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Assemblée des États

Public Accounts Committee

Quarterly Review Hearing

Witness: Chief Executive, Government of Jersey

Wednesday, 8th October 2025

Panel:

Deputy I. Gardiner of St. Helier North (Chair)

Deputy K.M. Wilson of St. Clement

Deputy D.J. Warr of St. Helier South

Mr. V. Khakhria

Mr. A. Awan

Ms. L. Pamment, Comptroller and Auditor General

Witnesses:

Dr. Andrew McLaughlin - Chief Executive, Government of Jersey

Mr. S. Perez - Head of Corporate Governance, Treasury and Exchequer

[13:03]

Deputy I. Gardiner of St. Helier North (Chair):

Good afternoon, everyone, and welcome to the public hearing with the Chief Executive for the Government of Jersey, Dr. Andrew McLaughlin. We will have our questions around arm's length bodies, grants and subsidies review, strategic property management review recommendations, staff recruitment and retention, and general day to day government business. But we will start with the introductions. Deputy Inna Gardiner, Chair of the Public Accounts Committee.

Deputy K.M. Wilson of St. Clement:

Deputy Karen Wilson, member of the panel.

Mr. A. Awan:

Ali Awan, lay member.

Mr. V. Khakhria:

Vijay Khakhria, lay member.

Deputy D.J. Warr of St. Helier South:

Deputy David Warr, panel member.

Comptroller and Auditor General:

Lynn Pamment, Comptroller and Auditor General in attendance.

Chief Executive, Government of Jersey:

Andrew McLaughlin, Chief Executive.

Head of Corporate Governance, Treasury and Exchequer:

Sebastian Perez, Head of Corporate Governance,Treasury.

Deputy I. Gardiner:

Thank you. I will start with the first item. It is around arm's length bodies, grants and subsidies. We did have questions before. We followed up with the letter. We are in the middle of our review so it is actually to touch base and to clarify some areas and plans for the future. So in the C. and A.G.'s (Comptroller and Auditor General) *Oversight of Arm's Length Bodies*, recommendation 2 stated to update the Public Finance Manual to require structured reviews of all arm's length bodies, comprising States-owned entities, States established delivery entities and States' established independent bodies and office holders on a periodic base such as every 5 years. This was agreed in principle. Can you advise the P.A.C. (Public Accounts Committee) whether you believe that this recommendation is currently being met? In particular, we understood, and if we understood correctly, there is no structured reviews appear to be scheduled.

Chief Executive, Government of Jersey:

Yes. So the ... were you quoting directly there from the Public Finance Manual update or was it ...?

Deputy K.M. Wilson:

The recommendation.

Chief Executive, Government of Jersey:

It was a recommendation, yes.

Deputy I. Gardiner:
Recommendation number 2, yes, from the report.

Chief Executive, Government of Jersey:
Yes, recommendation. So in terms of the Public Finance Manual update, I think as we discussed last time around, the responsibility is with the accountable officer for those decisions. They take a risk-based view of that. There are recommendations in the P.F.M. (Public Finance Manual) about them satisfying themselves that they meet the required standards, that they had the information to do so, and that they should consider structured reviews either on a periodic or ad hoc basis. I was not clear that it specified 5 years in the manual, but someone can correct me on that. Have I got that right, Seb?

Head of Corporate Governance, Treasury and Exchequer:
Yes.

Chief Executive, Government of Jersey:
So it is not specified so at the moment the guidance in the manual is as you see it. There are currently, to the best of my knowledge, no structured reviews planned by any of the accountable officers. I think in part that may be slightly superseded by the performance objective which the Chief Minister and C.O.M. (Council of Ministers) have given me for the 4th quarter, which I think you have seen and has been shared with you. But at the moment none are planned, to the best of my knowledge.

Deputy I. Gardiner:
Now I need a bit more clarity because we did have 3 of the Chief Officers 2 weeks ago. We did have the Chief Officer for the Economy, we had the Chief Officer for Social Security and Housing, the Chief Officer for the Cabinet Office. We did ask them the same questions about planned review and their duties because we followed up your answer. Their answers were different actually between 3 of them, so I think that ... like, for example, the Chief Officer for the Cabinet Office was very clear what reviews he is undertaking and what is ...

Chief Executive, Government of Jersey:
Past reviews, yes.

Deputy I. Gardiner:
Yes, so he is very clear. But what I would like to check, we have the Chief Officer for the Economy and I will read out from the transcript. The Chief Executive ... so when we ask about looking into

the arm's length bodies, there are lots of delivery arm's length organisations under the remit of the Economy. It is like Jersey Business, all of that.

Chief Executive, Government of Jersey:

We have discussed before there is at least 7 in the Economy, yes.

Deputy I. Gardiner:

Exactly, and we asked what are your plans, how are you going to do the structured review, are they still reaching objectives, following your response to P.A.C. This is within the Chief Officer remit. What we have been told, the Chief Executive is looking across the whole government because we are talking about ... so there are many other bodies that sit outside the department, so basically the answer was now: "It is not me, it is the Chief Executive." So I would like to understand as the Chief Executive are you undertaking any reviews and, if yes, what type of reviews for the arm's length organisations and bodies?

Chief Executive, Government of Jersey:

So in a business as usual state it is as I described the last time I was here. If you look at the Public Finances Manual - and in particular you mentioned obviously there are many obligations on them but that they should consider carrying out structured reviews, blah-blah-blah, as we mentioned - that is the prerogative of the accountable executive if they feel it is needed to discharge their responsibilities under the Public Finance Manual. The typical triggers for that that I can see looking back - because there have only been 3 structured reviews in my time, which I think you must have heard about last week - is sometimes it is driven by Ministerial priority. That can be a trigger. Sometimes it is a policy change that is the trigger. It could be the C.S.P. (Common Strategic Policy) if there is a specific delivery issue within that. Or the trigger event could be a performance issue of some shape or form in the arm's length organisation itself that then triggers the A.O. (accountable officer) to believe that they need to do something more structured. Outside of that, of course, they have many ways in which they manage that relationship and influence it: M.O.U.s (memoranda of understanding) and various other things. Most of that is convening, placing obligations inside the departmental business plans on that arm's length body. So that is B.A.U. (business as usual). I can only imagine that that particular officer in giving evidence was referring to the broader review that forms part of my performance objectives for ... I think this is Q4, and realistically Q1 as well. So as part of the wider initiative to look at options for curbing the rate of growth in the public sector ...

Deputy I. Gardiner:

But can you please specify what the terms of reference ...

Chief Executive, Government of Jersey:

There is no structured review by me if that is what you are asking.

Deputy I. Gardiner:
No.

Chief Executive, Government of Jersey:
No.

Deputy I. Gardiner:
So the Chief Executive is looking across the whole government.

Chief Executive, Government of Jersey:
Yes, that is what I was just explaining but you interrupted.

Deputy I. Gardiner:
Yes, so what the outcomes of you looking across the whole government we can ... would it be in the form of the report? Would it be recommendation to the Council of Ministers?

Chief Executive, Government of Jersey:
That is not a specific arm's length body limited review.

Deputy I. Gardiner:
No, we are specifically asking about specifically ...

Chief Executive, Government of Jersey:
So you want to understand what might happen for A.L.B.s (arm's length bodies) within that wider review. So as part of my performance objectives, the Chief Minister has asked us to go through a process with the Council of Ministers through a series of workshops this winter, included in which one of the objectives is to explore options and bring forward options for a rationalisation of the A.L.O./A.L.B. estate. I think the Chief Minister is on record as saying that these organisations have been set up over the past 3 decades for moment in time reasons and maybe collectively we have not got round to thinking about whether all of that architecture and governance is still appropriate going forward. So he wants that to be considered in workshops during the course of this winter with the Council of Ministers. Whether that emerges from policy under development and workshops into a published report is unclear at this stage.

Deputy I. Gardiner:

Would you share your views and would you have any concerns if the entities, delivery entities specifically, deliver value for money when we have all of them?

Chief Executive, Government of Jersey:

Do you mean when you say "delivery entities" is that a specific category of A.L.O. (arm's length organisation) you are thinking about or ...?

Deputy I. Gardiner:

I mean, for example, Economic Development entities, art entities

Chief Executive, Government of Jersey:

Oh, yes. Okay. So I think I can ...

Deputy I. Gardiner:

The current structure and how it is structured and funded, do you think they deliver value for money?

Chief Executive, Government of Jersey:

I think I will refer back to things I have said previously. It was a surprise to me coming into government almost intuitively to see how many organisations there were that the Government was trying to deliver objectives through in addition to its own direct departments. I was surprised about the absence of a sort of framework to guide the creation of these bodies. But I think I understand better now, having spoken with colleagues and Ministers, the sort of almost organic evolution of all of this thing. In terms of value for money, I would say a couple of things. The first part of the exercise we are doing, frankly, is just understanding the data, which is a bit harder than it sounds because one of the issues with the A.L.O.s is they are not under common disclosure arrangements for even basic things like pay and rations. So the first thing is to gather the data. The second thing is to agree principles with C.O.M. for a review, which we have not done yet, but definitely within that we need to look at organisation by organisation ... if we want to understand value for money we need to look at the founding principles of the organisation. Why did we set it up? What was the founding rationale, the raison d'être? Did they deliver against that or did something change? Did the role evolve because Ministerial priorities changed? I think one of the things you can observe with these organisations, if you take one of the Economy ones as an example ... let us exemplify with Digital Jersey.

[13:15]

I think that was set up in something like 2014. When you look at the reason, the founding sort of value for money metric in setting it up was that it could help to increase employment in the digital sector. I think it had a target, a net target, of something like 1,500 jobs by 2020. We can see from the data that that was not achieved and even today we are nowhere near that level of net increase in jobs. So these are things that we need to go back and look at. That was set up, Digital Jersey, purely in value for money terms as an effectiveness play. It was by setting this up we will be effective because we will create jobs that would not otherwise be there. So these are things we are going to have to look at. All I would say in their defence is it is very likely over those 10 years that different Ministers have changed priorities and the organisation's rationale has evolved with those Ministerial priorities. So if you look at it today in 2025, job creation is not really one of its big strategic priorities.

Deputy I. Gardiner:
But what I hear from your answer ... and thank you because I completely agree on this. I am sharing your concerns because from where I am sitting as the Chair of P.A.C., when I am looking at the test that has been set in 2014, we are 2025, priorities change, the objectives change. There is lots of changes. We do not have exact data, we still are gathering data.

Chief Executive, Government of Jersey:
Hopefully we will have that soon, yes.

Deputy I. Gardiner:
Hopefully. If I am looking back now to the Public Finance Manual and in the Public Finance Manual the responsible accountable officers should consider carrying out a structured review of any or all arm's length bodies for which they are responsible and listed in the sections, in the exception of States-owned entities, on either periodic or ad hoc basis. This review should include structured and strategic considerations of value for money. If I am reading this from the Public Finance Manual and I am thinking about the example that you gave around Digital Jersey, which we both agree, should the Chief Officer for the Economy at any time put the structured and strategic consideration, value for money, and carry out the review as per the Public Finance Manual? Or do you believe that it should ... is a requirement and not just an option or it is an option kind of saying we are okay?

Chief Executive, Government of Jersey:
Well, I think if you follow that example, we would need to do the work, I do not know, but it is highly likely that at various points in the last 10 years the expectations placed on that organisation have evolved. So they may have shifted from whatever the original intention was to some new intention. For example, I know with the organisation you mentioned, during COVID there was quite a significant change in the expectations of that organisation. We have seen since COVID from the Economy Department new expectations around overseeing the award of challenge funding and grants to encourage various forms of economic growth. So we need to understand the evolution over time. I think structured reviews, having only really seen one up close, which was Jersey Sport, structured

reviews are fairly big exercises in their own right so it is not clear to me that the right thing to do is to mandate a structured review for a set period of time. It may be but I think, more importantly from my perspective, rather than start to make interventions on individual organisations, I would like with the Council of Ministers to have a broader strategic debate about the overall architecture of it and whether it is fit for purpose before we look at individual organisations. As I say, in the case of Economy there are 5 or 6 at least economic agencies. We would like to have that kind of debate and I think that is the debate we will have over the summer ... sorry, over the winter. The final thing I would say is, of course, that the role of these organisations and potential options for them can in any event always come up during policy development. If there are particular Ministerial priorities, if we are looking at things like Investing in Jersey and what the ambitions of the Council of Ministers are under Investing in Jersey as part of understanding how that might be enabled, you can easily find situations where you are considering the role of these organisations and policy under development but that is very different, of course, from taking a stand back structured review.

Mr. V. Khakhria:

I was interested that you said that we lack or Government lacks some of the data required to gather a comprehensive understanding of the A.L.B.s and the A.L.O. positions, but I also know that each year they submit to a fairly rigorous grant proposal negotiation with Government that involves setting K.P.I.s (key performance indicators) and measuring performance against K.P.I.s. It is a standard condition that every quarter each grant-receiving body reports to Government explaining progress against K.P.I.s. I was wondering what additional information you required over and above those annual reviews.

Chief Executive, Government of Jersey:

I think what we want to explore is ... again, there may be good reasons for why the current estate is the way it is. I certainly think when you come in fresh one of the things you want to explore is why there is not more consistency. So, for example, many organisations set up in the most recent years come under the aegis of S.E.B. (States Employment Board), which means that from a pay and rations perspective they come under pretty much equivalent arrangements to other employees in the public service and they kind of are overseen by S.E.B. That would be true, for example, of the Care Commission would be one example. But that has been a relatively recent development and many of the ones that were created way back when do not come under S.E.B. so they have independent arrangements for pay and so forth and they have boards. The disclosure arrangements are not consistent. The obligations when you look at either the law or you look at the equivalent of the articles of association, we do not have the same obligations on every organisation to disclose information. I think these are things which we need to consider whether they ought to be tidied up.

Mr. V. Khakhria:

But getting back to the Chair's original question, is the annual grant negotiation not the opportunity to test, verify, establish value for money?

Chief Executive, Government of Jersey:

Yes, definitely in the context of the budget report. Whatever they want to achieve in their departmental business plans at that point in time is an opportunity to do that and that is something that we have been focusing on. I think if you are looking at a review, however, or a value for money review, you want to look at the body of work of that organisation over a longer time period. That is where as you start to go back it is not as straightforward as it should be. That being said, the first part of this work ... not just for A.L.B.s, this is true for the whole of Government. They are just one part of it. The first part of this work that we are doing with C.O.M. is to say everyone is entitled to their opinion but not to their own facts. We need to create a fact base that everyone says: "Okay, those are the best facts available" and that applies to all parts of government, including A.L.B.s. That is what we are working towards. I do not think we have quite got there yet but we are close to that point.

Mr. V. Khakhria:

So to be absolutely clear, you are telling us that the annual grant proposal does not represent the best possible answers for value for money and whether performance measures are being met?

Chief Executive, Government of Jersey:

It provides some of them but all these organisations were set up for different things. Some were set up for technical efficiency reasons. Some were set up for the complete opposite. Andium Homes was not set up to deliver less expensive housing. It was not set up to deliver technical efficiency, really. It was set up for a different reason. So you have to go back and try and understand which dimension of value for money, if any - if any - was in the founding principle of that organisation. What was really hoped for from Andium in a value for money sense of that word? Was it allocative efficiency? Was it technical efficiency? Was it economy? Did they just think they could get things done for less money? Or was it effectiveness? Doing that properly is a big piece of work.

Mr. V. Khakhria:

It cannot be done in the annual grant review process?

Chief Executive, Government of Jersey:

Some of it can be done in the annual grant review process, but if you want to take a longer term view rather than just a moment in time view ...

Deputy I. Gardiner:

A structured review.

Chief Executive, Government of Jersey:
... it is a structured review, yes.

Deputy I. Gardiner:
But it means that we need the structured review to understand the remit and objectives.

Mr. A. Awan:
Just on the same thing, the strategic review, just taking the example of Digital Jersey, you are saying that we are going to go back and step back and look at the holistic picture of it, but do you not think some of the organisations, if we do that, we are going to leave the strategic advantage of these kind of organisations? Like Digital Jersey, why are we still lagging behind? Because we are chasing what is happening in the world. From my perspective, I think Digital Jersey was set up to be a leader in I.T. (information technology) going forward, but now COVID came in and we had different things come in. So why should we not just have some organisations set up separately where we have to do it rather quickly? Because if you have an objective of increasing jobs, A.I. (artificial intelligence) is going to reduce that, but we can still have an objective to be the leader in the world for technical services. So these organisations, should we not just look at what the purpose has been and look at the advantages? Because if we do it on a longer run, we are going to be not having any strategic advantage of these organisations.

Chief Executive, Government of Jersey:
Yes, I think it is a perfectly fair point. I think for all of them you want to understand what we hope to get and to kind of almost put that to bed one way or the other, and if we did not get it that that was conscious, i.e. that the priorities changed or someone in 2020, in the example you used with Digital Jersey, said: “We hoped for 1,900 jobs; we only have 700” or whatever the number was, or 1,200. “How big of a deal is that or have we had other unintended benefits from this organisation and we need to evolve its role?” There would be that sort of discussion. So what was it for and then what is its current state. What is it currently doing against what we originally invested as the equity investment, in that case of £50 million and counting? So what did we get for the money we put in? If it is different, are we still happy? What is it we think we need for the future? So I think to do those things is quite important. Now, the future bit really is the prerogative of Ministers because that is a matter of policy, but that is a great example you are talking about there, which is in the 10 years or so or 11 years of Digital Jersey’s history, of course, you have seen rapid evolution from data and digital into A.I. and other things.

Deputy I. Gardiner:

It is interesting that ...

Chief Executive, Government of Jersey:
But let us make it a conscious decision is my point. Let us not just let things happen by osmosis.

Deputy I. Gardiner:
It is some contradictions and we need to get ... maybe later, not today, we will continue this discussion. Because you said they were set up, what we hope to get from them. The situation has changed and there might be new objectives that should be set up. But to understand what we hoped, what we are getting now, does it meet requirements and what is next, needs to be done, some strategic review to tell to the Ministers or to the Assembly saying: "This is what has happened. This is what is going forward." But I understand you are looking holistically. My other theme: in your response - and I completely agree with you as well, interestingly - you acknowledge limited oversight of the pay, terms and conditions of A.L.B.s. What visibility do you currently have over these arrangements or what influence and how might oversight be strengthened? I will tell you what we really challenged, especially the Chief Officer for the Economy, when we saw that their wages doubled compared to the responsibility of yourself, Treasurer and the Government and the Civil Service and they are actually States delivery agencies. So it is around framework. We are not asking about States-owned entities. At least some framework exists there. I am asking about the States ...

Chief Executive, Government of Jersey:
Yes, not the S.O.E. (States-owned entities), the other ones.

Deputy I. Gardiner:
Not S.O.E.s. In your letter you talked about that we have really limited oversight and what can be done, because Visit Jersey is one of the examples. The numbers are falling but we have discretionary payments.

Chief Executive, Government of Jersey:
Yes. This is why I think we need to have an overall discussion rather than a case by case discussion. Again ...

Deputy I. Gardiner:
Is it something happening?

Chief Executive, Government of Jersey:

... they all have nuances. What is happening, of course, is the raising of the awareness of the fact that they are all quite different. We have raised awareness of the data in this case, which shows the evolution of the disclosures in their annual reports on pay. We do not know if there are any other features there, medical insurance and things, that need to be taken into account. We are definitely doing that data exercise to understand the evolution of pay and conditions in those bodies and how it relates to the evolution of pay and conditions in, as best you can tell, equivalent senior Civil Service roles. So as I mentioned before, we are getting the data together to inform the debate so that we do not have ...

Deputy I. Gardiner:

When will we see action? When will we have outcome approximately?

[13:30]

Chief Executive, Government of Jersey:

Well, as I said to you at the start, there is a design for a series of workshops with the Council of Ministers and, indeed, with the Assembly. It will really be for the Council of Ministers and the Chief Minister to determine where that goes in terms of an outcome. At the moment, the structure we have is very much the one I described: let us get agreement of what the facts are; let us debate that and understand. Once we know the facts, the next stage is for the Council of Ministers to agree a set of principles to review the size and shape of the public service and those principles to some extent will determine the nature of the options that we are able to bring forward.

Deputy I. Gardiner:

But currently Chief Officer and you as a principal accountable officer need to ensure value for money.

Chief Executive, Government of Jersey:

Yes, so let us be clear, that ...

Deputy I. Gardiner:

This is kind of for me ...

Chief Executive, Government of Jersey:

That is Public Finance Manual 101 which we have discussed, B.A.U.

Deputy I. Gardiner:

Yes. This is why I am asking if anything is happening because remuneration and grants ... I mean day to day management with these States delivery entities, it is on the level of the Chief Officer. The Minister is not involved in ...

Chief Executive, Government of Jersey:

Precisely, so to coin a phrase, "in the meantime", the "in the meantime" use. So S.O.E.s you know about. Recently created A.L.O.s tend to be under the aegis of the S.E.B. The historic ones who are neither of those 2, there is no specific action being taken in the short term. Like all of these things, resources are what resources are. We would rather do the broader piece of work and then return to that body of organisations and say: "Okay, what are our conclusions in terms of governance, in terms of issues like this?" So rather than going in piecemeal, we are taking a step back and looking at the overall thing.

Head of Corporate Governance, Treasury and Exchequer:

There was also a very recent control added to the P.F.M. in August, so very recently, that grant-funded bodies in receipt of more than £250,000 should ... the Minister should take into account changes to pay, executive pay. But, of course, given that was only August, it is unlikely that we have had any go through that cycle.

Chief Executive, Government of Jersey:

It will be next spring.

Deputy K.M. Wilson:

Andrew, can I just pick up on the ... so I think what we are hearing is that you ... first of all, you did not see any point in structured reviews being undertaken by Chief Officers because they can decide if they want to or they do not want to do those. So there is a question there as to whether there is any point to it. The second thing we have heard is that your oversight and your scrutiny of what the public sector is offering through these A.L.O.s and entities in terms of value for money has some basis in history which does not relate to what is required now in terms of a public sector offer. Is that what you are saying?

Chief Executive, Government of Jersey:

No, what I would say is that again it is not just about arm's length bodies, although I appreciate you are asking about this. We are applying the same mindset to all the departments of government.

Deputy K.M. Wilson:

All the departments. Right. Okay.

Chief Executive, Government of Jersey:

It is every pound that is spent, not just the pound that happens to be spent by these organisations. So I think that is one thing. All I am saying is that once we have agreed principles, it will be I think an understandable next step, armed with the data, to say what was the original intention? To what extent was it met? So let us deal with the lookback value for money issue. You were set up for technical efficiency. Have you delivered it, yes or no, and why not? Then let us look at what you are doing currently and its relevance to current policy and Island-wide outcomes. Then let us understand if there is any future review that says that should change again. You have already mentioned a number of things already, A.I. and other things. Clearly, the world is changing quite rapidly, not just for technology reasons, geopolitical reasons, so I think it is important that we take quite a considered look at these delivery vehicles which are of government and funded by government and their appropriateness for what we think we might be facing into in the next 10 years. I think that is going to be a big part of it. One of my concerns, which I think I shared the last time, is that we have to be much more thoughtful in the future about setting things up because they are very hard to close down. You set things up for a moment in time reason and so many of them are moment in time reasons - Digital Jersey being one - and then it develops its life and it does not have a built-in redundancy clause. So it evolves and evolves and evolves and I think we just need to be just a bit more thoughtful about this. That is true for every Government. The Scottish Government is having the same review. The Welsh Government is having the same review. Because everyone has got to the point of thinking: why have we got such a complicated estate that we are trying to deliver through?

Deputy K.M. Wilson:

Sorry, just because I do not want to lose the point, so you talked about the different values or metrics that were attributed to these organisations previously.

Chief Executive, Government of Jersey:

When they were set up, yes.

Deputy K.M. Wilson:

Do you envisage any change to those kind of indicators or do you think you will develop a different way of measuring the allocative value and efficiency of these as opposed to the value for money? Have you got a sense of how you are going to be able to communicate to the public the value that those will be doing?

Chief Executive, Government of Jersey:

I can certainly give you a sense of things that I want to bring to the table because, like every other area, this is policy, this is about Ministers and what they want. But one of the things we have done as part of this work is review at some length the body of work by the C. and A.G. in this area, which ... and again not so much to look at individual organisations, but when you look at all the reviews by the C. and A.G. and by this Committee and you look for the patterns, the patterns are around things like governance, value for money and so on and so forth. I think when you look at that, one of my views that I have shared and will share again deep in the work is we need to be, I think, super clear about the basis on which we are setting the organisation up or, if it is going forward, the basis on which we are going to judge its success. Because value for money in the public service is like a bar of soap in the shower. It is very hard to hold on to and we want to be super clear. Is this technical efficiency? Do we expect things to happen quickly and differently by doing it this way? Is it allocative efficiency? Is this a cost-benefit analysis this is better? Is it effectiveness? What is it that you are targeting? Now, with some of them, like Andium Homes, I can see very clearly what they were targeting and I would say it has been pretty successful. With others, I can see that what they were initially targeting is not what they are now targeting. The question begs: have you changed what you are targeting because you could not do it and you did not want to make yourself extinct or have you changed what you are targeting because something changed in the world and it made sense and everyone agreed it? That is not so clear when you look back.

Deputy K.M. Wilson:

So just finally, just to close the loop on it, so given that in the P.F.M. it talks about a structured review process, do you have any suggestions as to whether or not that needs to change in terms of the way in which that structured review process will happen? The second part to my question is: is it likely that that structured review process could be redundant, to use the word that you have used, and that it becomes actually the role of the Chief Executive and the role of the Council of Ministers - you alluded to political decisions - as to how often and how frequent those reviews take place?

Chief Executive, Government of Jersey:

It definitely will ... whatever framework is put in place will obviously have to be endorsed by Ministers because there are resource implications and other implications. I think when you have ... it depends how many of these things you think there are. Some definitions from the C. and A.G. you can be in the 40s, others you can be in the 70s, others you can be over 100. But let us just say for sure we can all agree that there is at least 50 of these things. Doing a structured review every X years for 50 organisations is a major resource undertaking of government and it falls into, in my view, Parkinson’s law. If we had 5 or 6 organisations with very clear remits, then I think it would be much easier to say, okay, at that level we can have very structured periodic reviews of those organisations. So I think it will depend on where we end up. At the moment it is just such a vast estate that it is unrealistic. I think for accountable officers, and I think you might have heard from Paul Wylie as well, our preference is to use our convening and communication tools to manage these relationships. We need, I think, a fairly major trigger event to go for a structured review. I think that is the risk ...

looking back, that is clearly the risk assessment of officers in practice because there has only been a handful of them in the period since COVID. So I think again you have to be realistic. For an accountable officer to then say: "I really want to do a structured review of X", they have to have a really, really good reason. These things are political and not operational. There is a lot of politics.

Deputy I. Gardiner:

Okay. Let us move to the second because I am reminded about the time, yes.

Deputy D.J. Warr:

So just to carry on about how these organisations work together, what are your views on 3 S.O.E.s, Andium, Ports of Jersey and S.o.J.D.C. (States of Jersey Development Company), delivering infrastructure projects and how are you maintaining oversight to ensure there is no duplication? A couple of sub-questions there: can you outline any collaboration between S.o.J.D.C., Andium and Ports of Jersey that can be structured to support regeneration and housing objectives; and furthermore, what oversight do you have of delivery entities within the economic area, Digital Jersey, Jersey Business and Visit Jersey, to ensure there is no duplication of these functions?

Chief Executive, Government of Jersey:

Like all these questions, they are great questions. In my category of surprises I had imagined in the setting up of these organisations there would be a bit more clarity over the obligations to collaborate and to pursue value for money, not just within an organisation but between that organisation and other organisations. I would have expected that to be a bit clearer, but then again when they set up one organisation they probably did not realise they were going to set up the other one 5 years later. So again it is all about organic. So I think in general we could do with clarity on expectations if we come to revise the role and the articles of association. That being said, this is an area where using the existing organisation of government, be it departmental business plans, be it the Regeneration Steering Group at Ministerial level, be it the Corporate Property Board within I. and E. (Infrastructure and Environment), these are areas where we do try and foster and encourage collaboration while accepting that there is no requirement in the articles of association for those organisations to collaborate around our estate management strategy. It is the good person's school of government that is in operation here. So we do not have powers of compulsion but we do try and convene and encourage them. I think you can see in recent times improving collaboration. I think the strategic work like Investing in Jersey, for example, and trying to get people to really think about the long term has helped to bring parties together to collaborate. You can see good collaboration around the nascent plans for Fort Regent. We can see improving collaborations in aspects of housing. But I think all of it could be elevated. All of it could be elevated. One of the observations which the current Minister for Infrastructure would always make is: why have I ended up with 4 developers? That kind of sums up the organic nature of the way this estate has operated. S.o.J.D.C. was unmistakably, if you look at its articles of association, to be the developer, commercial developer, for the Government of Jersey, really. That was its job. Andium's job was to operate the social housing stock, not to be a developer. Ports of Jersey was to operate the Ports of Jersey and the airport. It was not to be a developer. We now find ourselves with 3 or 4 development functions and we are Crawley; we are the same size as Crawley. So it is not obvious that we need to have 4 development functions inside our organisations as opposed to saying: "We are 100,000 people; someone develop." If you are the commercial developer, if I need something commercial developed, I will give it to you and you will get it done for me. Or if I need housing, I will give it to you and you will get it done for me. So these are areas where the collaboration needs elevated within the current structure but we have to understand whether the structure itself is getting in the way of the collaboration and value for money. So I think it is a perfectly fair point.

Deputy D.J. Warr:

There are lots of cultural issues as well because obviously each one has their own set of governance and: "These are my toys, they are not your toys." Yesterday we had a scrutiny meeting talking about Jersey Property Holdings and what exactly their function was within government.

[13:45]

Because the fact that you have the hospital, you have the healthcare sector, you have Education holding on to various properties, and actually Property Holdings was set up to manage everything. It is just this nobody actually does what it says on the tin almost.

Chief Executive, Government of Jersey:

Yes, I think if you ...

Deputy D.J. Warr:

I kind of wonder how do you get them back into the box, as it were?

Chief Executive, Government of Jersey:

Yes. Well, I think that is why we have to have the review. This is Parkinson's law you are describing. It is like how have we ended up here. There is all sorts of organisational politics and other reasons, which you have described, but if we are in the pursuit of value for money and effectiveness within value for money, it does not obviously make sense for it to be the way it is. If you look at it through the prism of what organisations and boards do once they exist, they fight for their existence and they develop their business model as much as they can. Quite rightly, them and their chief executives explore the outer edges of the strategy and the business model. In our case, it has led to what you have described, which is multiple development functions in the same government.

Deputy D.J. Warr:

So what is the process then to turn the clock back?

Chief Executive, Government of Jersey:

Well, the process is the one I described. Let us not argue about the facts. Then let us agree some principles for looking at the objective that we now have from the Chief Minister, whether there are opportunities for amalgamation and rationalisation of this estate. So let us agree those principles and let us apply those principles thoughtfully to problems like the one you just described.

Deputy D.J. Warr:

So is this a decision for you to make or is this a political decision?

Chief Executive, Government of Jersey:

Political.

Deputy D.J. Warr:

You see it as a political decision to be made?

Chief Executive, Government of Jersey:

One hundred per cent.

Deputy D.J. Warr:

Okay.

Deputy I. Gardiner:

To make a political decision, you need to present research and papers. When will this research and papers be presented to the politicians to make a decision?

Chief Executive, Government of Jersey:

Well, we are working our way through the timetable. That in itself, the pace of that, depends on other priorities, but realistically I would think we want to get to the end of this winter with super clarity on the facts, on an agreed set of principles as to why we are where we are, why have things evolved in this way. Because there are good reasons. There are reasons why we have evolved this way. What, if anything, do we want to do next? I would see it as our job as civil servants, now that we have this remit in our objectives, to develop policy options to say, well, you have different options. If that is your ultimate goal, you have different options to deal with it. At the moment, this work is situated within the ultimate goal work of curbing the growth in the public service. It is not really situated within a pure value for money effectiveness thing. It is more to say do we really need to deploy our resources this way? Is there any way we can economise?

Deputy D.J. Warr:

I think what strikes me so much, and obviously being a business owner, is we are in a dynamic marketplace, as it were, a world which is evolving and changing. These organisations are just as you described them, built up and built up. What I am struggling to understand is why is there this inability? We recognise there is a problem. We recognise there is an issue. We have 100,000 people on this Island. We should be able to ... and we are a quite flat organisation in the grand scheme of things. Why is it so difficult to ...?

Chief Executive, Government of Jersey:

Well, you have held one of these portfolios; I am hoping you can tell me. **[Laughter]**

Deputy D.J. Warr:

Well, I have, I have, but only temporarily.

Chief Executive, Government of Jersey:

I definitely think ...

Deputy D.J. Warr:

What are the blockers?

Chief Executive, Government of Jersey:

In the area that we are now talking about, which is land and land use and asset use, J.P.H. (Jersey Property Holdings), S.o.J.D.C., that is the most politicised issue in Jersey. There is nothing more political in Jersey than what to do with a piece of land or what to do with an asset once it is put on that piece of land. People have multiple opinions on that and it makes for very complicated processes. You are right to say having many organisations created in that space probably further complicates the process. For sure, I think for Jersey going forward on every dimension, not just in this, Jersey needs to rediscover agility pretty quickly. It needs to discover agile ways of approaching the issues that it confronts but also the things that it wants to achieve as a matter of policy. These organisations, the way that they have evolved, if one of the downsides of that is they reduce your agility, they give you process over outcome, then obviously one would have thought that the political consensus will be for reform, but we need to see.

Deputy I. Gardiner:

Deputy Warr, just checking if you would like to ask any other question around strategic property management or not. We are really restricted on time so ...

Deputy D.J. Warr:

I know. I will stop there because I think we have tried to ... do you want me to ask ... there are some other ones here.

Deputy I. Gardiner:

No, it depends if you ... I think maybe ...

Deputy D.J. Warr:

Yes, we have spoken about Jersey Property Holdings to a degree. I guess this is about accountability.

Deputy I. Gardiner:

Maybe when will the comprehensive delivery plan with clear responsibilities and timeline for the implementation be published? We are talking about for the Island public estate strategy. It was supported to 2026, I think, but ...

Chief Executive, Government of Jersey:

Yes. In this overall area of property management, estates management, I think it is fair to say we have been trying to achieve 3 big things in the last 18 months. One of them again is data. We felt that we were at the mercy of anecdote because every asset is so politicised, be it the Lido, Gas Place, whatever it may be. So we have invested a lot to get I think what most people would see now as a very comprehensive empirical view of the estate in terms of its condition, in terms of its life cycle and maintenance. That has been a big piece of work because I think that fact base is going to be ... is already proving very helpful in trying to engage more effectively in policy, whether it be through Investing in Jersey or anything else. The second thing we were trying to do and I think we have started to do was to use that fact base to almost turn the tide on fairly systemic underinvestment in the estate, both maintenance and capex. So use the data to turn that around and you start to see now in the future budgets that the monies available for the maintenance of that estate and the monies available for capital investment in that estate are starting to turn around. That is long overdue. Then the third thing that we have looked at, admittedly policy under development, was outline business cases for saying is there something that we could do with J.P.H. on its own or in concert with others that would accelerate this strategy; is there a structural option. So those are the things we have been working on ...

Deputy I. Gardiner:

My question was very simple. I think it was when a comprehensive delivery plan with clear responsibilities and timeline for the property estate strategy will be published. Because I started to review the property estate strategy from 2021, I think we published the first report - it is 4 years - and it was followed up in the C. and A.G. report. There was lots of reports, so we are looking for some delivery plan that we can say this is the delivery plan 4 years from the ...

Chief Executive, Government of Jersey:
On that particular plan and from memory there was 52 discrete actions in it. Now, 11 or 12 of them are completed. About half of the remainder are kind of in action. I think the others, the ones which are not under way, in part rely on us doing some of the other strategic work I described, in part require us to try and overcome some of the resistance that is still there to the corporate landlord model. But I would say if you ask the team they would say yes, they are making appreciable progress on that 52-point plan, which I think is the one you are referring to.

Deputy I. Gardiner:
Maybe we need to request an update on that one.

Chief Executive, Government of Jersey:
Yes. They can give you that.

Deputy I. Gardiner:
Okay. We will move to the staff recruitment and retention with Deputy Wilson.

Deputy K.M. Wilson:
Thank you. Andrew, I would just like to ask some questions about workforce if I might. Could you tell us how many workforce plans ... how many departments have completed their workforce plans at all?

Chief Executive, Government of Jersey:
So most departments have a workforce plan, at least as we understand it. Whether everyone thinks it is what they are looking for I do not know. Those workforce plans alongside their target operating models, or as some people call them service delivery plans, those are dynamic. Those are iterative. In other words, they are constantly revisiting them every time they do a restructure or every time they tweak something. There are some exceptions to that. Health is one of those exceptions to that and, to a lesser extent, C.Y.P.E.S. (Children, Young People, Education and Skills) is an exception to that. I can explain why they are an exception because I appreciate they are very big departments. But in terms of workforce planning being a continuous activity and something that you are constantly returning to, most departments, certainly the operational departments, have those. Health might

say that they do have one, to be fair. They have certainly been working on one but not one that I think is yet complete. I would say the same for perhaps of C.Y.P.E.S., not all of C.Y.P.E.S.

Deputy K.M. Wilson:
So it is just those 2 departments that you think have not got a workforce plan?

Chief Executive, Government of Jersey:
Yes, and the reasons for that are important. The Health team were working quite hard on a strategic workforce plan. Yes, I will go on to that one in a minute, but the Health team were working on one. I asked them to hold back on that because we obviously had a Ministerial team come in 2 years ago, 18 months ago, who wanted to embark on a fairly fundamental strategic review and reorganisation of the health service. So we moved from trying to have a universal workforce plan from Health to saying, okay, where are the areas that we are most concerned about within Health in terms of running the service? Those were areas that you know about, like nursing and so forth. So really we rediverted the resources into dealing with today's problems today and the idea is that we should return to a strategic workforce plan for Health when we feel that they have reached or are close to reaching the end of this strategy change. A similar thing in C.Y.P.E.S. where, of course, we have had very targeted plans and improving plans in areas like Children's Services and in the past around teaching assistants and things. But overall, given the demographic changes that are happening in the Island, given some of the other priorities in Education, we feel that is an area where we probably need to look afresh strategically at our provision and look at workforce planning alongside it. The final one I should have said is J.H.A. (Justice and Home Affairs), which had embarked on strategic workforce planning, but again - and I take responsibility for this - given the nature of that department I felt that it was better for that to drop below the level of the department into the individual service areas because it has customs and Immigration over here, it has police over here, it has fire. It used to have ambulance. So to me it felt that we had to look at those services almost discretely rather than thinking about them as part of Justice and Home Affairs.

Deputy K.M. Wilson:
Okay. So what you are saying is that your approach to getting the best value out of the workforce at the moment is to target the focus on ...

Chief Executive, Government of Jersey:
Definitely.

Deputy K.M. Wilson:

Are you aware that there are some workforce assumptions being made as part of the new healthcare facilities in terms of future projections? Are these being aligned to some of the ways in which you think workforce planning is happening in Health at the moment?

Chief Executive, Government of Jersey:
Yes, exactly, and that is one of the reasons why I did not feel it made sense for the strategic workforce plan cart to go before the horse. That work is still very much fluid, I would say, and the resources that we had originally thinking about strategic workforce planning are all now engaged in those discussions you described.

Deputy K.M. Wilson:
In those things, okay. Thank you. So in terms of a strategic workforce plan for the future, do you think we will see one that can be moderated in terms of service change? Will we have a proper baseline in terms of the public sector workforce requirements?

Chief Executive, Government of Jersey:
Do you mean for the overall public service?

Deputy K.M. Wilson:
Yes.

Chief Executive, Government of Jersey:
I do not know is the answer to that.

Deputy K.M. Wilson:
Do you think we should have one?

Chief Executive, Government of Jersey:
I am not convinced.

Deputy K.M. Wilson:
Can you tell us why?

Chief Executive, Government of Jersey:
Yes. I feel that we need to have ... it is such a multifaceted service. It is back to this thing of we are not a unitary local authority with defined functions. We are not a central government. We are some sort of mix of the 2 and then we have all of the things that would be in trusts and other structures in

bigger countries all mixed in together. So we have very highly operational blue lights and things like this.

[14:00]

We have front-line public service workers dealing with the public every day. Then we have a permanent Civil Service. So my view is we need to have a good old look at the size and shape and role of public service in Jersey and try and reach a stronger consensus on that than I believe exists today. Then our strategic workforce plan would make more sense.

Deputy K.M. Wilson:

Okay. How soon do you think that needs to happen?

Chief Executive, Government of Jersey:

Well, I would hope that the work that we are doing this winter if nothing else could represent some sort of blueprint for whoever is in government next to say: "Here is something I prepared earlier. Here is a fact base. Here are some thoughts based on our best understanding of the present and the future. Here are some options." I would hope that we get to a point where if it is not this Government given where we are in the cycle, the next Government would feel well prepared to start to tackle those issues. My fear - and I take responsibility for this because not everyone agrees around the E.L.T. (Executive Leadership Team) - is if we ploughed into a strategic workforce plan without doing what I first described, then it might just be one of those interesting documents that does not drive ...

Deputy K.M. Wilson:

How do you keep that sustainability going in terms of front-line service delivery if there is that level of variation in terms of how people are planning for what they need to deliver their front-line service?

Chief Executive, Government of Jersey:

Yes, it is difficult because of the multifaceted nature of the sector, but we kind of ... it is a heat map. We know the areas, for example. We know the areas where Jersey faces the biggest diseconomies of scale in providing a service because we are very sub-scale. Health is obviously one of them, the prison, things like that. We know that is tricky for us. So in the heat map we tend to focus in these areas. Probably the best recent example of that is Children's Services. Sustaining a workforce plan for Children's Services when you have seen such a material increase in the demand for that service, particularly post-COVID, is a real challenge for Jersey. So we tend to in the heat map focus the resources we have on those areas and try to develop more sustainable solutions for those areas rather than worry about the whole thing, if that makes sense.

Deputy K.M. Wilson:

Sort of. I think there are some things that raise concern as to where workforce issues are more problematic in some areas than others. Do you have any particular areas of concern where that is happening?

Chief Executive, Government of Jersey:

It depends what you mean by problematic. I would say one thing that concerns me ...

Deputy K.M. Wilson:

I can qualify that if that helps.

Chief Executive, Government of Jersey:

Well, my answer to your thing would be sickness and absence, but in the case of sickness and absence, obviously this is a major issue, well, frankly across the U.K. (United Kingdom) and it now seems Jersey less so other countries, but in sickness and absence we have been steadily bringing different departments and functions on to the new system, the SAP system and the H.R. (human resources) module. That module makes it much easier and more efficient to record sickness and absence for managers in particular and for employees. So there is no doubt that the rise over the last year in sickness and absence, we think a lot of it is detection. I think it was always happening, we have just now got better data on what was always happening, if that makes sense. Because we are not seeing material productivity disruptions in those areas. That being said, now that we have got the data, even if it was underreported in the past, what the data is showing us is that we have higher sickness and absence than would be my experience, having run another major employer in Jersey, was out of whack with that. We have got a preliminary view in some areas that it is out of line with comparable organisations in other countries. But the S.E.B. have asked for a deeper dive in that, a more empirical dive. That is the one area that is worrying me. Bear in mind that the one big department that is not yet on that system is Health. The numbers will go up again because Health is, we think, one of the areas where we have the biggest challenge. That is worrying us. What have we done about it is probably going to be your next question, but I will wait for that …

Deputy K.M. Wilson:

If I could just interrupt you before you go on to that. No matter what the percentage rate is, and I think you are right in terms of it is better transparency around the data that is being collected, but clearly there is a cost to every percentage increase that happens; there is a cost to the public service. Do you see that as an area of efficiency, driving down those sickness rates that will improve the financial position across the sector or do you think that this is a problem that is just attributed to the fact that it is hard to recruit, more people are put under pressure in terms of trying to cover and whatever? Do you see that there is any solutions to addressing the increase in the sickness rate that has happened, particularly over the last couple of years?

Chief Executive, Government of Jersey:

Yes. I think, given what is happening right across the world on this, one best be humble until one fully understands it. But things we can say today is obviously as a matter of fact if we could outperform in sickness and absence it would increase our technical efficiency as an organisation. It would reduce costs because we are having to backfill and encourage and seek costs and all sorts of other things.

Deputy K.M. Wilson:

Do you have a sense of how much it is costing?

Chief Executive, Government of Jersey:

Not yet but it is something that we are going to … now that we think that we are going to be stable, an accurate trend in terms of the data is one of the things we are going to enumerate for the S.E.B. Obviously there would be things to be said there. The other issue with it is that it also is an indicator of disengagement in some areas, which can affect all aspects of productivity. There is definitely a huge amount to be gained from trying to perform much better in this area. But in the first instance, we are just concerned about it from understanding it even more so from a welfare perspective. We are doing deep diagnostics into categories like stress to understand the different components of that, which we can start to do from the data around whether stress outside of work, which is, in effect, in your ability to work, or whether it is stress inside of work that is the primary driver. Things like this we need to try and understand better. We have got 3 areas where we are an outlier; one is that. One is various forms of muscular industry, which we are an outlier. One of them is basically coughs and colds. We just want to get to the bottom of it as much as we can with the data to understand exactly what is happening. In the meantime we have introduced various things, which we can talk about it if you want to, to try and improve in the meantime.

Deputy K.M. Wilson:

I think what you have described is that you sound as though you are monitoring this quite closely and you are taking an active role in the monitoring of this.

Chief Executive, Government of Jersey:

Yes, very much so.

Deputy K.M. Wilson:

Okay.

Chief Executive, Government of Jersey:

Myself and the Vice-Chair of S.E.B. are making this a priority area. As I say, I think we have concluded from the data it was always happening, we are just now measuring it appropriately, rather than we have suddenly had a big … we cannot relate it to being a sudden development to all the other things that we know about the service. But now we know how big of an issue it is, we need to make it a priority.

Deputy K.M. Wilson:

How soon do you think you are going to be able to enumerate it?

Chief Executive, Government of Jersey:

We are hoping to do that in the next 3 months, both enumerate it ... and here I do not want to commit. The Chief People Officer of the staff, she will hang me for it when she comes back from holiday. But we want to enumerate it and we also want to have a better comparative analysis than we have got at the moment. What should be the realistic benchmarks? How should we benchmark ourselves? It is easier for areas like police and so forth; you can get statistics. But how should we treat some of the other areas? Because I think we need to understand what good looks like and then figure out how to get there.

Deputy K.M. Wilson:

Take it from there, all right.

Mr. A. Awan:

Very quickly because you mentioned data quite a lot. As you mentioned, you are using SAP in Health.

Chief Executive, Government of Jersey:

In that area, yes.

Mr. A. Awan:

In that area. Are we using any live data feeds which are comparing these certain areas or is it the time by a certain group of employees and what separate activity it has been? Because data, if you have SAP, you can have management information live and look at that and address those issues quite quickly, especially if you are looking at absence and sickness 2024. If we have the spot data we can maybe shuffle some resources and improve that one. Are we looking at the data live or is it still something in progress because SAP can do it?

Chief Executive, Government of Jersey:

Yes, some of that. I would rather get the Chief People Officer to write to you. We are also under some restrictions on what we can do with our data, based on historic agreements with trade unions, for example. We have just got to be careful in this area. But definitely Lesley would be better able to give you an update on that but I can the next time I am here.

Mr. A. Awan:

Because data now and with the data improvements and everything, especially this SAP and with the software we can have live data and that can help us positively if a certain area is facing resource shortages or anything, we can pull resources from somewhere else. If somebody is underutilised and we can help other teams with that one, which would be brilliant, especially …

Chief Executive, Government of Jersey:

Sorry, they are certainly doing that.

Mr. A. Awan:

They are doing it, okay.

Chief Executive, Government of Jersey:

Not so much driven simply by sickness but across a range of things, sorry, yes.

Mr. A. Awan:

Across the group, okay.

Chief Executive, Government of Jersey:

Yes, we have got a whole internal mobility programme up and running. Sorry, I misunderstood the question.

Mr. A. Awan:

Okay.

Deputy K.M. Wilson:

Sorry, did you want to ask …

Deputy D.J. Warr:

Just talking about wellness and keeping people healthy, we talked about Children's Services. I am very conscious of the fact that we have got record numbers of S.E.N. (special educational needs) children; we have got record numbers in C.A.M.H.S. (Child and Adolescent Mental Health Services).

I think it is costing £6 million a year to run C.A.M.H.S. and things like that. Do you feel in terms of the investment how we invest in things like education or these big departments, do you think the investment is profiled correctly in that respect? Because obviously these issues of kids being excluded from regular school or we have seen vast increases in absenteeism and things like that, they are immediate and very short-term problems, do not seem to be … but it would cost us an awful lot of money in the long run. My question probably is: do you see the investment that we make is correctly targeted? We can talk about new buildings, we can talk about this, we can talk about that, but inherently it is about the people. It is about the people, it is about the kids, it is about that investment. Do you sense that that profile is correct?

Chief Executive, Government of Jersey:

I think it is a complicated area, this. Some of our choices are constrained, which impacts our effectiveness. We are constrained by workforce issues. We have been very constrained by the physical estate of loving homes for children, which is as politicised as everything else is politicised in property, i.e. getting those homes in the right areas and so on and so forth. There has been a lot of historic constraints on that service, I think optimising what it wants to do. We are also constrained in, I think, the democracy in terms of what we do with children with complex needs on Island versus what we might be able to do off Island and whether we want children in those situations to be off Island or on Island. It is a very complicated area. What I would say at the moment is we try to work through all those issues and run them to ground. I think the broad consensus is that as far as possible people wish to see service build up in Jersey with the right estate of loving homes with the right professional service development of social work and other services and for, wherever possible, it to be done on Island rather than any peripatetic or tertiary model. That is an expensive model to run but the political commitment has been made to run that model and that is what we are now implementing. It is kind of early days in that. But I think if you look back historically we clearly haven't gotten it right because the service was in crisis. Over the course of the past couple of years it fell into crisis and we have not had sufficiency in the estate, for example, to house children.

Deputy K.M. Wilson:

It is okay, sorry, Andrew. Can I just bring you back to some of the recommendations that were made in the annual report and accounts and also the Comptroller and Auditor General's report on workforce issues?

Chief Executive, Government of Jersey:

Yes.

Deputy K.M. Wilson:

Earlier on you mentioned that workforce plans need to be dynamic and iterative.

[14:15]

One of the recommendations that was in the annual report and accounts was that: "All departments need to ensure that workforce plans are linked to available strategies and departmental business plans." I think it was agreed that that was the case. But in terms of improvement there was no further action needed at this time. I think what I have heard you say this afternoon is that there is quite a lot of work going on around that. Could you just clarify what is the position and is that recommendation response, does it stand or have you changed your mind?

Chief Executive, Government of Jersey:
Are you talking about recommendation 2?

Deputy K.M. Wilson:
Yes, recommendation 2 of the annual report and accounts.

Chief Executive, Government of Jersey:
No, I think in terms of the way that the team risk assess that recommendation based on the other things they have been trying to achieve, I think that that still stands at the point in time where they made it. I think in the areas like we were just discussing, now having more information and better data on sickness and absence, I think you will find in all departmental plans that is now going to feature heavily as we go into next year. It already features heavily in the objectives and plans for People Services. There is a whole set of actions already been taken around the absence matters, campaign within Government around advice and support to managers on the new system. There is a whole load of things going on there. I think it is a fair challenge, Deputy, that the point where they made that risk assessment, that in itself will have to be dynamic because they are going to have to respond to sickness and absence.

Deputy K.M. Wilson:
I think from what you have said you consider that maybe that risk rating has changed since that original risk assessment.

Chief Executive, Government of Jersey:
I am not sure I would go that far, given there might be a problem with the risk-rating process in terms of how big the number has to be before it is a major or a catastrophic risk. But I think certainly those plans are not static in any event. The one area where we will start to feature more heavily, which might not have been as front and centre even 6 months ago, is the emerging data on sickness and absence; that is an example of one. I think also an area that we are beginning to explore is, if you

think about it, over the past 6 years the public service has, effectively, been employer of choice in the economy. We have significantly increased our headcount while pretty much the rest of the economy has not. We have absorbed a lot of labour and we have had a lot of labour into the economy, while everyone else has been standing still. I think one of the things we wanted to reflect on is the issues it might present from trying to on-board a couple of thousand people in such a short piece of time.

Deputy K.M. Wilson:

Yes. I think it is interesting because I think that is why from a P.A.C. perspective we are concerned. Because if the growth has been there, then the risks are increasing from the amount of money the public is having to pay for that increase in the workforce but not necessarily getting a return on that in terms of improved productivity because of issues like sickness and absence. We are just trying to work through what the issues …

Chief Executive, Government of Jersey:

Yes. I think let me take that away. I understand the point you are making and I think it is a fair one. In some areas we do know what we are getting. We have got 199 teaching assistants in the school, which was a big policy of the last Minister or the current Chair. We have got that in school and we have got a very, very developed data dashboard in education to understand are we getting returns in terms of reduced absence, reduced disruption to children being in school? All of that is measured very, very tightly. It is different in different places but I think the general point of what is happening with sickness and absence with the fact we have on-boarded so many colleagues so quickly, with the fact that our turnover rates could be said to be high, they are still higher than we would like them to be, frankly, from even just a financial perspective but also from a settling down perspective. Let me speak with the Chief People Officer and write back to the Chair on that.

Deputy K.M. Wilson:

Okay, thank you. Finally, just for me in terms of the public hearing with the Corporate Services Scrutiny Panel, the Chief Minister said that he would revisit the response to recommendation of the reports. Basically the recommendation was that there would be a consistent policy applied for the provision of government accommodation by employees. The response from the public service was that this was not agreed in terms of recommendation. He undertook to revisit that response. Can you confirm whether there has been any discussions with yourself about potential changes to the response to this recommendation at all?

Deputy I. Gardiner:

You were at the same public hearing, we were together.

Chief Executive, Government of Jersey:

Yes, yes, I was. There has been with the policy owner for that policy and with members of E.L.T. ... I have not gone back to the Chief Minister on it yet. I think …

Deputy K.M. Wilson:

Will you undertake to do that?

Chief Executive, Government of Jersey:

I will undertake to do that. I think the issue at hand is we probably do not have a shared view on how significant this is as a morale issue versus the reality of our need to be adaptive and agile in matching people to accommodation across the service at the moment. We are working through that. But I will undertake to go back to him with our views and then come back to you.

Deputy K.M. Wilson:

Thank you. Okay. At that point we would want to just understand what is tolerable and what is not and understand the dynamic.

Chief Executive, Government of Jersey:

Exactly, yes. No, I understand, I understand completely.

Deputy K.M. Wilson:

Okay, that is fine. Thank you.

Mr. V. Khakhria:

Thank you. We recently shared with you our comments on the executive response to the procurement review. You will have noted that there is apparently quite a difference of opinion between Government and ourselves and local trade organisations, including the I.o.D. (Institute of Directors), the Chamber of Commerce and the Construction Council. There are a number of recommendations that we made that were rejected by Government and we have asked you to look again at them. I was wondering whether you could give us your immediate views on the comments, please.

Chief Executive, Government of Jersey:

Yes, procurement, yes. This is my views on the industry response to our response to your response.

Mr. V. Khakhria:

Correct.

Chief Executive, Government of Jersey:

Even saying it out loud that is an unusual process but maybe another example of Parkinson's law.

Mr. V. Khakhria:

It reflects the diversion to the opinion I think.

Chief Executive, Government of Jersey:

Yes, I think we are just not in the habit of our responses being run through that process. I am where I was whenever we discussed this. Obviously we procure to buy the stuff we need and pursue value for money in buying the stuff that we need. We allocate 10 per cent in that process to the social value. We think that is appropriate. I have not been persuaded they need to make that higher or indeed to make it lower. The majority of our spend, even allowing for some quite big chunky items, goes into the local economy and it is procured from the local economy. We have got fantastic examples from the last 2 months of major procurement into the local economy. We do not underestimate for a minute that we can always do things differently and better. But, yes, my position has not changed much, based on what I have been able to see so far. For example, the business of a fast-track light-touch tender process, anything under £100,000 is 3 quotes. There is no detailed tender process. We think that is as light touch as you can get, while still being sensible. We are not entirely sure why that has been dismissed in the way it has and why you would want something more onerous than that. Yes, I do not really change anything, on reflection, from what I have said before, yes.

Mr. V. Khakhria:

Looking just at a couple of them, for example, you have rejected the more detailed scrutiny of or consideration of social value and replaced it with a 10 per cent contribution from local providers and saying that you believe that: "This sufficiently reflects in all circumstances the social value provided by local tenderers." How did you arrive at the 10 per cent number and how do you justify that to local trade organisations who clearly believe that the social value provided to the Island is not adequately reflected by that blunt measure?

Chief Executive, Government of Jersey:

I do not know what anyone thinks the optimal level of on-Island purchasing should be. But the majority of our procurement spend is on Island. Given the inherent in these economies of scale and scope that exist on the Island, I think that is a pretty substantial achievement in itself. This is where we are in the tyranny of anecdotal, we are giving you data until we are blue in the face and it has come out every year. If you want to give me examples of recent procurement that have not gone to local firms that should have I am all ears, but I can give you many examples where the opposite is the case. We have met with the Chamber of Commerce, we have listened to them, we have listened to other people. We feel that we can always do more. We are doing more. A lot of work by Digital Services, there is a lot of work to explain ourselves to encourage engagement and dialogue with the Construction Council, with the architects, with everyone. We have got more commitments to try and give greater visibility on our future capital programme. The direct Chamber of Commerce and I.o.D. were in the other week on this but, yes, we feel that balancing our objectives to try and purchase well for the taxpayer and the public service, our primary objective around that, we feel that, broadly speaking, we are getting the balance about right.

Mr. V. Khakhria:

I think we are in a slight Catch-22 position, which is that during the public hearings with those organisations we heard and reported back to you that there was a culture of fear among a lot of the smaller businesses seeking to tender for local contracts. For that reason it was impossible to go and collect detailed data from named companies in the context of a climate of fear; they are not going to stick their heads above the parapets and they have explained that to us in public hearings. How do we get round that? You have dismissed as hearsay the data that they have collected and gone out of their way to poll their members and take detailed reports and report them back to us and from us to yourselves. How do we get round that? How do we then provide data from these organisations that will satisfy you without impacting their personal sense of security for future contracts?

Chief Executive, Government of Jersey:

What is it you would like us to achieve through our procurement that we are not currently achieving?

Mr. V. Khakhria:

I would like you to consider …

Chief Executive, Government of Jersey:

Would you like us to award more contracts to the local economy? Is that what you are saying?

Mr. V. Khakhria:

The first thing I would want to do is I would want to collect the social value data more accurately than with a mere attribution of 10 per cent. A simple example would be that if a contract were awarded to a local I.T. company, for example …

Chief Executive, Government of Jersey:

Which has just been, yes, yesterday.

Mr. V. Khakhria:

… that could draw the skills into the Island and that would be one example, where we use Jersey-based contractors for major projects, which I believe we do for an awful lot. We have heard examples where contracts could not be awarded to local companies for the simple reason they lacked one or 2 small skills that they could have backfilled in had they been receiving proper feedback during the tender process, for example, or even after the tender process so that they could have made that clear or before the tender process started at the pipeline publication point. I guess the first question would be: what can Government do to more accurately measure social value and reflect that in procurement because we do not believe it is satisfactory?

Chief Executive, Government of Jersey:
I hope and expect we have given you the data that shows how much we do procure on Island, off Island with local contractors.

Mr. V. Khakhria:
Correct.

Chief Executive, Government of Jersey:
I hope we all agree that the majority of it is procured on Island.

[14:30]

I would expect us to disagree about what precise percentage it should be. I hope we all agree that we have increased the number of outreaches into the industry so that they understand when we are procuring what we are looking for. I hope we all agree that you have seen an increase in the digital area, for example, of contracts awarded locally. We see a lot of progress. As always in S.E.A. (strategic environmental assessment), we are having to deal with sometimes anecdotes, sometimes decent surveys, sometimes not decent surveys. The way we see to resolve it is just to be open and transparent and to continue the dialogue. But it is very important to know that the primary aim of our procurement is not to boost the G.D.P. (gross domestic product) of the rest of the economy. The primary aim of our procurement is to get value for money for the taxpayer and boost the G.D.P. of the economy that way.

Mr. V. Khakhria:
I am sure you agree, though, that there will be circumstances in which a proper accounting of social value for a potentially slightly more expensive project could reflect, for example, tax receipts, the provision of apprenticeships, the growth of employment and skills opportunities for the Island that is not accurately accounted for within a 10 per cent overall number and that the Island as a whole could achieve better outcomes than a marginally cheaper tender from a non-Island-based supplier.

That is the reason we keep drilling into could we please examine social value under a microscope, rather than with the wrong end of a telescope?

Chief Executive, Government of Jersey:

Yes, I will take it away and think about it. All I would just say to you all gently is there is a very small procurement team up at least 5 times in the space of a couple of years. The C. and A.G. has been in, everyone has been in. At some point we need to let them do their job. They are spending an awful lot of their time responding to incoming queries from everyone. I need them to do their job and I think we need to give them a bit of space and time to do their job. We will take away the social value thing. We will speak again to the Chamber and I.o.D. But we have some things we agree to disagree.

Mr. V. Khakhria:

Thank you. I want to move on but I will just reject that characterisation. I believe that the reason that procurement has come under greater scrutiny is because it is not believed to be effective. The additional amount of scrutiny is purely related to our perception of the outcomes. Whether it is a question of greater or better communication or whether our concerns have validity, that is the reason. We are not preventing people from getting on with a good job, nor is any other Scrutiny Panel. We are doing it for a real perceived benefit because of inefficiencies that are reported to us, but thank you.

Deputy I. Gardiner:

But even not moving, I think that another part that we have raised and it is about the 3-year cycles of grants or commissions for charities. It has been accepted in principle but, as you could see, there was no commitment made. Even Government Departments have their budget estimated, approximately a budget for 4 years forward. If we would like charities to deliver services they need to have stability to be able to recruit to deliver services. I think the conversation about a 3-year cycle or estimate cycle for the support for the grants or commission for the charities was on the table for some time. Again, in the response we received: “We agree in principle but when it will come we do not know.” I think this is where we do need more clarity and the charities themselves need clarity.

Chief Executive, Government of Jersey:

I can answer that one and that is less nebulous. I think one of the things that we need to look at in the wider study about how we have ended up with public sector growing by a third in cash terms and a bit less than that in headcount terms in the space of 6 years is we need to understand whether one of the contributors to that was the decision to move away from, effectively, a 4-year budgeting cycle, a 3 plus 1 and a budget really driven by Treasury to an annual business planning cycle driven by C.O.M. One can observe a higher level of fiscal prudence under the old budgeting multiyear cycle than you can under the annual cycle. That is one of the things I want to get to the bottom of in these workshops to the extent to which people feel that is a contributory factor. If I relate that to your question, as I said before, the fiscal position of this Government is precarious. It is the only right way to describe it, it is precarious, which is why we have got to be very careful about value for money in all its forms. Departments cannot write cheques that they cannot cash. They cannot give 3-year commitments when they themselves are at the mercy of an annual budget cycle, which each year is very, very, very tight. We need to look at the structural way in which we budget, which might enable us to give better certainty to the partners that we work with. But at the moment I can well understand why departments and A.L.O.s are reluctant to make multiyear commitments and …

Deputy I. Gardiner:

But we do have a budget. It might change but we do have a gross that is going both in 2026 to 2029; it is there. It might change this or that way but the basics is there. Departments know about their core budget and departments know about their core services they need to deliver.

Chief Executive, Government of Jersey:

Yes, but that basic approach has only held up in the last 5 years by draining 2 of our reserves. Yes, we have been spending more than we have been bringing in. The situation is precarious and I think departments are all under pressure now not to make multiyear commitments that they cannot be sure that they can make good on. The situation we are in is that situation. I think we need to look at that structural issue and then go back to how much certainty you can give to delivery partners. The same is true for the arm's length organisations; they are on year to year as well.

Deputy K.M. Wilson:

Can I just come back to the point about social value, please? Again, I think we are doing the check and challenge, yes, around things that people come and talk to us about. One of the things that I think has been really concerning is that when people have come forward with ideas that clearly they believe would bring social value that they have been told no, that does not. How do you deal with the perception issue in terms of how …

Chief Executive, Government of Jersey:

Yes, we are going to have to keep communicating. We are going to have to explain ourselves continually. Because for every example you give me of that I can give you 10 the other way. This is the frustrating thing. We have let in the last 6 weeks 4 major contracts out to local firms. Those local firms have won those contracts. They have been able to engage with the processes we have and prepare their tenders to win those contracts. We need to keep looking at it and keep getting better. I am just very concerned that the focus on this area ... and as I have said to you in this Committee before, no Government is good at procurement. It is not an area where Governments are known to be world leaders on. It is a difficult area for any function. We have gone through a lot of work with the procurement team in terms of prioritisation, in terms of where we think they can add value and where they think maybe with our skills and resources we can. All I can observe from that team is I cannot really get them moving forward as quickly as I would like because they are constantly looking over their shoulder responding to incoming. You might say that is their fault and fair enough, but the given reality is getting the right balance between them servicing income and creating, doing what we would really love them to do, whether it be a new hospital project or it be the new tank in St. Peter, whatever it may be, is proving difficult.

Head of Corporate Governance, Treasury and Exchequer:
Andrew, if I may, I would like to speak to the Director of Procurement afterwards to double-check. But having spoken to her quite extensively about this, I think there is a nuance between social value as part of the procurement process and the wider and understandable definition of social value that you described earlier in terms of tax receipts, in terms of pounds spent on Jersey. I think in terms of the procurement assessment, I think there is a difference between social value and pounds spent in Jersey. The social value is how the tenderers come forward as part of their tender process with the innovative ways in delivering the apprenticeship and skills type element of that which you described, as opposed to the whole part you described. I think the Director of Procurement would probably say there is more we could do around pounds spent on Island but that is not necessarily addressed by the procurement process, and how they work that in terms of open and fair procurement is an issue that they still need to work their way through.

Mr. V. Khakhria:
You have articulated the problem perfectly. Andrew’s position is that he has overarching responsibility Island-wide for ensuring that social value of the broader definition is incorporated. I guess that is why we are slightly puzzled. Maybe we need to change our nomenclature here and devise a more elegant phrase for it. But it seems puzzling on our side of the table that this is not a fundamental driver after necessity.

Deputy I. Gardiner:
Also, we have put our recommendation around the economic contribution to have in line within the tender. It has been rejected as well, even though that I know for over the years the Economy Department did work around the economic contribution, how can they calculate it on the point base? I am not sure why if we say the social value, it is too vague and we try to get a definition, it can be social contribution, economic contribution. There are options to break it down. But our recommendation about the economic contribution, and if it is tax receipts or it is monetary value bringing to the Island for an online company, has been rejected. What we say it may be something

to be reviewed and it can be. Again, we are not talking to put an increase but at some points and it might be tender be lost or won by one or 2 points and it can be part of the calculation.

Head of Corporate Governance, Treasury and Exchequer:
I think, having worked quite closely with the Director of Procurement, there probably has been some confusion between what was meant by social value by the Committee and what was interpreted by social value as part of the procurement process. That may be one of the reasons why that has not been agreed because there is one element versus a wider definition. But, yes, they may look at that, they may look at that.

Deputy I. Gardiner:
Let us revisit the response to recommendations in this case, yes.

Mr. V. Khakhria:
Thank you. You mentioned that the Island's economy is precarious and we saw last week that G.D.P. has shrunk and, more alarmingly, that G.D.P. per capita has shrunk, which I think in an Island where there is substantial income inequality, that must be a fairly terrifying prospect for many Islanders. What do you see happening to G.D.P. in the future? Do you expect it to grow and what will happen to tax receipts?

Chief Executive, Government of Jersey:
Yes, I think the public finance or the fiscal position is precarious, which was what I was mentioning. One of the reasons it has become more precarious is because of weaker economic growth outside of financial services and the implications that has for income, for tax receipts. I think on the G.D.P. numbers last week, G.D.P. is a difficult measure of economic growth for Jersey because of the size of the finance sector within the economy but also because of the accounting treatment of the profitability of the finance sector. It moves quite a lot with interest rates and their impact on the interest, income and deposits in the banking sector. It can be a little bit misleading, the volatility of it. That being said, it is a source of concern because we know the fastest growing sector of the economy since 2018 in jobs terms has been the public sector and there is some cash spend that has been in the public sector. The public sector has been acting against the cycle, if you like, in the overall economy. We have become more dependent on the contribution from financial services. It is a worry and that is why we have been doing 3 major pieces of work. One is trying to understand if we can curb the growth in public spending against that backdrop, which we have discussed largely today. One is to use the work that we have been doing inside Government to look again at the case for and the need for widespread and wide-scale capital investment into the public realm in the core infrastructure of the Island to boost its productivity. The final thing is we are knee deep in a study in the competitiveness of the financial services sector, which the Minister is due to report on in late

winter. We recognise that we are in a period of low growth and high inflation. We recognise we have become a bit more dependent still on financial services. We recognise that the public sector growth cannot be the answer to growth. We are looking at these fundamental issues to see how we can start to address that.

[14:45]

Mr. V. Khakhria:
You mentioned the growth of headcount within government, which has increased from 6,000 in 2018 to more than 8,000 full-time equivalents at the end of last year. In the same context you mentioned a curb in the growth of that headcount or full-time equivalent, I guess. Having regard to your responsibilities in the P.F.M., are you satisfied that a curb in growth will be adequate to balance the books, so to speak?

Chief Executive, Government of Jersey:
No.

Mr. V. Khakhria:
Would you care to elaborate?

Chief Executive, Government of Jersey:
As I have said before, during this period in question that that has happened we have also exhausted the Countercyclical Fund. We have exhausted the Stabilisation Fund and we are in receipt of advice from the Fiscal Policy Panel that we ought to not only try and restore those funds but also increase the size of the Strategic Reserve from its current state, which I think there is some justification and believe is currently too small for the size of the economy we have got. In other words, a rainy day fund could be bigger. I think that in order to restore fiscal balance in the first instance and then to restore your reserves, your reserving policy, we will have to go further if our contribution to that is to come from just public expenditure.

Mr. V. Khakhria:
Thank you.

Deputy K.M. Wilson:
Can I ask a question?

Deputy I. Gardiner:
Okay.

Deputy K.M. Wilson:

Where would you see the priority for targeting that cost reduction or how would you prioritise it?

Chief Executive, Government of Jersey:

I think that the priority at the moment certainly with this Government is to try and, first of all, bear down in the rate of growth which we have been experiencing in recent years, to try and slow that down, is the first priority. I think we need to take a balanced view of it; that is why we are doing the 3 different pieces of work. If we can be confident that we can grow our way out of the issue, either through financial services or the other sectors of the economy, clearly we have got a huge amount of building and construction activity in the pipeline with the hospital and other things. We need to form an assessment, a balanced assessment about how much can come from future growth, as opposed to cost reduction. But certainly when we get to look at it there is very little doubt that if you strip the role of the state back to its basics, public safety, health, education, connectivity, the things that people regard as non-discretionary, if you stripped it back to that that is a much smaller number than the number we have today. We have got a lot of activities that we have added over the years and probably will have to have a discussion about those at some point in the future. We have had a discussion about some of them today. The estate of arm's length organisations in many cases are discretionary activities of government. They are not things that would fall into the category: "If you do not do this you will have fundamentally failed in your role as a state", so we will probably have to look at those areas if we cannot see a happier path to grow our way out of the current fiscal situation. What is worrying is that the fiscal situation that we find ourselves in - and all Governments - is partly a reflection of the geopolitics for the past 10 years, COVID, Brexit, all that stuff and obviously there was some hope that we might settle down into a more stable period. That hope has been somewhat dashed and at the moment as you look ahead it still looks like we are in the middle of a period of significant geopolitical volatility. That makes it harder for an Island economy to grow its way out of its challenges.

Deputy K.M. Wilson:

Do you think, Andrew, that we are entering into a period of austerity, rationings coming?

Chief Executive, Government of Jersey:

That is hard to say at the moment because if you look at the G.D.P. performance we have had, it went down a bit last year; less than was forecast, by the by. It went down a bit, but it was mainly the swing around in banking profitability due to interest rates. I do not think we are at that stage yet but I think it is back to that debate we always have with ourselves: if we want to run a low tax economy then we have to cut our cloth accordingly, and I think that has been brought into sharper focus probably in this decade than previous decades.

Mr. V. Khakhria:

It has been just over a year since you came here for your - our - first quarterly public hearing. I wonder what you would say have been your main achievements during this time.

Chief Executive, Government of Jersey:

You would be better speaking to the respective Chief Ministers, I think, on that one. If you look at my objectives, I think they have got a relatively small number of themes. One of them is about trying to get a debate and some actions to slow down the rate of growth in public service, and I think we have made some progress in some areas of that, that whole aspect of financial stability. One of them was really about trying to raise awareness and get a good discourse in some of the bigger strategic issues that are facing the Island. I think we have made good progress in that, both within government and more widely through workshops and other things. I think there is a greater awareness now of the demographic situation of the public finance situation, of the investment situation, and hopefully when we complete the financial services work the same thing will be true there. I think on the leadership capability side, a thing that both Chief Ministers were keen to put in the objectives, was a response to feeling that at the point where I arrived, for whatever reason, we had reached a bit of a low ebb in terms of how the leadership of the public service were feeling about their lot in life, so we have tried to build confidence and capability, particularly through some of the development interventions we have been taking. I think there is progress there and a culmination of that will be having a very good approach to succession planning for this role. I think these are the sorts of areas where we - between me and the 2 Chief Ministers - have been trying to make a difference, but I guess it will be for other people to judge next year.

Mr. V. Khakhria:

I would rather not. I would rather ask you: from your time in office, what would you say that your top achievement was?

Chief Executive, Government of Jersey:

I think it is the mood of public servants. I think we reached a point after COVID, which is completely understandable, where everyone was a bit exhausted, a bit fed up, where the political situation was not always as stable as we would like it to be and I think people were not feeling as good as we wanted them to be about working for the Government of Jersey. I do think that that has started to turn around. There is no real hope of getting a significant improvement on any outcomes for the long haul if we do not have higher engagement levels among the people that we are relying on to deliver the services, so whether it be in the schools, whether it be down at the hospital or wherever. I think there are a number of areas where we are turning the corner.

Mr. V. Khakhria:

Thank you. Very quickly in terms of your objectives for the final quarter of this year and looking at next year, I was wondering how you track and measure your progress against these objectives and how do you communicate this to the public?

Chief Executive, Government of Jersey:

The objectives … Seb thinks I cannot remember my objectives but there should only be 5 on there so I should be able to remember them. One of the things that I think should help is that because of the nature and way in which I arrived in government on a 9-month contract with the previous Chief Minister, she felt understandably that the objectives should be smart enough that they could be delivered in a 3-month or a 6-month period, i.e. they were outcome focused rather than very rangy. This Chief Minister on arrival reviewed that and decided for similar reasons, given it was a 2 year-ish Government, that that made sense. So I think when you look at those objectives, most of them are smart and it is pretty clear what the outcome is in terms of either you have done something or you have not. How they are communicated out to the public, or the best way to communicate them to the public, I am less clear about. I mean I would rather that you are judging outcomes rather than communication of outcomes.

Mr. V. Khakhria:

Difficult.

Chief Executive, Government of Jersey:

Difficult but hopefully not impossible, we should say.

Mr. V. Khakhria:

What would you say your key objectives, your key deliverables, are for the next 3 to 6 months?

Chief Executive, Government of Jersey:

Certainly, to generate options to make these workshops - around curbing the growth in the public service - as good and as interesting as they possibly can be for policy makers, so doing the best job we can to not have arguments about the facts anymore but really focus on the principles and the options and what people think is the best thing for Jersey. I think that will be very important, albeit I am not sure how public that would be, but make sure that we do the best possible piece of work on reviewing the competitiveness of the financial services sector, for reasons you have mentioned earlier. Whether we like it or not, we have come to depend more on it, not less. Until we get another growth engine, we have really got to do very careful husbandry …

Mr. V. Khakhria:

You could measure social value.

Chief Executive, Government of Jersey:

… of that particular growth engine. I think that will be very, very important. I guess a final one that I am very focused on is trying to ensure that we are very thoughtful about C.O. (Chief Officer) succession and that we have really good discussions with the States Employment Board about that role and that we give colleagues in the service who have got the ambition to do that role the best possible chance of competing for it. I think that is very important because, going back to where I started, colleagues do not always feel that they have had those opportunities and that that investment has been there. So I think it is very, very important this time around that colleagues feel that they have had the best possible chance and the best possible support to compete for the role because I think that will be a very important tone from the top and cultural proof point for the whole organisation.

Mr. V. Khakhria:

Thank you.

Deputy I. Gardiner:

Thank you.

Mr. V. Khakhria:

I have just got one technical question.

Deputy I. Gardiner:

Yes, okay.

Mr. V. Khakhria:

Can I just ask one technical question, please? I am looking at the budget for 2026-2029 and I see that for 2027 only you have some very detailed numbers: £17.431 million for pay management and £11.304 million for future savings. My questions are: (1) what are the options that could deliver these savings and (2) if you are not successful for whatever reason in curbing headcount growth, could those savings be wiped out by headcount growth in their place?

Chief Executive, Government of Jersey:

Is this the 2027 number you are looking at?

Mr. V. Khakhria:

Correct.

Chief Executive, Government of Jersey:
There will be a number in there for what the assumed payroll cost is based on the inflation assumption, which I think without seeing it will be the first number. It is common in our budgeting process - well, it has certainly been common since I have been in - that almost every year departments, alongside any growth they have got, are targeted with effectively self-funding some of that growth through savings. That second number you mentioned will be the savings that are allocated to departments to balance their budget. There is a sort of business as usual process for them to identify how they might achieve that, changes in the service delivery model, whatever it may be. I think this year, or in 2027, more so than ever that in part will be informed by the work that we do in these workshops over the winter because I think one of the challenges for colleagues in the past is while we have always had savings targets, we have never really had sufficient clarity on what the political risk appetite is for how to save that money. One of the things I am hoping that this process will do - if we have good workshops - is give greater clarity on what options are more or less palatable for saving money and that will help the departments with a more structured programme. But, as always, if they do not meet those targets that will be a performance issue for them but also it will take us back to that position where we will be leaning on reserves if we cannot balance the books.

[15:00]

Deputy I. Gardiner:
Would you have an extra 10 minutes?

Chief Executive, Government of Jersey:
Sure.

Deputy I. Gardiner:
Thank you.

Mr. A. Awan:
I will try to be quick. While we are on the same topic, just on the optimal public service and the significance or the fact of streamlining and reducing the cost of public service, what do you expect will be the key outcomes you will achieve before the end of your contract in December 2026?

Chief Executive, Government of Jersey:
What we are trying to do is slow down the rate in growth, not an absolute reduction, just so everyone is clear, and that is a political mandate because we had 5 years of very significant growth which

outstripped the rest of the economy. It is to start to restrain that growth. It is very challenging because we have excluded from that the 2 biggest drivers of that growth, which are Health and Education, so it requires some fairly breathless work by the rest of service but just to clarify that. In terms of other priorities, I mean I do not want to pre-empt the process that I described earlier. Now that we are close to having a fact base, which I think hopefully the entire Assembly in time will agree is the fact base, we then need to agree some principles to look at options for reform and this is where this might be unusual, say, from the private sector. But I think we have all learned in public service in Jersey that there is no point going down this road without building some kind of reasonable consensus at a political level for what the art of the possible is so we really want to explore what the art of the possible is, whether it is amalgamation of A.L.O.s or whether it is completely changing the nature of some of the services we offer. We are not there yet, and I think it is important - very important given my tenure - that we come up with options which have got consensus because they are more likely to last beyond any changes in individuals.

Mr. A. Awan:

Okay, and just leading on from that, on the overall budget thing, particularly in Heath, what practical steps have been taken to have a better grip over the budget which we every year see is overspending?

Chief Executive, Government of Jersey:

Yes, those are definitely things that you will get better answers to from the Treasurer, who was here a few weeks ago and, indeed, the lead officer, but within the health service, we have got a range of initiatives under way, some of which depending on the data can make things look worse before they get better. So a very big thing is to try and reduce our dependency on agency hiring, which is a huge expense for us. It has been trying to get permanent … a real focus inside the workforce and Health of permanent recruitment so that is one of the ways which we hope - not only if we recruit but we settle the people in - will save us. There is a lot of work been done in commissioning. We have been fighting hard in the U.K. to ensure that the costs for tertiary care are in line with the master agreements we have with the N.H.S. (National Health Service). As you can imagine, hospitals across the U.K. are all in … I would not say precarious fiscal position. They are in a … whatever is worse than precarious. **[Laughter]** They are in a dreadful fiscal position, and they are obviously trying to pass costs on to everyone. We have got a lot of work to try and reduce the impact of that on us so a whole series of micro initiatives and Health, like other areas, have specific savings plans. Even in the context of an overall budget, which is increasing, they have got areas within that that we are looking for them to reduce their spend to self-fund some of their savings.

Mr. A. Awan:

Okay. Just curiously, are any of the departments looking to use technology to reduce admin costs?

Chief Executive, Government of Jersey:

They are always doing that, of course. A big part of the current technology strategy is to recognise the need to sweat the technology that we have already invested a lot of money in, whether that is by using it better or pulling new modules down from SAP or wherever so, yes, they are looking at that. In respect to A.I. in the narrow, we have a cross-government group on A.I. which is pursuing use cases, pulling together the best business plans that we can find where it can be deployed mainly for the activity you have just described, to reduce costs. So, yes, that is part of each A.O. (area of operation) pursuing their particular savings.

Mr. A. Awan:

Okay. Just because I am a bit closer to this thing, have you had a discussion with Digital Jersey on this one because just looking at Health, giving you an example, sitting with a consultant …

Chief Executive, Government of Jersey:

You mean you are close to A.I. or close to Digital Jersey?

Mr. A. Awan:

Yes, sorry, A.I. in prospect of the whole of picture, like workshop where they can suggest certain areas of improvement in the processes and everything.

Chief Executive, Government of Jersey:

Yes, but we speak to a lot of people. I think it is important to understand that a lot of the A.I. that we will consume will come through platforms we have already invested in so we are doing lots of work with those suppliers, key suppliers, and what is available to us and what we can pull down, what can be used. There has been dialogue between the team and Digital Jersey but, yes, we are obviously focused primarily in the first instance on the Government’s need. We are very well aware from discussions with industry in Jersey that the big banks and others have all got A.I. strategies related to their business model so there is a continuous dialogue.

Deputy I. Gardiner:

If you are asking about, very quickly, we have Copilot in our Microsoft and we cannot use Copilot, or officers cannot use Copilot, because we do not have a proper business account, so I know the business case will not be presented once we are developing all these strategies. We do have already something in the system and we … not “we” as politicians and not our officers are allowed to use it - your officers are allowed to use it - because we do not have commercial account.

Mr. A. Awan:

Just leading on that one …

Deputy I. Gardiner:

Just a minute, I want to understand. Have you been presented with the business case of how much extra it would cost for officers to be able to use secure Copilot?

Chief Executive, Government of Jersey:

We have certainly, as part of the technology strategy, looked at that. Obviously, we have got some people who are using it already and we are balancing that off in the strategy with a number of other things, but I can write to you on it, or you can have Jason in and he will explain it to you in detail.

Deputy I. Gardiner:

Yes, so we cannot really use it. Can we go back to the … we have a couple more questions and we finish about the budget, and we finish with this, yes.

Mr. A. Awan:

Under overall expenditure, we have noted the proposed expenditure is 5 per cent less what we have spent in 2025. How do you think we can deliver this reduction in the costs?

Chief Executive, Government of Jersey:

I am really sorry, what is everyone referring to? Have we moved on to budget proper? I thought I was dealing with that on Friday but what are we talking about here?

Mr. A. Awan:

This is just the proposed expenditure budget which we, I think, picked it up from but I have 2024 numbers, 2025, and then proposed 2026 expenditure budget number which is 5 per cent lower than 2025 number.

Deputy I. Gardiner:

I think maybe to clarify, so we did have deficit in 2024. We did have a deficit in 2023. We are headed into the deficit in 2025, and the question basically was: as a principal accountable, have you received any letters of instruction for 2024 spending? Maybe the other question, if you need to choose the question, we have seen that it has been a request to pay £50 million less into the Social Security Fund and the question is: would it be a deficit if we make this payment to the Social Security Fund?

Chief Executive, Government of Jersey:

Oh, sorry, yes, I know what you are talking about now.

Deputy K.M. Wilson:
Do you mean 2025?

Deputy I. Gardiner:
For 2025. Basically, retrospectively now been asked to pay £50 million less into the Social Security Fund and if we would do this payment, would we find ourselves in nil balance?

Chief Executive, Government of Jersey:
Paying less than you intended into the fund is effectively saving less, if that makes sense.

Deputy I. Gardiner:
Yes, and we talk about how we have exhausted Stabilisation Fund; we have exhausted Strategic Fund and now we are exhausting Social Security Fund.

Chief Executive, Government of Jersey:
Yes, so during COVID and its aftermath … well, those are quite different. I mean, again, these funds were set up for very specific things but during COVID and its aftermath we correctly used the Stabilisation Fund and the Countercyclical Fund to get us through that. That is what those funds are for, to get us through that monumental event. What the F.P.P. (Fiscal Policy Panel) are saying is you probably need to start restoring those funds because unfortunately for you and all of us, the next 10 years at the moment looks as volatile as the last 10 years.

Deputy I. Gardiner:
The question is different. I think that I did not explain … apologies if I did not explain my question.

Chief Executive, Government of Jersey:
But on the Social Security Fund, obviously what you are doing there is you are saving less into that fund …

Deputy I. Gardiner:
Absolutely, but my question …

Chief Executive, Government of Jersey:
… and by saving less into that fund, you create capacity for some of the growth in the future budget, which has been outlined …

Deputy I. Gardiner:

I know. I am talking about 2025. In 2025, retrospectively, it has been requested from the States that we will pay £50 million …

Deputy K.M. Wilson:
Back.

Deputy I. Gardiner:
… less into the fund.

Chief Executive, Government of Jersey:
Yes.

Deputy I. Gardiner:
My question: what would be the deficit if you would continue to make the grant to the Social Security Fund from the Consolidated Fund as it was agreed for 2025? What is the prediction for the 2025 deficit from the Consolidated Fund that you need this £50 million?

Chief Executive, Government of Jersey:
I will need to get back to you on it. I did not realise we were dealing with the budget today.

Deputy I. Gardiner:
No, it is not the budget; it is for 2025. It is spending in the current year, not looking to the future. What is the predicted deficit for 2025 and how much is it related to Health? What is the prediction that you have for 2025?

Chief Executive, Government of Jersey:
What is the prediction for Health for 2025?

Deputy I. Gardiner:
No, what is prediction of the deficit for 2025 currently?

Chief Executive, Government of Jersey:
I will need to get back to you on it.

Deputy I. Gardiner:
Okay, no problem. No, no, it is fine if you do not …

Chief Executive, Government of Jersey:

Yes, I do not want to give you spurious numbers.

Deputy I. Gardiner:

No worries, and when was the decision made to retrospectively request an extra £50 million for 2025? Do you remember what it was based on, why it was requested to withhold £50 million and not £30 million for 2025 and not £70 million? I mean it was some numbers probably but if you are not sure we will follow it up in writing.

Chief Executive, Government of Jersey:

I am not sure. Yes.

Deputy I. Gardiner:

No problem. Apologies.

Chief Executive, Government of Jersey:

It is something we can definitely deal with at C.S.S.P. (Corporate Services Scrutiny Panel) on Friday, which is on the budget, so I will address it for them.

Deputy I. Gardiner:

Absolutely. Are there any more quick questions?

Mr. A. Awan:

Yes, just one last question: have you tracked whether growth has been constrained between quarter 1 and quarter 3 of 2025 and if you can give us some examples?

Chief Executive, Government of Jersey:

Growth in …

Mr. A. Awan:

Overall growth.

Chief Executive, Government of Jersey:

Total cash spending growth.

Mr. A. Awan:

Yes.

Chief Executive, Government of Jersey:

If it has been constrained between Q1 and Q3. Again, I will just clarify for you, we obviously track the headcount and track the consultants spend but the overall growth, I will come back to you and clarify for you.

Deputy I. Gardiner:
Okay, we will follow up. Did you also have any questions?

Mr. V. Khakhria:
One last question please.

Deputy I. Gardiner:
Yes.

Mr. V. Khakhria:
Brief one. The pay settlement awards are measured by reference to R.P.I. (Retail Price Index) over here, which is more or less unique. The U.K. ceased using the R.P.I. in favour of the C.P.I. (Consumer Price Index) 15, 20 years ago, I believe it was. I know of no other country that uses R.P.I. versus C.P.I. Could you let me know whether you believe that R.P.I. is the better measure compared with C.P.I. for Jersey's purposes and, if so, why?

[15:15]

Chief Executive, Government of Jersey:
I have not thought about this recently. R.P.I. obviously has housing costs within it but, yes, I will check with the Chief Economist. I think the U.K., for affordability reasons first of all, moved from the pensions link to average earnings under Mrs. Thatcher to R.P.I. and then from R.P.I. to C.P.I., from memory, under Gordon Brown so those were both measures to constrain the rate of growth in that liability for Government. In Jersey's case, I do not know the history of why they have always stuck with R.P.I. but I would just note that many things in Jersey are R.P.I. linked, not just that.

Mr. V. Khakhria:
I would just like to know whether you believe it is the correct measure, please.

Chief Executive, Government of Jersey:
Well, that needs some thought.

Mr. V. Khakhria:
Okay.

Deputy I. Gardiner:

A follow-up. Thank you. No, thank you very much and thank you for the extra time.

Chief Executive, Government of Jersey:

You are welcome.

Deputy I. Gardiner:

Really, really appreciate it. I am looking at Seb, who is responsible. Just for noting, the executive response for C. & A.G. report on financial management is one month delayed. I know that you requested an extension for 2 weeks and we gave the extension. We are really usually very lax with extensions but it is after the extension delayed for 2 weeks. Are there any specific reasons and how can we avoid this in the future?

Head of Corporate Governance, Treasury and Exchequer:

I think the nature of this response and review in comparison to probably all the ones that I have seen in the last few years, there are a number of different stakeholders involved and we just need to make sure that all of them are completely aligned in the response before we get that back to you.

Deputy I. Gardiner:

Because it is one month delay; it is after 6 weeks that already the response should have come back, and we are looking forward to receiving our annual report and accounts executive response. I know it will be delayed, but not much, I assume …

Head of Corporate Governance, Treasury and Exchequer:

Correct, yes.

Deputy I. Gardiner:

… and infrastructure resilience one will be delayed but not much, hopefully.

Head of Corporate Governance, Treasury and Exchequer:

Yes, I would hope to have at least the annual report and the infrastructure with you by Friday or Monday and the financial management as soon as reasonably possible.

Deputy I. Gardiner:

When do you think it will be possible because that was really one month delay after 6 weeks original?

Head of Corporate Governance, Treasury and Exchequer:

I think without speaking to the Treasurer I would not be able to give you a firm commitment.

Deputy I. Gardiner:

Okay. I will follow it up. Thank you very much.

Chief Executive, Government of Jersey:

Thank you.

Deputy I. Gardiner:

The public hearing is closed.

[15:17]