

STATES OF JERSEY



VOTE OF NO CONFIDENCE: CHIEF MINISTER (P.55/2017) – COMMENTS

Presented to the States on 20th June 2017
by the Council of Ministers

STATES GREFFE

COMMENTS

The Chief Minister leads the Council of Ministers, which serves the Island and is accountable to the States Assembly. As a Council of Ministers we are working to our strategic aims, which are designed to achieve the best outcomes for all Islanders.

The main pillar of our plan is maintaining a strong economy and creating good jobs for Islanders. It is only with that strength that we can make people's lives better by investing more in front-line public services, such as health, housing, education and public safety, while also balancing the books and promoting the rights of all Islanders, including those who are vulnerable or face discrimination. These are the issues that matter to Islanders, who will soon have opportunity to demonstrate their views in a general election.

Sometimes there are difficult decisions that need to be made. Sometimes, particularly with the benefit of hindsight, there are things that could have been done differently. This Vote of No Confidence proposition singles out 3 issues to consider: the Hospital, Human Resources, and the Jersey Innovation Fund.

Like all States Members, we firmly believe we are here to serve the interests of Islanders by striving for essential improvements. This is a transformational Council of Ministers that grasped the nettle early on. We have achieved a great deal since we took office in 2014, yet the job is not complete. We believe it is essential that we finish our programme of work, in particular providing a constructive response to the Independent Jersey Care Inquiry's findings, and promoting Jersey's interests through the UK's Brexit negotiations.

Hospital Funding

The Council of Ministers remains fully committed to delivering a modern hospital that meets the future needs of our community. After an active public debate, we have agreed a location for the new hospital. The focus is now on getting the hospital built, so that Islanders can start to benefit from this new facility as soon as possible. The next important steps are to complete the outline business case, and to get the timing and level of borrowing right.

Using a blend of borrowing and reserves is the best way to fund the hospital construction. Using only the Strategic Reserve in these uncertain times is not the right solution. The Minister for Treasury and Resources has formal responsibility for funding the project, but he acts with Ministers, in particular with the Chief Minister. The Chief Minister was invited to a meeting called by the Minister for Treasury and Resources on Monday 22nd May to discuss the funding strategy and forthcoming debate. At that meeting, the Minister for Treasury and Resources, Chief Minister and other Ministers noted that a new approach to funding the hospital had been presented the previous Friday. They also discussed the findings of the Chartered Institute of Public Finance and Accountancy ("CIPFA"), as commissioned by the Corporate Services Scrutiny Panel. The CIPFA report recognised the merits of combining borrowing with some reserves to fund the hospital, but suggested that we should wait until the project costs and risks become clearer before deciding on the final funding blend.

Some Ministers felt a delay to the debate would be beneficial, because bringing the funding strategy together with updated budget and outline business case as a package would deliver a better outcome. Following these discussions, the Minister for Treasury and Resources agreed to withdraw the proposition.

This will not delay the overall project, and work will continue as planned on enabling works and developing the outline business case. The project team is now applying for outline planning permission for the new hospital. Treasury advisers are continuing to evaluate funding options, and work is continuing on a more detailed cost estimate within the £466 million budget. This will all be lodged on 3rd October 2017.

Human Resources

The Jersey Appointments Commission's Annual Report for 2016 states clearly that "generally speaking, recruitment processes have been conducted well and the role of the Commissioner has been respected". While there is always room for improvement, it seems difficult to conclude from the audit that there is serious widespread failure. However, the States' Employment Board and the Council of Ministers are grateful to the Appointments Commission for their Report and for highlighting areas for improvements. This is the reason that the SEB reconstituted the Appointments Commission to provide robust reporting and auditing of all appointment processes. The Board is developing an action plan to address the areas highlighted.

Jersey Innovation Fund

The Council of Ministers remains committed to innovation, and is looking at alternative ways to support innovation in our economy, having learned from the failings of the Jersey Innovation Fund.

The concept of an Innovation Fund, set up to help new business ideas through the first few difficult years, was a sound one, and there was a broad consensus that innovation should be supported. It was extremely disappointing to learn that we were let down by inadequate management and governance. Once this was identified, action was taken. No new loans have been agreed since 2015; independent experts were commissioned, and the Chief Executive took over the accounting officer function. An officer group is now managing the loans in partnership with Grant Thornton, who have completed independent reviews, assessing the status and prospects of certain borrowers and providing monitoring support to ensure borrowers meet their obligations. The officer group continues to meet each week to implement the recommendations of the Comptroller and Auditor General.

Three separate independent reports were commissioned to thoroughly investigate the failings of the Innovation Fund – into ministerial involvement, staff involvement, and looking at all our financial arrangements with external bodies.

The Report into ministerial involvement concluded: "It is clear that Ministers took advice from their officers and acted in good faith". While Ministers are legally responsible, they are also entitled to rely on the advice of their officers. Indeed, having further considered the Simor Report, it is clear that legal responsibility and practical oversight of the Jersey Innovation Fund were not aligned. The Chief Minister's statement of 2nd May 2017 focused on legal responsibilities rather than on practical

oversight. The Chief Minister, as the head of our government, acknowledges the shared responsibility for these issues, and that accountability is more widely held.

As to the level of risk inherent in the Innovation Fund, the Financial Direction estimated the risk of failure at 50%, and this was higher than the official response provided to the Scrutiny Panel before the debate. At the same time, the former Minister for Economic Development was very clear in the hearings that “there could be a really high percentage of failures”. Nevertheless, it has been fully accepted that a statement or report should have been provided to the Assembly to inform them of the risk profile highlighted in the financial direction.

Delivering for the Island

As we are discussing confidence, it is also important to reflect on achievements.

With the support of the Assembly, we have a healthy economy, with much better than expected economic growth, the lowest recorded unemployment for 6 years, very strong employment growth, and rising earnings.

This does not happen by accident. It comes by supporting a range of sectors, and setting a clear direction – from new frameworks for financial services and the digital economy, to the establishment of *Visit Jersey* to support increased visitor numbers, and a new Rural Economy Strategy focusing on a more sustainable agricultural industry.

Our economy is also supported by representing Jersey’s interests on the global stage as the world becomes more competitive, and as the Brexit process unfolds. We are working with the United Kingdom government, those of the crown dependencies, other governments and institutions on Brexit, ensuring that Jersey’s voice is heard.

Earlier this month a ground-breaking transparency agreement was signed by the Chief Minister at the OECD’s headquarters in Paris. This demonstrates Jersey’s leading position in complying with the international standards – essential for a thriving financial services industry.

This strong economy enables us to deliver high quality public services for our community. Jersey’s public services are facing similar pressures to those being experienced elsewhere; in particular, the changing demographics as our population ages. This Council of Ministers is investing in priority areas; in particular, health, education, and infrastructure, delivering on the plans approved by the Assembly, to make sure we are ready for these changes.

Jersey has a strong history of preparing for the future. We have a new Long-Term Care scheme, while many jurisdictions continue to grapple with this issue. “Living longer, thinking ahead” is the most wide-ranging review in decades into how we support people financially into old age. We are helping Islanders stay healthier for longer, with new initiatives to reduce alcohol consumption and smoking, improve nutrition, and to encourage people to take up more exercise, whether that be e-bikes or new cycle tracks.

This is alongside the important work to change the way we deliver health and social services. We are proposing to involve clinical, professional and voluntary sector representatives in strategic decisions, while developing new strategies for critical areas such as mental health and primary care.

We value all Islanders and have allocated extra funding to help build a more inclusive society. A new sexual assault referral centre opened this year; and we are funding 5 new Family Support Workers to help Jersey's vulnerable families. We are funding the NSPCC's Baby Steps programme to help expectant parents, and a service for children who have been sexually abused. We have outlawed discrimination on the grounds of sex, race and age, and our Pupil Premium scheme will help pupils who need extra support to fulfil their potential. A new curriculum and assessment methods have seen improved results in our schools. Same-sex marriage has been approved in principle, we have appointed the first chair of Jersey's independent Care Commission, and we are about to appoint our first Charities Commissioner. We have delivered a new Disability Strategy. The list could go on.

We are also working to improve our environment and the homes where people live. Andium Homes is being supported with £250 million of new investment, which has funded 227 new homes and 151 refurbished homes since July 2014, and they plan to build 1,000 new homes by 2020. We have introduced a new deposit protection scheme for all tenants, and are finalising new legislation to improve standards for people who rent their homes. We have protected our countryside from development, only permitting it where necessary and in an appropriate way, while also delivering a new planning appeals system, fewer planning restrictions, and new measures to conserve bass stocks, the Minquiers and the Écréhous.

We still have a number of important policy changes to complete this year – including a new population policy that will build on existing initiatives to remove licences and increase fees; an updated Waterfront Masterplan; a climate adaptation plan; a new skills strategy; legislation on the regulation of care, on sexual offences, cybercrime, hate crime, safeguarding vulnerable people, shared equity legislation, and new social housing Regulations; and proposals for funding Higher and Nursery Education. This work is all nearing completion and will be supported by a new long-term planning framework that delivers the best outcomes for Islanders into the future.

And of course, this government will be responding to any recommendations contained in the Independent Jersey Care Inquiry's imminent report. This is the largest inquiry in Jersey's history and is being published at the start of next month.

Conclusions

It is difficult in one short report to do justice to all the work that is underway.

As a Council of Ministers we have not shied away from the difficult decisions that sometimes need to be made for our Island's future. We have shone a light into areas that need improving, and we recognise there are areas to learn from. The public sector is a large, complex organisation and not everything always works as we would wish. Where failure is found, it is fixed and lessons are learned, so that important work can continue.

The Chief Minister has his own areas of direct responsibility, and while he does not hold formal responsibility for all the work that is done, it is reasonable that States Members and Islanders look to the Chief Minister as the focus for the accountability of the Council as a whole. The role is a particularly demanding one, but so are those undertaken by Ministers, their Assistant Ministers, and by all Members of the Assembly, who work tirelessly for what they believe is best for Jersey. Jersey is a better place for the work of

the thousands of public sector workers who consistently strive to do their best for our Island. In this sense, government is truly a collective effort. While our Island faces many challenges and there are areas for improvement, it remains a great place to live.

We are focussed on the essential improvements that Islanders rightly expect. We are effectively managing the Brexit factor and have maintained a course of stability through the wider changes taking place in our world that shows in our economic balance sheet.

The Council asks Members to uphold their confidence in the Chief Minister and Council, put aside any divisions and personality issues, focus on constructive and positive debate on the challenges facing the Island, and vote in favour of the Council continuing their important work with the Assembly to secure a better future for Islanders in the short period before the next election.

Statement under Standing Order 37A [Presentation of comment relating to a proposition]

These comments were submitted to the States Greffe after the noon deadline as set out in Standing Order 37A because of the need to complete internal processes, ensuring they appropriately reflected the important issues described.