a supplementary? If we take the key Government priorities, the achievement of those may take a number of years to realise and that could be improvement in health outcomes, it could be improvement in the rehabilitation of prisoners, it could be improvement in education results. Looking year on year does not actually tell you very much as the average improvement that really makes the difference over the period that the plan exists. How do you comment on those? How do you comment on the overall achievement over a period of time?

**Chief Statistician:**

I think it is being suggested that Megan might want to come in on that.

**Director of Delivery and Improvement, Strategic Policy, Planning and Performance:**

I thought I would give you a break. I can help with that, which is that moving beyond of course the 2021 annual report and accounts, the Common Strategic Policy that has just been approved and amended has a set of longer-term indicators in the annexe, which do have an ambition to turn the curve, is the phrase we are taking from Future Jersey, on a number of areas that are recognised that that will be over a period of years. We are considering at the moment how to report on that, recognising that change on indicators is unlikely to be within a year, so therefore sitting it in an annual cycle is probably not helpful. So we are looking at potentially biennial, every 2 years reporting, but that is something that we are working on at the moment to work out how it can be done most usefully.

**Chief Statistician:**

That includes against those 7 priorities in the C.S.P. (Common Strategic Policy) there is a series of indicators and one of them, for instance, is reducing obesity. As you were saying, you are not going to reduce obesity within a year, you may not even within a 4-year term of a government, but you can

take the actions to start to make an improvement, and that is what we are grappling with, how best to report on that.

**Mr. P. Taylor:**

That is the sort of information that would be reported in the annual performance reports, the progress being made as opposed to individual years. That is the important element.

**Director of Delivery and Improvement, Strategic Policy, Planning and Performance:**

You would be able to report on the inputs in that time, these are the actions that have been taken in these programmes, but you would not necessarily see any shift in the indicators in that period of time.

**Mr. P. Taylor:**

Over a period of time you have the inputs and the outcomes.

**Director of Delivery and Improvement, Strategic Policy, Planning and Performance:**

Exactly.

**Deputy M.B. Andrews:**

In relation to the challenges that have been faced for the Government in the year 2021, do you think they have been explicitly mentioned within the accounts or do you think it could have probably been improved?

**Director General, Strategic Policy, Planning and Performance:**

I think when I read the accounts I recognise 2021 quite clearly in terms of dealing with COVID-19 in terms of the staffing problems and challenges that we faced within the public service. I recognised what was in there as a very vivid revisiting of the year that I experienced. So I think, yes, a lot of that is in there. Inevitably you are making judgments as to what to highlight over and above other things but, yes, I think that we have captured, through the performance reporting, what the real challenges of 2021 were.

**Deputy M.B. Andrews:**

Do you believe there is potentially some areas of the report that maybe lack some depth in terms of information that may be questionable in terms of people who were looking at the accounts they might be wanting to know a bit more but potentially there is just a lack of depth in some areas?

**Director General, Strategic Policy, Planning and Performance:**

Going back to your earlier line of questioning, it should lack depth in some areas because otherwise it is an absolutely comprehensive report on every part of the public service and it would be a lot longer than 411 pages. So inevitably it must be edited, there must be summaries done in order that people can make it accessible. So there must logically be points of detail that are beyond what the report can do.

**Deputy M.B. Andrews:**

In terms of if we are maybe looking at making the report more understandable, how do you think that could be done for future reporting?

**Director of Delivery and Improvement, Strategic Policy, Planning and Performance:**

Colleagues have touched on a number of the changes that we recognise from feedback. For example, that focus on moving towards integrated departmental reports from 2023 onwards, but more immediately that desire to shorten particularly the front end of the report and to reintroduce the infographics that seem to be very effective communication devices from previous years, particularly in that summary so that we can move the departmental reports with some more of the detail. We will really focus on that top end particularly this year as well as taking advice and thoughts on the other sections.

**Deputy M.B. Andrews:**

Thank you very much.

**Deputy L.V. Feltham:**

Moving on to talking about the organisation and the structure of how that is presented in the report or not, it is obviously quite a complex organisation with a large structure. Can you explain why there is no reference within the 2021 annual report and accounts to the business model and the structure of the organisation?

**Treasurer of the States:**

I think some of it is in there but perhaps from the discussions we have been having with the C. and A.G. that section of the document is not where you might expect it to be, i.e. up at the front of the document.

[16:30]

Some of it is in the document in terms of being within the accountability report, so we talk about the structures in terms of governance, be they the Council of Ministers, be they E.L.T. (Executive Leadership Team), be they heads of each department. That structure is there and some of it is

provided in departmental reports, but that is an area that we have identified for improvement which may be 2 steps and with the help there we could condense it down quite somewhat because some of it is then ruled by what you might expect to see in other jurisdictions and replace that in the front end of the performance report with more of an introduction to the organisation. As you say, we are a very broad organisation so when we cast around to look at other places, we are more like - if you just ignore the depth the organisation and the scale of it - a national government. What tends to happen in those national governments is they may well do a whole government set of accounts but that, for me, is a dry financially focused document as opposed to performance related. What they instead do is have, in the case of the equivalent of C.L.S. (Customer and Local Services) here, the annual report and accounts of D.W.P (Department for Work and Pensions) in the U.K. (United Kingdom), which allows more focus and also strips out lots of detail you might find that we have to put in to explain our organisation and our structures.

**Deputy L.V. Feltham:**

Thank you. Just as a comment, while it might have been quite clear to yourselves who work within the organisation, perhaps to members of the public or even States Members who are not as au fait with the organisation itself, picking that detail out of the report might be more difficult for them than those of us that have worked within the organisation. Just to make that point. With regard to expectation with performance at the outset of the year compared to where we have got to, can you explain why the report does not appear to set out whether performance was better, the same or worse than what you had planned or expected in relation to the outcomes of the year?

**Director General, Strategic Policy, Planning and Performance:**

You mean performance outcomes?

**Deputy L.V. Feltham:**

Yes.

**Director General, Strategic Policy, Planning and Performance:**

My view was that it does set out whether individual targets have been achieved, not achieved, quite clearly, I thought. Do you want to add anything, Ian?

**Chief Statistician:**

If we are just talking about the service performance measures, in my view those are very clear in the extent to which departments did or did not meet those targets. We also report on projects and programme delivery as well, which is another aspect of performance. I was not entirely clear what you were getting at, to be honest.

**Deputy L.V. Feltham:**

Where we are coming from is that golden thread that should run through from the C.S.P., through the Government Plan, through the departmental business plans, whether you think that thread is all the way through all of those documents and then when we arrive at the annual report and accounts, whether you can then reflect back easily as a reader to say at the outset we were going to ... we had set out to achieve that within the Government planning process, this is where we have got to compared to where we thought we would.

**Director General, Strategic Policy, Planning and Performance:**

I suppose the question is really will we see a golden thread from desired outcome through to service performance measure. No, not always and that is because the outcomes tend to be community outcomes. They are things that we are trying to achieve as a community and Government contributes towards some of those outcomes but is not the sole deliverer of them. Some of the service performance measures are for services that contribute to the outcome and some of them are not. They are just for services that need to be well-run. So if you were to take something like the ambulance service performance data, really important that we report on that for the communities, they know how their ambulance service is performing but that does not necessarily link through to an outcome from the Future Jersey framework, other than in a very broad sense of being a safe and secure place to live. I do not think that Government is quite that straightforward that you can always track from an outcome for the community through to every single individual service performance measure. Obviously some of them do link and some of the service performance measures do follow the golden thread all the way through. But it is perhaps a little bit more of a mixed picture than you might have in mind through the framing of the question.

**Director of Delivery and Improvement, Strategic Policy, Planning and Performance:**

I was going to say, not thinking about 2021 but going forward, as well as already, of course, having started the process of preparing for the 2022 annual report and accounts, we are at the beginning of the planning cycle that will feed into 2023 and beyond. We are trying to think through how to set that up well. Of course one of the elements of complexity that might make that difficult is being simplified with the introduction of the ministerial plans, which will then align to the ministerial department ... ministerial operational plans. Even I am getting the language confused. You will see that linkage there much more clearly from 2023 onwards as well.

**Deputy L.V. Feltham:**

Thank you. I am mindful of time so I am going to hand over to Matt.

**Mr. M. Woodhams:**



It is very interesting, Tom, for you to talk about resilience because the whole thing is about resilience, management of risk and just a very quick recap for people. Risk, we look at risk looking at impact and likelihood of what is going to go wrong, it applies to a business, applies to a state. We then look at our controls effectiveness and we then work out whether our residual risk, what we need to focus on according to our risk appetite and what we should look at first. It is actually quite clear in the report at page 237, it talks about corporate governance report, it says that report includes descriptions of significant governance issues and key risks facing the organisation. It also says we look at how we have implemented principles of good governance and outlined how we reviewed our systems of internal controls during 2021. We do fortunately, at page 251, identify the various different risks the organisation has and at page 254 we have our top 5 risks. I do not know if you have the thing to hand, if you look at them. So it is page 253. We look at the top 5 risk things for health and wellbeing, cybersecurity, estate management, external risks, which is a biggie and resourcing and change capacity. We are not actually quantifying any of the risks, the inherent risk, the controlled effectiveness, the residual risk, so although it lists them that is all it does. Is that something we want to look at, what should we be doing, are we happy with that? How does it help the report if we are not quantifying risk?

**Treasurer of the States:**

So that would be the 2 areas we would most like to work on, whether we deliver it for 2022 or whether it becomes ultimately something we will deliver in 2023. There are stronger linkages between risk and the objectives that provide the basis of why you set out to try to achieve those things in the first place, as well as quantification. Again, we have met the C. and A.G. and she has been able to provide us with some good practice of what we might find elsewhere in terms of quantifying but also those linkages through to the objectives.

**Mr. M. Woodhams:**

It is one of those things I would say in 2023 having a nice evolved developed system is lovely, having something for 2022 is also a given. I am a very simple person. I go with red, amber and green. If I see red, I am not happy, if I see green I am more happy. You can set out a thing for that. I think it is a good thing to develop it. One of the challenges obviously is looking at the effectiveness of all the various different elements and were very nicely set out in the various different projects. It was noted on page 255 updating governance issues. An issue identified in 2021, it talks about things from people, policies and resources to people strategy, organisational change, information security and it has lots and lots of data in it, unfortunately it does not have any information. In that there is no information about how effective this has been and what is the assessment for all those areas in 2021 of whether they succeeded. We do have on page 66 an overview of where various different projects were and they had red, green, green-amber, yellow and whatever. Unfortunately the way that they have been analysed does not add a great deal either. There is a little bit of information, I

suppose, but it needs to link into this area much more so when you have listed what was wrong in 2021 can you please tell me how good were we at getting through those headaches because at the moment it does not tell me? I am sure it is on somebody's computer or email or a memo but if we have these worries nobody tells me if we have fixed them or not.

**Treasurer of the States:**

Yes, I am looking at ... sorry, I am looking at things that happened in 2021 when at the moment I am focusing most of my time on things that are happening in 2022 to be able to go back to ...

**Mr. M. Woodhams:**

If we do not learn from the past we are doomed to repeat it, is the old saying.

**Treasurer of the States:**

Yes, indeed we are. Translating what I am saying is I am looking at those issues there and thinking about what developments have been made in 2021 but more likely to be in 2022 rather than give a commentary across each of them now. I think we would like to almost take this particular section of the report and start from a blank page in terms of quantifying and exemplifying the risks and the linkages through to the things that we do. What I would say is that when we are assessing which are the top 5 risks we are largely talking about, in many cases, both inherent and residual risks to the organisation and delivery of its objectives. We have not included here in the top 5 risks the inconsequential ones. The challenge comes when we think about what the top 5 are as opposed to the sixth to tenth.

**Mr. M. Woodhams:**

The top 5 are probably almost like the top 50 but as with all of them if we do not have an idea what the effect at the moment is and what the residual risk is effectively, we are flying blind. We are hoping we do the right thing, whereas if you have those risks and you have them quantified and recorded to what level it is, it matches your appetite and you can then practically work out your objectives for closing that area down and how are you going to test it for the outcomes.

**Treasurer of the States:**

Internal reporting is much stronger on risk than this external reporting in terms of annual report and accounts. Lots of that great work does take place internally.

**Mr. M. Woodhams:**

It just has not made it into this.

**Treasurer of the States:**

It just has not made it into here. One of the areas we would like to see improvement and, to be fair, there has been quite a bit of improvement as laid out in the not too recent C. and A.G. report on the improvements that have been made, but one of the areas that we really do need to focus on, and while it is dealt with implicitly it is important to deal with it explicitly, is risk appetite and how risk appetite differs in different parts of the organisation. In many cases for very good reasons.

**Mr. M. Woodhams:**

Do you think overall when you are looking at the way the risks are being set out ... and I appreciate it maybe does not get from people's P.C.s (personal computers) to the report what the residual element is and all the different elemental parts of it. Do you think there is sufficient linkage between these risks as identified and the overall strategy of the States that is outlined in other parts of the report to manage the States? Do we have the concept that we know we have risks, we have to manage them and that is the starting point for what should be the governance of the States of Jersey?

**Treasurer of the States:**

Yes, I think while it may not come across that way specifically in the report, the bigger risks, both in the community through the resilience forum and the risks for the organisation that we will go through in the corporate risk management process, the enterprise risk management process, do lead into identifying the priorities for Government and the objectives for departments. There is a very strong link and it starts where the risk is and what are the biggest risks to deal with. Health and wellbeing being a particular risk and the amount of resources that were focused in that particular area and focused on the performance indicators, and also within information security and in particular cyber risk. The heart of forming the priorities and objectives lie in the assessment of those risks and their management.

**Chief Statistician:**

We met with the C. and A.G. last week who gave us very helpful, constructive suggestions, ideas from other jurisdictions. I think this is one of the areas that she picked up on so I think we are committed to try to improve it in the future.

**Mr. M. Woodhams:**

Risk, I must confess, is one of my very geeky areas so I could talk about it all day long. Thank you very much, I really appreciate that.

[16:45]

**Mr. P. Taylor:**

I am looking forward to the 2023 accounts. What improvements are you going to make in 2022?

**Treasurer of the States:**

I think we have covered some of that in previous answers but firstly what we are looking to do is avoid duplication, maybe focus a bit more on the story and, if we can, some of the linkages through financial reporting through to that story in terms of performance. It is fair to say COVID should not feature as heavily in this year's annual report and accounts but we still have few weeks left. In terms of the financial reporting, we spoke earlier about those wanting to put a story around the outturn against approvals because at the moment it is a series of tables, which if you have the inside knowledge you knew where to look and you knew what each of the columns mean and it pleases the auditors and feeds into the regularity opinion. That is there. Focusing on what we might be able to put elsewhere, acknowledging your point about accessibility just using links through to other documents but, Megan, I see your hand is up.

**Director of Delivery and Improvement, Strategic Policy, Planning and Performance:**

I was going to pick up on exactly that point. We have said some of the organisation information needs to go nearer the top so readers new to the organisation, to the annual report and accounts can understand the structure of the organisation, the group and then the Government so that they then have that context they read into the report. With the shortening significantly and succinctness of the front section we are very taking on board that that is a target. We have not mentioned yet that very importantly we will be improving our environmental and sustainability reporting starting in 2022 as well. We will start in 2022 with further improvements in 2023. The sort of thing we are looking at for the 2022 annual report and accounts is about clarifying our commitment to the Jersey Performance Framework and that was the lens for this, inclusion of the T.C.F.D. (Task Force on Climate-Related Financial Disclosures) summary of climate risk and our roadmap going forward about how we improve on our disclosures and our reporting. We will be very much putting that at the heart of what we are doing going forward, particularly from 2022. We will also be making some improvements to the process which I think you have touched upon in your questions to us about how we can organise better the reporting ...

**Mr. M. Woodhams:**

Can I give you a piece of advice? When in my profession as a solicitor, in my practice I was head of compliance, somebody broke me of my habit of being very verbose as a solicitor by making me read a book called *The Pyramid Principle* by Barbara Minto, who is the head of McKinsey for their training. It is a great thing to spread among anybody who has to feed into your reports about how they order their thoughts in a pyramid. It is *The Pyramid Principle* by Barbara Minto. I recommend you read it because it will reduce the amount of words on a page - you have a word budget - the way you organise them and it makes your life easier because you do not get masses and masses

of stuff. Make the people who report to you cut it down and that will save more time than you can possibly imagine.

**Mr. P. Taylor:**

You have very nicely pre-empted one of my questions so I do not have to ask you about the sustainability report. I think we have also covered how the content of this year's financial statements and report may change, now we can go to a specialist subject area that Richard and I would know well, accounting standards.

**Treasurer of the States:**

Warming up now.

**Mr. P. Taylor:**

They do not tell the whole story, do they, because there is not a consolidation of Jersey Telecom, Jersey Electricity and it is an extension of the accounting boundary? Someone from outside the Island looking to see the entirety, they would not get it from this set of accounts. The question is: I know you have an intention to include those entities within the accounting boundary, how far has your thinking got on that?

**Treasurer of the States:**

This is something we keep coming back to and in most recent times the events of 2021 and 2020 slowed down that progress. We have taken steps towards being able to achieve it and actually that flows out partly from the work that Pete and his team have done in terms of being able to turn these financial statements around quickly. We know have software in place through which we can do the consolidation, which was an exceptionally laborious process previously. The thought in terms of being able to do it and being able to do it at the time have certainly been developed. We have not set ourselves up to fail by saying that we would do it for this year, given that that the integrated technology solution or Connect is to due to be implemented over the year end. I dare not look if he has gone pale. But we have set out ... because we obviously have to do a lead in through to 2023 to be able to do the comparators, et cetera, through to 2024. So 2024 is our target for the gentleman to my left and I am sure he will happily give you more detail.

**Mr. P. Taylor:**

We will be able to see this during our term of office, will we, Chair?

**Deputy L.V. Feltham:**

Yes.

**Mr. P. Taylor:**

So we are looking forward to 2023 and 2024?

**Treasurer of the States:**

2024, yes.

**Mr. P. Taylor:**

Next question is around areas of uncertainty that you have to take into account with varying sets of accounts. Last year's accounts does talk about areas of uncertainty in preparing the accounts, the only thing that occurs to me is the long-term debt arising from the 2019 income tax of £331 million, which is deferred. What consideration did you take into account about the full recovery of that debt given a very long timespan over which it can be repayable?

**Treasurer of the States:**

We do take that into account. You will be pleased to hear we do take that into account not just as part of the end of year accounts in order to think about any disclosures or write offs we may need to make. The first thing I would say is that some of the risks here are no different in respect of prior basis taxpayers than they were. People are always a year behind in terms of paying their tax against when the income was earned. That does not change. The risks, for example, that have been suggested to me are people leaving the Island and those risks were there previously with a prior basis ... sorry, when people were paying on a prior basis. So we do take it into account. It is a bit early because we have to take the regulations to the Assembly to determine the final arrangements for the repayment of those amounts. I nearly called it debt. We have said we will not call it debt.

**Mr. P. Taylor:**

Receivable.

**Treasurer of the States:**

That is it. Further down the line. Some of that ... once we know how people are proposing to pay it we will have a better indication of the risks of non-payment further down the line. For example, if lots of people choose to take it on a 20-year basis, payment in 20 years' time, then that risk will obviously be increased as opposed to those who might take the opportunity of starting to pay on an annual basis as we go along. However, I would like a bit more data to be able to demonstrate to you what the drivers are. We are already seeing sizeable chunks coming in. £9 million in 2021 and that is being repeated. Obviously some of the payment of that tax receivable arrives in the same circumstances as it would when it was prior basis debt that was just being paid one year after it was earned.

**Mr. P. Taylor:**

You are expecting it all to be recovered so there will be no revision against it because you have no basis on which to make a change is what you are saying?

**Treasurer of the States:**

I would not, in my wildest dreams, expect all of it to be paid but I would say lots of the risks are the same as the risks around the previous prior basis debt and outwith any further experience we do not have a great deal of data to be able to formulate an accurate provision against repayment.

**Mr. P. Taylor:**

Now on to my favourite subject of auditing. When I was an auditor many years ago I would make recommendations for adjustments to the accounts and more often than not my clients were wise enough to accept those recommendations. With Mazars doing their annual audit, what adjustments have they proposed that you have adopted?

**Treasurer of the States:**

I think when you were an auditor I was on the team. I sat both sides of your audit opinions and your recommendations. So we do ... they could probably fall into 2 camps. One are unadjusted errors, which we will have a discussion around when they identify them, whether they need to be made to the accounts. The reason I draw attention to that is when we used to do the report to a May deadline we used to take our time every week having a new adjustment from the auditors and putting those through the accounts, which is why the accounts took so long to finalise, because it had a knock-on effect throughout the whole document. Pete will be able to provide more detail. The more recent ones ...

**Mr. P. Taylor:**

I wanted to talk about material adjustments.

**Treasurer of the States:**

Yes, the material adjustments we would make as we go through the process. If there was a material adjustment that if you did not make that would led to a qualification of the audit opinion ...

**Mr. P. Taylor:**

No, what material adjustments did they ...

**Treasurer of the States:**

In terms of this last year I do not believe there were?

**Head of Group Reporting, Treasury and Exchequer:**

No, we had a list of unadjusted misstatements, as they are referred to, but in the nature they were immaterial so we had some that were differences. The largest one was essentially just a difference of opinion between valuation experts but it was an unadjusted item. The others were immaterial items that we elected not to adjust for.

**Mr. P. Taylor:**

I think many of the questions I was going to cover have been covered. If you will give me a short amount of time to run through this just to make sure I have picked them all up. Do you see any change in the 2022 report arising from the different priorities of the new Council of Ministers that are in place? I understand obviously from September onwards but do you see any changes taking place as a result of that change in priorities?

**Treasurer of the States:**

I would expect them to come through more fully in the 2023 report, which is somewhat stuck there, is it not? The reason I would say that is because, of course, the C.S.P. has just been agreed and the Government Plan has been agreed. I have not discussed this with Ministers at this point but I expect some of the response to the cost of living being something that they would want to address in this year's Government Plan as well as items arising from the 100-day Plan, because that does therefore give us some purpose on something that relates to the new Government as opposed to the previous Government. Tom is grinning at me, I must have the answer wrong.

**Director General, Strategic Policy, Planning and Performance:**

I am just trying to follow which years' Government Plan we are looking at.

**Treasurer of the States:**

I covered 2023, you can cover ...

**Chief Statistician:**

The one point I would make is where departmental operation business plans at the start of 2022 set out what we are going to do that is our starting point for reporting against. As Richard as identified, obviously you have things like the C.S.P. and the 100-day Plan, which we need to reflect as well.

**Mr. P. Taylor:**

Then of course there will be the main priorities of business as usual that the performance report might wish to refer to through very high level improvements or otherwise, things where we are pleased and where we are disappointed.



**Chief Statistician:**

For 2023, to pick up on that, we will be focusing around the ministerial plans which will probably be a different structure.

**Deputy L.V. Feltham:**

The next annual report that we will see will be in relation to this year, 2022. Just as a quick question, because I am mindful of time, this year is also the final year of the previous Common Strategic Policy and also there was the change of Government in this year, should we be expecting to see a reflection on how Government as the entity performed in relation to that Common Strategic Policy within the 2022 annual report and accounts?

**Director General, Strategic Policy, Planning and Performance:**

In terms of the public service performance, obviously we will be seeking to report on how the public service has performed under both of the elected Governments, because obviously that is a continuum for the public service.

[17:00]

For the reporting against the Government's strategic priorities we would expect that to lean more towards the new/current Government and the work they have started in 2022, which then we will see a flow through into 2023 and 2024 and so it will carry the logic through into subsequent years' reporting.

**Deputy L.V. Feltham:**

Thank you. We are now coming to the close of this particular hearing. I would like to thank you all for attending today and addressing the committee's questions. We are also grateful for the assistance of our officers as well. I would like to thank any members of the public that have watched the hearing and will now draw the hearing to a close. Thank you.

[17:01]