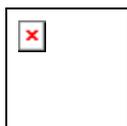


A REPORT INTO THE STATES OF JERSEY SERVICE REVIEW PROGRAMME

**Presented to the States on 14th September 1999
by the Policy and Resources Committee**



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REPORT OF THE POLICY AND RESOURCES COMMITTEE

Earlier this year the Committee informed members that it was undertaking a comprehensive review of the Service Reviews completed to date. Attached is a report prepared by the Corporate Strategy Unit of the Policy and Resources Department. This is an executive report summarising the content of a much fuller report which is available on request from the Policy and Resources Department.

The Service Review Programme was initiated by the Establishment Committee and adopted by the States in 1996 as part of the debate on the 1996 Strategic Policy Review. The original Establishment Committee proposal was that the Programme would identify staffing requirements within departments with the aim of providing “hard data” to justify cuts in complement, in accordance with target reductions in public sector manpower. However, these target reductions were rejected by the States and the aim of the Programme was amended to determine the “efficiency and effectiveness” of departments in providing their existing services, including whether some of these services might be better provided other than by the States. This report, therefore, concentrates on the overarching question of “efficiency and effectiveness”, the implications of which go far beyond staffing issues. The Programme did not address the wider “political” issues of whether existing services should continue to be provided. These issues were considered by consultants to be beyond their brief as they demanded political decisions about the relative priority of service provision across the States.

After due consideration of the various consultants’ findings and the judgements of the Corporate Strategy Unit, the Committee is of the opinion that the Service Review Programme has been a useful exercise for the States and should be completed. The findings have been positive overall and importantly, it has shown that the “fat” that many presumed existed within departments does not, in the main, exist. Rather, when considered with efficiency and effectiveness in mind, consultants considered that many departments should have extra staff. Overall, the States can take satisfaction from knowing that the standards of our services have been judged favourably, States’ employees are thought of as diligent and in a number of cases, departments were noted as being “Best Practice” organisations.

Value for money issues

Data provided to the Policy and Resources Department is insufficient to gain a full and final picture of the resource implications of the Programme. The Committee therefore endorsed the Corporate Strategy Unit's recommendation that fully costed implications of the Service Reviews which have already been completed should be submitted to the Policy and Resources Department so that a comprehensive cost benefit analysis of the total programme can be completed. Post review, all Committees should prepare implementation plans which are fully costed and these should be submitted to the Policy and Resources Department. The Department should continue to monitor implementation plans, either through progress reports from Committees/Departments or through the business planning framework.

The current Programme of Service Reviews is almost complete as the States required that all departments should be reviewed within three years (i.e. by the end of 1999). If however, Service Reviews were to be repeated in the future the Committee would wish to see the following recommendations implemented.

The objectives of the Service Review Programme

- The objectives of the Service Review Programme should be clarified and confirmed. The Committee is of the opinion that the prime objective of the Programme is to determine "efficiency and effectiveness" of States' Departments in providing the agreed level of service.

Strategic issues

- Service Reviews shall be undertaken within the strategic planning framework. As a priority, the Committee will progress and implement a strategic planning framework for the States of Jersey which would allow for the agreement, prioritisation and clarification of the States' strategic objectives. This would redress the consultant's inability to consider the wider "political" issues as it would lead to the prioritisation of services at a strategic level.
- Linked to this, the Committee has now been charged by the States (under proposition 'b' of the 1999 Resource Plan) to undertake, in conjunction with the Establishment Committee, a review of the relative priority of all services provided by the non-trading Committees and, following consultation with the Committees concerned, to report back to the States on what steps need to be taken in order to ensure that on 30th June 2002 the number of persons employed by non-trading Committees is no greater than the number employed on 30th June 1999. The Committee will be reporting on this issue further in due course.

Procedural improvements

- Steering Group membership should have a majority of independent nominees, presided over by an independent chairperson if possible.
- It should be made clear to consultants that they are employed by the Policy and Resources Committee on behalf of the States of Jersey, not by the departments under review.
- To ascertain that analysis of such reviews is open and unhindered, departmental Audit Committees and the Audit Commission should be invited to participate more fully in the process, at the planning, action and implementation phases to represent the public and ensure that value for money is being obtained.
- Consideration should be given to the undertaking of scoping studies, rather than full Service Reviews in the first instance, to determine the need for and value of further work. On the basis of the scoping study the Policy and Resources Committee could determine whether a full review is required.
- Consultants should have to prove their ability not only to recommend change, but to ensure sufficient local knowledge that their recommendations are appropriate. This should be included in any proposal and verified before acceptance of any tender.
- Terms of reference should clearly state that consultants' recommendations should be costed wherever possible.
- Full communication with staff should take place to ensure that all are aware why a study or review is taking place and their role in it. This should enhance their ability to participate.
- After completion of a review, all drafts or interim reports should be submitted with the final report to the Policy

and Resources Department.

- Before any further reviews take place within a department that has already been reviewed, it should be properly ascertained that approved recommendations for enhancing efficiency and effectiveness have been achieved.
- Better co-ordination and planning, even if this means limiting the scale or perspective of analysis, should be undertaken to ensure that the timescale for reviews/studies from start to finish does not exceed one year. In this way the States will have speedier access to information which should aid any assessment of value for money.

The Programme has a further seven reviews to complete^[1]. Concerning their publication, the President of the Committee has previously stated to the House that, while there is no general rule, the presumption is that it would be inappropriate to publish the full service review reports in advance of an implementation plan being drawn up and full consultation having been carried out with those employees most directly effected by the recommendations. Once this process has been completed, the Committee is of the view that the full report should be made generally available

The Committee is of the opinion that based upon the experience and recommendations included within this report, the remaining reviews will further serve to improve the efficiency and effectiveness of the States' administration and, ultimately, raise the level of service delivery to local residents.

THE STATES OF JERSEY SERVICE REVIEW PROGRAMME

EXECUTIVE REPORT

CORPORATE STRATEGY UNIT POLICY AND RESOURCES DEPARTMENT

This is an executive report of a review undertaken by the Corporate Strategy Unit of the Service Review Programme to date. The Corporate Strategy Unit's full report can be obtained from the department upon request.

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TERMS OF REFERENCE

To undertake an analysis of all completed Service Reviews to determine whether the original purpose of the Service Review programme was met and whether the programme provided the States of Jersey with value for money.

In particular to determine whether -

- The Reviews met their individual terms of reference and whether the terms of reference were in themselves appropriate or deficient in any way.
- The procedures for undertaking the Service Reviews were adequate to the task, and whether they were followed appropriately. This should include an examination of whether the working arrangements with steering groups worked adequately and whether a satisfactorily independent report was furnished to the Policy and Resources Department.
- Improvements were recommended to departments' efficiency and effectiveness.
- A plan to implement the agreed improvements has been put in place by the departments/Committees and to ascertain progress on those action plans.
- There were resource implications to the Reviews' recommendations; in particular whether recommendations were made regarding savings which might be achieved by departments and if so whether those savings have been achieved.
- Core and non-core services were identified.
- The possibility for services to be provided differently or ceased was explored.
- Efficient cross-communication between departments was explored.

REPORT

1. Context, aims and progress of the Service Review Programme

- The Service Review initiative was proposed by the Establishment Committee in 1996 and included within that year's Strategic Review and Action Plan. The context was that departments had been asked to make savings in the light of questions raised as to whether there was "fat" elsewhere in the system. Service Reviews were considered to exercise a level playing field basis to deal with this issue. Departments were also asking for additional staff resources and the Establishment Committee wanted to ascertain whether existing staff were being used effectively before giving approval. Similarly, discussions on regrading and restructuring were deferred until the Service Reviews were completed. The view was held by the Establishment Committee that these exercises would only be carried out to everyone's satisfaction - and the outcomes believed in - if they were carried out by "independent" consultants.
- The initiative was proposed and adopted by the States, and specifically tasked as its main purpose to review the efficiency and effectiveness of States' Departments. Indeed the States at that time rejected a proposition presented on behalf of the Establishment Committee, to set targets for a reduction in the number of public sector employees. The President of the Establishment Committee was asked at that time to give an assurance that in the Service Review exercise the consultants to be employed would not be directed to find staff savings and the Policy and Resources Committee was assigned overall management of the Programme.
- The terms of reference of each Review have echoed these considerations, each being concerned with ensuring that States Departments were operating "efficiently and effectively", matters which are measurable in many ways. The Service Review Programme was thus not intended as a device for finding manpower cuts *per se*, although manpower issues were raised by the review.
- Each departmental Service Review had individual terms of reference, but all had common elements: to determine the department's role and objectives, whether it was necessary to provide its full range of services, and if so, whether these needed to be provided by the States; the overall efficiency and effectiveness of the department and its resources including, if appropriate, contracting out of services; the quality of communications internally and externally and to determine the staffing and other implications of recommendations.

- The Programme was initiated in 1996 and remains on-going. This report thus covers the following thirteen reviews which were completed prior to the research period March-May 1999 -

Office of the Chief Adviser, the Personnel Function, the Finance Function, Driver and Vehicle Standards, Employment and Social Security, Jersey Airport, Jersey Harbours, Education, Public Services, Sport, Leisure and Recreation, Fire, Legal Services and Probation and After-Care.

- The Office of the Chief Adviser and Employment and Social Security Reviews were included in this report despite the fact that they were not, in fact, full Service Reviews. The Review of the Office of the Chief Adviser is described as a “Short Service Review”. It took a different form from other Service Reviews in that it was designed to evaluate future requirements in the light of the decision to set up a Corporate Strategy Unit, and the circumstances surrounding the retirement of the Chief Adviser. The Employment and Social Security Department had a scoping study, not a full Review. This decision was made in the light of the research already undertaken within the department and the desire not to duplicate. A scoping study literally scopes the range of issues relevant to a department and highlights the main ones which a full Review should focus on.
- The following seven Reviews have since been completed, are nearing completion or remain on-going: Immigration, Customs, Health and Social Services, Agriculture and Fisheries, Income Tax, Planning and Environment and the States Police. These have not been included in this report.
- A further five departments have yet to undertake a review, these are: Housing, the Prison, States Greffe, States Printers and Tourism.

2. **Key points from the Review**

- The Programme has confirmed that the standards of the Island’s public administration compare favourably with other jurisdictions and that within their resources, public employees endeavour to provide high quality, reliable services. There were many positive comments made by consultants on departments’ general efficiency.
- To date the Service Review Programme has achieved the objective of reviewing the efficiency and effectiveness of States’ Departments, though the Programme will not be completed within the intended timeframe.
- The Programme has highlighted that in the main the States’ Departments reviewed require additional resources to deliver their services within existing expectations of service provision. The main exception to this was the Public Services Department, which has made considerable savings.
- The individual Service Reviews have in the main addressed the terms of reference, though there were weaknesses in some areas.
- Despite weaknesses in the reporting of costs and savings, the view has been taken that the process has on the whole provided the States with value for money. This is based on the following: the consultants produced detailed and, in the main, achievable recommendations for increasing the efficiency and effectiveness of States’ Departments; the prevention of duplication, reduction in waste and increases in productivity outlined by the consultants will all have a beneficial result on the ability of individual departments to increase their standards and so offer better value for money; chief officers showed a high level of satisfaction that the process was of value; savings have been made in some instances. However this is not an unchallenging endorsement of the Programme, indeed, this report has been critical of certain aspects.

Strategic issues raised by the Programme

- The results indicate that departments face uncertainty with regard to their implementation of States’ strategic objectives. They were seen to be unclear about the relative priority of objectives, or were faced with seemingly contradictory ones. Other problems included uncertainty about how to integrate States’ objectives into departmental plans and not having the resources to carry them out.
- The consultants considered that until the States, as a whole, determined the priority of objectives, whether it be population control, financial performance or value for money, then departments would remain uncertain and unable to deliver them.

Financial implications of the Programme

- It has proven difficult to provide a comprehensive analysis of the financial implications of the Service Review Programme to date because -
 - (a) the consultants' recommendations were not always explicitly costed;
 - (b) not all costs are explicit; and
 - (c) some benefits are intangible.
- However, the following is an analysis of the information which the unit has been able to draw together at present.

TABLE ONE: CONSULTANTS' COSTS FOR SERVICE REVIEWS

| States' Departments | Consultants' costs at completion | Percentage of total cost to date (rounded) |
|--------------------------------|----------------------------------|--|
| Office of the Chief Adviser | £21,000 | 2% |
| Personnel | £93,500 | 9% |
| Treasury/Finance Function | £172,000 | 17% |
| Driver and Vehicle Standards | £32,500 | 3% |
| Public Services | £195,000 | 19% |
| Sport, Leisure and Recreation | £69,500 | 7% |
| Jersey Airport | £110,000 | 11% |
| Jersey Harbours | £72,500 | 7% |
| Education | £102,500 | 10% |
| Employment and Social Security | £51,500 | 5% |
| Fire Service | £22,500 | 2% |
| Legal Services Departments | £46,000 | 5% |
| Probation and After-Care | £30,500 | 3% |
| Totals | £1,019,000 | 100% |

- There are and will be other costs associated with the Programme -
- Departments' further involvement with consultants - following completion of the review in order to assist with implementation. Examples of this are: the Public Services Department commissioned their consultants to assist in drawing up an implementation plan, while the Office of the Chief Adviser used their consultants to draft job descriptions.
- Other costs incurred by departments to implement the reviews - some of these would have been carried by the department internally, but are nonetheless costs (staff time, presentations, stationery etc.). Additional funds were also requested from the Finance and Economics Committee to assist with implementation; for example, the Public Services (£350,000) and Education Departments (£190,000). This funding did not come from the Service Review Programme budget, but is a cost to the States.
- The costs incurred as a result of implementation - most notably if additional resources were granted. A number of departments were sanctioned to receive extra staff which will have cost implications for the States, although financial details have not been made available to the Corporate Strategy Unit in all cases. Staffing issues are considered in greater detail in Section Four and reference should be made to Tables 3-8. These tables demonstrate more fully the complexity of this analysis and that it has not been possible to report a definite outcome figure. In some cases, for example, staffing implications were based on variables which depended on certain other criteria being met. The analysis of the staffing implications shows a net decrease in staff numbers at this point in time of - 8.09 FTE. The net decrease is attributable in the main to savings created by the Public Services Department, who have reduced their complement by 28 (more than the 22 to 25 predicted). It must be stressed that this analysis is a "snapshot" only.
- In the majority of cases, recommendations were not explicitly costed by consultants. This lack of explicit cost analysis, while understandable in many cases, must be viewed as a weakness in the review process. Final cost of the Programme is predicted to be in the region of £1,700,000.
- *Savings anticipated by consultants* totalled between £1.3 and £1.8 million and are outlined in Table Two. However, in the majority of cases the consultants found, in fact, that States' Departments needed more staff if they were to provide an efficient and effective service to the public.
- The savings predicted are also conditional, however, on the recommendations being accepted and actioned. It should be noted, that this did not always prove to be the case. Major examples of disputed recommendations include the centralisation of certain finance and personnel functions.
- Table Two also shows savings *actually made* as a result of the Programme. Significant staff savings have been made by the Public Services Department, to which credit is due. The Public Services Department has made staff savings of £823,000 and non-staff savings of £28,000. These savings should perhaps be balanced against the "one-

off" request for circa £300,000 for implementation made to the Finance and Economics Committee but it should also be borne in mind that further savings in manpower and enhanced productivity/efficiency are expected. Moreover, although accounting practice would "remove" the savings from the departments' budgets, they can be considered "annual" insofar as they represent what would have been annual costs. The data from Departments on other efficiency savings is insufficient to gain a full picture.

- There will of course be less tangible savings from the Review Programme. Of particular relevance will be the degree to which the process creates greater efficiency and the resulting improvements in service delivery. The recommendation within the Legal Services Review to implement and promulgate Service Pledges are an illustration of this. Other potential benefits include savings incurred by prolonged economic life of expensive equipment, simplification of procedures and reduction of duplication, all of which are explained in greater detail within the main body of the report. These and other recommendations for greater efficiency and improved service delivery are not always quantifiable, but should, nevertheless, result in an increase in efficiency for comparable cost. This should in turn translate into improved service delivery, both for the public and for the States. A more general judgement concerning successful implementation will be whether it creates a more satisfied public.
- Another positive financial implication of the Programme was in the generation of income and this was specifically highlighted in the Reviews of the Airport, Harbours, Fire Service and Sport, Leisure and Recreation.
- The application of the "user pays" principle was also put forward as a means to generate income in appropriate cases.

Although it is a restrictive method of evaluating benefit, the question could be put: "has the States received £1,019,000 worth of value from the Programme thus far?" To such a question the Policy and Resources Department would argue "yes". This is not an unchallenging endorsement of the Programme, indeed, this report has been critical of certain aspects. However, it is the opinion of the Policy and Resources Department that the States received value for money insofar as consultants produced detailed and, in the main, achievable recommendations for increasing the efficiency and effectiveness of States' Departments.

3. Main findings

Part One: Roles, objectives, services, duplication and possible outsourcing: organisation and management structure

- The following comments are summarised references to the main findings of consultants across the Programme. They are not, therefore, applicable to all departments.
- Consultants were critical of the lack of separation of core and secondary roles within departments and considered that unclear or contradictory objectives were responsible. Those departments with responsibility for regulatory roles were recommended to separate them from commercial or other activities and that financially, departments be re-structured into properly accountable business units. At a senior management level, consultants argued for immediate separation of policy and strategy development from that of business management.
- In association with departmental co-ordination, consultants also stressed the need for enhanced political accountability/oversight. They specifically pointed to a need for a “Policy and Resources Committee with superior power to other Committees in respect of strategic policy and resource decisions” which would “reduce the incidence of *ad hoc* changes to service provision as a consequence of pressure from individual politicians working outside of the political and financial framework of their organisation”.
- Duplication was sometimes seen as a problem, particularly in street and building cleaning and grounds maintenance and design, a problem consultants stated could be solved by amalgamating departments and/or transferring services between them.
- With regard to outsourcing, consultants were critical of the lack of a formal States’ policy and comprehensive employment legislation which, when added to what they saw as the unclear political relationship regarding income/expenditure and capital investment, led them to defer judgement concerning its relevance for all departments. Consultants noted that the process of contracting out is itself costly and outsourced activities continue to require management.
- Both the emergency services and the judicial services were viewed as special cases. On the one hand their responsibilities were defined by Statute, which restricted opportunities for re-structuring, while on the other their need for greater resources conflicts with States’ objectives, in particular the manpower policy. The relative lack of accountability of the legal departments to the States was seen to exacerbate this problem.
- There was a practice within States’ Departments of implementing *ad hoc* or informal negotiation which, consultants argued, led to confusion. New developments, such as devolution of authority from the Education Department to schools, should be formalised and the decision publicised to ensure understanding and compliance.
- The effect which the States’ manpower policy is having on States’ Departments is not insubstantial. Also the States was recommended to implement better industrial relations and associated employee protection legislation as soon as possible. By so doing, all staff might better recognise that they are part of a team and a part of the States; that their contribution matters and, insofar as it relates to good practice, best value and enhanced service quality, their participation is a pre-requisite of departmental, States and Island-wide success.

Part Two: Processes, technology and expertise: movement in enhancing efficiency and effectiveness, advice and communications

- Perhaps the most important recommendation has been that the States take charge of the prioritisation of the Island’s objectives. The desire of the States to integrate business-style management^[2] within the administration should, according to consultants, be built upon under the guidance of the three “strategic” departments and their Committees. This would then allow prioritisation to take place, allowing clearer resource allocation and so aid strategic planning. For this system to work presupposes an effective system of performance management utilising only a small number of Key Performance Indicators which should be appropriate and “SMART” - specific, measurable, accurate, relevant and timebound. These will vary according to department.
- While it is recognised that some departments have made substantial progress, consultants reiterated that all departments should develop performance targets for their core business areas to cover response/turnaround times, quality and accuracy, resource management, service availability or accessibility and user satisfaction to be expressed where possible as service pledges. To further this process, targets should be included in forthcoming business plans which can then be monitored and appraised. The implementation of the “user pays” principle was also considered as

being beneficial because it should promote greater accountability for the overall cost of public services as well as providing more commercial discipline.

- Assessment of benchmark data determined that States' Departments needed to consider changing the terms and conditions of the workforce to become competitive by a change from shift pay to higher composite rates^[3], bonuses to enhance productivity, annualised hours, no allowances for different working conditions and cashless pay^[4]. A small number of departments deserve specific mention. Benchmarking of the Education Department determined that if it were a United Kingdom local education authority, it would rank fourth overall - a tremendous achievement. Consultants considered that both Jersey Harbours and Jersey Airport would need greater freedom than present to achieve financial self-sufficiency and that this might involve difficulties for other departments^[5].
- As profit is not the motivation of the public service, it will sometimes be necessary for departments to engage in "free work". This is not inappropriate and has been termed "the cost of democracy". It is also noteworthy that consultants stressed that a primary reason for inefficiency in some departments was lack of staff, and the inability to "hire and retain". Consultants recommended that a clear decision be made on a States-wide basis whether control of public sector growth is an end in itself, or whether a more flexible approach is necessary. Finally, it remains to remind the reader that these are recommendations. Not all of them will have been accepted by the individual departments or Committees and some will prove inappropriate with time.

4. Implications for staffing

- As was mentioned in the Introduction, the Service Review Programme was not constructed to determine the size of the public sector, but rather to determine efficiency and effectiveness. That having been said, it is clear that the implications for staffing arising from the Programme are considerable and warrant closer inspection.
- It should be noted, that many of the Programme's implications are speculative and it is therefore impossible to report a definite final figure at this time. That having been said, at the time of going to press, the net change in staff as a result of the Programme is minus 8.09 FTE. This is not, however, a simple illustration that the States has been over-staffed.
- Furthermore, a number of departments have not been able to report exact staffing implications as the results of their implementation programmes remain subject to a number of criteria. The above reported figure should not, therefore, be viewed as anything more than a "snapshot" of the present state of events. The figure can be expected to change and a final outcome thus cannot be predicted. A number of departments, for example the Law Officers, have indicated that they will receive a staff increase in the near future, but there will also be other departments experiencing staff reductions. A departmental staff analysis is included in Tables Three to Eight.
- It is not without significance that only one department, Public Services, has proven to be capable of significant staff savings. The consultants did see scope for savings across the Personnel and Finance Functions. In the case of the Personnel Function, however, the recommendations were dependent upon no incorporations or commissions being established. Furthermore, however, the recommendations were strongly queried by chief officers and thus far, the findings were found to be unacceptable to the Committee, although they remain under review. Only two other departments, Driver and Vehicle Standards and Sport, Leisure and Recreation were considered capable of sacrificing one or two posts. Only one department, Jersey Harbours, was considered to have enough staff. In every other review, consultants considered that States' Departments needed to have more staff if they were to provide an efficient and effective service to the public. The effects of implementation reflect this. Public Services has almost solely carried the cuts in manpower, with Driver and Vehicle Standards reducing by one (and 0.75 of a supernumerary). Four departments have remained static, with all seven departments recommended for increases gaining (some) extra staff.
- One of the more interesting policy outcomes concerns that of the Personnel Function, as it illustrated the move from centralisation towards devolution. This was shown to be applicable within the Education framework specifically, but also more widely across most if not all States' Departments. That this was considered to be of greater importance than the speculated saving of departmental personnel staff demonstrated that establishment is not always the primary issue facing the public administration of the Island, but that enhanced efficiency and effectiveness is. This is an important point, for although the Service Review Programme was designed to promote these two criteria and, where possible reduce complement, many people have interpreted the process as being primarily concerned with reducing the number of civil servants in public employ. This was not the rationale behind the programme and the decision not to follow through with the centralisation of the Personnel Function was an

example of this trend.

- Several of the consultants considered that until the ranking of importance of States' objectives was fully decided, recognised and implemented, it would not be possible for departments to properly plan for efficiency gains.
- A keyword that consultants have used is "flexibility". Flexibility is meant to express a pragmatism over employment policy and industrial relations that has been seen to be lacking thus far. This is not a call for staffing issues to take a superior role over population policy, rather it was a call for the States to realise that in certain areas, staffing should be increased for specific needs and then reduced once that need has been satisfied. A good example of this was the decision to implement flexibility within the Education Department, where the education of children was seen as a high priority.
- The issue of flexibility, however, is not an unconditional one. The consultants were quite clear that individual departments had to make every effort to increase their efficiency and effectiveness prior to flexibility being offered. This has to apply both to management and staff. Management must be prepared to consider staff interests in greater detail than perhaps may have taken place in the past. The workforce must be prepared to adopt different working hours, conditions and pay rates. If both management and staff are prepared to effect this change then, consultants argue, departments will offer better value to the taxpayer and security to the workforce.
- The usefulness of flexibility is that it offers the States and its employees an opportunity to plan more effectively for the future. Succession planning, the demands of new domestic legislation or the need to maintain certain overseas standards (such as United Kingdom guidelines for fire cover) will mitigate against an inflexible population policy. The issue, however is a complex one and will continue to pose a challenge for the States.

5. Conclusions

- These conclusions will be in three parts. The first will deal with the actual terms of reference of this report, noted on page three. The second will examine the views of Chief Officers regarding the Service Review Programme, whilst the third will make a short number of specific recommendations.

Part One: Application of the report's terms of reference

- The main objective of this analysis was to -

determine whether the original purpose of the Service Review programme was met and whether the programme provided the States of Jersey with value for money.

- While a point-by-point breakdown of each individual criterion will follow, this report concludes that the Programme, when considered objectively and in its entirety, has met its original purpose: to determine and make recommendations for enhancing the efficiency and effectiveness of States' Departments. Despite weaknesses in the reporting of costs and savings, the view has been taken that the process has on the whole provided the States with value for money. Although reviews did differ with regard to some aspects of their terms of reference, they did produce detailed and, in the main, achievable recommendations for increasing efficiency and effectiveness; for prevention of duplication, reduction in waste and increases in productivity, which will all have a beneficial result on the ability of individual departments to increase their standards and so offer better value.
- This opinion has been realised after consultation with Chief Officers, who reported a high level of satisfaction that the process was of value, and because implementation, although in its early stages, has resulted in savings. However this is not an unchallenging endorsement of the Programme and this report has been critical of certain aspects. The final picture, therefore, is still not clear and will remain so for one or two years until full implementation of recommendations has been achieved. Only then will a full and clear picture of the cost/benefit ratio emerge.
- In fact, however, if it were possible to sum up the entire findings of the Programme in one sentence, however, it would be this -

The Service Review Programme has confirmed that the standards of the Island's public administration compare favourably with other jurisdictions and that public employees endeavour to provide high quality, reliable services.

- That having been said, there are a number of procedural issues that have not been totally satisfactory. The first specific area of analysis of this report was to determine whether -

The Reviews met their individual terms of reference and whether the terms of reference were in themselves appropriate or deficient in any way.

- There have been areas where issues within the individual terms of reference might have been examined in greater detail. An example of this was the reference that asked consultants to consider whether services, if necessary, needed to be offered by the States. A number of consultants considered that until a States-wide policy on outsourcing came into effect, they could not make a substantive judgement on that issue. This notwithstanding, we are satisfied that consultants have endeavoured to fulfil their terms of reference and, insofar as this has been possible, they have done so.
- The very individuality of the reviews has been a problem. Certain issues have dominated some reviews and, while they have provided significant benefit to the departments concerned, they have reduced the value of the review to the States as a whole. This should not be seen as a procedural failure, rather that there was insufficient 'corporate glue' that would have bound them together better. Several departments had scoping studies followed up by Service Reviews, which was seen to be of value to identify key areas for a main review to focus on.
- The next area concerned examination of procedures, specifically -

this should include an examination of whether the working arrangements with steering groups worked adequately and whether a satisfactorily independent report was furnished to the Policy and Resources Department.

A number of specific criticisms are made below, leading to the conclusion that the spread of function across the Office of the Chief Adviser, together with the change in personnel and resourcing issues, are probable causes of what was seen to be insufficient co-ordination and monitoring of the Programme.

- Steering Groups represented the interests of the Policy and Resources Committee and were a guarantee that individual departments would not be able to inappropriately influence the outcome of the studies/reviews. Steering Group membership included departmental, corporate and independent representatives, but the greatest number represented the department under review^[6] which was an unhelpful balance, allowing the possibility of influence to be raised. Nevertheless, none of the corporate representatives expressed doubts concerning the outcome of the review process when surveyed.
- While the Programme was under the supervision of the Policy and Resources Committee, the general terms of reference stated that consultants should provide reports to both Policy and Resources and the administrating Committee. This might have led some of the consultants to believe that they were being employed by the individual department or Committee, rather than by the Policy and Resources Committee on behalf of the States. It is important to realise, however, that whilst we have noted terminology changing between drafts/interim and final reports, we have seen no evidence to suggest that actual findings were influenced.
- Although specified in the general terms of reference that all interim reports be provided to the Policy and Resources Committee, in fact this was also not followed through. In fact, only five terms of reference (Driver and Vehicle Standards, Employment and Social Security, Harbours, Probation and the Fire Service) mentioned the Policy and Resources Committee at all. The terms of reference of the Sport, Leisure and Recreation Review were typical:

The consultants will report to (the) Chief Executive Officer, on a day-to-day basis, who will be able to contribute as required to the review. The review will provide monthly written interim reports and/or presentations to the Sport, Leisure and Recreation Committee and will complete its work with a full written report supported by an oral presentation to the Sport, Leisure and Recreation Committee.

- This example is indicative of the general problem of co-ordination and probably explains why departments might be considered to have had an assertive role in the process. This is not to imply that they did in fact do so (no evidence exists to support this), but it does illustrate how such an inference may have arisen.
- The final consideration of the review process relates to implementation of the results. Specifically, the Policy and Resources Committee was charged with oversight responsibilities to ensure that Committees responded “appropriately”. There is no real means of evaluating this factor emphatically at this time. There remain a number of reviews to complete and several which have yet to begin. A number of implementation plans are subject to conditions, many are dependent upon variables pertaining to other departments or are otherwise out of their control. The only certainty so far is that there have been no cases of departments or Committees failing to inform the Policy and Resources Committee of their state of implementation to date. That a number of departments have not yet begun their reviews is disappointing despite the reasons given (e.g. awaiting the development of strategic plans). The Programme was timetabled to last for three years and will not be completed to schedule.
- The next part of this report’s terms of reference required Policy and Resources to determine that -
improvements were recommended to departments’ efficiency and effectiveness.
- This requirement was probably one of the most important and was addressed by all of the consultants. Without repeating the details of this report, a number of issues stand out.
 - (a) The States needs a cross-departmental performance management system, albeit this was an area that the consultants stated would be best decided by the actual users. They did recommend the need to choose realistic Key Performance Indicators^[7] and to benchmark data with other appropriate organisations. When these issues have been properly addressed, it should then be possible to accurately gauge the “value for money” each department provides.
 - (b) Achieving “value for money” can also be interpreted as receiving proper payment for services rendered. In this case the consultants recommended the implementation of service level agreements to properly define the level, quality, frequency and cost of services expected and delivered. This would be in line with the principle of “user pays”.
 - (c) The consultants therefore recommended that all departments should develop performance targets for their

core business areas to cover response/turnaround times, quality and accuracy, resource management, service availability or accessibility and user satisfaction. Furthermore, they recommended that these be expressed where possible as service pledges which should then be actively publicised to staff and users. To further this process, targets should be included in forthcoming business plans which can then be monitored and appraised.

- (d) Many consultants considered that departments had to be clear in their role and to separate their different processes into core and non-core areas. This it was argued, would then allow prioritisation to take place, allowing clearer resource allocation needs to be identified and so aid strategic planning. It is important to note that while consultants did differentiate core and non-core roles, it is for the departments themselves and their Committees to actually confirm and implement.
- (e) Departments will remain unable to maximise their potential unless clear guidelines are given stating the strategic priority of objectives.
- (f) Greater flexibility is needed in both management and working practices.

- Also key to the report's terms of reference was to determine that -

A plan to implement the agreed improvements has been put in place by the departments/Committees and to ascertain progress on those action plans.

- The only certainty is that there have been no cases of departments or Committees failing to inform the Policy and Resources Committee of their state of implementation to date^[8] although there were weaknesses in the analysis of resource implications. It is important to recognise changes to implement recommendations will take time. The degree of implementation varies according to the complexity of the proposed change.

- The next criterion to establish was whether -

there were resource implications to the Reviews' recommendations; in particular whether recommendations were made regarding savings which might be achieved by departments and if so whether those savings have been achieved.

- Savings were identified by consultants and emerged either from efficiency gains, proposed capital or equipment savings or else from staff reductions. The potential for staff savings having already been discussed above, as regards other savings, it is very difficult to give a States-wide analysis of efficiency savings at this time. A number of departments have produced very detailed implementation proposals designed to reduce duplication and increase efficiency. However, in some instances there is difficulty in implementing the recommendations. For example, consultants considered that the introduction of annualised hours in conjunction with more flexible employment practises would lead to efficiency savings, but it is not a simple matter to implement such measures as States' employees cannot simply have their terms and conditions altered without negotiation and consideration of their views.
- Some potential savings cannot be immediately realised. Other proposals for savings involve increasing the numbers of staff in departments in order to reduce the hidden costs of re-training temporary staff or employing more expensive out of house staff. While it may serve the interests of the Island's population policy to place restrictions on the numbers granted employment, consultants have argued that in some cases the effect of this is in reality an increase, not a decrease in costs.
- On the information available, consultants recommended total savings of circa £1.5 - £2 million, subject to their recommendations being accepted. In fact, not all were. Actual reported savings are £823,000, although this is a "snapshot" only with other costs and further savings being anticipated.

- This report was also charged with consideration of whether -
 - core and non-core services were identified.**
- There were no cases where consultants did not analyse this question but although consultants were charged with considering this question and for making a determination, they were not in the position to actually bring their solution into effect. For that reason, many consultants included in their recommendations that departments should finally determine core and non-core areas.
- This leads on naturally to the next criterion, that -
 - the possibility for services to be provided differently or ceased was explored.**
- A great deal of work was done on these two issues and consultants made a number of interesting conclusions and recommendations. These are summarised below -
 - (a) Consultants considered that in the case of States-wide functions such as personnel and finance, examination of outsourcing should be deferred until the States had an agreed policy. In areas where there were no cross-departmental implications, consultants were able to make recommendations for outsourcing.
 - (b) There was need for a common set of working conditions in order to remove the friction between blue and white collar staff.
 - (c) Good management practice would indicate that involving, consulting and reporting back decisions to the workforce allows for clearer understanding of the organisation and everyone's part within it.
 - (d) If incorporation takes place, the States should accept that profit (financial self-sufficiency) will be the primary strategic objective of the new incorporated bodies.
 - (e) The absence of effective employment legislation will hinder any outsourcing policy.
 - (f) There were a number of services that consultant's considered suitable for outsourcing and for which the private sector offered competitive rates. They recommended that these be explored, but that the policy be consistent across the States.
 - (g) The majority of consultants considered that there should be immediate separation of the political roles relating to policy and strategy development, from the business management role of cost effective service delivery.
 - (h) A clear need was identified for a business focused management structure with the aim of improving accountability, clarifying responsibilities for policy and strategy development and to focus operational management decisions at or near to the point of delivery.
 - (i) Although the boundaries of the Service Review Programme did not include services provided by the Parishes, consultants did note some duplication of services, for example street cleaning and parking fines, and areas where the Parishes could offer positive examples, for example in the area of fraud investigation. They therefore recommended that overlap of services should be scrutinised.
- The final area specified within this report's terms of reference was to determine that -
 - efficient cross-communication between departments was explored.**
- While the majority of departmental reviews included this criterion within their own terms of reference, four departments did not. The crux of the matter rests on whether to place emphasis on the mere fact of "exploration" which is necessarily quite vague, or upon determining whether such exploration was "efficient". In the light of this difficulty we can state the following. All consultants did include within their reports consideration of interaction between the review department and other departments. The extent to which this took place did, however, vary. Whilst there were apparent weaknesses in some cases, on the whole cross-departmental communication appeared to be examined to the degree considered necessary for the framework of the individual terms of reference.

- As part of this analysis, thirteen Chief Officers whose departments have been involved in the Programme either prior to or after the research period for this report were sent a questionnaire. The questionnaire asked them to rate the value of their departmental review.
- The replies (rounded) were as follows -
 - 7 (54 per cent) Of significant value to your Department
 - 5 (38 per cent) Of some value to your Department
 - 0 (0 per cent) Of questionable value to your Department
 - 1 (8 per cent) Of very little value to your Department
 - 0 (0 per cent) Of no value to your Department.

13 (100 per cent)

With 54 per cent believing their review represented significant value and 38 per cent believing that their review was of some value, we can be confident that the Programme has been perceived to be beneficial by the departments themselves. Chief Officers were also offered the opportunity to comment more specifically on their own department's Service Review, on the Service Review Programme generally, and over what improvements, recommendations or other issues they would want to have considered before being re-Reviewed^[9].

(a) *Chief Officers' comments on their own departmental review -*

- A number of officers were disappointed that a detailed analysis of each of their departments could not be undertaken by the Review team.
 - One of the main findings of a Review could not be implemented because of a lack of agreement within the relevant Committee.
 - The selection of a consultant with intimate specialist knowledge made for a very positive review and more realistic recommendations.
 - It provided a useful benchmark with the other services and assisted in the continuation of benchmarking. It recognised that the service was under-resourced and the degree of that. Reassured staff that they were not only doing things well, but doing the right things.
 - The main criticisms of the Review raised by staff would be the inevitably superficial nature of some of the analysis and concerns that the external consultants did not gain an adequate understanding of departmental business. In addition, apart from the benchmarking data, the consultants relied to a great extent on the information provided to them by staff and, consequently, did not tell the department much it did not already know.
 - Some staff had unduly raised expectations that the review might lead to changes that were to their advantage; whilst others were anxious they might be criticised or highly sceptical that anything could be achieved. It was noted at an early stage that communication with staff, full consultation, feedback and further feedback were essential to avoid doing harm to staff relations and morale. The process was not easy and the department would not look forward to repeating in the near future.
 - Some Chief Officers were surprised by the lack of consultants' after sales care.
 - The interaction with consultants and Steering Groups proved invaluable in highlighting to some senior staff members where the business was failing in traditional 'protected' areas and why this must change.
 - Some of the numerical data included (and on which recommendations were based) was dubious. Not much "added-value" - plus consultants could have provided more information about current practice in other jurisdictions.
 - Departments involved early on suffered a little by being pioneers in the process. Consultants appeared to need a steep learning curve and suffered by not having experienced Jersey's type and structure of government before.
- Of these representative comments, it is noteworthy that most focused on what was perceived to be the main advantage of inviting external analysis, that is, allowing unbiased and independent review of each business area. It is important to recollect that the questionnaire was constructed so that the questions were neutral in context. Chief Officers were not led to believe that their answers should be either positive or negative in content. That so many have been critical, and this pattern continues with regard to the next two questions, may seem to be in conflict with the overall impression of contentment given by respondents earlier. However it can reasonably be explained as a qualification, rather than a rebuttal of the process. Such feedback is to be welcomed.
 - Another interesting finding was that Chief Officers did not universally find consultants' work either of sufficient breadth or depth. This finding ties in with Chief Officers' opinion given below, that scoping studies might therefore offer better value than a service review. Two further points deserve comment before turning to discussion of the overall Programme. The first concerns the inability of a Committee to provide clear leadership with regard to implementation. Put simply, a review cannot succeed if there is not clear political willingness to direct change. The second point highlights the difficulty faced by staff participating in these reviews. There is a stress factor associated with the process that has not, perhaps, been adequately taken account of. The Service Review Programme was designed to identify areas for change and staff, like most people, have legitimate fears about the unknown. This problem overlaps with consultants' views that communication should take place before and during implementation. Experience might indicate that communication and feedback should be effective from the outset.

(b) *Chief Officers' comments on the Service Review Programme generally -*

- Having done the exercise once, the department must take ownership of the service review and implement it.
 - It is difficult to comment on the impact of the programme across other States' Departments because -
 - (i) the outcomes appear to be variable and received differing levels of acceptance by the departments concerned;
 - (ii) some departments seem to have been less "open" about the findings and recommendations;
 - (iii) some external consultants may require a long lead-in time to understand the business, the States' administration and the Jersey "environment".
 - Whether the reviews provided value for money is debatable, but it is possible that the States might have got to the same end result by cheaper means.
 - By concentrating on individual departments they lost an opportunity to examine whether the broader structure is efficient and effective.
 - Centre should be prepared to act on recommendations for the establishment of additional staff.
 - The worth of the exercise seems questionable. The Policy and Resources review should resolve this issue.
 - Views were expressed that service reviews of independent departments will not contribute in themselves to any overall reduction in States' manpower. They are useful in advising departments on improvements in efficiency by recommending changes to outdated or duplicated processes. However, until an overarching review of the States' services is undertaken, few meaningful reductions will be achieved.
 - A corporate post service review audit on the performance of consultants would help build a picture of the type and quality of services available.
 - The co-ordination between reviews has been missing. Due to the nature of the Steering Groups reviews/recommendations run the risk of being diluted before publication. Terms of reference not co-ordinated, therefore it will be difficult to knit the results together.
 - Fundamental key issues such as manpower savings and low priority services were not adequately addressed.
 - General lack of co-ordination. Lack of guidance to departments about what they should be doing - particularly on implementation. Consultants have made a lot of money out of it - value for money of this expenditure needs to be established before undertaking reviews of this nature again.
- Comments in this section have three broad themes. The first concerns process, the second issues and the third implementation. To turn first to process, criticism was mostly directed at the co-ordination of the Programme. Officers were not convinced that the individual departmental reviews sufficiently knitted together to provide benefit to the entire organisation as well as to each department. Terms of reference, therefore, although agreed by Policy and Resources Committee seem to have allowed too much individual scope and not enough focus on States' issues such as duplication, manpower, boundaries and core and non-core services. A further consideration was the actual knowledge of the consultants themselves. While well versed in their individual specialisms, several Chief Officers considered that knowledge of the individual nature of our governmental structure was lacking.
 - Concerning issues, a number of Chief Officers considered that not enough analysis was given to manpower savings and the separation of services into core and non-core areas. However, the Service Review Programme was not primarily designed to reduce manpower, but to promote efficiency and effectiveness. As has already been shown, this can in fact mean that complement is recommended to be increased. The fact that some Chief Executives concluded that the aim of the Programme was to produce manpower savings highlights the lack of clarity about the Programme's aims and objectives.

- The final area of concern is implementation. Simply stated, Chief Officers were concerned that they receive the necessary resources to implement change and that this issue is tackled centrally.
- (c) *Chief Officers' comments over what improvements, recommendations or other issues they would want to have considered before being re-Reviewed -*
 - If the process were to be repeated then (department) would wish to put forward a report...to review progress...before a detailed analysis is prepared.
 - A "Framework for Reviews", which is common to all departments should be developed. At the core of this process should be a system of self-evaluation, informed by appropriate criteria, which is validated by a small "external" team.
 - It would be better to undertake a scoping study across all departments rather than individual service reviews. A scoping study may have identified target areas for scrutiny.
 - A more focused series of mini-reviews would be considered more helpful in future and might have more credibility amongst staff.
 - It is believed that some form of follow-up and continuing performance evaluation will be essential if full value is to be obtained from the reviews. Whilst the reviews generally included this within their terms of reference, it was felt that a formal process should be driven corporately to ensure it happens across all States' Departments.
 - A repeat every five years or so would be frequent enough. The overall cost benefit needs to be assessed before embarking on another round.
 - Consultants should be required to maintain contact with subject departments post review (if only on an informal basis).
 - More service reviews should not be required. If the implementation programme is successful part of its outcome will be performance information which will demonstrate value for money on an on-going basis.
 - It is important that before further reviews are undertaken an overall review of States' services should be undertaken to determine 'core business' and service areas.
 - Next cycles should include more horizontal analysis to identify duplication, conflicting services and economies of scale.
 - Clear common objectives agreed by the States should set out as the basis for the terms of reference for each review as opposed to departments agreeing their own terms of reference independently.
 - Were it to be repeated the States needs to be much clearer at the outset about what it is trying to achieve. This might include consideration of the United Kingdom "Best Value" approach. Challenge - why are we doing things? Compare - with others; Consult - are there alternatives for service provision by others?
- It does appear that many Chief Officers were not convinced that the terms of reference of other reviews were in all cases sufficiently robust or explicit to guarantee their being answered. It was also stated that until the States had decided as an organisation what its core and non-core services were, departments could not realistically be expected to give a lead in that area. The context of post-review appraisal is an important consideration and a number of Chief Officers considered that a fully States-wide performance evaluation process should be in place to determine the Programme's value for money and to assess any need for future repetition of the exercise. Overall it would seem that better planning and preparation needs to take place to ensure that everyone knows exactly what the process is trying to achieve and why.

Part Three - Consultants' recommendations drawn from the Service Review Programme

- This review process has identified the key need for clear direction from the States concerning the priority of

its strategic objectives. Committees must in turn give appropriate guidance to their departments in line with the States' priorities.

- The States should give clear guidance on what the manpower policy and other measures are designed to achieve, be it a saving in cost, a reduction of headcount or other motivation as at present departments are unclear on/are faced with conflicting strategic priorities.
 - All departments should develop their performance management and include information on this in strategic and business plans for use by the public, staff and the States.
 - Departments should properly cost their services wherever appropriate. Where possible this should include the introduction of service level agreements to ensure quality and again where appropriate, application of the "user pays" principle.
 - Departments should include clear definitions of "value for money" relevant to their service/business in their strategic/business plans so that the States has a clearer indication of the standard of their work.
 - Incorporation, if implemented, will necessitate that financial self-sufficiency rather than any other criterion, will be the primary objective for the new incorporated bodies.
 - Outsourcing needs to be supported by extensive and appropriate employer/employee legislation.
 - Co-ordination of service provision should include the Parishes where this is relevant.
 - Implementation plans should be managed through departmental business and strategic plans.
- To end, while there has been criticism of the co-ordination and quality of some aspects of the Programme, overall it has been found to have been of benefit to the States thus far. The final picture is unclear, however, and will remain so until full implementation has been achieved. Only then will a full account of the costs and benefits emerge.

[1] These are: Income Tax, Planning and Environment, Housing, the Prison, States Greffe, States Printers and Tourism.

[2] Where appropriate this should involve a "business/service performance framework" comprising trading accounts, service specifications, overhead allocation, work measurement, policy budgets, performance-based business plans and management information systems.

[3] That is, the standard payscales should be revised to provide savings in accounting, whilst staff income would remain similar to previous levels.

[4] Cashless pay is payment by cheque or draft, normally on a monthly basis. As with the above, this results in no difference to the income of the workforce, but significant savings for the States.

[5] For example, the need to increase the amount paid per passenger to the Airport was set against a small projected loss for Tourism.

[6] Out of 13 reviews, nine Steering Groups had the majority of their membership from the department concerned, two had a majority of independents (Personnel and Employment and Social Security) with two being evenly split (the Office of the Chief Adviser and that of the Fire Service).

[7] Key Performance Indicators are the units of measurement necessary to apply any Performance Management System and will naturally vary from department to department. Their universality applies to their being "SMART" - specific, measurable, accurate, relevant and time bound.

[8] While most departments submitted implementation plans, both the Law Draftsman and Employment and Social Security noted that their recommendations were limited and already outlined in their departmental strategic and/or business plans which are already held by Policy and Resources.

[9] Comments quoted from the questionnaire are representative of the total expressed.