



Corporate Services Scrutiny Panel

Quarterly Meeting with the Chief Minister

MONDAY, 11th MAY 2015

Panel:

Deputy J.A.N. Le Fondré of St. Lawrence (Chairman)

Deputy S.M. Brée of St. Clement

Connétable C.H. Taylor of St. John

Deputy K.C. Lewis of St. Saviour

Witnesses:

Senator I.J. Gorst (The Chief Minister)

Senator P.F. Routier (The Assistant Chief Minister)

Chief Officer, External Relations

Chief Executive Officer, Planning and Environment

Director, Corporate Policy

[10:04]

Deputy J.A.N. Le Fondré (Chairman):

Good morning, welcome to the quarterly hearing with the Chief Minister. The people in the public chairs ought to be aware of the notices that are around about conduct during the course of the hearing. For the gentlemen in front of us, you are aware of the notice that respectively on your left and your right and obviously drawing your attention to that. Just before we go around, can I also say that I have had a request just to make sure we do all speak up for the purposes of the people listening. All right, just for the purposes of the mic, I am Deputy John Le Fondré, Chairman of the Panel.

Deputy J.A.N. Le Fondré:

Right, without further ado, Simon.

Deputy S.M. Brée:

Just a couple of sort of general questions, if I may, Chief Minister. Do you fully support and encourage the role and process of scrutiny at all levels and in all areas of government?

The Chief Minister:

Of course the answer is yes. Does that mean I will always agree with what their findings will be? That will depend.

Deputy S.M. Brée:

But you fully support the role and process?

The Chief Minister:

I do and I think some of the things that you are considering ... I think your role in helping us deliver the reform programme and the savings programme is going to be fundamental.

Deputy S.M. Brée:

Do you, therefore, agree that in order to support the role and process of scrutiny there should be a direct engagement between Ministers and scrutiny panels prior to the lodging of any proposition so as to ensure that the relationship between the Council of Ministers and the relevant scrutiny panel is one positive and constructive co-operation?

The Chief Minister:

In an ideal world, but it is not always possible and, sadly, sometimes it is fair to say that time for scrutiny to sufficiently consider things is not always given and sometimes the timing of decisions, I know certainly in my department when I get M.D.s (Ministerial Decisions) other issues have to be considered as well so it does not always happen in a perfect symmetry as you have just described but that is certainly the ideal.

Deputy S.M. Brée:

Then if I may ask a question about the transfer of functions proposition, P.46 as re-issued as well, on 9th March you, Sir, undertook to inform us prior to lodging of any propositions to do with transfer of functions that you would communicate such details to us prior to the lodging. The first we as a panel discovered that this had been lodged was when we found it in our pigeon hole. That does not really seem to support the view of positive and constructive co-operation. May I ask

why you did not provide us with details of what you were due to lodge as you have undertaken to previously?

The Chief Minister:

Well, the first thing to say is we have obviously had a lot of discussions about that. We have held off the lodging for a number of months. We slightly changed the approach that we were taking. You indicated you wished to undertake a review and unfortunately, for which I apologise, the timing of the signing of the letter and the timing of the lodging of the regulations did not meet the ideal. So I apologise for that.

Deputy J.A.N. Le Fondré:

Can I also note, obviously, yes we expressed the wish to review the legislation, which our first letter was back on 24th November last year. As you are aware, we were ready to go and had the relevant adviser in early January, at which point we then found out that the plans were changing. We have held off from doing the review and we have been requesting information as to what the nature of the changes might be, even if we could have a range of those options, so that we can start the review. So, anyway, apology is accepted but we did want to make a note that what we want to avoid is a kind of perfect storm of about 5 reviews all happening at once and that does require a bit of forward planning. If there is a way around of obviously dealing in certain areas in advance of them being lodged, I think that would be the better way forward. Anyway, also move ...

The Chief Minister:

If I might just respond to that. Of course I apologise that the timing was symmetry was not perfect. We have tried to take into consideration annual workload, not lodging it, finding a way whether you could review it without it being lodged, et cetera. It has not quite worked out as we all might have wished but I still expect that you are going to lodge it and the debate, therefore, will have to take place in alignment with your review. So hopefully we will still get to a positive position.

Deputy J.A.N. Le Fondré:

We are going to try to work to it but obviously ...

The Chief Minister:

But you have got other very important reviews as well, so ...

Deputy J.A.N. Le Fondré:

Exactly. Now, also on the subject - and then we can get away from administration effectively, on a different matter, and also really just to take the opportunity just to put it on record, you are aware of our earlier discussions on the J.I.F.C. (Jersey International Finance Centre) S.o.J.D.C. (States of

Jersey Development Company) review and the fact that we brought to your notice, probably a couple of weeks ago, as Chief Minister, that we were still waiting for information from S.o.J.D.C. in relation to a letter from the BNP. Subsequently the Minister for Treasury gave an undertaking in the States that it would be given to us. What we received very shortly thereafter that undertaking was a less redacted version of the information. We very rapidly signed the confidentiality undertakings that we were required to agree to and a week later we still have not had the unredacted version in terms of what we have been given from, we assume, the underlying entity is a partially redacted version. We obviously stopped the process which, as you are aware, could have resulted in us going down the summoning route. Our adviser is on the Island tomorrow evening and starts interviews on Wednesday, we have got a letter ready which we will be approving later today, hopefully, or amending to go to the Minister for Treasury again. I do not place any fault on the Minister for Treasury, I hasten to add, but we are now quite some time down the road from that information being requested. Could you therefore, when you leave the meeting, pass on our concerns that we would like the unredacted version emailed to us P.D.Q. (pretty damn quick).

The Chief Minister:

The first thing to say is obviously I am pleased that when I spoke to the department last time something happened. I am disappointed that it was not quite what you expected and I will ensure that what you are expecting does happen.

Deputy J.A.N. Le Fondré:

Because obviously that is quite a critical piece of information from the point of view of holding up the review as to where we are.

The Chief Minister:

Yes.

Deputy J.A.N. Le Fondré:

Thank you. Right, briefly to return to the ... that is the administration side of things out of the way to an extent, to return briefly to transfer of functions, and I do emphasise briefly, is there any documentation that you can now forward to us in terms of business plan, perhaps reports to the Council of Ministers justifying the structure that you are proposing. I do not necessarily want to run through the transfer of functions document at this stage but is there any greater documentation than what existed back in January, which was negligible?

The Chief Minister:

No, these, as I said at that time they were political decisions, the departments have obviously been doing further work on them so I can double check if there is further detail at this point. The letter I signed on Friday but certainly I think you have made that point that it should have been prior to the lodging and will now be after, hopefully gives a little more detail but we will certainly check that for you. But it is political decision to try and deliver efficiency and ...

Deputy J.A.N. Le Fondré:

At a higher level, is there any number you can place on the savings that are likely to come out of the restructuring, proposed restructuring?

The Chief Minister:

Not at this point but if you see even from the report that Property Holdings and T.T.S. (Transport and Technical Services) that is where there is potentially savings, you look at the bringing together of financial services with digital innovation and competition as part of the bigger savings programmes we are also reviewing those functions together with the remaining economic development functions and the external relations functions to make sure that there is no overlap there. So there might be some savings driven there although it is more likely that even if there are savings in those areas they need to be invested into delivering economic growth. So there is a piece of work that is being ... an independent consultant is doing that review, they will feed that back into me hopefully this week.

Deputy J.A.N. Le Fondré:

Which review? The Financial Services Digital ...

[10:15]

The Chief Minister:

No, no. So this is the transfer of functions. But as part of the savings programme I have asked the external consultant to review all of the central functions to deal with external relations, economic development, so that covers what is in my department, it covers what is in external relations ministry but it is all part of my department to see whether there are, for example, post savings or efficiency savings, because you have got various bits interrelating down the line, particularly when you are onboarding. This is separate ...

Deputy J.A.N. Le Fondré:

But at this stage you do not have any figures that you can produce?

The Chief Minister:

No, because that will come to me and I am saying, because you asked me the question about financial services and innovation, so I am saying we are doing a bigger review there and I am saying that even if there are efficiencies, which I think there will be from that, it might be that they need to be invested in trying to deliver better economic growth. So there are 2 issues ...

Deputy J.A.N. Le Fondré:

I need your answers to be slightly briefer.

The Chief Minister:

I cannot do that. I can achieve many things but brief answers is beyond my ...

Deputy J.A.N. Le Fondré:

Let us put it this way, there has been a point made about accountants liking to talk and pots and kettles looking across the table here. The other point, going back to T.T.S. and Property Holdings, again at the moment there is nothing substantive that identifies the savings that may or may not exist, that you are aware of or that you can sight and refer to today?

The Chief Minister:

I think I am best if I say no, because there are lots of ongoing pieces of work that we hope will ultimately get to that point.

Deputy J.A.N. Le Fondré:

Right, we shall move on. Public sector reform, would you like to outline briefly the specific objectives that you are trying to achieve.

The Chief Minister:

This is very strange. **[Laughter]** Right, well we started off ... when I became Chief Minister ...

Deputy J.A.N. Le Fondré:

Is this this time around or last time around?

The Chief Minister:

No, last time around because it started when I first became Chief Minister. I have a simple view that when we are employed by the States or we are politicians we are all doing it to try and serve the public and serve it to the best of our ability and in the most efficient and effective way. We want to come in in the morning and take pleasure from serving the public. Lots of people do that ...

Deputy J.A.N. Le Fondré:

We are on public sector reform, can you give some specific objectives?

The Chief Minister:

No, because this is why it is so important. Lots of people do that but equally I am conscious of those that come in and they look around them and they think: "We could do this differently, we could do it better." So there was a cultural change. We needed to change the culture and this is what Mr. Scate's been doing with the Lean programme and the training, it is about cultural change, it is about delivering efficiency and it is about delivering savings ultimately to give a smaller, leaner public service delivering the services that the public want at a fair price.

Deputy J.A.N. Le Fondré:

Define smaller.

The Chief Minister:

That is a good question. Right, there are some things that we currently do that we probably do not need to do and we have got staff looking at some of the regulatory issues that we have. There are some areas of our work that we are giving licences for. That is somebody's job is to give licences but the real issue is about policing. So do we need to give licences in these cases. There are certain categories of shell fishing that ...

Deputy J.A.N. Le Fondré:

Shall we let Andy ...

The Chief Minister:

Yes, but you have asked me the question so he can come on after. That we give a licence for, but the issue is these are what the conditions should be, which should be public and then it should be about policing, we should not need to have a bureaucratic licence issue system. So that is a little example of that. So that ties into the smaller. But you know from the resource statement that although we are proposing to make £60 million from staff, that will ultimately mean fewer staff, we also, if we are going to invest in Health and Education - and I have got a question in the States tomorrow where I will give more detail on this - there is going to need to be new people in Health and new people in Education. But the net difference should be fewer people.

Deputy J.A.N. Le Fondré:

So the specific objectives would be smaller government, effective delivery and efficient delivery?

The Chief Minister:

Yes.

Deputy J.A.N. Le Fondré:

Would that be a fair summary?

The Chief Minister:

Yes, that is right, which is what I said at the start.

Deputy J.A.N. Le Fondré:

Okay, okay, would you like to add briefly something?

The Chief Minister:

He is not an accountant so he should be brief.

Chief Executive Officer, Planning and Environment:

A lot of our work has to respond to the pressures that we are currently facing. So there is the consumer pressure to doing more services digitally. We are all consumers in ourselves and we want to see more digital delivery of services online, we expect that from other service providers so that pressure is apparent on us as a government across a range of our services. So digital delivery is certainly one of the pressures we have to respond to. We do need to respond to the fact that we are living within a financial envelope and we need to spend our money wisely. There are a lot of pressures that we know are coming up so certainly on Health and Education there are certainly big areas of growth where we know that the community wants more and demands more in those areas so we have got to be balancing our spending appropriately to meet those challenges. We also have to look internally as to how does the States function administratively. One of the sort of catch lines that we tried to coin is we are easier to work with if you are outside and working with us or we are easier to work for. We have a lot of processes, policies and procedures within the Government which are ... they are of their day, they were designed when government was not so collective as it is now. So we are taking the opportunity to try and rationalise a lot of people ... rules of engagement if you like. If you work in the States, what rules do we apply, all of our sort of internal rules, our policies, we have a number of different pay groups across the government, a variety of different work and rules apply to different pay groups. There is a lot of inequity and inequality within our system as well in terms of paying people and how we reward people. So there is a job to be done internally, there is certainly a job to be done externally for the digital delivery and there is also a job to be done for, if you like, the financial envelope. We have got a huge amount of pressures coming in society. It is not unique to the Island it had been faced in other places as well and we have got a duty to respond to that. So public sector reform is

quite a big egg to crack, if you like, but it does cover literally everything that the government gets involved with. It gives us a very big opportunity to ask ourselves what is the public service here for? It is here for a variety of very positive reasons. So we have ...

Deputy J.A.N. Le Fondré:

Just to cut you off quickly, only because obviously we will be coming back to this subject quite a number of times and the quarterly hearing is where we attempt to whizz through areas relatively high level and quickly. Probably I am going to say 7 years ago, might be something along those lines and definitely Ian and Paul would have been at the presentation at Durrell when the previous Chief Executive stood up - and you would have been there as well - did a diagram on the first presentation and said: "We should be asking the questions about what services we do, do we need to provide them and how should we provide them?" that type of thing. The key point of that questions was that was 7 years ago, it then went down a 10 per cent salami slicing and, you can challenge this point briefly, the impression is that actually the structural reform kind of did not really take place after that, it was focused on salami slicing. So the question, with that context in mind, is the timeframe going forward, and bearing in mind our structural deficit ... sorry, our deficit position, we do not know yet whether it is structural or not, and the targets for 2019, what is the timeframe for achieving the structural changes that we are looking at in the public sector reform? In terms of next year, 2017, 2018, whenever?

Chief Executive Officer, Planning and Environment:

I will try and be brief but we have got in all of our workstreams financial, strategic planning and also reform workstreams in alignment of timescales. We are looking at developing changes within the M.T.F.P. (Medium Term Financial Plan) period so we have got to be looking at delivering what we need to deliver by the end of 2019. I think that is the first time we have probably seen an alignment of government response on the form, government response for financial planning and strategic planning all in the same timeframe with a lot of alignment across the structure there. That is where certainly the workstreams are aiming, it is that next 4 to 5 years.

Deputy J.A.N. Le Fondré:

But in terms of things starting to take effect, are you looking at 2018 to 2019 or are you looking to achieve things by 2016, 2017.

Chief Executive Officer, Planning and Environment:

I think we can safely say that there are things that we are doing now that are starting to deliver on this reform agenda. The last 2 years we have been limbering up so to speak ready for the race ahead of us or the task ahead of us. Our Lean training is a good example, that has now been rolled out across the entire organisation. It is ready to be used and it is being used, so is a live

delivery stream now. We are seeing digital delivery on line now so we have got a number of work programmes in place. So I think what the financial climate does for us is give us a much stronger direction and need to do this with pace. I think previous positions we have been since 2008, I was at that meeting at Durrell and the Chief Minister has mentioned culture, I just do not think the culture existed at that time to work more collectively together and that culture has fundamentally changed over the last 2 years. We have seen the public sector being seen far more as a single entity working together to deliver things and I think that we are in a better place. It is certainly not completely cracked, I would not say that but we are certainly in a better place than we were 7 years ago in terms of cross-departmental and cross-ministerial portfolio working.

Deputy J.A.N. Le Fondré:

Okay, right. I think that probably helps us there. I am going to carry on in terms of our questionnaire on the bottom of the first page.

The Chief Minister:

Are you still on reform?

Deputy J.A.N. Le Fondré:

We are still on public sector reform.

The Chief Minister:

I would like to just ask you guys a question as well.

Deputy J.A.N. Le Fondré:

Well, you are going to come in and see Chris. You have talked about ... obviously we know of the £100 million, it is meant to be £60 million, of public sector direct savings, shall we say, 35, 35. Yeah. The £60 million is meant to be through natural wastage, better vacancy management and voluntary redundancy, do you think ...

The Chief Minister:

Also there may be some compulsory redundancies as I said in the States in the last sitting.

Deputy J.A.N. Le Fondré:

All right, do you think ... okay, I suppose that makes the point at the end of the day. Of the £60 million do you think compulsory redundancy will be almost inevitable and what is the proportion? Do you think most of it can be achieved through the natural wastage, vacancy management side, or at what point do you have to make the decision now we are at the crunch and we have to do compulsory?

The Chief Minister:

Right. These are excellent questions and they are difficult because ... but they are rightly difficult because we have got to consult with unions, we have got to tell staff, so if there are voluntary redundancies we need to make sure that when a process is starting staff know first before they read about it in the paper. Of course the compulsory redundancies you have to compile with the employment legislation so you have got to put people on notice for something like 26 weeks and all that process. So that is a more difficult process. If you asked me personally do I think there is going to be compulsory redundancies in this process then I think yes there is. I cannot tell you what the proportion is going to be because it depends how we (a) are able to maintain pay restraint, (b) deliver the modernisation of the pay structure and it would depend on, yes, the retirements, the contracts and the natural turnover. Couple that with voluntary redundancies, it will depend how much we can achieve of that 60 million out of those processes.

Deputy J.A.N. Le Fondré:

I suppose the question is, at what point in the next, let us say, 18 months are you going to be in a position to say ... presumably there is a piece of work going on identifying the likely strands ...

The Chief Minister:

Right now there is a piece of work going on looking at, for example, the age profile of everybody, so the people who will actually retire, then you move on to people who are likely to retire, right down to the minimum age person.

Deputy J.A.N. Le Fondré:

Okay, and when is that due to report back to you?

The Chief Minister:

We have had some initial reports, what is the timescale?

Chief Executive Officer, Planning and Environment:

Yes, in effect that work is live now with our HR colleagues. So we have got a very clear idea of, as the Chief Minister has said, the age profile of the organisation, who is likely to depart and either we do not need to fill those jobs again or we can redesign behind those job departing. We have a big turnover in the States of ... it ranges but it does often hit 500 people a year naturally turning over within the organisation. That gives us a huge amount of flexibility in a changing workforce. So we have to be very clear what services we need to redesign to deliver against these other pressures, so health, education, digital delivery these other things.

[10:30]

It may well be clear over the next ... I certainly think we need to do this over the next 3 to 6 months, be very clear where our redesign focus is going to be. We have got a number of other workstreams that we know will end up looking at the financial pressures we have either growing financial pressures or saving money in certain areas but once we are clear what is getting the redesign we are then clear over what natural changes are occurring, what re-employments can occur and then what is the compulsory numbers as a result. But certainly it is not going to be blanket compulsory redundancy, it has to be tailored depending on the redesign activities that we go through.

Deputy J.A.N. Le Fondré:

So to go back and push on timeframe, when do you expect to have your kind of initial piece of work in place that you can then start putting ... getting something tangible, sort of like outcomes, getting the results ... is that sort of September, before September?

Chief Executive Officer, Planning and Environment:

I certainly think it is only right that we do that this year and as soon as we can this year. I think we have got to be really clear over the next 2 or 3 months where our redesign focus has got to be. There is a lot of effort taken that is needed in redesigning it. We have to bring people together to do that.

Deputy J.A.N. Le Fondré:

So when we get to our next quarterly hearing we may be able to have an update?

The Chief Minister:

Of that I have no doubt.

Deputy J.A.N. Le Fondré:

Okay, I am going to go to Chris.

The Connétable of St. John:

Within this our concern is that you need succession management and it is very difficult very often that the person you want to go will not and the person you want to keep takes voluntary redundancy. So I hope that succession management from halfway up to the very, very top is in focus with you.

The Chief Minister:

This has got to be a managed process. It cannot just be somebody saying: "I want to go" if that is your best person. It has to be about the job, the functions that are going to remain and be

redesigned and the best people you want to keep to do that, not about everybody coming and saying: "Well, I want to go" or: "I want to go" because that does not work because then you are left with an organisation which is not going to be able to deliver the service that you want. So it has got to be managed in that way. But equally it has got to be fair to everybody.

The Connétable of St. John:

That is right, yes. But succession management is absolutely key in this issue, yes. Thank you.

Deputy J.A.N. Le Fondré:

I thought you had some more questions on that area?

The Connétable of St. John:

Well, yes, the only other question on that is the Chief Executive, is that position ... I understand that is due for renewal or expiry during the course of this year? Any thoughts on that and what will be the process?

The Chief Minister:

Yes, it is due for ... his contract, I think, comes to an end at the end of December this year. So I have had some conversations with the Chairman of the Appointments Commission, and Ministers will need to give that consideration in due course, pretty early course actually.

Deputy J.A.N. Le Fondré:

I just want to pick up on 2 bits and move on quickly. Going back to your point about appointments and whether to replace or not, et cetera, et cetera. Has the message gone down to the departments about the change in culture, in other words that they do not just automatically replace someone and actually re-evaluate or do you think there is a patchy process yet and do you think that the politicians might need to play a greater role perhaps in enforcing that message?

The Chief Minister:

Do you want the political or the ... **[Laughter]** We discussed this on Friday, we had a whole ... we are trying to do workshops for the Ministers keeping this process going and then having a formal Council of Ministers to ratify decisions at those workshops so there is a good clear audit trail. We discussed and challenged that Ministers need to know - and it was quite a challenge - that this is working in their department and they almost needed some sort of weekly update of what is changing, who is gone and what the process is or what is happening in the coming week. Now, we discussed whether you needed an absolute central control over that, because individual Ministers then need to be held to account by the Council of Ministers because if a post is to filled

there has to be a good rationale why it is being filled and why it is not one of the ones that we are giving up to create the saving. So your point about Ministers needing to know exactly what is happening in their department is right and we discussed together the challenge that that gives the Ministers because then they have to give a lot of time to being briefed and knowing what is going on in their department. While officers have a general instruction and they have got to be allowed to get on with it, they equally know they are going to be held to account by the Minister because the Minister has got to face the Council of Ministers and ultimately we have to come and face you, which is why I made that point at the start.

Deputy J.A.N. Le Fondré:

So that message is starting to go ... is now going down, is it, in the structure?

The Chief Minister:

It is.

Chief Executive Officer, Planning and Environment:

That is right. I can speak personally from a department's perspective but also what I see across the States, certainly our recruitment has dropped significantly as an organisation. We do still need a number of people in certain absolutely vital posts so, you know, we do need teachers in front of children in classes and we do need health workers delivering health care. However, every other Chief Officer ... Chief Officers are starting from a position that positions are frozen unless, and I think there is more of that mindset out there, certainly from my perspective in albeit a smaller department. We, in effect, are running a vacancy freeze unless it is proven that that job is absolutely vital operationally. There was only one post this year and that was a job in our Met Office down at the airport. We need to keep that running, keep the airport open to a degree. So that is truly a very operational post for us. Other departments have very similar posts but there are other posts which are not being recruited. It is a positive thing for an organisation because it enables a lot of redeployment and reskilling of your existing workforce. You open up further opportunities within your organisation through strong vacancy management rather than automatically going for an outside appointment every time. So there is a positive to this as well as potentially a negative.

Deputy J.A.N. Le Fondré:

Let us stop there for the moment on that subject. I have one question and then I am handing over to Simon. Going back again to a comment the Chief Minister made about pay restraint, one expression that has been put in place already is the pay freeze. How does that affect, or does it, increments? So in other words, last time around when there was talk of a pay freeze, a number of

departments still saw salary costs going up because everybody went up by one increment. What is the position going to be going forward?

The Chief Minister:

We do not have the H.R. (human resources) person with us but it is my understanding those increments are the current increments, they carry on, do they not? That is one of the reasons why the new pay spine is so important. Because it is like that fairground game where you hit something down and it pops up there. So we are talking about not increasing base salaries but you have still got the increment process going on and the new pay spine helps to deal with that in a much more ordered ability and performance way rather than it just happening because you have happened to have been with us for another year.

Deputy J.A.N. Le Fondré:

Next question is timeframe.

The Chief Minister:

Health and Social Services are a good way down the line having all their people job panelled in effect. Central H.R. have done a fantastic job of mapping out where everybody is in the organisation, mapping out those people who are ... if you put it like that, you have got people who are up and people who need to come up ...

Deputy J.A.N. Le Fondré:

Just give us a rough indication of time because ...

The Chief Minister:

But these principles are really important because then you have got what we are proposing this year and then you have got the following years about how much money you are going to require to deliver the new framework.

Deputy J.A.N. Le Fondré:

But I am asking when?

Chief Executive Officer, Planning and Environment:

So timeframes, yes. So equal pay for equal value, that is why we are bringing this in. There are a number of jobs, you are right, that increments apply as well as cost of living increases. So there is a cost of living that applies to all posts and all grades but there are increments applied to certain ... depending where you are appointed within a grade. We also have some career graded pay, so if you bring a trainee in for succession planning reasons and you are giving them extra skills over

the years, sometimes increments will be applied as they get into higher value work. Timeframes, we are on it now. In fact we have got to get these job evaluations completed. We wanted them completed quarter 1, we are beyond quarter 1 but certainly by the start of the middle of summer that data has to be brought together for us to design this new workforce reward structure so that we move away from time served sort of rewards to rewarding staff for what they are actually ...

Deputy J.A.N. Le Fondré:

So completion of that piece of work, is that the end of this year?

Chief Executive Officer, Planning and Environment:

The plan is for this year and then moving into delivering that reward structure from 2016 throughout the period. So clearly moving people from a very disparate reward structure with many grades and various differences into a more harmonised structure is going to take place again over this M.T.F.P. period.

Deputy S.M. Brée:

A lot has been talked about the savings that are going to come from reducing staff costs, whether it be through voluntary redundancy or possibly even compulsory. This obviously has a much wider impact than just savings. It has an impact on society as a whole, the wider economy, i.e. the spending power is reduced, and indeed pressure could be put on the social security fund through compulsory redundancies, people unable to find employment therefore are looking for income support or other areas. What work have you carried out to assist what sort of pressures may be put on these other areas outside of purely just cost savings?

The Chief Minister:

All these streams of work are in progress so a distributional analysis of what we are proposing to do is being undertaken. Our external advisers would say to us that there is capacity out in the private sector employment market so it is how we can support our people to take up some of that capacity and Paul and Paul know that from their work at Housing and Work Advisory Group. So I think we said last time we are going to use the Back to Work team to support those individuals who are coming out of the public sector to move into the private sector, because there are challenges to make sure we do not just make people unemployed and therefore are a cost elsewhere. Because although that is not a good thing, one of the things I always say about being unemployed, it is almost the financial burden on the State is your last consideration. There are many more important considerations about a community, about people having hope for the future and all the good things that a job brings to them that we should be concerned about and so we are.

The Assistant Chief Minister:

Can I just add, only last week I met with the J.F.L. (Jersey Finance Limited) who were giving their projections of what they were anticipating were the requirements across all aspects of the finance industry, whether it be funds, trusts, banking. I mean, there is a movement within that happening at the present time. But they are forecasting that they are going to need quality staff going forward. They are not seeing an overall reduction across their industry. They are claiming that they will be able to fill that with the people who ... predominantly from within the Island and I would anticipate that there are a majority of our people who work for the States are good quality employees and there will be opportunities for them move into other sectors.

Deputy S.M. Brée:

Sorry, can I just pick you up on that, having worked in the finance industry myself I fully understand the type of qualifications that are now required by financial institutions in Jersey for staff. Are you really telling me that Jersey Finance Limited are telling you that anybody coming out of the public sector will be picked up by the local finance industry?

The Assistant Chief Minister:

Well, the indication they gave us is that there will be opportunities for people within our community, whether they be from States employment or generally there is going to be a requirement for additional staff.

Deputy S.M. Brée:

That will require a massive retraining exercise.

The Assistant Chief Minister:

Certainly they recognise that.

Deputy S.M. Brée:

Now, who will carry that cost? Are the government saying that you are, as part of your budget, putting in costings for retraining of staff who may be made redundant either through compulsory or voluntary redundancy?

[10:45]

Will you be taking on that financial burden?

The Assistant Chief Minister:

Well, the J.F.L. themselves have put in place the training programmes. They worked together with Highlands, so there is also the business college. There are opportunities there for people. I was very impressed that they are being so positive about the way forward and being able to provide employment for people.

The Chief Minister:

It is good to hear that they are now positive. Your point about can there be highly technical areas and they take a lot of training, so not everybody will. I do not think we expect that. But that is not the only ... you face pressures right across industry for people, do you not? The money that we put in at the start of the downturn to get people back into work, we have not proposed to cut that back because we know that that is going to be necessary as we redesign and are changing, but equally the other point is, which Andy just reminded us of, we are going to get too worried and think: "Oh, there is going to be a lack of spending in the economy and it is going to create problems for social security" because for some it might. We are already having a turnover of 500 every year anyway, so that is already ... those economic conditions or changes are already happening year on year. This almost is about making sure that we are doing that in an effective way and making sure we do not need to re-employ to fill in what is already happening in the economy. So it is quite a complex situation.

Chief Executive Officer, Planning and Environment:

I think it is right that there are staffing changes, certainly if it is natural change, voluntary change, that does not often result in ... will often be lesser result on social security impacts. People are taking personal and positive decisions to leave our employment possibly to do other things. It is elements of the compulsory redundancy which potentially will have a greater impact in social security. Not all of those will have an impact on social security. So we are looking at growing our economy in a variety of ways, certainly in some of our more traditional sectors as well, as well as other service sectors within the Island. So we are unclear at the moment how many people will be affected by compulsory redundancy, we are further unclear about the percentage of that small percentage who potentially will be a burden back to the States so, I think we are talking of a small percentage of a small percentage. Because actually a lot of our work is about growing our economic sectors elsewhere as well.

Deputy J.A.N. Le Fondré:

Final question, quickly, on public sector reform and then we will move on to the deficit side of things, have you had any discussions or are have there been any concrete decisions taken to enable government departments between Guernsey and Jersey to deliver combined services during the M.T.F.P. 2 period? That is concrete decisions as opposed to discussions.

The Chief Minister:

There has been no concrete decisions I think it is fair to say. Lots of discussions but nothing that I can say to you: "This is going to happen today."

Deputy J.A.N. Le Fondré:

Okay. Chris.

The Connétable of St. John:

Just one comment if in the past you have had the turnover of staff you have obviously had graduates or whatever coming in taking their positions. If as your staff turn over they leave, which you do not really employ, it is a knock on effect of graduates and school leavers who may be coming in, they will still be looking for jobs which I think emphasises the importance of growing the economy.

The Chief Minister:

Yes, it does. To be fair we probably have not taken on, for quite a long time, many school leavers. Graduates, yes, at certain levels, but those coming directly has aged quite a lot.

Chief Executive Officer, Planning and Environment:

Yes, our work force is predominantly 21 year-olds and above, certainly not school leavers.

Deputy J.A.N. Le Fondré:

Right, the D word.

The Chief Minister:

It has not made us any less long-winded, has it? Can I just ask you for something to think about, as I said at the start, the way you scrutinise is going to be quite important so I do not know if you have given any thought to how you are thinking of scrutinising this programme. You have the M.T.F.P., then you have got reform and you have got the delivering of savings and they all fit together, do they not?

Deputy J.A.N. Le Fondré:

At the moment we are focused on the M.T.F.P. 2 and the Public Finances Law amendment which obviously came through fairly short notice, and obviously the J.I.F.C. and then the ministerial transfer of functions.

The Chief Minister:

Okay, fine.

Deputy J.A.N. Le Fondré:

But public sector reform will be on the agenda fairly soon within that period, and I suspect an ongoing piece of work for quite a considerable period of time.

The Chief Minister:

That is what I was hoping you were going to say.

Deputy J.A.N. Le Fondré:

Now, deficits and pulling you up on a couple of statements you have made in the Assembly, Chief Minister.

The Chief Minister:

Oh dear, like I said, we will not always agree.

Deputy J.A.N. Le Fondré:

No, it is okay. Again, we are looking for either brief answers or you are going to be here longer than you were planning to be. You have made a reference in the States to the healthy state of the balance sheet: "It is a fact that we have a £1.2 billion social security reserve fund, it is a fact there is another over £1 billion in the States pension fund. If I was the Chief Minister of any other jurisdiction virtually in the world I would already have mortgaged those assets and there would be lending against them and that is not the case in Jersey." I trust you can confirm, very briefly, that that will remain the case in Jersey, that we are going to be using the teacher's pension, the States pension fund, or our pension fund to invest or alternatively fund infrastructure works on the Island or anything of that ilk; in other words, not going down almost a Maxwell route of accounting which kind of led to disaster.

The Chief Minister:

Which virtually every other country in Europe does. No, we have no plans to do that whatsoever but let us just be clear we do compare with elsewhere.

Deputy J.A.N. Le Fondré:

I am not worried about what other countries have done, I just wish to have your confirmation that we are not going to be doing it. Good. The other point was that, probably on a ... well, not a more serious note because that was a serious note - the resources plan that we have published a long time, the strategic plan, is a plan to balance the books over the term to 2019. Question, given that the F.P.P. (Fiscal Policy Panel) from 2018 are suggesting that we should be working on 0 per cent growth for 2018 and 2019, what ...

The Chief Minister:

We have the same productivity issue that they have in the U.K. (United Kingdom) which we are only just after the election now starting to hear them talking about. But, yes.

Deputy J.A.N. Le Fondré:

The question was what happens in 2020 onwards? Let us take it this way, the perception from the F.P.P. comments is that economically things will be tighter towards the end of this period, in other words we are in the period of fractional growth now and that there will be a dip towards the end of this M.T.F.P. period. If by balancing the books we are just bringing the books back up to zero, what do we do in 2020 if we have not rebuilt the finances? I suppose the secondary question: are you keeping a weather eye on beyond the period of the future M.T.F.P.?

The Chief Minister:

We are and in an ideal world we would like to be building in extra capacity to start to think about putting money back into the stabilisation fund, which I think the F.P.P. have flagged up again. The F.P.P. have found it difficult - and I think they admit it - and the reason they are very cautious 2018 and 2019 is because you are talking about projections and it is difficult for economists to be able to project what the future is going to hold for the next 12 to 18 months, let alone 2018 and 2019. So I think they have looked at trend growth, they have looked at the difficulty of delivering those projections, and said: "You have to be cautious and say that you are going to put in that zero, so nothing above what is happening in inflation." Now, that gives us the challenge of trying to deliver growth that is led on productivity changes as much as anything else.

Deputy J.A.N. Le Fondré:

Do you think there is a public recognition ... because I think people understand that we have £100 million plus deficit, do you think people realise that that is starting now, that that is next year, and obviously if measures are not in place it is the year after as well and the year after that and the year after that? In other words it is £100 million each and every year as opposed to £20 million each year over 5 years.

The Chief Minister:

I cannot speak on behalf of every member of the public. Those who have had the opportunity to look at what we have produced should be able to see that from what has been produced. Those that have had the opportunity to look at what the F.P.P. have said have basically said to us we should be balancing over that period. But you are right, there are cash flow issues upon us now so we have taken corrective action for 2015 and we will have to deal with the cash flow issues of 2016 and 2017. We then have an election at the beginning or middle of 2018 so there are decisions which are going to be political in nature which have to be made and I think around the

Council of Ministers' table there is a general feeling that most of those decisions we need to try and be making in 2017. So there are areas that we want to grow, so growing money in. But this is quite important because it gets to that, there is areas that we want to spend money in health and education, and there is the cash flow issue that you have raised, so some of the challenge back to departments - and we are accounting for capital in a better way - is: "These are the savings profile, this is the growth profile, perhaps we need to think about whether we are not going to be spending extra money in your department until we are managing some of the savings better because of the cash flow issue."

Deputy S.M. Brée:

A couple of questions, if I may, on the whole area of the deficit. This is now your second term as Chief Minister. During your term of office the Island's finances have changed drastically, we are now talking about making £60 million cuts through staff costs. Do you accept any responsibility whatsoever for the situation we now find ourselves in?

The Chief Minister:

What do you think the situation is that we find ourselves in?

Deputy S.M. Brée:

The fact that our expenditure exceeds our income in order to support your strategic plan which is looking at investment in areas such as health, education, which nobody is saying is wrong, then that increases the deficit.

The Chief Minister:

Do I think that for many years in our community we have not appropriately invested in infrastructure ...

Deputy S.M. Brée:

That was not the question I asked, Chief Minister ...

The Chief Minister:

Yes, it was, yes it was ...

Deputy S.M. Brée:

The question I asked you is what level of responsibility are you willing to accept?

The Chief Minister:

... because you are asking me whether I think we have made the right choices and I am telling you why we have. Because for many years we have not invested appropriately in infrastructure, we have not invested appropriately in health and we are going to start to invest appropriately, I believe, in education. Now, in 2008 I think we experienced what was recognised - certainly across Europe - as one of the worst economic downturns since the great recession, or some would even say it was the equivalent of. We took the best economic advice on what we should do in Jersey during that period, and that was, yes, spend our stabilisation fund, get as much money into the economy as we possibly could, we took the decision to invest in helping people back into work and I stand by all those decisions. Of course, we now know that looking at the assumptions that were used and provided by experts, that growth in income that was projected has not taken place and income has not grown as fast as it has grown in the past. None of us have a crystal ball, we make decisions based on the best advice, economic and accounting advice, that we have. Others might have been more pessimistic and I think you are going to tell me that the scrutiny panel at the time was more pessimistic.

Deputy S.M. Brée:

If I may just ask if you can answer ...

The Chief Minister:

But the economic advice ...

Deputy S.M. Brée:

No, if you can please answer the question that I asked you ...

The Chief Minister:

I am answering it and I believe that I ...

Deputy S.M. Brée:

No, no, you are not.

The Chief Minister:

I believe that I have answered it.

Deputy S.M. Brée:

Therefore, from what you have just said, you stand by the decisions that you have made during your term of office and, therefore, you accept full responsibility for the decisions made by your Government during that period.

[11:00]

The Chief Minister:

You would not expect me to say anything other than that. I was the ...

Deputy S.M. Brée:

Good, that is all I was asking.

The Chief Minister:

... head of Government and now we are coming to a new period of the M.T.F.P. We always knew that we had a 4 year planning horizon and we are now coming to another 4 year planning horizon. The States, I believe, absolutely rightly voted for the new strategic plan, we were clear about what the resource implications were for that, so I believe we are on the right course. Just because it is not going to be easy does not mean to say it is wrong.

Deputy S.M. Brée:

Well, that brings me very nicely on to my next question which was about the strategic plan. Looking at the strategic plan, it has identified various areas where investment is desirable, shall we say, into health, education and other areas. In order to basically pay for that level of investment, looking at the projections, one of 2 things has to happen: either income through direct or indirect taxation has to increase, or there has to be a high level of Government debt. My question to you is what discussions have taken place so far with regards to increased borrowing at a Government debt level?

The Chief Minister:

You say one of 2 things, actually there are several things that we are doing and you have seen the fiscal side of where we want to make the savings in order to pay for the new expenditure and in order to invest appropriately in our infrastructure. That is a mixture of reprioritising and saving on current expenditure, and asking the public to pay more, particularly for health, and we are doing a piece of work on what that would look like and how that will work. The other thing that has not necessarily been concentrated on very much is how we are going to grow the economy and that is some of the reasons we talked about the transfer of functions right at the start. So there is that area as well. There are no discussions currently - and I do not think there is a plan to do any - about further borrowing. The borrowing for housing has got an income stream to be able to repay it. I think that if I was proposing borrowing without an income stream you would - I think rightly - be giving me a lot of grief.

Deputy S.M. Brée:

So you are supportive of effectively indirect taxation to the local population through things like user pay charges, we will look at the health charge that you mentioned. You are supportive of that move towards a higher financial burden on people living in the Island for the provision of health services?

The Chief Minister:

I am supportive of us delivering the very best health care that we think it is appropriate that we can pay for. If we want to do that I think we need to engage the public and ask them whether they are prepared to pay more directly for that issue. I do not want to second guess what the public will say but I think that most people when asked that question - providing we have made appropriate savings and we are showing that we are reforming Government and that we are trying to cut our costs, and it is a big proviso and we have to do our bit - providing we do that then I think people are going to say yes but might be concerned about the mechanism. That mechanism, we are going to discuss that in due course.

Deputy J.A.N. Le Fondré:

Just stop there. But again it comes down to timeframe. We have been saying that the structural changes that you are going to be delivering in terms of achieving structural savings are potentially 2017 - I had not remembered exactly when the next elections are but you said 2018 - how are you going to demonstrate that you are achieving the savings before the next elections? Because presumably you would want to get the health care charge in place before the next elections. Or are you going to leave it and the public may decide by having the option in front of them the same way when G.S.T. (Goods and Services Tax) was really introduced and that people vote on that during the course of the next election, not as a referendum but as the people who support that policy?

The Chief Minister:

There is a difference between getting the States to agree something and levying a charge. It appears to me at this point that you cannot, I do not think, necessarily levy the charge until you have shown that you are making changes. The States would want to know itself before it made a decision about asking people to pay a little bit more for health that we had made changes. So it comes back to Andy's point. The F.P.P. have said we have to do a plan to 2019. We are saying to officers: "We need to start that process now so we can demonstrate we are making savings prior to we are going to have to ask people to pay an extra charge."

Deputy J.A.N. Le Fondré:

So the earliest we will be looking to put in a health care charge is 2017?

The Chief Minister:

Well, we might be asking the States to consider it but there is a lot of work to do there so KPMG have done some work, we will have to do consultation and no doubt you guys are going to need to review it just like you wanted something else added to your list, or a subgroup or something because of the health implications. So there is a long way to go down that process but we felt it is only fair to start at the front end and say to people: "This is roughly where we think we are going but we absolutely accept that we have to show that we are making changes now."

Deputy J.A.N. Le Fondré:

That is a fair comment. The question of course then is on the resources statement you have health implications kicking off next year and, therefore, the question then arises if your health care charges is not in place how are you going to fund it?

The Chief Minister:

Yes, and I think you heard me say earlier in response to your cash flow question ...

Deputy J.A.N. Le Fondré:

Yes, that it is a case of if the money is not there it will not be happening.

The Chief Minister:

We have asked again in both Health and Education - where we are proposing to get more money - to work with our independent consultants to look at (a) is their growth absolutely necessary, and (b) the profiling of when they need to spend it and whether we can do some changes to that.

Chief Executive Officer, Planning and Environment:

Can I just add one point, Chairman. The Deputy mentioned 2 things, debt or charges, but this is where this work absolutely overlaps with the public sector reform work. We are also asking ourselves the question about whether we need to carry on doing certain areas of our current work to free up resources to pay for the pressures that we know are occurring, which is why the overlap between the spending pressures and the reform agenda is absolutely ...

Deputy J.A.N. Le Fondré:

That is understood.

Chief Executive Officer, Planning and Environment:

So I think we are prudent with our household budget, we know we need to replace the family car and, therefore, we are looking at other areas of our budget to pay for it, so to speak.

Deputy J.A.N. Le Fondré:

I am trying to keep moving forward.

The Chief Minister:

Yes, because I do need to go because I am already late for me ...

Deputy J.A.N. Le Fondré:

Just keep your answers more succinct please, Chief Minister.

The Chief Minister:

Well if you did not ask such difficult questions I could give short answers.

Deputy J.A.N. Le Fondré:

M.T.F.P. income forecasts, timing. You are lodging it on 13th June. When does the Council of Ministers sign it off?

The Chief Minister:

I have a timetable in front of me but I do not know the detail of exactly.

Director, Corporate Policy:

There is a Council of Ministers meeting on 24th June and that is the drop dead date for ...

Deputy J.A.N. Le Fondré:

Is that the date of signoff or is there a date you are aiming for before?

The Chief Minister:

That will be ultimate signoff.

Deputy J.A.N. Le Fondré:

Is there a date before that you are aiming for is that the date?

Director, Corporate Policy:

There are ...

The Chief Minister:

There are a number of dates in advance of that that we are going to be talking about it in June.

Deputy J.A.N. Le Fondré:

Okay, so the question we were asking linked into that, so if we are saying mid June sign off ...

The Chief Minister:

No, May as well, yes, 2 lots of meetings in May, one, 2, 3, 4, 5 in June.

Deputy J.A.N. Le Fondré:

F.P.P. only come over here on 18th June, I understand, and so the question we wondered is what influence will the F.P.P. be having if they are only coming here in mid or just after mid June, if by the sound of things the drop dead date is a week after that, in term of the influence on the income forecast?

The Chief Minister:

They have provided their economic assumptions, have they not, in their report for the income forecasts. Now, are the income tax forecasting group going to do more work between their previous forecast and the forecast in the M.T.F.P.? The answer to that is yes, and they are already doing it so ...

Deputy J.A.N. Le Fondré:

Yes, but do the F.P.P. not assess those outcomes?

The Chief Minister:

Do they assess them? They assess whether they seem reasonable in light of their ...

Deputy J.A.N. Le Fondré:

Their work?

The Chief Minister:

No, in light of their assumptions. We are in a new world, are we not, where they have provided the economic assumptions or verified them, we then look at what the income forecast is going to be based on then. We know that things are changing so they are going to continue so we have the log we put out with the resource statement. They are doing more work which lead to what is in the M.T.F.P. and then F.P.P. come back and say: "This plan looks reasonable or credible" or they come back and say: "No, it does not."

Deputy J.A.N. Le Fondré:

So if after it has been lodged they come back and say they have consent over it, what happens?

The Chief Minister:

Then we have to amend it, do we not, and we have said that in the past.

Deputy J.A.N. Le Fondré:

Moving on, on that theme, which is basically to look at the income forecasts, you did touch on it previously as well in terms of the past experience which is obviously that previously the income forecasts were set at what was challenged at that point as being optimistic, they were defended as being robust, and we know what the outcome was, that the relevant panels and other commentators were proved more right than the advisers that you were using at the time.

The Chief Minister:

A bit like the U.K. election and the pollsters.

Deputy J.A.N. Le Fondré:

Well let us not worry about that. That is fine, but it was a £70 million shortfall and we are now in a £110 million deficit, are we not? The point is that we are also still in uncertain times from the point of view of the Jersey economy, one would argue. There are 2 factors I can think of immediately which is obviously the impact of the elections, although possibly short term, have been more favourable towards Jersey. The events of 2017 in a potential referendum for Europe might be interesting. You do not need to comment on that but I am setting a scene. There is also another ...

The Chief Minister:

I would love to comment but I am not going to because I know I do not have time.

The Connétable of St. John:

It is a brief question, do not worry.

Deputy J.A.N. Le Fondré:

There is another context which is obviously there has been talk of a financial institution in the U.K. possibly going elsewhere, which we hope would not have an impact on Jersey but ...

The Chief Minister:

Moving its headquarters, yes.

Deputy J.A.N. Le Fondré:

Yes. So the question is: within those contexts of still uncertainty out there, let alone what is happening in Europe, et cetera, why at this stage do you feel justified in using the central scenario

or should one be moving towards some form of hybrid towards the downside on the income forecast?

The Chief Minister:

I am a purist. If it is the central forecast it should be the one that is most likely the outcome. If my advisers are pessimistic about the outcome, that pessimism should be reflected in pulling the central forecast down. I, as a politician, should not be second guessing some of the best economic advisers in the world - which they are - and saying I am going to second guess them. I want them, if they are pessimistic, to show in the central forecast and the same with the income tax forecasting group, and I have kept challenging them about that because otherwise who is to say somebody who is more optimistic cannot make a good case for it being higher, who does not want to see us changing the way we deliver Government.

Deputy J.A.N. Le Fondré:

So you will be interested in our piece of work when we eventually produce that on the income forecast, right?

The Chief Minister:

I will be. But you made some points about economy and downside, risk and consolidation and banking, and we are aware of those issues which is why the investment in economic growth is so important.

Deputy J.A.N. Le Fondré:

Yes, but obviously from the point of view of a spending plan and income forecast it would be prudent not to bank on returns on economic growth because obviously it is extra cash.

The Chief Minister:

That is why we are not doing that.

Deputy J.A.N. Le Fondré:

Good, right.

The Chief Minister:

That might be where we, in the longer term, have the ability to refresh the stabilisation fund.

Deputy J.A.N. Le Fondré:

Do you have another question, very quickly? Or shall I go straight to ...

The Connétable of St. John:

Well I have this one here.

Deputy J.A.N. Le Fondré:

Okay.

The Connétable of St. John:

Would the Chief Minister outline any new potential income streams you might have for, as it were, growing the cake in the next term of the M.T.F.P.?

[11:15]

The Chief Minister:

I do not think there is any new streams that we have not already spoken about. But it is about making sure that existing growing streams continue to grow and continue to strengthen. So if we take financial services, we know that banking - as we have just said - continues to face challenges, continues to see consolidations, got the ring fencing issue in the United Kingdom for parent banks to deal with, so that will deliver continued uncertainty. We will see what the new Government in the U.K. decides to do about that. But if you look at areas like funds, they are now growing so we need to support that work, where there is a piece of work looking at the fund regime, is it continuing to be fit for purpose and competitive, and we will continue doing things like that. Jersey Finance are working with Digital Jersey to make sure that they are able to attract businesses and make legislative changes in that particular field as well. So to my mind the base will continue to be financial services, we will have a growing arm of digital but those 2 are very combined together because some of the challenges that financial services are facing are around digital, particularly on jobs into the future. Then of course we know that the work is happening in tourism and in agriculture as well.

Deputy J.A.N. Le Fondré:

Two questions and then we will move on to our next topic. One you have touched on which is the updating in May of the income forecasts. So have the economic assumptions been updated or is the work ongoing?

The Chief Minister:

The economic ...

Deputy J.A.N. Le Fondré:

Well, the income tax forecast.

The Chief Minister:

The income tax forecast, they have done some initial work, yes.

Deputy J.A.N. Le Fondré:

Can we have ...

The Chief Minister:

But it is equally ongoing.

Deputy J.A.N. Le Fondré:

When will it be completed?

The Chief Minister:

That I am not sure but I suspect you can have the paper that is going on Wednesday officially to the Council of Ministers.

Deputy J.A.N. Le Fondré:

If that could be arranged that would be appreciated.

Director, Corporate Policy:

Bearing in mind the lodging date, it has to be finished within the next 2 or 3 weeks.

Deputy J.A.N. Le Fondré:

Okay, yes, if that could be on the list please. The other one, as a general question, on the C. & A.G.'s (Comptroller and Auditor General) report *Review of Financial Management* how is it possible to deliver the M.T.F.P. 2 without implementing that report in full?

The Chief Minister:

Well it will have to be because of the legislative time constraints on us to lodge the M.T.F.P. But, as you know, if you are looking at the ...

Deputy J.A.N. Le Fondré:

I think it is delivery rather than the ...

The Chief Minister:

Yes, well that is going to take a little bit longer. But, again, it ties into all this public sector reform. I am more convinced now that we are going to be able to make these changes and deliver in a way that we have not been able to before.

Deputy S.M. Brée:

Very quickly, because I know you have time constraints, I would like to ask questions about population and migration.

The Chief Minister:

You might want to address them to the person responsible.

Deputy S.M. Brée:

Well, to whoever wishes to answer them.

The Assistant Chief Minister:

I can only do my best.

Deputy S.M. Brée:

Obviously, looking at economic growth, looking at productivity, one of the areas that I think everybody accepts there is a requirement for a certain amount of inward migration into the Island with certain skill sets. However, how are we ensuring that those people who do enter the Island - and I am talking about all inward migration - are the right people to provide the right contribution to the economy. I am not just talking about necessarily financial services institutions here. What programme do we have to look at those people coming into the Island to see whether or not they are contributors to the economy and the Island?

The Assistant Chief Minister:

You would be aware that we do not have border control for people coming into the Island. The process of controlling people is through the access to work and to where they can live. Every employer, as you know, will have a licence to employ a number of people who would be considered to be licensed or registered, and they would obviously make their selection of the staff they require and their qualities and their contribution to the economy. We are not going to second guess that process because it is the business community who are the ones who are going to know if somebody is going to be of benefit to their business.

Deputy S.M. Brée:

So the onus is placed on the employer to ensure that effectively somebody is a net contributor to the Island?

The Assistant Chief Minister:

Yes. When there is an application to us for a licence for a specific function we will make a judgment about whether that is of value to the Island, whether it be socially or economically.

Deputy S.M. Brée:

Okay, so is the Government looking to encourage effectively then an increase in net inward migration in order to provide hopefully a stimulus for economic growth?

The Assistant Chief Minister:

We have our policy that exists at the present time which has been passed by the States and we are working to that. It is down to individual applications from businesses to see if we can meet their needs.

Deputy S.B. Brée:

So you are not looking to increase or bring back to the States for debate any increase in that net inward migration figure?

The Assistant Chief Minister:

We currently have the assumption in the policy which we are working to and the strategic plan which we have just approved is there, but we have no timetable for doing anything different to that at the present time.

Deputy K.C. Lewis:

Would you be happy with an increase in population?

The Assistant Chief Minister:

You are talking about me personally but I think ...

Deputy K.C. Lewis:

You, the Council of Ministers.

The Assistant Chief Minister:

Well, I think there is a recognition that we do need to have good skills brought to the Island so our economy can flourish. But I think there is also a desire for Jersey to remain special and to not put too much pressure on our resources. So there is a balancing act to be struck there and I think hopefully we are trying to do it to the best of our ability at the present time. We cannot get away from it, at the last social survey 77 per cent of the population were very concerned about the number of people in the Island. We have to balance these things up.

Deputy K.C. Lewis:

We will always need to import sort of specialist skills but obviously if too many people come in, as you quite rightly say, we lose the very thing that we are trying to protect, plus we are just kicking

the problem down the road and in years to come we will need more primary schools, more secondary schools, bigger hospitals. So obviously this is something we need to keep a lid on.

The Assistant Chief Minister:

We have to do it carefully, we certainly need to make those decisions very carefully keeping in mind that we want to keep our Island special, and we need to have the services to provide for the health and wellbeing of our community generally. I think we are doing it reasonably well at the present time but we will know a bit better I suppose, I think it is in July the statistics unit will be publishing a figure for the last year and we will see how that has worked and see how we go forward.

Deputy J.A.N. Le Fondré:

Brief question, and I am sure you can correct me, I thought that what the States had approved was an interim population policy. When does it become not an interim policy?

The Assistant Chief Minister:

When the States change it.

Deputy J.A.N. Le Fondré:

When will that be? It is in your hands, Assistant Minister, or rather Chief Minister, are there any plans for the debate to be brought back to the Assembly in the next year or 2 years?

The Assistant Chief Minister:

We have not discussed that. I think we are focusing on lots of other things at the present time.

Deputy J.A.N. Le Fondré:

So that is a no.

The Chief Minister:

We know that we need to.

Deputy J.A.N. Le Fondré:

Yes, but you have not discussed it yet so there are no plans.

The Chief Minister:

We have not decided on what that timetable should be because we have been dealing with all the other issues that you have been questioning us about. But we do need to.

Deputy S.M. Brée:

If I may, because obviously your time constraint, one last area we need to ask questions about is following the U.K. general election there have been a number of statements made, not only by yourself but other Ministers, with regards to independence from the U.K. Should ...

The Chief Minister:

When have I made a statement about independence from the U.K.?

Deputy S.M. Brée:

That on your meeting with Ministers in Brussels you were seeking to review the Island's constitutional relationship with the U.K.

The Chief Minister:

No, I have never said.

Deputy S.M. Brée:

You have never said that?

The Chief Minister:

No.

Deputy S.M. Brée:

Then possibly I am mistaking you for your Minister for External Relations.

The Chief Minister:

The Government policy is we have no desire to change the existing relationship with the U.K. and, therefore, the E.U (European Union).

Deputy K.C. Lewis:

I think it has been stated previously that the U.K. may wish to push us in that direction?

The Chief Minister:

No, the U.K. are going to seek to renegotiate with the E.U. its relationship with the E.U. and then go to a referendum of the British public. We know our relationship with the E.U. is through the U.K.'s accession under what we call protocol 3, we are in for goods but not for services, we know that our economy has changed since we signed that agreement. So the question for us is to continue to work with U.K. They have done something that they call a balance of competencies review over the last U.K. Government, we have been heavily involved in that, responding to all

their papers, so the position for us is that we continue to talk with the U.K. Government, we continue to talk with Europe which is what we were doing, continuing to build relationships, so that if the British public decide they want to come out of Europe - and it is a big if - but, hey, if you look at the polls on the Sunday about that and it would appear that people still in the U.K., something like 45 to 38 want to remain with Europe. So it is something that we have to keep on our agenda, we keep involved with London, keep involved with Brussels, think about what issues would be most important to us if that takes place, but it is not something that we are seeking.

Deputy K.C. Lewis:

So hopefully if the U.K. votes to stay with the European Union, which is to renegotiate, would you be hoping to renegotiate also or just keep the status quo?

The Chief Minister:

It would seem to me that it would be difficult for us as a small place to renegotiate something in our own interests with 27 other member states. But we will of course, with the U.K., make the case, if we can see them, for improvements on what the U.K. might negotiate for Jersey. So we will stand up for what we think is in our best interests and currently that is largely around how the E.U. deal with third countries and equivalents to third countries and making sure those processes are fair to Jersey, and we do that now. But we have to think, what is it that the U.K. is largely concerned about with the E.U.? Well, its borders ...

Deputy K.C. Lewis:

Money.

The Chief Minister:

But it is more about imposition of legislation that they do not want, and then we have this European human rights issue which is separate from the E.U. but we watch that as well. So the border issue, of course that would affect us, but if there is a renegotiation you could say it might affect us positively. Around E.U. directives and them being able to opt out, well, that does not directly affect us either because we take a good neighbour relationship towards those things so where those things are in our interest we choose to apply them. From my conversations in Brussels last week, it is a big mountain to climb for the E.U. to have to have a referendum on treaty change, but there might be a number of supplementary changes that the E.U. would agree to which did not require all member states to have a referendum on a new treaty. But what they might do is say: "We accept that principle, next time there is a treaty change we will change it." Our fundamental is that we are not seeking to change our relationship with the U.K. or the E.U. but we are very mindful that changes might come along because of the process that the U.K. is going through.

Deputy K.C. Lewis:

Including the worst case scenario, the U.K. vote to come out of the European Union, then there would be a renegotiation to be had there with all 37 member states.

The Chief Minister:

Twenty-seven.

Deputy K.C. Lewis:

Twenty-seven.

[11:30]

The Chief Minister:

You are asking me what is my answer going to be to a hypothetical situation ...

Deputy K.C. Lewis:

Well, you have been having discussions in Brussels.

The Chief Minister:

... but currently there are things going on, the E.U. is considering how it relates to some things they call microstates, so how does it deal with that relationship because some of them would like to be, like the E.E.A. (European Economic Area), but the other member states do not want them to have all the benefits of that. Europe is changing anyway so it is difficult for me to give a hypothetical ...

Deputy J.A.N. Le Fondré:

Just quickly moving on. Kevin, are you done?

The Assistant Chief Minister:

I just need to make a clarification about one thing I said earlier. In my earlier answer I sort of said we had no border controls, I meant we had no border controls between us and the U.K.

Deputy J.A.N. Le Fondré:

I did wonder about France.

The Assistant Chief Minister:

Yes, we do have border controls with us and Europe.

The Chief Minister:

But that is about a common travel area.

Deputy J.A.N. Le Fondré:

Simon, are you done? Chris, do you want to do one?

The Connétable of St. John:

No, I am fine.

Deputy J.A.N. Le Fondré:

All right, we are finished. I will not say we finished on time.

The Chief Minister:

You have finished your barbecue, gentlemen.

Deputy J.A.N. Le Fondré:

You managed to waffle your way down to certain areas of interest and thank you for your time.

The Chief Minister:

Thank you very much indeed.

Deputy J.A.N. Le Fondré:

We will try and keep your ability to give less succinct answers to a minimum in the future.

[11:31]