

2.9 Deputy T.A. Vallois of the Minister for Treasury and Resources regarding the reform of the public sector:

Could the Minister advise what support his department is providing and its overall involvement in the reform of the public sector?

Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

I would like to thank the Deputy for this important question. She will recall, I hope, the extensive briefing and information that she received by the Treasurer and her senior management team, about what the Treasury is doing in terms of government reform. Treasury is actively involved in the government reform programmes, service improvement and the ongoing work to deliver efficiencies. Reform in this context also includes significant areas in terms of transformation of the housing and health services, as well as long-term planning and the reforms of the States itself. So Treasury officials are supporting departments as they prepare business cases for each part of the reform programme, and I will do all I can as Minister for Treasury and Resources, to help deliver better value for money and build on the success of the Comprehensive Spending Review. As far as the Treasury itself is concerned, I hope that we are also trying to lead by example. The Treasury's introduction of Procure to Pay, will deliver significant ongoing savings and reform the way in which we purchase goods and services. Our departmental work on pensions is now underway with the aim of ensuring that we have a public sector pension offering which is sustainable, affordable and fair. Property Holdings are working on the office rationalisation strategy and I will be answering a question about that shortly. Tax transformation is also a Treasury important project that will deliver online filing of tax returns for businesses and individuals and will be extended over the course of time as quickly as we can, so I am happy to say that my department is fully supportive and actively engaged in reform.

2.9.1 Deputy T.A. Vallois:

I thank the Minister for his answer. What concerns me from that answer is with regard to the property rationalisation. Obviously he is in charge of Property Holdings. That has been going on for a significant period of time. With regard to the Comprehensive Spending Review where that was mentioned, culture change was a significant part of making the savings. Could the Minister advise why I should believe that the reform his department is supporting would be successful this time when it was not under the Comprehensive Spending Review?

Senator P.F.C. Ozouf:

I have engaged in some debate with Senator Ferguson about bricks and handbags, about the issue of criticising previous reforms. I do not think it is fair to say that previous reforms have not worked. They have worked. The first set of reforms delivered millions of pounds worth of savings. We tried airbrush history. We have now dealt with a Comprehensive Spending Review that has delivered ongoing savings in excess of £58 million. This is not failure, this is success, and we are delivering better services. I am shortly going to be answering a question on an example of an office space strategy in terms of Maritime House, and I will answer that then. We are delivering hopefully a new police station. We are resolving numerous issues about the procurement and better value of repairs and maintenance. There is an awful lot more work to be done to improve property, and I agree with the Deputy that the vision of office space strategies and getting efficient office accommodation will help government reform, and we are going to be partners with the Chief Minister and the Minister for Economic Development in those endeavours.

2.9.2 Senator S.C. Ferguson:

Will the Minister for Treasury and Resources not agree that the previous savings about which he is speaking so eloquently, the previous £35 million alleged savings, when the analysis was done they were £4.98 million. Does the Minister not agree?

Senator P.F.C. Ozouf:

No, I do not, and I think that to say that the precursor to the Comprehensive Spending Review not under my leadership was a failure would be wrong. We have been delivering efficiencies for years but have accelerated that in the last 4 years, and unlike other governments who are having to engage in savings for austerity reasons, we are taking real ongoing savings on an annual basis rather than the short-term cuts of capital spending, and I do not agree. History will record its own analysis in terms of savings, but this Assembly and our public sector has reformed and modernised and we are delivering ongoing year on year savings. I wish the Senator and other people would give the public sector some encouragement about this efficiency programme,, rather than simply carp from the sidelines and say it is not enough and we are not doing anything. I do not think that is fair.

[10:30]

2.9.3 Senator S.C. Ferguson:

Does the Minister not agree that the general public, when they have savings, would expect to see their expenditure level drop? Does he not understand that this is what the public understands by savings and that we are not providing that particular standard for them to judge us by?

Senator P.F.C. Ozouf:

We are delivering savings, but this Assembly is also delivering better services, and it is simply not possible to deliver improved health and social services, a better benefit system, support for jobs, and improvements in terms of housing if we do not increase investment in some areas. What I would say to the Senator is please understand that the increases that we would see in overall spending would be much higher, if this was not offset by efficiencies in some areas, and it is simply unrealistic to suggest that in this economic period and the need to improve health and invest in health and social services, that we can see the overall level of spending being reduced. Savings does not mean reducing overall spending. It means reallocating spending and getting better value for money, and let us raise the level of this debate rather than simplistic headline-grabbing numbers which do not always say the truth.

2.9.4 Deputy J.H. Young:

Hopefully I can avoid headline grabbing and try and address the £58 million savings that the Minister reminded us of. Could he tell us, please, how much of that savings was, in fact, introduction of user pays charges so, as it were, expenditure being moved on to service users? Also has he any figures available of how much of that saving was, in fact, deferral of future expenditure plans?

Senator P.F.C. Ozouf:

Those are 2 excellent questions, and we were very clear in the Comprehensive Spending Review that we would not allow departments to come forward with simply charging mechanisms, passing on the expenditure elsewhere and pass them off as savings. I will agree that there was one example where that was not successfully driven. That was effectively in the school fees issue in terms of education where the savings, which we then failed to deliver, was effectively cutting the grants for private schools and that was being presented as a savings, and that was not, and the Deputy would be right. All the analysis on savings has been broken down in terms of efficiencies and outside charges, and I will send the Deputy the links to the M.T.F.P. of the analysis of that spending. In terms of deferment, we have done the opposite of deferment in the fiscal stimulus and other boosts in the economy. We are bringing forward expenditure, ensuring that we are keeping the economy going and getting better value for money, rather than deferring expenditure. We are getting on with reforming the hospital, health, housing and other areas, and that is a good thing.

2.9.5 Deputy G.C.L. Baudains:

I would like to get away from spending and savings and back to the question, reform of the public sector. Would the Minister agree with me that the real problem is the structure, and not the civil servants working in it, because they do seem to take a lot of flak from time to time?

Senator P.F.C. Ozouf:

I agree with that and that is a requirement. The ministerial government was effectively introduced in 2005 with some degree of straitjacket which was not conducive. There were some failures in terms of ministerial government and the corporate departments, but under this Chief Minister and some of the announcements that he is going to be making later, I think that we are solving some of those structural issues and yes, we should not point the finger at our civil servants and our public sector workers. We have a responsibility for setting the tone and making sure that our policies are working and we need to encourage our public sector and not simply attack them.

2.9.6 Deputy T.A. Vallois:

Can I just clarify I am not throwing bricks at the civil servants. I am asking a question of the Minister and the Minister should answer. My final supplementary is under the C.S.R. (Comprehensive Spending Review), the Minister was, whether rightly or wrongly, argued to be putting his fingers into too many pies in terms of programmes going on. Can I ask the Minister how he ensures that there is a balance between what he needs to do to support the reform programme, and how he allows other departments to get on and deliver their side of the reform programme?

Senator P.F.C. Ozouf:

Ultimately, yes, the Treasury did lead the Comprehensive Spending Review, but with the support of the previous Chief Minister in terms of that programme, and I think that the C.S.R. has delivered a great deal and we should be proud of what we have delivered. We are delivering a public sector which is caring more about money, a better value for money, and the structural changes that we have been making about the Medium-Term Financial Plan is improving matters, but this work never ends. We have got to constantly improve. We have got to constantly deliver what we do for less and we have got to save money on existing services to ensure that, as Senator Ferguson understandably is concerned about rising expenditure, that the increase in investment that we need is offset by savings. This never ends and this is an ongoing issue. Every company in the private sector has efficiencies every year and we have got to get used to this. This is not an end, this is an ongoing dynamic, but the next lot of savings are going to be more challenging because we have taken the easy stuff. That is why the reform programme needs to be more widespread, more detailed, and we need to engage our staff who often have some of the best ideas.