

PUBLIC ACCOUNTS COMMITTEE

(25th Meeting)

10th December 2007PART A

All members were present, with the exception of Connétable T.J. du Feu and Connétable D.J. Murphy, from whom apologies had been received.

Deputy S.C. Ferguson, Chairman  
 Senator L. Norman  
 Deputy A. Breckon  
 Deputy J.G. Reed  
 R. Bignell  
 C. Evans  
 A. Grimes  
 M. Magee  
 Advocate A. Ohlsson

In attendance -

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

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

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| Minutes.   | A1. The Minutes of the Meetings held on 26th November (Part A only) and 3rd December 2007 (Part A only), having been previously circulated, were taken as read and were confirmed.  |
| ‘Away Day’<br>proposed.<br>512/1(14)   | A2. The Committee, with reference to its Minute No. A4 of 26th November 2007, agreed that further consideration to the desirability of holding an ‘away day’ meeting would be held in abeyance, given the ongoing work being undertaken on the ‘Jersey Spending Review’, until such time as the reports of the Comptroller and Auditor General were available.  |
| States of Jersey<br>Accounts for<br>2006: further<br>public hearings.<br>512/1(10) | A3. The Committee, with reference to its Minute No. A5 of 26th November 2007, considered possible arrangements for further public hearings in relation to the States of Jersey Accounts 2006.<br><br>The Committee recalled that the Comptroller and Auditor General had provided to the Treasurer of the States an explanation of the Committee’s aims and objectives in relation to the States’ Accounts 2006 and that a response was presently awaited. The Committee further recalled that it was considered that there remained a lack of clarity around the financial figures which appeared in the States Accounts.<br><br>The Committee agreed that reference would be made in its annual report of the hearing it had held with the Treasurer of the States and Accounting Officers of a number of major spending departments, with the Treasurer’s reply to be added in due course as an appendix to the annual report. |
| Summary of<br>findings and<br>recommend-<br>ations in reports                      | A4. The Committee, with reference to its Minute No. A6 of 26th November 2007, received from the Chairman a paper which summarised the conclusions from the reports issued by the Committee to date.   |

published by  
PAC to date.  
512/(15)

The Committee, having noted that the summaries also included text from the reports in order to clarify their context, recalled its conclusions and recommendations in respect of -

- (a) Report on the Property Plan;
- (b) Comments on Ministerial Decision MD-TR-2007-0057: Review of the Public Finances (Jersey) Law 2005;
- (c) Comments on report on Overseas Aid Commission;
- (d) Comments on report of the Comptroller and Auditor General on the Jersey Financial Services Commission;
- (e) Comments on the report on the notes on States Aggregate Expenditure;
- (f) Report on the Battle of Flowers.

The Committee also noted that the paper included the summary and recommendations arising from the Management of Sickness Absence within the States of Jersey, which had been published by the Shadow Public Accounts Committee in 2004.

The Committee agreed to allocate specific responsibilities to individual members of the Committee in order to progress review of the recommendations made to date, with a view to following-up relevant matters with the respective Chief Officers involved. The under-mentioned sub-groups of members were appointed to consider the reports indicated -

<b>Property Plan -</b>	Senator L. Norman Mr. M. Magee
<b>Review of Public Finances (Jersey) Law 2005 -</b>	Chairman Advocate A. Ohlsson
<b>Overseas Aid Commission -</b>	Chairman Advocate A. Ohlsson
<b>Jersey Financial Services Commission -</b>	Connétable D.J. Murphy of Grouville Mr. T. Grimes
<b>States Aggregate Expenditure -</b>	Connétable T.J. du Feu of St. Peter
<b>Battle of Flowers -</b>	Deputy A. Breckon Mr. R. Bignell
<b>Management of Sickness Absence -</b>	Deputy J.L. Reed Mr. C. Evans

Each sub-group was asked to ascertain the status of the matter under their respective purview with a view to including details in the Committee's annual report in due course.

Summary of  
findings and  
recommendations in reports  
published by  
CAG: Spring  
2006 - Autumn  
2007.  
512/2(7)

A5. The Committee, with reference to its Minutes Nos. A6 of 26th November 2007 and No. A4 of this meeting, noted from the summary of recommendations in reports published by the Comptroller and Auditor General (CAG) that a response was awaited from the Treasurer of the States in respect of the Drugs Trafficking Confiscation Fund and the Criminal Offences Confiscation Fund and that it had been indicated that said response in due course would encompass the comments of all the various Treasury and Resources sub-groups involved.

The Committee agreed that the status of each of the matters arising from the

recommendation of CAG which remained outstanding would be included in the Committee's annual report in due course.

'Jersey Spending Review' project: request for funding.  
512(3)

A6. The Committee, with reference to its Minute No. A1 of 3rd December 2007, recalled that it had agreed that the major portion of the cost of the 'Jersey Spending Review' - which was now to be undertaken under its aegis without the involvement of the 3 Assistant Ministers - should be met from the budget of the Comptroller and Auditor General (CAG), subject to finalisation of the details regarding the source of the necessary funding.

The Comptroller and Auditor General outlined to the Committee the view which had been expressed by the Council of Ministers that it supported the desirability for the proposed review to be demonstrated as being entirely unbiased. Review work to date had been aimed at assessing the extent to which it might be possible to reduce States' expenditure further, and under what conditions this could be achieved. Whilst it was evident that Ministers were aware that some areas of expenditure could be cut, it was recognised that there was some political sensitivities involved regarding any potential re-structuring of services in a different way.

It was recognised that the provision of financial resources to CAG by the Chief Minister was a requirement of the Public Finances (Jersey) Law 2005 [Article 50 refers]. The Committee noted that it was envisaged that the review work would be undertaken in 3 parts, namely -

1. Examination of the claim that savings of *circa* £35 million will have been made by 2008. The Committee noted that work on this aspect of the review was substantially complete, with a report examining the evidence put forward as validation of the claim being in the final stages of preparation in readiness for publication in January 2008, following which the holding of hearings would be considered.
2. A series of reviews, including both departmental reviews and cross-cutting reviews, involving the key departments of Health and Social Services, Home Affairs and the Law Officers' Department (in respect of Court and case Costs). The consultancy firm PKF had been identified by CAG as potentially suitable to undertake the task on his behalf. That firm had no office in the Island and their proposed engagement would be on the basis of a fixed-cost contract @ £65,000 for each of the 3 elements, a total of £195,000. Following questioning of CAG, the Committee accepted that the cost envisaged represented value for money and that this part of the budget requirement was to be requested from the Chief Minister's Department. It was confirmed that any other costs associated with the review would be met from within CAG's existing budget allocation. The Committee noted that it was envisaged that the consultants' reports would be available at the end of March/beginning of April 2008.
3. The third stage of the review would examine the operation of the expenditure control mechanisms currently in place under the Public Finances (Jersey) Law 2005. Whereas current work had concentrated upon ways of saving expenditure which would lead to potential reductions in services, it remained unclear as to why the 'normal' budgeting processes had failed to achieve reductions. The overall message to be delivered by the review was accepted as being that a broad approach to States' spending would be adopted, with there being no areas not capable of being examined in detail and difficult questions asked.

The Committee, having examined the rationale for the review to be carried out,

recalled that previous “Fundamental Spending Reviews” of States’ expenditure had been undertaken internally over a wide-range of areas, with little ‘ownership’ of the outcome being evident. The current proposal, however, represented a close examination by external consultants, held in high regard by the National Audit Office, of short-term effect within limited but important areas of expenditure. It was noted that the involvement of departmental Chief Officers would be limited to the preparation of a lists of suggested potential savings.

The Committee accepted that the quantity of work to be undertaken was clearly too great for CAG to attempt unaided and that therefore consultants working under contract to CAG was an appropriate methodology to adopt, on the basis that the outcome of the individual reports would be channelled to CAG, who would produce an overall factual report therefrom. It was recognised that CAG’s report would be published without delay and distributed directly to all interested parties, including the 3 Assistant Ministers previously associated with the review, and also the media, simultaneously.

**The Committee, having considered the matter at length and being satisfied with the nature and scope of CAG’s proposal to undertake a States’ Spending Review which would feed into the 2009 Business Plan process, approved the request to the Minister for Treasury and Resources to reallocate funding from the Chief Minister’s Department in the sum of £195,000 for that purpose.**

The Chairman was requested to write to the Chief Minister accordingly.

Date of next meeting and dates throughout 2008.

A7. The Committee, having recognised the desirability of dove-tailing dates of its meetings with those of the Comité des Connétables, noted nevertheless that the dates of the Comité’s meetings throughout 2008 were not yet available.

The Committee agreed that in view of the work being undertaken on the States’ Spending Review, it would need to meet in mid-January and, notwithstanding that the date might clash with that of the Comité, decided to meet on **Monday 14th January 2008**, commencing at 12.30 p.m. in the Blampied Room, States Building, Royal Square, St. Helier.