States of Jersey
States Assembly

États de Jersey
Assemblée des États

Public Accounts Committee

Quarterly Public Hearing

Witness: Chief Executive Officer, Government of Jersey

Wednesday, 14th January 2026

Panel:

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

Deputy K.L. Moore of St. Mary, St. Ouen and St. Peter (Vice-Chair)

Deputy R.S. Kovacs of St. Saviour

Deputy D.J. Warr of St. Helier South

Deputy K.M. Wilson of St. Clement

Mr. P. Taylor

Mr. V. Khakhria

Mr. G. Kehoe

Mr. A. Awan

Ms. L. Pamment, Comptroller and Auditor General

Witnesses:

Dr. A. McLaughlin, Chief Executive Officer, Government of Jersey

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

[13:02]

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

Good afternoon, everyone, and welcome to the public hearing of the Public Accounts Committee. Today we have a quarterly hearing with the Chief Executive of the State of Jersey. Before we start with the questions, we will do short introductions. Deputy Inna Gardiner, Chair of the Public Accounts Committee.

Mr. P. Taylor:
Philip Taylor, lay Member.

Mr. A. Awan:
Ali Awan, lay Member.

Mr. V. Khakhria:
Vijay Khakhria, lay Member.

Deputy R.S. Kovacs of St. Saviour:
Deputy Raluca Kovacs, Member of the Committee.

Deputy K.M. Wilson of St. Clement:
Deputy Karen Wilson, Member of the Committee.

Deputy D.J. Warr of St. Helier South:
Deputy David Warr, Member of the Committee.

Deputy I. Gardiner:
In attendance.

Comptroller and Auditor General:
Lynn Pamment, Comptroller and Auditor General in attendance.

Chief Executive Officer, Government of Jersey:
Andrew McLaughlin, Chief Executive Officer.

Head of Corporate Governance, Treasury and Exchequer:
Sebastian Perez, Head of Corporate Governance, Treasury and Exchequer.

Deputy I. Gardiner:
Thank you. We have questions around the areas of future of the Jersey economy. Prioritisation for resilience and long-term budgeting. Arm's-lengths bodies and grants. We are at the end of our review and report will be published imminently. We would like to finalise some questions. Productivity measures and oversight of governance. As we have lots of areas to cover, I would ask to keep answers succinct. For the first area connected to the future economy, I will hand to Philip Taylor.

Mr. P. Taylor:

Okay. So in the interest of being succinct, the context of my questions are on the Fiscal Policy Panel's annual report for 2025 and the recommendations it made. Now, I do not know that I have to repeat those for the sake of the public, but I will not on this occasion. The genesis of what they are talking about is the unsustainability in their view of public finances. We have a budget for 2026 and we know that the economy is always uncertain in its impact on Jersey's finances. I am wondering how you view the State of Jersey's economy at the moment and how that might pose a risk to the public finances.

Chief Executive Officer, Government of Jersey:

Okay. Thank you for that question. I think, first of all, of course, we pay for the independent advice of the F.P.P. (Fiscal Policy Panel). So it would be an odd thing indeed if I disagreed much with it. I do think it is a very good report, a very balanced report, and it addresses all of the issues that you would expect them to address. I mean, they are part of our strategic risk management. They are a cautionary body. It is their job to try and close the drinks cabinet and we know that Jersey likes to drink, so I can understand the full context of what they are saying and why they are saying it. On your specific points about the economy and, I guess, its relationship to public finances, I mean I will not go over their G.D.P. (Gross Domestic Product) forecast and all the rest, but I think it is fair to say that, in any one year, G.D.P. in Jersey can be very volatile because we have a finance centre, because we are a small Island. But what is more important is that each decade that is passing, really, it seems harder and harder to achieve our potential growth rate. Not exclusive to us, it is happening all around us. But the trend is definitely that our growth rate is coming under some pressure. But of more concern to me is that our potential growth rate, the potential of the economy to grow at a certain trend rate, is coming under pressure. I think, when I try to explain why that is the case at the moment, I think for a whole set of reasons, particularly over the last 2 decades, but accelerating since 2016, we have multiple and converging threats or challenges to the potential growth rate of Jersey, particularly with its given current business model. Those threats have been well-trailed here and elsewhere with respect to the International Finance Centre, our demography, the fact that both the demography itself is inflationary and the geopolitical situation, net-net, looks like it is inflationary. These are, as I say, multiple and converging threats on the way that we traditionally wanted to run our economy and our business model. I think you are starting to see that now in the economic data. So that is why I think we are in this period of more subdued growth than we would like. There are many ways in which that feeds through to the public finances. But I think the titanic issue, and I use that word advisedly, the titanic issue for the public finances is the extent to which our business model relies on an International Finance Centre and the tax revenues it generates. That is the issue. Any material disturbance to that industry, and therefore to the tax yield from that industry, is the level one risk to economic growth in Jersey. There are others, but that is the big one, in my opinion. I think, reading between the lines, that is the big one for the F.P.P. as well.

Mr. P. Taylor:

So, in that context, what steps can you take or what steps are you taking to ensure the unsustainable growth in public finances, public expenditure, as highlighted by the F.P.P. is being addressed?

Chief Executive Officer, Government of Jersey:

Well, I am not sure I would use that word. I mean, I think for many years now, one way or the other, certainly for the last 10 years, through very major shocks, Jersey has been able to balance its budgets, bear its public finance manual and its legislation, and it has done that while retaining a double-A rated balance sheet independently assessed credit rating. So, in the moment, I think it is unfair to characterise Jersey as being in any kind of emergency situation. Where I think we have to do more work and think more thoughtfully is about the strategic risk of that changing because of a disturbance to that industry or one or 2 other issues. So I think the issues in the future, rather than the now, I do not think that the current situation can be described as unsustainable, but certainly there is a major risk to sustainability into the medium term.

Mr. P. Taylor:

When you talk about the Island's rating, and that can be if rating is important for the finance industry in terms of its stability or it can be because it enables the Government to provide the cash to pay for its day-to-day expenditure, which element of that were you referring to?

Chief Executive Officer, Government of Jersey:

I think you can take an independent credit rating in many ways, but it is a validation of a level of fiscal responsibility. Not everyone can get a double-A rating, sovereign rating. It is an indication by those independent bodies to any current or prospective lenders about the creditworthiness and credibility of that particular sovereign. So I think it is a proof point that should not be dismissed lightly, but I am not disagreeing at all with Jon Cunliffe and his team, that if, which is what I do, you take a medium-term view and you take a strategic risk management view rather than a P. & L. (profit and loss) view, on that view there are risks to sustainability that need to be addressed.

Mr. P. Taylor:

Of course, that does not mean that one is going to be able to rebuild the reserves, which the F.P.P. is also suggesting need to be made larger.

Chief Executive Officer, Government of Jersey:

Yes, I mean on the public finances, I am trying to change this trajectory, if you believe that the current trajectory could present significant risk, which I do, and I have said that, I have used the word precarious here, that is what I meant when I used the word precarious on that medium-term outlook. I think there are 7 levers you have got to influence at public finances. The current Government, in my objectives, has focused on one of those levers, which is the cost of running the public administration, but you are absolutely right, other levers include your reserving policy, your tax policy, all sorts of other things you can do. I think in terms of their recommendations, they certainly believe and have said that they are worried that spending more than you bring in without recourse to reserves probably is not where you want to be. As I have said here before, I agree. That is why we are trying to reduce the cost of public administration, with recruitment freezes, consultancy, and all the rest of it. You have now seen the published numbers for 2024 from those endeavours. The 2025, I think, comes out in April, but even on 2024, they are the equivalent of 4p worth of income tax increases that we saved through those measures that this Government put in, so they are material. So one of the ways you address this is by starting to curb the growth and eventually reduce your outgoings. One of the other ways you can try to address it is to try to grow your way out of some of the problems, which is why, of course, we have got what I regard as the most fundamental study of our financial services sector since we set the centre up, and that will be published in March. So we are trying to prepare the next Government, both in the work we do in the public finances, the work we do on the finance sector, trying to prepare them to be as strategic as possible in responding to, not just the F.P.P.'s recommendations, but responding to the biggest strategic issues facing the Island. Most people would regard them as one and the same, but not everyone.

Mr. P. Taylor:
Well, one can be a consequence of the other.

Chief Executive Officer, Government of Jersey:
Precisely, precisely.

Mr. P. Taylor:
I just want a more detailed level, if you will permit me. We have used some of the Social Security Reserve to supplement this year's income. What I am not sure about, because I do not know, is whether or not there has been an actuarial report that would confirm that there is a surplus there to enable that money to be used, because we are looking to use £50 million a year for some years.

Chief Executive Officer, Government of Jersey:
Yes, for 4 years, for the next Government term in fact. Yes, this is something that I addressed before the festive break at C.S.S.P. (Corporate Services Scrutiny Panel) and the Minister for E.S.S.H. (Employment, Social Security and Housing) has also sought to address. But to answer your

question, and I think it is one of the recommendations/observations of the F.P.P., that ultimately those drawdowns should only take place with the benefit of a comprehensive actuarial assessment as opposed to the benefit of actuarial advice. Again, the F.P.P. is a cautionary body. It is a part of our independent strategic risk management armoury, if you like, and they would rather that that drink cabinet was not opened.

[13:15]

I think Ministers always and everywhere have to balance advice from that body up with all the other issues that they are dealing with, and on this occasion you know what they propose to do because it is a matter of public record. In the narrow, they did get actuarial advice, but not the benefit of a full assessment, because the full assessments are diary events, and I think it was happening this year, in fact. So, by the time this becomes live, if the next Government continues with it in its budget, they will probably be benefiting from that advice. In advance of that, why do Ministers feel that, on the balance of risks, it was okay to proceed without a full actuarial assessment? They did get advice. The fund itself, if you look at it closely, is operating above 5 times peak expenditure. When it was set up by people that you know and worked with back in the day, and updated by Terry Le Sueur and others, it was always intended to operate at a comfort level lower than the level it is currently at, so I think it is well funded on its own terms. It was obviously never intended to go on in perpetuity. It was designed to deal with a particular challenge in our demography, and it is more than dealing with that challenge. The question for Ministers was, if it is already 5 or 6 times over its expenditure when most comparable jurisdictions would operate at around 2 years, when some larger countries pay as you go, is it the right thing at this point to continue to fund it at the current levels or to reduce that funding level, because they are still putting a lot of money in, they are just reducing it by 50. On the balance of risk, they felt that they had better uses for those funds, and that was a well-informed, well-researched decision that they made.

Mr. P. Taylor:
I have got one other question. Managing finances, managing the public finances, should always be in the context of a longer-term Government strategy. I do not quite understand what the longer-term Government strategies are because we seem to operate from one election to the next. What is your comment on that?

Chief Executive Officer, Government of Jersey:
It is a very good question and I always hesitate, as someone who has only been here 5 minutes in the scheme of Government and spent most of my career in other places, and one of the things which I know annoys elected Members and officials is when people from the private sector say: “You should just do this like the private sector”, because they are not the same. They are not always

comparable for a whole set of reasons. However, on your question, in the area of strategy, having a good strategy cycle which generates a strategy, I think the situations are comparable, and I would say my main observation from 40 years in other places is that the Government of Jersey, at least with the 2 Governments I have had to work with, is not set up to have a proper strategy cycle and, if you do not have that proper strategy cycle, you can end up getting bashed about with the wind. You can become very tactical, and I think that is the thing that is missing. Now, we are doing a lot of work to try to set the next Government up better to be able to do that on the public finances, which we have discussed and will discuss, on finance and other things. But I think it is a fair observation that a really good strategy creates a consensus in the top team, let us say it is the Council of Ministers for these purposes, just as you would with your board if you were a C.E.O. (Chief Executive Officer) in the private sector. That strategy identifies what the biggest problem is or the biggest opportunity is, and it therefore follows that a very select number of priority actions will be pursued to try to address that situation. You need a strategy process which creates a consensus around that because you need that legitimacy and, frankly, that compliance when you start to take action. I think my observation in Jersey, but I am not sure it is simply these 2 Governments, I think it might have been going on for a while, is that that does not really happen in a way that you would recognise as in the private sector. While there is many things you should not take from the private sector to the public sector, I think this is one area, having a proper strategy for growth which then informs your strategic positioning on your public finances, integral to which is your strategic risk appetite, how much risk you are prepared to take as an Island. These things, I think, need to be elevated, and I think it will make Government more effective going forward.

Mr. P. Taylor:

You said there that you are doing work at the moment to prepare the next Government for that scenario.

Chief Executive Officer, Government of Jersey:

Exactly.

Deputy I. Gardiner:

Now, my question, and I agree with the vision, and I agree, I think, with the assessment, what my question will be, and I would like that we will get into the details and specifics. So the question that has not been answered, and I will repeat the question, what actions will be taken to ensure that we will not see overspends in 2026, compared to the overspends that we have seen over the last years?

Chief Executive Officer, Government of Jersey:

My apologies, I did not realise that was the question.

Deputy I. Gardiner:

It was the question, what steps are you taking to ensure the public finances are correct, so I am making very simple, simplifying it.

Chief Executive Officer, Government of Jersey:

I have got the question. So this is an appropriately detailed point in that general debate, which is in 2024 there was major overspend, predominantly in the health budget. In 2025 there may be overspends, and how do we stop this happening in 2026? I think it is a perfectly fair question. Do you want me to talk about the steps that we are taking in general to ensure that does not happen, or to use health as an example, what would be most useful to you?

Deputy I. Gardiner:

I think we can start with health as an example. What will happen in 2026 compared to 2025 and 2024, and if there are other areas that you are ensuring there is no overspends in 2026?

Chief Executive Officer, Government of Jersey:

Sure, so I would say at the outset, and of course you do not know the political and policy positions of a new Government, but I would be very confident that in 2026 we will see a material improvement both on the revenue and in the way that we look after both sides of the P.&L., you will see material improvement on 2025, and I think in 2025 you can already see a material improvement on your question versus 2024. So, following what we saw in 2024, and let us use health as an example, these are the steps that we have taken, which we think will continue to pay dividends this year. Just for the Committee's memory, health I think had an overspend of £30 million at the end of 2024. So a number of things we did. Firstly, of course, as we discussed before, invested a bit more in the M.I. (management information) and in the reporting in 2 or 3 departments, which are the departments which are always most likely to run into budget issues, I. & E. (Infrastructure and Environment) C.Y.P.E.S. (Children, Young People, Education and Skills), Health in particular, and to a lesser extent in areas of Treasury, to give us better earlier data if things were going awry. I should say, given that we are going to talk about health, partly in our defence, that when you are running a budget that size and you have to submit it halfway through the previous year, it is ridiculous that we operate with a zero tolerance for overspends and underspends, that we think they are going to hit the mark. No other organisation would do that. I understand why the Public Finance Law is the way it is. But, in any event, it should not be 10 per cent over, which it was in 2024. That being said, put the M.I. in. At the end of Q.1 (quarter 1) 2025, Health were reporting a projected overspend of £18 million. What is different from previous years is identifying it quicker. The second thing we did was put in place arrangements for enhanced oversight and monitoring by Treasury and enhanced ministerial oversight from the Minister for Treasury and Resources to that department, or any department finding itself in that position. Really, our aim there was to get on top of the thing quicker, to develop a financial action plan with that department at the end of Q.1 and not wait until halfway through the year when you run out of time. That financial action plan, a joint endeavour between the department, of course, and Treasury and others. The aim there, really, in the first instance, was to try, at the very least, to recover 50 per cent of that projected overspend, to start working a number down and not have what happened in 2024, which is the number went the other way. I am very pleased to say that that number has come down materially as the year has progressed, as a result of that financial action plan and the steps that we have taken. In the case of Health, the other thing that we did, which we would not always do, was we had regime change. In 2024, it was my advice and the Treasurer's advice that there was a case to be made for removing the financial turnaround team in Health, who had been installed by the previous Government on the advice of KPMG. I think the ministerial team, who were obviously in fresh in 2024, wanted to give that team time to show that all the things they had been working on through the winter of 2023 could pay dividends. They were given that opportunity. The proof of the pudding is in the eating. So we have changed the finance team in Health. Again, we regard that as a material action that will give us a better chance of ensuring that, in 2026, we do not have the issues that we had in 2024 and, to a lesser extent, the issues that we have in 2025. They remain on heightened monitoring. The final thing that we have done from that work in Health, which I think is a fair thing to do, is again I remind you, it is a third of a billion budget and you are trying to hit a budget to balance at zero. Pretty difficult to do that, in my experience, in any walk of life. So there should be a tolerance of a couple of per cent here or there on these massive budgets. What we tried to do in that financial action plan is, not only have them change strategies and change approaches in areas like tertiary care to start to work the costs down, also trying to figure out, in all fairness, what are these costs which were unforeseeable, because they are a price taker in global markets for healthcare, and which of those costs are irreducible. It would be pretty daft to try to take them out. Where we find costs like that, which are a minority of them, we should build them into future budgets. The final step I have taken in this area, Health is the best example, and I think you know this, is I have argued very strongly, partly to help the next Government, for all the reasons we just discussed, I have argued very strongly that an annual budget, which is the prerogative of the Council of Ministers and is effectively a business plan as opposed to a 4-year budget which is led by your Treasury, I regard that as a poor decision that was made at some point in the recent past, and I think it adds to the tendency to overspend. I think it contributes to fiscal ill-discipline, and I have recommended strongly that the next Government move back to a one plus 3, but effectively a 4-year budget. Because if you think about Health, if they are one or 2 per cent over in a third of a million budget, they should be able to work that through over a 4-year period, not be taking reactive action constantly at a tactical level. I believe that proposal is in the budget that was lodged before Christmas to move back to one plus 3.

Deputy I. Gardiner:

Just to understand, you are saying the turnaround team failed and did not deliver?

Chief Executive Officer, Government of Jersey:

The turnaround team will have their own view of what they were there to do and what the agreements were.

Deputy I. Gardiner:

No, no, my question is simple. Have they failed in your reviews?

Chief Executive Officer, Government of Jersey:

I wanted a change. I wanted a change in the finance team because of the budget performance in the 2 years in which they were in place. They were there to deliver a financial action plan which was agreed with the Government and they will say that they have substantially achieved that, and that is fine, but if you have achieved it and you are still 30 million over or 20 million over, at the end of the day, we have got to address the overspend.

Deputy I. Gardiner:

But this is the structural deficit, I think. Okay.

Chief Executive Officer, Government of Jersey:

Again, those are your words, not mine.

Deputy I. Gardiner:

No, no, I do not know because this health budget grown by almost 100 plus millions over 2 years, so that is the question. Another question, and I think it is really helpful. So, you can ensure that the Government will not come back by the end of 2026 retrospectively requesting, like it has happened for 2025, £50 million because of the overspend, because this year, extra £50 million was requested in December to support 2025 spending.

Chief Executive Officer, Government of Jersey:

What do you mean by that question, sorry, £50 million was requested from who?

[13:30]

Deputy I. Gardiner:

From the States Assembly to approve extra £50 million for 2025.

Chief Executive Officer, Government of Jersey:

Yes, I am saying to you that the steps that we have taken and are taking, which are showing material improvements 2025 over 2024, I expect that to continue in 2026 and for the next Government not to find itself in the position that the Government found itself in in 2024.

Deputy I. Gardiner:

What areas should be prioritised, you mentioned 3 departments, to deliver future savings, because there is lots of savings programmes? Not all departments deliver on savings, so what will happen different in 2026?

Chief Executive Officer, Government of Jersey:

The disciplines are mentioned, obviously only in Health did we seek to change the finance team as part of the tightening of our approach to this area. Every other department has been subject to the exact same measures that I described in Health, save for changing their finance team. So we expect in all departments those measures to have that same effect and that same discipline. We had a number of departments who were forecasting an overspend at the end of the first quarter. They will all have gotten, not to the levels of Health, one should say, but they will have all had similar treatment in terms of heightened monitoring, oversight, more detailed work in the financial action plan, more detailed work around their cost base. We are seeing a similar pattern in that most of those departments, to the extent that they had a problem, that problem is falling close to zero or close enough to zero that I would not regard it as material.

Deputy I. Gardiner:

So my question in this case is different. So in quarter one, you know that departments are going to overspend. You do have conversation with the Chief Officers. When the Ministers, and if Ministers were informed, and if Chief Officers and yourself offered an option what needs to change during the year to ensure that there is no overspend by the end of 2025?

Chief Executive, Government of Jersey:

At the end of the first quarter, what happens is the forecast on the run rate, a budget overspend obviously has not happened, but it is likely to happen because you are 3 months down in the year. Projecting that forward, you may have an overspend. In the financial action plan process, we generate options for savings. Those can be anything from saying: “I know you were planning to do that this year, but we recommend you do not because you have not started it.” One of the best ways to save money is to stop it being spent in the first place. All the normal things you would expect to have in a proper budget process, those happen. I operate, as we have discussed before, trust and verification with officers. Most of these risks or issues related to overspends are, in our language, level 3 risk, or departmental risk register issues. It is that Chief Officer's job to come up with a package which meets our requirements under the public finance law around which they can build a consensus with their Minister to the extent that their Minister is pre-concerned about some of those issues. That is their job, not my job. If they need help, I am there, but they will get on with that.

Deputy I. Gardiner:

But if a principal accountable officer, it is your job to ensure that the public finance are in place and we do not, whatever, it is according to the law that you have funds assessed and it is your function to ensure the finance spend accordingly. If I am going back, and I agree with you, and it is really helpful that you are taking all steps. The question, can you assure the committee that based on your expertise and based on the instruction that you have given to the Chief Officers, we will not have overspend in 2026?

Chief Executive, Government of Jersey:

Obviously, you cannot give that assurance because any number of things can happen in a budget, which is 1.3 billion. What I can assure you is that lessons were learned from 2024, lessons have been learned from the experience in health, that additional measures have been put in place, which I have outlined. Those measures empirically in 2025 I have made a material improvement in year in the situation and prevented a repeat of 2024. We continue those measures in 2026 and start over those measures.

Deputy I. Gardiner:

But what you would do to ensure ... how you can act ...

Chief Executive, Government of Jersey:

I am answering your question. That is what I am doing to ensure it. You cannot guarantee it because any number of things can happen in a health budget over which they have no control. But what we are trying to do is ensure that there is a level of discipline there that we feel was not clearly there in earlier years.

Mr. P. Taylor:

You did set out the plans of what you expect Chief Officers and departments to do. What is the consequence if they do not do it?

Chief Executive, Government of Jersey:

There are various consequences. Obviously, Chief Officers have got a lot of things to manage, but if we feel that there is a performance issue, then we performance manage. If we feel it is time to change, and sometimes people just get jaded in their job and need a change, then we make changes. I think you have seen that we have tried to get a bit more circulation around those Chief Officer roles in my brief stint where we can. Ultimately, it is a performance management issue, provided we are not in a situation, of course, where an accountable officer is in receipt of a letter of comfort because it is an event-driven issue or a policy-driven issue. They cannot really be in receipt of a letter of instruction because you cannot instruct an accountable officer to overspend, if you see what I mean. You have got to bring your budget in. But you can certainly get a letter of comfort if there is an area of spending which people would regard as irreducible or unforeseeable, or that Minister goes to the political table and says: "I know I did not anticipate this or require it, but I think now that we understand what it is, it is a bigger priority than some of the other things that we are doing around this table." They would seek permission in that situation and get a letter of comfort.

Mr. A. Awan:

Just understanding from an accounting point of view, overspends do not happen like one day it happened and we did not know about that in the last 3 months or something. It is almost like, is it a triggered event, that is why overspends happen and everything, which you have just mentioned, their budgets and everything, we are going through the process. Have we identified those trigger events from the past years and made some protocols around them that, okay, if this thing is going to happen, anticipated in 3 months, we know that, okay, we have already made some efforts to reduce that overspend or restrict that overspend? Are we monitoring that closely?

Chief Executive, Government of Jersey:

Yes. It is a good question and I definitely encourage you, as soon as I hear the word accountant perspective, to speak to the Treasurer in more detail. I have no ambitions to be an accountant. That being said, going back to Philip's first question briefly, because we do not have a strategy cycle, the likes of which I would expect to see, we have not established our strategic risk appetite properly. In the absence of strategic risk appetite, I am not saying anything goes, but anything can be tolerated, right. Some of the issues that we have in budgets reflect lack of clarity and strategic risk appetite. If we continue with the example of health, to answer your question, very narrow, when we diagnosed the £30 million, £18 million at Q1, we could see, to give one example, one of the biggest drivers of that, and the Deputy will know because it was an issue even when she was in the Health Ministry, is that we rely very heavily on, in my view, far too many, but a range of N.H.S. (National Health Service) England providers to support our health service with particular services. Because of the fiscal strains in the British N.H.S., all of those hospital boards are effectively increasing their prices on all of their suppliers as they battle their own fires and healthcare, because we are not alone in this. One of the shocks we could see coming through was significant price inflation from those providers and/or withdrawal of services from those providers, which then push you to re-contract and you are re-contracting at a higher rate. That is an example where in the action plan we have been doing a lot of work with the health team. In the narrow, some of that is contract work to say let us get the contracts out and be absolutely clear what we are contracted for and whether this pricing is right and whether our contracts are being respected. We did a big piece of work there, a long piece of work with N.H.S. England and Wales, and we have corrected that because we felt that we were not always getting the treatment that we expected under the contract. What we have also been doing then is trying to develop new strategies in the commissioning framework for what is the best way to have those services delivered if we feel that our current arrangements are inherently inflationary and are going to give us an inherent budget problem. You will get very detailed actions and those actions from the financial action plan in health are now being fed into a very detailed modelling exercise around that budget, which will conclude during purdah, because it is one of the things that we want the new Government to have at its disposal. It is that kind of iterative loop we are going through, if that answers your question.

Deputy I. Gardiner:

If I am going back to 2024 and 2025, and what will happen in 2026, what performance management measures have you taken in respect of overspend?

Chief Executive, Government of Jersey:

Performance management measures on individuals.

Deputy I. Gardiner:

What performance management have you taken in respect of overspend for the Chief Officers?

Chief Executive, Government of Jersey:

When you look at those in detail, it is not always clear they are performance management issues in the extent that colleagues will have been flagging up that they are experiencing unexpected inflation in certain areas of budgets, that they are experiencing unexpected inflation for certain drugs, which they have almost got no choice but to procure. You have to understand whether you think someone has done something which has made the situation materially worse, or whether you feel that you have got a business model and a health service, which is at the mercy of a global crisis. Again, if you look at health, you will see there has been ...

Deputy I. Gardiner:

No, just a minute. We have spoke enough about health. We had overspend in 2024, not just in health. We did have and will have overspend in 2025. I understand there are some global unexpected events. Would you believe that all overspend because of the unexpected events, or there are overspend that related to performance management?

Chief Executive, Government of Jersey:

There is overspend related to all sorts of things. There are Assembly amendments we did not see coming. There are people asking us to give money to delivery bodies we did not see coming through the political process. All sorts of things can change the budget. I guess my point is, for a budget of £1.4 billion, it is nonsensical to think that is going to be zero on the 31st of December. When have a ...

Deputy I. Gardiner:
My question wasn't about ...

Chief Executive, Government of Jersey:
Please let me finish.

Deputy I. Gardiner:
I respect, but my question was very simple.

Chief Executive, Government of Jersey:
And I was going to answer it if you would let me.

Deputy I. Gardiner:
But you are going into the budget and budget debate. My question was simple. What performance management for the Chief Executive?

Chief Executive, Government of Jersey:
If you take 2025, if a colleague or a department is 10 per cent out from their budget and it cannot be explained by extraneous factors, irreducible factors, unforeseeable factors, that will be a performance management issue. If you are looking at a budget of that size and you are talking about one or 2 percentage points here or there, that is unlikely to be the case. That again tells me that you need to move away from the tyranny of the annual budget and try and manage these big budgets, which have multi-year contracts, multi-year commitments, over a more sensible timeframe.

Deputy I. Gardiner:
My understanding, there was no performance measures taken in 2025?

Chief Executive, Government of Jersey:
I have already been clear that is not the case, but never mind. Yes.

Deputy R.S. Kovacs:
Could I just pick up on what Ali was saying before, on what threshold trigger that a formal notification of overspend. You said you do not see that consistency across all departments. How can you make

that process consistent identifying as soon as where that threshold trigger is becoming worrying in each department?

Chief Executive, Government of Jersey:
I think it is fair to say that you have got a handful of big operational departments and you have a handful of policy departments, which are not big operational departments. I do think that is one of the design issues that needs to be looked at by the next Government. There is a world of difference between a policy ministry, which some of these departments are, and running something like a fully integrated health service.

[13:45]

You are right to say that they are not all the same. We kind of know that those big operational departments have more things that can knock their budget about than, say, external relations as a budget. We tend to focus our resources and our efforts in those areas that we would be most worried about, which we think are riskier to begin with. But I think that the measures that we apply to all departments, and the public finance law does this as well, of course, I think in our current system, it is fair that everyone faces the same disciplines. I just think we should be realistic about where the risks lie in the budget and the risks lie in the current structure, in infrastructure and environment, in education, and in health, and obviously they lie in treasury as well in terms of getting money in. Those are our 4 big areas of risk.

Deputy K.M. Wilson:
Andrew, could you just give us an idea of what the run rate looks like over the next 4 years for the public sector budgets, and aligned to that, could you sort of give us an idea about what sort of performance management approach will be different to achieve a better outcome than what you have described over the last 4 years?

Chief Executive, Government of Jersey:
I mean the budget is the budget as published, the projections are the projections as published. As I have said before, you can only really focus on next year's budget because of the current system we have got, which I recommend hopefully will change.

Deputy K.M. Wilson:
Can I just ask a supplementary to that. I agree with you in that. But there will be revenue commitments made that are very similar year on year. What I am trying to understand is what your understanding is of what those revenue pressures might start to look like.

Chief Executive, Government of Jersey:

On the revenue side rather than the cost side?

Deputy K.M. Wilson:

On the revenue side rather than the cost. Because I think cost is a performance management issue, is it not? Revenue is different.

Chief Executive, Government of Jersey:

It is a performance management issue. It is also a political issue, we should say. Everything in those budgets has a politician and a policy behind it most of the time. We have seen that again today in the newspapers. On the revenue side, I think there is a couple of big risks, if we look at it at a strategic level. We should let health out of the witness box. The biggest strategic risk is the issue that came up in Philip's question, which is disturbance to the International Financial Centre. The challenges arriving at the door of an International Financial Centre, as I said, are many, and they are converging to a level that I cannot really recall in my time in the industry. To give you an example of this, we have got spending of 1.35, we have got revenue of about 1.3, 40 per cent of that revenue directly, before you talk about its indirect impact, comes from that industry. Now, this is important, that £600 million of thereabouts, so the titanic risk is anything that makes that number materially smaller. I do not think we should be relying on that £600 million as it stands today. I think it is risky to assume the £600 million is for keeps. But we are where we are until we change that around. The biggest risk is that one. The second biggest risk is what is colloquially becoming called the cost of living, which is the Government has a range of fees and charges that it has around the place for its services. It has the option in the next Government as well to look at whether it extends that for things like wastewater. Governments in the face of general inflationary pressures emanating from demography and geopolitics might find it difficult to implement price increases or fees and charges that they have put in their budgets in good faith. I think those are the 2 risks.

Deputy K.M. Wilson:

That is why I am trying to just tease out, given that scenario, what might you, as the Chief Executive, be considering now to address some of the pressures that are going to hit the public sector as a consequence of that.

Chief Executive, Government of Jersey:

The pressure is not about the risks; it is about what you do about the risks. Well, the main reason that the Chief Minister has put in almost every quarter something around curbing growth across the public sector is because of that risk. The first answer to that question is try to avoid expenditure through your recruitment phases. I would recommend those continue for the whole of the next Government, but certainly for the rest of this calendar year. I would continue and extend the changes we have made to our approach to the use of consultants, which, as I say, in 2024 alone, which was only 4 months' worth of work, we saved the equivalent of 2p in income tax from the money that we reduced in that budget. I expect to see a stronger performance again in 2025, but famous last words, we will find out when the numbers come out. I would continue with all those things that I have mentioned. As a matter of policy under development, or work to prepare the next Government, I would expect in July to sit down with whoever the next Government is and say: "Here are some other things that we think will address the risks you are worried about. What is your political appetite for those measures?" That is when I talk about trying to prepare so that we can be a bit more strategic going forward. There are a number of things that you can do which will yield savings over a long period of time, which require strategic choices as opposed to whack-a-mole stuff.

Deputy K.M. Wilson:
Do you think that there will be a need for even more austerity?

Chief Executive, Government of Jersey:
What is your example of austerity from the past 2 years? What would you see as austerity?

Deputy K.M. Wilson:
Well, I think people talk about a reduction in the quality of the public service, which is a value that we do not normally talk about. We talk about sort of delivering the same for less amounts. But if you take health for example, we have got longer waiting times, waiting lists, we cannot recruit staff. I am sure that there are other places, other departments who are struggling with similar themes around the quality of service that they are able to offer because of the reductions and the efficiencies that they are driving. When you have talked about the fact that we are reliant upon income, because of the International Finance Centre, to support our public sector expenditure, if we are going to try and get a curb on that and manage all of the activity that is still there, what I am trying to understand is, do we need to make even more significant reductions or changes, and does that lead to a period of austerity, for example, that we have never seen before?

Chief Executive, Government of Jersey:
Well, I think a couple of things here. Firstly, there has been real clarity from the Council of Ministers that we should be achieving savings in the cost of public administration without impacting their definition of frontline services, and I think that has happened. So far from having recruitment issues, for the first time in a long time, we have effectively managed vacancies in nursing, for example, down to probably the lowest level it has been for a long, long time, and certainly within the normal bands of turnover. We are not having the difficulties recruiting in these areas that maybe people think we are. I do not recognise that characterisation. What I do recognise is that if you have increased the costs associated with the public service by a third in 7 years, by several £100 million,

at a time when your finance centre is facing multiple and converging challenges, at a time when your non-financial sectors have found the going very tough because of the inflation, the global situation, at some point you are going to have to cut your cloth. Really the big debate, I think, for the new Government is how it cuts that cloth, because I go back to my answer to Philip's question, it is a titanic risk to assume that you are going to get £600 million from one industry from here until the cows come home.

Deputy K.M. Wilson:
We can expect big change then.

Deputy I. Gardiner:
We will move to the next area.

Mr. V. Khakhria:
Talking about cutting of cloth, the Minister for Treasury and Resources, on the 11th of December 2025, during the budget debate, stated that the Chief Executive Officer now has a clear mandate to bring forward proposals to resize the public sector and has begun that work. Whereas previously, on the 12th of February last year, you said: “I do not really have a mandate for significant reorganisational restructures of the civil service.” You wrote to us on the 9th of April last year saying: “Given the mandate I had in terms of reorganisational structure, it would not be appropriate to outline any vision for a novel structure for the public service without prior agreement from the Chief Minister and the Council of Ministers. However, I fully agree with the principles of delivering balanced budgets to support long-term sustainability through curbing growth in the public sector and redirecting monies saved to those areas where it is most needed.” Could you please tell us what has changed, when it changed, and when you anticipate being able to deliver the new vision for the size of the public sector, and specifically whether you anticipate that it will be in time for the public to be informed for the election this year?

Chief Executive, Government of Jersey:
I know that when they are debating in the Chamber in big debates and heated debates like Treasury, all sorts of things are said. But let me be super clear, and you have got my objectives and confidence every quarter going back to when I was in secondment, the mandate is the curbing mandate. The mandate is to look at any options to slow down the growth of inflation, in the cost of delivering the public service, or in the cost of public administration. That is why we have taken out 100 civil servants but not taken out 100 nurses, for example, to answer the last question. That mandate for me has not changed. I imagine, without having the transcript and being there, when the Minister for Treasury and Resources spoke, maybe there was an anticipation that they would be able to accelerate work between the end of the year and the election, but that is not the case.

Mr. V. Khakhria:

Would it be helpful if I read you out the full quote?

Chief Executive, Government of Jersey:

You can read it as often as you want. I am going to tell you it is not right. I do not have a mandate from the Council of Ministers to do that work before the election. I have a mandate from the Council of Ministers, which we share at Assembly workshops in confidence, next one of which is next month, to make sure that the next Government, as well as having some tried and tested options, which we have been testing in this, discussing today for curbing growth, has probably the best ever fact-based they have had on the growth in public spending and the cost of it. We will publish that hopefully next month, or certainly before purdah that will be published, and that we put them in a position to have a really good strategic debate as a new Government. I do not think I have got any mandate from this Government to do that before the election. There is understandable reasons why they would not give me that mandate, I think, given that there is an election.

Mr. V. Khakhria:

So, no mandate. We are very clear about that. That is very helpful, thank you. I would like to move on to the question of productivity, and I appreciate that it may seem slightly arcane, or some aspects of it may seem slightly arcane, but another quote from an elected representative, this time the Chief Minister in the *J.E.P. (Jersey Evening Post)* on Saturday, said that ministerial workshops are currently being held as part of the most comprehensive review of public spending Jersey has ever undertaken, and that they are focused on becoming more productive, halting growth and stabilising the position. You have confirmed that these workshops are taking place now in your letter to us of yesterday afternoon, and I believe that is what you are referring to just now. Could you please confirm that?

Chief Executive, Government of Jersey:

I think at the start of that quote he said he was preparing to ... could you just repeat it to me, sorry? I should read the paper more often, I appreciate that.

Mr. V. Khakhria:

“The most comprehensive review of public spending Jersey has ever undertaken.”

Chief Executive, Government of Jersey:

That was me referring to what I expect will be published either at the workshop, or certainly I would expect it to be published between now and when the Government breaks off for the election. That is what we have been working on, and that is going through the normal due diligence with the Chief Statistician and everyone else, and I expect that to be published.

[14:00]

That is to try and establish a comprehensive fact base for everyone who is interested in Government being elected or participating to understand how that money was spent in that huge run-up since 2018, where that money went, and so that it can inform the strategic debate I was mentioning to Philip earlier.

Mr. V. Khakhria:

You have referred extensively to external factors and how external factors can blow us off course, whether they are to do with the nature of the predominant industry over here, whether they are to do with cost inflation, inflation generally, et cetera. However, there is one aspect that is firmly within the gift of the executive, which is productivity. While I appreciate, as I said earlier, that it may, to some people, appear arcane, you have confirmed that these workshops are taking place and that they must therefore represent the most comprehensive review of spending Jersey has ever undertaken. We wrote to you at the end of last year requesting some productivity data, and you wrote back to us, and I have a great deal of sympathy with what you have said, and I am sure that many others will have, which is that: "While the Government has significant volumes of data, processing that data to produce meaningful management information can be a resource-intensive activity, and that while both measurement and benchmarking are useful tools, a wholesale programme of measurement and benchmarking may not be proportionate to its benefit, and I do not believe would necessarily provide assurance of service productivity." Among the data that we requested, but you have declined to provide, is any estimate of benchmark productivity of Jersey against itself. In other words, where we stand today. My question to you is very specific. How will you know how well the Council of Ministers know, whoever that may be, pre or post-election, whether the measures they seek to employ will have been effective without a productivity benchmark?

Chief Executive, Government of Jersey:

I think we are still to get data to you, is that right? The departmental data you asked for is still to come. As I said before, where there is comparable data readily available and readily comparable, we use it, and we will include some of that in the report that is to come out, and obviously it got released after the public finances workshop I had prepared for the previous Government before it fell. I did hold it with the new Government, and we published that data in March of 2024, I believe. Wherever we have got data that we think, and more importantly, the independent statisticians think is credible, we put it out there. Also in those big departments, we have been talking about it as part of this preparation to improve matters, the 4 big operation departments, we have put specific data and analytical resource into those departments, working in concert with the statisticians at the centre to try and improve the frequency and quality of data about the services, including those benchmarks, to the people running those services. I think I have invited you several times now, and C.S.S.P. to pay a site visit to sites to look at that in action. We have been doing a lot in that area. I think if you look at my objectives across both Governments, neither Government has commissioned me to do a deep productivity study. Both Governments have felt that there were other priorities. Both Governments were pre-concerned about significant growth in a short space of time in the size and shape of the public service. The current Government, in addition to the previous Government, was additionally concerned about the complexity that has arisen from the estate of delivery bodies. They wanted more work done, which is what we are starting to publish, on those issues rather than productivity in the narrow. I am a trained economist. I have got more degrees in economics than I have got hot dinners. I love productivity. It is a fascinating, complex concept, I could talk about it for years. But I honestly think that both Chief Ministers have called it right. For the reason I said in my letter, and I can go into a lot of economics on it, or we can have a private discussion, I do not think at this juncture that kind of study would add as much benefit to the governing of Jersey and its Government as other things that he would have me do in the meantime.

Mr. V. Khakhria:

Notwithstanding your opinion on this matter, the law remains that you are obliged to ensure that the funds and assets of the Island are used economically, efficiently and effectively, and notwithstanding of the lack of any mandate from the Chief Minister or any other party, the law remains the law for the time being until it is changed. I have sympathy with, again, the argument you presented in your letter of yesterday afternoon, where you say: “That the lack of availability of comparative data and suitability for comparison due to constitution, size of population, demographics, economics, including prevailing industries, and identifying metrics that drive better decisions, is an obstacle to producing productivity stats.” My question at the beginning was to do with baseline productivity of Jersey itself so that we can measure future productivity changes with respect to Jersey.

Chief Executive, Government of Jersey:

Yes. With respect to the law and those things, okay, let us get into productivity. It is a very difficult thing for Jersey in both its public and its private sectors for the obvious point of the manifest diseconomy of scale and scope that exists when you are running a country that is the size of Crawley, 100,000 people. A bit prettier than Crawley, but 100,000 people. You are beset by diseconomies of scale and scope. You have all sorts of issues around the 6 definitions of efficiency. I would encourage everyone to the C. & A.G.’s (Comptroller and Auditor General) report on the same. We have thought about that quite deeply. We also know in our system that our biggest constraint is labour, the availability of labour and the use to which labour is put. While in many other contexts, and I wrote a PHD on it in the automotive industry, so I am familiar with it, you obsess about the outcomes from the inputs. I think in Jersey we need to go through a period when we obsess about the use to which we put the inputs in the first instance. In the public service that is why, under these initiatives for curbing growth, there has been a real focus on removing civil service rules from the centre and taking initiatives, such as displacing expensive agency labour in health with full-time equivalents and trying to make that work within the budget. I would say we have been taking a lot of steps, which people would recognise as us trying to be more productive, but we are taking those with a sense of how you have to operate in an Island like this, given the sorts of things we want to do. I go back to the last of Philip's questions, if people in this table and all the people in the balcony who keep writing articles in the *Jersey Evening Post* telling the Government and the politicians how to run the country, if they ever want to get on the dance floor, they are very welcome. All of you people, if you think the number one issue for Jersey's productivity, make that your strategic imperative and then set your whole strategy up to address it, would not be my number one issue, but that is not important, as long as the next Government agrees what the number one issue is, they can then put these sorts of things into the objectives of the Chief Executive among others.

Mr. V. Khakhria:
We people, in this context, must therefore include the Chief Minister, who says that as part of the most comprehensive review of public spending Jersey has ever undertaken, his first focus is on becoming more productive. I appreciate your arguments that you are conducting affairs in such a way that you are stripping away input costs. Nonetheless, with other complaints you have made about the organisation of the Island, and we will be coming onto this in a moment when Deputy Kovacs has an opportunity to pose some questions, you have referred to activities undertaken by A.L.O.s (Arm's Length Organisations) and their proliferation and the lack of oversight in one place of them. Are you not at significant risk of achieving reductions in Government spending, but merely displacing them into other areas, like A.L.O.s., which gets back to my initial question, how do you know that you have improved things if you are not measuring how things have changed against where you were to start with? This is the fundamentals of productivity measurement. As somebody with as distinguished an academic career as yourself, you will understand why a baseline is particularly important. I would like you to explain, please, so that the public can understand in simple terms, why would the data that you have available, you do not believe that baseline productivity measures are important as part of administration as usual?

Chief Executive, Government of Jersey:
What I said was productivity is important, but both Chief Ministers during my tenure have thought other things were more important for me to focus my time on. That is a different thing. I have not complained about these bodies, that was an observation. But on the issue of the Chief Minister, one of the reasons we are doing such, and have been doing such a lot of work on public expenditure and having Council of Ministers workshops, and having workshops with all Assembly members

invited, is before you can get to the sort of debate I think you want to have about productivity, you really need to up the ante on the data. A lot of the work has been gone into upping the ante on the data. On baseline productivity, again, this is a big responsibility in each department. If we take education as an example, the previous Government, continued by this Government, invested to increase the number of teaching assistants in schools by 198. That is a huge investment, quite a disturbance to the local labour market because those people had to come from other industries into those jobs. We had displacement from the retail sector, displacement from the hospitality sector. Anyway, it was decided that was one of the biggest problems in the education system way back when and it has been addressed. That sort of input cost, we will only know the outcome of that in 16 years, when we can start to look at whether we have seen material improvement in all the dimensions that the department measures. The measure will depend, not just educational attainment, attendance, dysregulation class, it will be measured over time, department by department. Again, I implore you to go and visit the Education Department, sit down and go through this stuff with them and get an insight in it because it makes more sense at 2,000 feet than it does at 30,000 feet.

Mr. V. Khakhria:

Thank you. I am sure that is right. But as the Public Accounts Committee, we are at 30,000 feet and our job is to make sure that the public gets assurance that it is getting bang for its buck. That is our job unfortunately. I am going to move on. You referred a few moments ago to the data that is forthcoming from the different departments. Our specific question was to provide details of the benchmarked activities or service areas compared with both Jersey itself and comparator organisations and jurisdictions. You have said that you have requested a schedule and you will supply that data in due course. My very specific question to you is ... no, I will put it in a little bit more context. Given your role as chair of the Gibraltar International Bank, and therefore within a jurisdiction of a very similar size, both to Crawley and to Jersey, you will be familiar with the productivity statistics that they are legally obliged and very good at producing, including year-on-year productivity ratios, input-to-output ratios, et cetera. My question to you is, in relation to the other comparator jurisdictions that you are employing for the purposes of the public workshops and such like work, can you please tell me which other jurisdictions you have benchmarked Jersey against and why?

Chief Executive, Government of Jersey:

Yes. On Gibraltar, first of all, it is a fifth the size of Jersey and it is an isthmus, it is not an island, and it is part of the Iberian Peninsula, so it is got very different characteristics. I worked with Colin Powell in 1994 to produce and develop input-output tables for Jersey. Those were kept up for a long period of time.

[14:15]

I am not sure why the Independent Statistics Unit moved away from them, but I am sure if you got Ian along, he would be able to tell you why. I am familiar with all of those things. We look at, there are a couple of things here, firstly, whether in some of the studies to which we participate, to which the Chief Statistician participates, we have discussed before, the O.E.C.D. (Organisation for Economic Co-operation and Development) Better Life Index, not all of our comparator jurisdictions choose to participate. They choose not to spend the money. We have a bigger statistics budget than our comparator jurisdictions, and we participate in a lot of things that they do not participate in, and we generate a lot of data, discretionary survey data, that they do not. I would agree with the general thrust that I would like more of that budget spent on hard data that could inform productivity than survey data. But, again, we have got an independent statistician that is almost their business. We do look at, and what we published in March 2024, which was what was done under the previous Government, where we do think that we have data that is comparable with other jurisdictions, which is statistically robust, which is not always the case, then we publish it. If we do not think it is robust, we do not publish it.

Mr. V. Khakhria:

May I interrupt just for a moment. I am sorry, it was a very long-winded preamble to my question. My question is, for the current set of workshops that are taking place right now, which jurisdictions have you used as benchmarks against which you measure Jersey, and why?

Chief Executive, Government of Jersey:

I will need to get the pack and tell you, but we will, first of all, try and look at those jurisdictions, small island economies, which may be comparable. We will, for the purpose of comparison, although it can be very misleading, look at bigger countries. We will use the C.O.F.A.G. (COVID-19 Federal Financing Agency) data, which is published. We will use the O.E.C.D. data, which is published. We will look for comparators, but we are always guided by the knowledge of the Chief Statistician as to the reliability and comparability of that data. Even if you take our nearest and dearest neighbours in Guernsey, in many areas they produced data which appears to be the same thing, but methodologically is quite different, and therefore it is not really ideally suitable for comparison. It is a fairly tricky area when we get into it.

Mr. V. Khakhria:

To be clear, you have provided the Council of Minister workshops with adequate, in your opinion, comparative data from tax neutral jurisdictions with low tax takes out of G.D.P., such as 23 per cent, which I believe is the Jersey figure, suitable for them to arrive at informed conclusions?

Chief Executive, Government of Jersey:

We have shared the best we have got, the best we could find, which people around this table have seen already. Where we have more budget and more time, so I mentioned in response to the first set of questions, we are pretty concerned about the multiple and converging threats to our international finance centre, and we are pretty concerned about the impact it would have on the public finances, there we have done much more detailed work. We have tried to get even more granular with all the other comparable jurisdictions who have a finance sector within them. Obviously, a lot of that data is commercially sensitive, but I would be very confident that when he moves to bring it fully into the public domain, the Minister, or the officials, would happily give you a private session on that comparable data.

Mr. V. Khakhria:

I will just repeat that I was referring to the most comprehensive review of public spending Jersey has ever undertaken and not the threats, which I appreciate you have a complicated, tough job. Thank you very much.

Deputy R.S. Kovacs:

Before I move to the next sector, how do you ensure the changes across departments align with a single long-term strategy?

Chief Executive, Government of Jersey:

On what, sorry?

Deputy R.S. Kovacs:

Generally. Like the savings done in all departments, how do you ensure that this align with a single long-term strategy?

Chief Executive, Government of Jersey:

The strategy of the Government? The strategy of ...

Deputy R.S. Kovacs:

The strategy that the Government mandate is looking to achieve. How do you take on all departments on board with these changes?

Chief Executive, Government of Jersey:

To my earlier point, I do think a gap in the way we go about things is not having a strategy in the sense that the public who work in other industries would recognise, therefore not having a strategic risk management cycle and risk appetite quite the same way. What you are doing effectively is using as your reference point, if you take the current Government, the C.S.P. (Common Strategic Policy), because that effectively is their strategy for action, or at least it is their business plan for action. You are also relating constantly back to Public Finance Manual and other statutory guidance around. There is not a strategy in the sense that you mean it, but I would recognise that is one of the weaknesses of the way that we are currently operating. It is the one thing I would try and change for the new Government.

Deputy R.S. Kovacs:

Still in the area of savings, but a bit of a different register how my colleague mentioned around arm's length bodies align with our wider review on that as well. My next question would be, the Public Finance Manual states the periodic reviews of arm's length bodies should be undertaken by accountable officers. Would you expect the accountable officers to comply with this provision, or if not, explain why not?

Chief Executive, Government of Jersey:

Yes. There is a whole range of delivery bodies in there, a multitude of them, but certainly, and you have seen the examples of the Information Commission, Jersey Sport, and others, we would expect them each year to review the performance and the role of those delivery bodies, if that is what they are required to do. We have got live ones at the moment where they are doing them because of the scrutiny there has been on this. I have paid particular attention to that this year in terms of how, for example, the economy department is scrutinising Jersey Finance Limited and so forth. I am satisfied, at least as I understand their obligations, which you have just read out, that they should do these things, particularly if they have got good reason to, and if there has been any kind of particular trigger issue, then they do that rigorously and with probity.

Deputy R.S. Kovacs:

Is that consistency in them doing that and what oversight exists to confirm compliance?

Chief Executive, Government of Jersey:

Again, it is back to how we run the place in the trust and verification model. They have responsibilities as Chief Officers to run their departments. They, like everyone else, have to prioritise time. When it is something you should do, that means it is going to be prioritised to those areas that you think you really need to do for one reason or another, and it will lead you to, you might put some in a different cycle from others, depending on your assessment. Chief Officers, in my experience, again, I always say I have only been here 5 minutes, but in the 5 minutes I have been here, they have typically focused obviously on those ones with the biggest budget relative to their budget or with the most sensitive delivery schedules. They have focused on ones where there has been any kind of disturbance or issues, whether it is at a governance level or whether it is at a spending level or a political level. They have tended to have reasons for why, in that particular year, they might focus on one more than another, but it is something that they are very alive to and it is something that they do. As I say, at the moment, I have been shadowing through a couple, for the very reasons I think that you are asking, to understand how they go about it and what it involves. I think they are fulfilling their obligations. I think one of the challenges with delivery bodies is they are quite political, as we have discussed before. They have usually been set up as a standing army for a political reason as much as a practical reason, and they are political animals, they lobby.

Deputy R.S. Kovacs:
In your opinion, what would be the implication of mandating compliance with the A.L.B. (Arm's Length Bodies) reviews?

Chief Executive, Government of Jersey:
So rather than being should, being musts? Well, I think it would require a resource allocation within all those departments.

Deputy R.S. Kovacs:
What additional capacity?

Chief Executive, Government of Jersey:
It would create capacity issues for sure, and they would have to ration out other work to do it. Again, it is that issue of, it is a choice. You could do that. The next Government could do that. I think the next Government would be better off doing what I have said before, is taking a step back and thinking: "Why, in a place the size of Crawley, have we created 23 bodies since 2011? Why, in a place the size of Crawley, have we created 5 CEO positions at the equivalent of my level or more, since 2011 to be able to run this tiny place?" I think that debate should happen before you mandate every one of them reviewed. There is the Institute of Government conferences on at the moment. There is a brilliant quote from the British Prime Minister expressing his manifest frustration that every time he pulls a lever he finds himself having to deal with standing armies of quangos and A.L.O.s and regulators and this one and that one, and it is ages before he can get from his policy thought to anywhere near having an impact because he is wading through stuff that the Government has created. I have been very clear, I think we have been copying our big brother. We have got the same institutional sclerosis, and I hope the next Government uses the data that we are gathering, I hope they use the data from this committee. Obviously, your report, I think, will come out before the election, and that we will have an ability to be strategic about these delivery bodies and the necessity of them. What I would recommend in the first instance is we move straight to let us have mandatory views of all of them.

Deputy K.M. Wilson:

Can I just follow up on your observations there in terms of where do you think all this work needs to go? Where do you think all of the work that they do needs to go?

Chief Executive, Government of Jersey:

All of the work who do?

Deputy K.M. Wilson:

A.L.B.s do.

Chief Executive, Government of Jersey:

Where it needs to go? Well, they are all different, that is the trouble. I call them delivery bodies now because I got into terrible trouble when I tried to ... who is in and who is out. But as a Government, if it exists because at some point in time we thought that we needed something delivered that was not being delivered, whether it is Digital Jersey or the Care Commissioner, whoever it is, it is a delivery body. We thought something needed delivered that was not being delivered. We just need to clarify our strategy, clarify our strategic risk appetite, and then figure out if we still need these things delivered, and if we do need them delivered, do they need to be delivered this way, because it is a very expensive model to run. The great example, and I see that it comes up regularly, is that for whatever reason we have created a multitude of regulatory and de facto quasi-regulatory bodies and commissions and commissioners.

Deputy K.M. Wilson:

Would you re-categorise some of those such that some functions and work needed to be retained in the public sector and would that come under a different shape of Government, or would you wish, as you say, not to throw the baby out with the bath water, to retain some of them because you think that some of the functions do not need to be delivered, but some of the functions do need to be delivered, and you are casual about where they need to be operating from?

Chief Executive, Government of Jersey:

I mean, I look at it the other way around. Of course, it is easy when you just come in and look at everything fresh, and people have been living in this house and putting extensions on it for 30 years. They think it is okay. But when you come into the house the first time, you think, why are there so many extensions on this house? This is very complex. The next Government, one of the things that will have to get its mind around is having a strategy for economic growth, for all the reasons we just discussed. If it has a proper strategic look at growth, it may or may not arrive at a different position on competitiveness and the balance between regulation, risk and growth. If it did arrive at a different position from the one we are in, that would be the strategic trigger to say: "Well, hang on a minute, in pursuit of competitiveness or in pursuit of lower cost, we need to look at this whole set of delivery bodies here with a view to close, reposition, amalgamate, whatever it is, you need to look at it fresh."

[14:30]

What I do not think you can do is just go into it on a whack-a-mole basis, as I have said before. It needs to come from strategy, and the strategy is not quite there. The other thing about these bodies I would say, is just coming into public service and working in this environment, is we have tended to look at it as a cost issue. To me, it is a democratic issue as well. In the era of ministerial Government, a lot of responsibility has been placed into these bodies, which are quangos in various forms. I think there is a democratic accountability issue to be explored, the same as the British Prime Minister was making, which to say: "Hang on a minute. How accountable democratically is this?" And I do not just mean when they pay themselves something and politicians do not like it. I mean have we created a democratic deficit in the way we have set things up? I think there is definitely a pure complexity effectiveness issue. Should we really have to engage so many bodies to get something done? Then, of course, there is a cost issue. Once you get past the strategy point about whether you need to change strategy, therefore you need to change your delivery bodies, I think you would then look at those 3 things, because, to my mind, many bodies have been put at arm's length from Government, but it is a shimmer because the risk cannot be transferred. The Government remains the 100 per cent equity owner, 100 per cent politically accountable for that activity, therefore if anything goes wrong, the Government will have to put more money in or have to take accountability for it. To me, if there is no risk transfer, you have to question whether it is worth spending so much money on a central organisation.

Deputy K.M. Wilson:
That goes back to my original question, which is where do you think that work needs to be done? If you are not discharging it to ...

Chief Executive, Government of Jersey:
I think once you have reset your strategy, you decide whether it needs done at all. If you think it needs done at all, you then look at what is in your purse in terms of what you can afford, and you look at your commissioning framework and say: "What is the best way to deliver that activity if I really think it needs delivered?" Also, the frequency of it. You do not have to do everything on an annual basis; you can kick the tyres for 3 years and maybe get a better outcome in terms of the gap between a review and your ability to respond to a review. That is another challenge we have got in this service.

Deputy K.M. Wilson:

Thank you.

Mr. V. Khakhria:

A very quick question. My understanding, and I am not very familiar with it by any means, but I understand that some of the delivery bodies were established because they were better capable of delivering those services than Government. They could, for example, provide greater productivity, greater innovation, greater efficiency. Would you agree that that was part of the reason behind it?

Chief Executive Officer, Government of Jersey:

When you look at them, all sorts of different reasons in different points of time. The reason why we set up the Overseas Aid Team would be different from the reason why we set up Digital Jersey.

Mr. V. Khakhria:

Let us take Jersey Water.

Chief Executive Officer, Government of Jersey:

Sorry, you were talking about State-owned enterprises …

Mr. V. Khakhria:

And delivery organisations.

Chief Executive Officer, Government of Jersey:

And delivery organisations. I have looked at this historically, of course, in terms of when things were set up. You certainly had in the first 3 governments of the Ministerial government era what one might describe as centre-right governments who had an ideological position that the private sector could deliver greater efficiency and effectiveness or private sector structures than public sector structures. That was certainly a driver for bodies like Andium, State-owned enterprises and some of the other bodies. The other driver in there that is prominent is those governments' desire to raise debt off the public sector balance sheet in these bodies to invest in essential infrastructure, so a desire to invest funding into social housing and a desire to invest in water infrastructure, presumably. We have got a private register in electricity because 50 years ago we had to build La Collette. There are different drivers at times and some of those make sense. What I think we have to do is just be really consistent. We cannot create these bodies and say: "We want you to run on a private sector basis" and then leave the Executive Team in the Government Pension Scheme, for example. That to me is fuzzy thinking.

Mr. V. Khakhria:

The drivers I understand and the objectives I understand. Were they objectively efficient is, I guess, the question that we are asking. Did they achieve their purposes? What I think, as a committee, we are scratching our heads over is how you find out without carrying out the structured reviews and the periodic reviews properly?

Chief Executive Officer, Government of Jersey:

For example, in the case of telecoms, water and others, you can go into private arrangements to understand the productivity of comparator organisations in other places. You are obviously dealing with commercial sensitivity here and we do have insights from that which are commercially sensitive about the performance of utilities. That governs the approach Ministers and officers take to those utilities. Those are sensitive matters but let us not kid ourselves, these are monopolies, duopolies and, on a good day, oligopolies. I have never believed that changing ownership, as opposed to changing market structure, is going to give you a big productivity gain. The U.K. (United Kingdom) water industry, I would suggest, is a great example of it not working. I think if you go back to where it was working in productivity, we are crawling. We are 100,000 people. We are a very small Island with finite resources. We are never going to be an Adam Smith model for how you operate these areas. The first priority for our utilities is security of supply. It is a defensive quality; we need it. Our second one is the quality and reliability of that infrastructure because we have very few options if it does not work. Then you go on to trying to do that with all your inherent scale disadvantages as efficiently as you possibly can. That is the world we find ourselves in and it is not comparable with many other worlds.

Mr. V. Khakhria:

Government could be a better solution for some of these.

Chief Executive Officer, Government of Jersey:

I do not know that, or whether it would make much difference now or whether it is worth the candle. All I am saying is - to go back to that ideological position - it is very difficult to get appreciable productivity gains simply by changing ownership as opposed to changing the market structure. We are not able in most cases to change the market structure so we should be very careful about our expectations for productivity gains simply by privatising something or by allowing its Executive Team to operate under different conditions and different remuneration packages from a civil servant.

Mr. V. Khakhria:

Okay. Thank you.

Deputy R.S. Kovacs:

Can you advise your understanding of the difference between grants and commissioning and how that commissioning will work?

Chief Executive Officer, Government of Jersey:
Jeepers.

Head of Corporate Governance, Treasury and Exchequer:
I can take that one if you want me to.

Chief Executive Officer, Government of Jersey:
No, I am just going to a notice. The way I think about it, and I hesitate with the C. & A.G. in earshot of me doing this, but the way - I cannot find my notes - I think about commissioning is commissioning is almost part of strategy. It is a strategic process for deciding how you use the total resources available to you and organise them to deliver a particular service or set of outcomes. That means it is a bit more than cash. It is a bit more than giving money. It is about all your resources. Where you give a grant, of course, is one aspect of that. That is one of your delivery options where you can give a grant to someone to deliver something for you, but commissioning, I see as much wider than that. We are still in the foothills, I would say, of it but one of the real insightful things for the public service and certainly for the health service has been the work of the C. & A.G. and others around the need for a commissioning framework and better commissioning, which obviously we have adopted. We have got a cross-Government commissioning group, a very active group. We have invested quite a bit in that to try and improve in this area. I think we are in the foothills of it but that is how I see commissioning. I see grants as only one part of that. I am very conscious that as we move to that new approach to commissioning, which I think is bringing more rigour, more probity, and I think it is bringing necessary governance and process which helps public servants not just deal with the organisations that they may or may not end up in a relationship with but helps them also with politicians because civil servants are there. Politicians come and go but you have to go through that process of how things are done. I think it is really helpful but you can see, again today, that as you try to pursue better value for money and efficiency through these structures, you are going to disturb some longstanding relationships.

Deputy R.S. Kovacs:
One of my questions is related to what we have seen in the newspaper about the Jersey Employment Trust, 38 employers being affected by the decision so my question would also be how these changes consider … when funding decisions are made, how much notice is typically given and how is service continuity protected?

Chief Executive Officer, Government of Jersey:

Are you talking about that specific situation or in general?

Deputy R.S. Kovacs:

In general, but …

Chief Executive Officer, Government of Jersey:

In general, it would be different situations depending on what is happening but in those situations where after a lot of thought inside a government department they decide either that they want to change the service catalogue of the department, so social security, or they want to change aspects of their service catalogue either because of a policy change, because of best practice or because of the commissioning framework, that is their prerogative. That is why you are in government, hopefully, if you want to change things. Where they want to change it in situations like the one I think that you are alluding to, typically we would be doing that with a 12-month lead-in. We would be saying 12 months out from the contract ending or if it is an annual contract saying: "This is the last contract which will operate in this way. We need to get into discussion about the following things because we would like to see changes either because needs have changed in what is our intended client group or because the organisational needs changed." It could be either.

Deputy R.S. Kovacs:

Was sufficient notice given in this particular case?

Chief Executive Officer, Government of Jersey:

I came straight here from somewhere else. I know the Minister has put out a statement but certainly in this particular case, you all know the Minister involved who used to sit in that chair who was a very talented civil servant in social security for many years. They will have approached that with the probity, rigour and empathy that you would expect of that person. I would be astonished if there was not a 12-month lead time in that particular case and I hope that the statement she has put out has not contradicted me.

Deputy R.S. Kovacs:

We will check and follow up if we have further questions on this. Would you say also grants are used where services could be delivered directly by Government?

Chief Executive Officer, Government of Jersey:

Yes, that does happen. That happens everywhere, not just here.

Deputy R.S. Kovacs:

How is duplication avoided in these cases?

Chief Executive Officer, Government of Jersey:

I think in this area, again, we need to go back to strategy. Obviously, we are trying to curb growth in the public service. We have 500 registered bodies in the charitable sector or the third sector. A significant number of those bodies have come to a position over time where they are completely dependent on Government for funding. They are not able, for whatever reason anymore, to access private funding to the extent that they were or the private funding is going away. We need to have a strategic thought about how we commission, how we procure and what relationships we get into with these bodies. It is a big part of the social fabric of the Island that we engage the social capital and volunteerism of the third sector in providing a variety of services around the Island. It is a great situation when the money is flowing. When the money gets tight, it becomes, I think, quite tricky for those organisations and quite tricky for Government. Again, I am going to sound boring, in the absence of strategy, anything can happen. You do not know whether to say yes or no. You do not have a strong enough anchor in strategy. You do in the Public Finance Manual. You do in the commissioning framework now which is helping us, but you still need a strategic anchor which says: "In running this country, how much use do we really want to make of the Parish system? How much use do we really want to make of the voluntary sector in areas like health versus more direct?" I do not think the body politic has had that debate properly for a very long time. Therefore, to me, it is very sporadic, very noisy and it is very political.

[14:45]

Deputy R.S. Kovacs:

To bring it back to the importance of those reviews, being grants or commissioning, how is this effectiveness evaluated post award?

Chief Executive Officer, Government of Jersey:

Yes, again, we are in the early days of it because it stemmed from observations over a number of audit reports from the C. & A.G. and then some thought piece input from the C. & A.G. about the need for such a framework. We have invested in it. It is rolling out across the public service for all the reasons of consistency that you are alluding to. We recognise that as we roll it out, we are entering into - probably in some instances - more structured and more methodical conversations with delivery bodies than they have maybe been used to in the past. That is a challenge for them, and it is probably a challenge for the body politic as well which tends to operate on a more informal basis in Jersey. I have got total sympathy for all sides. I was a chairman of a huge national charity for 8 years, or whatever it was. I understand everything that goes on in that sector and how difficult it is, particularly if you find yourself in a position where your only source of funding is Government. No charity ever really wants to be there but sometimes you end up there.

Deputy R.S. Kovacs:

Before we move to my colleague, how many civil servants oversee A.L.B.s and is this sufficient?

Chief Executive Officer, Government of Jersey:

About 30 would have that oversight role of … again, not getting into definitional issues but what we regard as the main delivery bodies, there would be about 30. For the obligations which someone quoted earlier under the Public Finance Act and what is expected in terms of oversight, that is sufficient. If you move to a mandated annual review, that would be insufficient. I go back to my previous answer, rather than move to a mandated review and ask me to hire another 30 civil servants or something, I would rather we do the strategy first. You really work out you need all these bodies and then we say: "Okay, we had better structure around that."

Deputy K.M. Wilson:

Okay, we have got about 14 minutes left, Andrew, if you need to take a check on the time. The first thing I just wanted to ask you was: could you tell us what progress has been made on the accountable officers' oversight of executive remuneration in arms-length bodies?

Chief Executive Officer, Government of Jersey:

When it comes to the State-owned enterprises part of that, as we were the last time I updated you, I think, in the Public Finance Manual and through the S.E.B. (States Employment Board) we have got some tightening up now. We have got for new bodies that are set up an expectation that they will accord to civil service paygrades and the S.E.B. will have oversight of that. Where anything new is created, and you know my stance on creating new things at the moment, but when new stuff is created, we have new things in place. For the S.O.E.s (States-owned enterprises), it is pretty much as it was before. I know everyone complains about this, but the Ministers have been through this and they seem content that they are able, for the most part, to have the oversight influence that they need over those organisations, particularly around remuneration.

Deputy R.S. Kovacs:

Are benchmarks consistently applied?

Chief Executive Officer, Government of Jersey:

In those pay reviews? Yes, and that is one of the challenges, right, so they are. They quite often use third-party remuneration specialists who are usually part of the executive search type firms for that, but it is a really difficult business because is anything comparable to Ports of Jersey? It is, on paper, but in terms of size and scope and so forth, it is really quite tricky. I do not envy those remuneration committees trying to figure out what an appropriate benchmark is. They can see comparator pay for S.O.E.s on Island. They can see other comparators on Island and then they can see sector comparisons from off-Island and then you have to try and make a judgment call. I am satisfied they go through a very regular process. Whether people like the outcomes …

Deputy K.M. Wilson:

Can you tell us specifically which ones have been done so far?

Chief Executive Officer, Government of Jersey:

The S.O.E.s are done every year. They have got R.E.M.C.O.s (Reporting of Entities with Material Economic Substance).

Deputy I. Gardiner:

Not the S.O.E.s.

Deputy K.M. Wilson:

The A.L.B.s.

Chief Executive Officer, Government of Jersey:

The A.L.B.s, I will need to write to you on that. Any of the new ones certainly have been done. I need to write to you.

Head of Corporate Governance, Treasury and Exchequer:

The Public Finances Manual was updated in August.

Chief Executive Officer, Government of Jersey:

Was it August?

Head of Corporate Governance, Treasury and Exchequer:

If anything, it would have been reviewed since then and, of course, anything that has been set up more recently has been under S.E.B. line of employment rates.

Chief Executive Officer, Government of Jersey:

I think we will write back to you on the middle category which is the ones since we changed the guidance in August as opposed to the ones that are under S.E.B. You mean the ones that are not under S.E.B., I presume.

Deputy K.M. Wilson:

Yes, please.

Chief Executive Officer, Government of Jersey:

Digital Jersey, those people?

Deputy K.M. Wilson:

Yes.

Chief Executive Officer, Government of Jersey:

Yes, we will write back to you on how many have been reviewed.

Deputy K.M. Wilson:

Thank you. Could you advise if you see any duplication of property development between Andium and S.o.J.D.C. (States of Jersey Development Company) regarding social housing or sales of private property and, if so, what plans do you have regarding this?

Chief Executive Officer, Government of Jersey:

Duplication of property development. I do not know about that. Again, I keep saying this but hopefully within the new Government when we take a step back and look at these things. We have arrived at a situation where we have a property development function inside 3 bodies that we set up. Many of them are people that used to work in the Planning Department, so it is merry-go-round of Jersey. I do think given the challenges we have got in terms of the public finances, in terms of productivity, and my view of productivity is our biggest productivity challenge is taking our scarce inputs and applying them to the best possible use because the opportunity cost of not doing that is very high. I think when you take that lens, you would have to ask an open question about whether those bodies all need separate development arms or whether you could not tidy the whole thing up. Of course, that is a matter of policy almost for Ministers and in the current construct in some cases for the boards of those companies.

Deputy K.M. Wilson:

You do not have any particular plans regarding addressing some of that duplication.

Chief Executive Officer, Government of Jersey:

No.

Deputy K.M. Wilson:

That is okay.

Chief Executive Officer, Government of Jersey:

To the answer I gave before, we are late in the term of this Government. All I want to do is make sure people get information so that if they want to look at anything, they can do it quickly.

Deputy K.M. Wilson:

Okay. Thank you for that. I am just pressed for time, that is all. During the last hearing on 8th October last year, you mentioned: “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 that have got consensus.” Are you able to advise when you would have an idea around which, and if, an A.L.O. should or should not amalgamate?

Chief Executive Officer, Government of Jersey:

Yes, I mean I think on that particular issue it falls into the answer to the question about the Minister for Treasury and Resources’ statement at the point where I said that I would be more than willing to generate options. The realities of the political cycle are that we stop with the publication of this data that we are talking about and that it is a matter for the next Government, whether that is a policy option they want to pursue.

Deputy K.M. Wilson:

Do you feel hesitant in doing it now?

Chief Executive Officer, Government of Jersey:

I just think, as always you go back to where I was at the start, it is my sincere hope that the next Government goes through a strategy cycle where they sort out the things that really matter to them. If they decide this really matters to them …

Deputy K.M. Wilson:

I know that. You have said that, but I am just concerned that you have got this in your head now and you have got some ideas about what you could offer that might be helpful.

Chief Executive Officer, Government of Jersey:

Let us be honest, everyone would have an opinion on these issues who interacts with these organisations. Definitely, if it is an area which the new Government thinks is a priority, we will be able to move very quickly to say: “There are different ways you can do it.” It does not seem and there is no mandate to do that now.

Deputy K.M. Wilson:

Okay. Thank you.

Deputy R.S. Kovacs:

Can I just ask what barriers you see preventing shared services now?

Chief Executive Officer, Government of Jersey:

Which …

Deputy R.S. Kovacs:

What barriers prevent shared services now within these A.L.B.s?

Chief Executive Officer, Government of Jersey:

I think it is the independence or the small eye of those organisations. To take an example, which I think has come up before or certainly the Chair has asked me about before, it is part of the business plan to move into the new office in Union Street. We vacated Jubilee Wharf. Obviously, we have been having discussions with all A.L.B.s to join the party in terms of curbing costs. I have to say, led by the C. & A.G. here, was the view that many of regulatory and oversight bodies potentially could share office accommodation and take that cost out of their individual P. & L.s. We progressed that. The building has been refurbished for that purpose. The C. & A.G. has moved in, or is moving in. The Chief Pharmacist is moving in. The other bodies, for one reason or another, are reluctant to take that step. Some of them have written to us, like the Care Commission, to say thank you but no thank you. Others are saying: "Let us get into a negotiation." We are trying to coax people along and, back to the Prime Minister's point, maybe we should just be saying: "Let us just do this because we do not want to pay for 10 properties. Can we just all get in and make it work in the big house?" We do not have those levers at the moment, and I think these are the things you need to look at.

Deputy K.M. Wilson:

Do you get any appetite for any joint board working or any joint procurement or anything like that?

Chief Executive Officer, Government of Jersey:

Nothing that I can call to mind straightaway from the non-S.O.E. A.L.O.s. From the S.O.E.s, the utilities, we get a lot of that. They are always looking for opportunities to collaborate or to do things together, less so from the middle group of bodies we have been talking about.

Deputy K.M. Wilson:

Yes, okay. Thank you. Can you advise the P.A.C. (Public Accounts Committee) if all the agreed recommendations to the C. & A.G. oversight of arm's-length bodies have now been implemented? If you can advise P.A.C. of any outstanding actions and the reasons why.

Head of Corporate Governance, Treasury and Exchequer:
I can take that if you want.

Chief Executive Officer, Government of Jersey:
Yes, can you take that?

Head of Corporate Governance, Treasury and Exchequer:
As far as the agreed actions that we have taken from the previous reports and the action plans that obviously have been shared with the Committee, we have one remaining outstanding in relation to remuneration. The other actions have been completed.

Deputy K.M. Wilson:
Okay.

Deputy I. Gardiner:
Let us move to David.

Deputy D.J. Warr:
Okay, that is a hop through. Okay, fine.

Deputy I. Gardiner:
One or 2.

Deputy D.J. Warr:
No, that is fine. It is about oversight of governments. How do you, as Chief Executive, assure yourself that appropriate governance arrangements are in place across major operational and commercial decisions and what mechanisms do you rely on to identify when those arrangements are not working as intended?

Chief Executive Officer, Government of Jersey:
Give me an example of what you mean by a major operational or commercial decision. What sort of thing … to help me.

Deputy R.S. Kovacs:
What indicates a single failure?

Chief Executive Officer, Government of Jersey:

In my time, there have not been too many of these big decisions because in the technology state, for example, my predecessor but 2 made the major investments so I have been more in licensing agreements and all that sort of stuff. There have been a couple of big commercial issues which are now public knowledge: a transaction by Jersey Telecom and obviously the ferry concession where I was conflicted, so I did not get involved. The only 2 I can explain the process to you are the £30 million multiyear investment in Transform, which is the new social security system or the new hospital.

Deputy D.J. Warr:
What about ferries or airlines?

[15:00]

Chief Executive Officer, Government of Jersey:
Ferries, I had a perceived conflict, same with telecoms because of my previous role. I cannot give you insights into those ones. I can either give you a procurement, which is Transform, or in the case of the airlines, I presume you are referring to …

Deputy D.J. Warr:
Loganair.

Chief Executive Officer, Government of Jersey:
… Loganair/Blue Islands. That is one where, of course, by the time I arrived, the credit had been extended mainly as part of COVID, so it was a longstanding position. My involvement only came when further support was extended to them earlier last year. The business case for doing that and the rationale for doing that, I was given an opportunity to review and brought into those meetings by the shareholder function in the Treasury and by the Treasurer. In fact, legally, the escalation in all these matters is to Ministers rather than to officials but obviously they brought me in, in part, because of my past experience. In that situation, I would understand the rationale, the thinking and the process that they are following, and the advice that they are taking. I would receive that direct from the Treasurer and the shareholder function within the Treasury. I would also participate, where necessary, in those meetings where Ministers were briefed and relevant Ministers discussed it. That is what happened and that was a bit of an unusual situation, that one, because obviously we have no desire to be the lender of last resort to a provider of last resort in any situation but that was an emergency in COVID. On Transform, it is a pretty straightforward process. They create an outline business case for what they want to achieve if they believe that they need to completely and fundamentally change the technology platform in customer services. That outline business case is discussed in a non-decision-making round table format E.L.T. (Executive Leadership Team) so

everyone - the other departments - can understand what is going on, what is hoped to be achieved and they can join in in case there are synergies. We then set up a cross-Government group on that, particularly the technologists and other parties, and they work it up to a full business case with the Ministers' involvement. At full business case stage, it would be brought back to E.L.T. and it would typically go to Council of Ministers. Then it would either go into the growth bid process or, in that case, I think that was funded from the Social Security Fund. It would still go through the equivalent of the growth bid --

Deputy D.J. Warr:
In summary, you are quite comfortable, though, with the process. It is robust.

Chief Executive Officer, Government of Jersey:
It is the process I would expect, yes. It is the process I would expect for it.

Deputy D.J. Warr:
Okay. Do we want to ask anymore or are we done?

Deputy I. Gardiner:
I think we are out of time. I have one last question to yourself before we finish, and it is a very simple question - I hope it is a simple question - compared to others that we have had. As the C.E.O., we are at the beginning of 2026, could you advise what outcomes you wish to achieve by the end of this year? It will be at the end of your 3½ tenure, so if we come back in December and have a conversation, what you would say?

Chief Executive Officer, Government of Jersey:
I have taken an engineering approach to this job rather than a visionary approach because I came in as a secondment and then it is a fixed-term contract. I see a problem; I try and fix it. I see patterns, I try and analyse them and then give strategic advice. For the reasons said before, I have not been guided by a vision and do not think I will create one. You should definitely hold me to the objectives. I mean one of the things that the last Government was pretty concerned with was a potentially casual and not rigorous approach to objective setting. You have got my objectives. You can make your mind up.

Deputy I. Gardiner:
For the public, and the public is listening, if you would tell us: what are the 3 achievements/outcomes that you wish to achieve by the end of the year? What would they be?

Chief Executive Officer, Government of Jersey:

Over the whole period? The first one was to materially improve collaboration and trust between the civil service and the Council of Ministers, which I thought was in a state of disrepair when I arrived, to improve collaboration within the E.L.T. itself, which I thought was at lower levels than I would expect in an executive team. The next big one was to get a prioritised, funded and deliverable C.S.P. out of the second of the governments, which came in unusual circumstances. Certainly, to try and get 80 or 90 per cent delivery on the 10 things that we really needed to focus on towards the end of my first secondment. The third thing is what we have been doing here is I feel we need to elevate the strategic debate on strategy on the public finances, on strategic risk management and try and set up the next Government to have as good a debate and strategy cycle as it can in its first year so that it can set hopefully a multiyear budget. The last one I am hoping to do is I am not going to leave a very strong succession plan, but the development work we are doing with the Leadership Team and the civil service is leave them in a better position to be able to prioritise and deliver on the incoming Government's agenda as well as their B.A.U. (business as usual) services for the next 4 years. We were really pleased to see that trust in all aspects of the Government went up for the first time in years in the last Lifestyle Survey. Small but imperceptible change in public perception and I think that comes from establishing a track record of clarity and delivery and I hope we can keep going with that.

Deputy I. Gardiner:

Thank you. What we would follow up on is an open letter to understand how it would be measured. How would you measure this? They are very important outcomes, and the next Public Accounts Committee will have an opportunity to review this. Thank you very much.

Chief Executive Officer, Government of Jersey:

Thank you. You are very welcome.

Deputy I. Gardiner:

The public hearing is closed.

[15:06]