

Recurring Themes: Organisational Culture and Corporate Learning

Public Accounts Committee

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States of Jersey
States Assembly



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Assemblée des États

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1. Chairman's Foreword

The Public Accounts Committee (PAC) aims to hold the Executive to account to ensure taxpayers' money is spent wisely and for its allocated purpose. When the Comptroller and Auditor General (C&AG) presents a report containing recommendations to the States' Assembly, part of the PAC's role is to follow up on those recommendations and request an Executive Response from the Chief Executive and/or the Accountable Officer of the relevant department. The response should include which recommendations are accepted, which rejected and why, with a clear plan of action as to how and when the accepted recommendations will be implemented. The PAC noted that the Executive had indicated acceptance of the majority of the C&AG's and PAC's recommendations but had made limited progress in addressing the themes recurring within those recommendations:

- Organisational Culture
- Corporate Learning
- Decision Making
- Management Information
- Financial Directions
- Financial Management

This report is the first of a series to be published on the recurring themes throughout 2019 and focusses on Organisational Culture and Corporate Learning. Reports of the C&AG and PAC make frequent reference to the need for improved corporate working and planning, cultural change and the need to move further away from a silo approach and to establish a clear timetable and milestones against which to measure progress.

Changing a culture identified as change-resistant presents an immense challenge for the Chief Executive and requires a large overhaul of public services. The PAC is supportive of the Chief Executive's proposals to change ways of working to reduce duplication, work more collaboratively and reduce waste and inefficiencies. However it is keen to monitor how plans and programmes set out by the Chief Executive such as 'Team Jersey' and the Target Operating Model (TOM) translate into action and to assess what the Chief Executive and senior officers have achieved so far – and how that is objectively measured. However the Committee would ask the Chief Executive to remember that Jersey is an island of only 105,000 people so over-complicated changes are counterproductive. Furthermore, improvements in KPIs affect management targets and are not the same as better outcomes for the public.

The PAC has taken the view that the transformation programme should be allowed to 'bed in' and Mr Parker, the Chief Executive, given time to demonstrate his ability to deliver the necessary changes before the PAC assesses the programme's value for money overall. Having received assurances from the Chief Executive that the timetable for completion of the change programme phases is on track, the PAC is maintaining a watching brief. Together with continuous scrutiny, the PAC has requested regular updates, quarterly hearings with senior officers, and notification of any slippage in the ambitious programme.



Senator Sarah Ferguson, Chairman, Public Accounts Committee

PAC Members (States of Jersey)

Connétable John Le Bailly

Deputy Rowland Huelin

Deputy Inna Gardiner

PAC Members (independently appointed)

Ms Moz Scott

Mr Tim Rogers

Mr Adrian Lane

2. Key Findings and Recommendations

Organisational Culture

Finding 1:

The PAC notes that the Target Operating Model (TOM) has been presented as a main driver of organisational change. The PAC considers that too much weight is being given to the structures rather than behaviours of people. Organisational structures can help improve and facilitate collaboration but they alone do not change behaviour and the Executive should be alert to the potential for new silos forming, following the reorganisation of departments and management structures.

Recommendation 1:

The PAC recommends that stringent and coherent timetables and clear delivery outcomes are produced and adhered to by the Executive and that the Executive report regularly to the PAC. The reports should contain up-to-date information monitoring the impact of changes to the organisational culture of the States so that progress can be measured, and errors acknowledged and rectified.

Recommendation 2:

The PAC recommends that the Executive notify the PAC immediately of any 'slippage' on, or changes to, the planned transformation.

Finding 2:

The Public Accounts Committee is concerned that the volume, complexity and phraseology of documents generated to explain organisational change may lead to confusion and not encourage enthusiasm for change.

Recommendation 3:

The PAC recommends that measures are taken by the Executive to improve clarity of communication throughout the organisation, making the most of listening and feedback, to keep the States employees onside.

Recommendation 4:

A clear and concise approach is encouraged to enable all States workers to understand the vision towards which they are working with an emphasis on delivery of services. Fewer acronyms would also simplify the approach. For example the 'Target Operating Model (TOM)' is perhaps just a 'revised management structure'. Where acronyms are used in written communications, they should be defined in an executive summary.

Finding 3:

The Committee recognises that it is important to have independent structures within the States which strengthen governance and oversight, and the scale of change needed is large, but over-complicated changes are counterproductive.

Finding 4:

Conflicts of interest may occur where (regulatory, enforcement and operational) functions, that were previously in separate departments, are brought together.

Recommendation 5:

The Chief Executive should be mindful that not all conflicts of interest can be addressed satisfactorily by codes of practice. He should ensure that stringent operational arrangements and appropriate codes of practice are developed in conjunction with, and as part of, the change programmes taking place to avoid conflicts of interest between regulatory and enforcement functions and operational requirements.

Corporate Learning**Finding 5:**

The PAC was disappointed to note that the recommendations of C&AG reports are still not transmitted through all departments so that meaningful corporate learning can be achieved.

Recommendation 6:

The Chief Executive should identify ways in which the management team can share the reports of the C&AG more widely and the implementation of the recommendations are measured, monitored and progressed.

Recommendation 7:

The PAC recommends that a clearer method of rolling out the required changes throughout the organisation is produced with the Executive sending six-monthly updates on its progress in reviewing areas of potential application and implementing recommendations (for all departments). It also recommends that the Chief Executive notify the PAC immediately of any 'slippage' on the planned transformation programme and provides revised timetables accordingly.

Recommendation 8:

It is recommended that the Executive collect and collate the relevant data to enable benchmarks and KPIs to be produced and agreed as soon as possible.

3. Introduction

Background to the 'Recurring Themes' review

- 3.1 The terms of reference for the Public Accounts Committee establishes that it can investigate efficiency and effectiveness achieved in the use of resources by States departments, and to assess –
- (i) whether public funds have been applied for the purpose intended by the States, and;
 - (ii) whether extravagance and waste are being eradicated and sound financial practices applied throughout the administrations of the States.

Executive Responses

- 3.2 When the Comptroller and Auditor General (C&AG) presents a report containing recommendations to the States Assembly, part of the PAC's role is to follow-up on those recommendations and request an Executive Response from the Chief Executive and/or the Accountable Officer of the relevant department. The Executive Response should include which recommendations are accepted, which rejected and why, with a clear plan of action as to how and when the accepted recommendations will be implemented.

Identification of Recurring Themes

- 3.3 Despite the overwhelming majority of the C&AG's recommendations being accepted by the Chief Executive and the head of the relevant department, the Public Accounts Committee (PAC) has been frustrated by the lack of progress to implement them. It noticed that many of the recommendations could be grouped into 'recurring themes', so called because similar recommendations in consecutive reports were identifying problems throughout the organisation which were not being addressed at the corporate level. The recurring themes identified by the PAC are:
- Organisational Culture
 - Corporate Learning
 - Decision Making
 - Management Information
 - Financial Directions
 - Financial Management
- 3.4 The existence of recurring themes in recommendations of the C&AG seemed to indicate that, in addition to the problems not being tackled effectively by the Executive, lessons learned in one department were not transmitted to another so that similar mistakes could be avoided. The PAC was extremely concerned that despite a proliferation of C&AG reports highlighting problems in a particular area of the States' organisation, the Executive was failing to address those problems, implement the necessary changes, ensure the problems were not repeated in another area of the organisation and establish a clear timetable and milestones against which to measure progress.
- 3.5 The Committee agreed to hold a series of public hearings with the Chief Executive, the first of which was on 19th November 2018, and thereafter quarterly in 2019, on 25th February, 17th June, 23rd September and 9th December. The evidence gathered at the public hearings, together with follow-up evidence will be presented to the States as a series of reports, each with its own specific terms of reference, but under the overarching review of 'Recurring Themes'.

Organisational Culture and Corporate Learning

- 3.6 The Committee agreed the themes to be covered by its first public hearing with the Chief Executive and senior officers would be 'organisational culture' and 'corporate learning'. The PAC has adopted a common understanding of these terms. 'Organisational culture' can be defined simply as the prevailing conditions under which the people in that organisation work. The reports of the C&AG and PAC make frequent reference to the need for improved corporate working and cultural change. 'Corporate learning' is the way in which information on lessons learned is shared within the organisation as a whole. The PAC was concerned to note that within the public sector, there appears to be no corporate way of evaluating and reflecting on how projects succeeded (or failed) and how learning could be transmitted through internal departments.
- 3.7 The PAC was keen to see whether the Chief Executive, having been in post for nearly one year at the time of the first public hearing, had acknowledged problems in these areas and if so, what he would do to address them. The evidence gathered at the first public hearing, together with written responses by the Chief Executive and others form the basis of this report.

4. Organisational Culture

- 4.1 Reports of the C&AG and PAC make frequent reference to the need for improved corporate working and planning, and cultural change. They have urged the public sector internal departments and Executive teams to work together to present a more uniformed approach.
- 4.2 The public has often heard of the 'silo' mentality of internal departments, meaning that States departments often work and communicate independently of each other, leading to duplication of effort and delays. The lack of corporate thinking or strategy means that departments often do not understand what the priorities of other departments are, and this can lead to frustration and competing demands on the public purse. The PAC has contended that an overarching cohesive strategy would lead to savings and a better service for customers – both external (the people who use the service) and internal (States employees). The C&AG has made many recommendations to improve the organisational culture of the States, a few examples of which are below:

Why does it matter?

Working together as one forward looking organisation for a common purpose drives worthwhile change for customers, taxpayers and staff.

Example recommendations

R3 - Take steps to reinforce a culture of collective responsibility for corporate financial management issues by the Council of Ministers and Corporate Management Board

R3 - Prioritize updating of the Theatres and Anaesthesia Division Business Plan to: Align objectives clearly to HSSD Business Plan objectives; and Include appropriate outcome-focused objectives.

R2 - The Chief Executive should establish corporate cooperation between departments as a mandatory and contractual obligation for Chief Officers.

- 4.3 A letter from the Chief Executive to the Public Accounts Committee in October 2018,¹ suggested one reason for the lack of immediate progress in implementing the C&AG's recommendations was that the public sector lacked the corporate structures and ways of working that allowed the full potential for improvements to be exploited across the organisation. He had identified key issues around organisational culture:

- No single point of responsibility and accountability for States performance as a whole
- Historic lines of responsibility for Chief Officers have led to decision making in siloes
- Weak performance management and corporate planning

¹ Letter from Chief Executive to PAC 16 October 2019 regarding Executive Responses to reports and quarterly hearings

Public Hearing

- 4.4 The PAC held a public hearing on 19 November 2018 with Charlie Parker – Chief Executive Officer, Catherine Madden – Chief of Staff, Richard Bell – States Treasurer and Tom Walker – Director General, Strategic Policy, Performance and Population.² It was keen to learn what the Chief Executive and his team were doing to action the many recommendations made by the C&AG. The Chief Executive admitted that there were several recommendations that had not been dealt with.³ However he advised the areas of concern had been categorised into topics broadly the same as those subject to the PAC review. The Chief of Staff advised they would be dealt with by an assigned officer:

“They are migrated in terms of limited progress, progress, blockages ... (there is) a Director General assigned to them and they will form part of a quarterly review to CSP. The first one will be ready in February, which we can share with you. But that does not mean to say that they will not be discussed at management team either. Because they sit with me now and they are constantly being updated, so it is a live document. If there are any exceptions or exemptions or any issues, we will flag those with management team and I will do that as part of a standing item called key issues ... If the Chief Executive thinks then that he wants to have a further discussion at the following Executive Management Team, we will produce a report for that.”⁴

- 4.5 At the same public hearing, the Treasurer of the States advised that financial transformation, in particular the proposed new [Public Finances Law](#)⁵ and accompanying Public Finance Manual, would assist in tackling or addressing 110 recommendations directly and 80 in part or indirectly. The PAC noted that the Executive had identified approximately 55 recommendations relating to organisational culture and 31 pertaining to corporate learning.
- 4.6 Given the misgivings of the Corporate Scrutiny Panel examining the Public Finances Law, as iterated in its Comments Paper⁶ the Public Accounts Committee would like to see these concerns resolved before it can share the optimism of the Treasurer.

Target Operating Model (TOM)

- 4.7 The PAC had heard a great deal about a Target Operating Model (TOM) and was keen to hear how the management tool would work in tackling problems with the organisational culture of the public sector. It recalled that the Director General of Growth, Housing and Environment describing it to the Committee in a public hearing relating to Estate Management, thus:

“an involved and complex process, which will see change throughout the organisation both in the way it operates functionally and how it deals with its internal and external customers and stakeholders. At its heart, the need to bring together previously disparate business activities that functioned in very different ways.”⁷

As part of his response to a PAC review on Estate Management, he characterised it as a new term that the States has developed over the last 12 months, to mean:

² link to transcript: <L:\Scrutiny Panels\Public Accounts Committee\Reviews\Recurring Themes\3 Hearings\Organisational Culture and Corporate Learning Hearing\Transcript - PAC-CE 191118.docx>

³ PAC public hearing 19 November 2018 with Chief Executive and others - https://statesassembly.public-tv.core.portal/webcast_interactive/387019

⁴ link to transcript: <L:\Scrutiny Panels\Public Accounts Committee\Reviews\Recurring Themes\3 Hearings\Organisational Culture and Corporate Learning Hearing\Transcript - PAC-CE 191118.docx>

⁵ The draft Public Finances Law was due to be debated on 30 April 2019 and scrutinised by a sub-Panel of the Corporate Services Scrutiny Panel, including the Chairman of the PAC, Senator Sarah Ferguson.

⁶ Presented to States Assembly on 30 April 2019 in response to p.[28/2019](#)

⁷ Executive Response to C&AG's Report on Operational Land and Buildings, October 2018

“ ... the reorganisation of the States of Jersey and its function in terms of how the civil service is set up and how (it will do) business in the future.”⁸

- 4.8 Prior to the first quarterly hearing held with the Chief Executive in November 2019, the Chief Executive had set out his description of the TOM in a letter to the Committee⁹:

“... the TOM reaches right across the organisation not just the executive office. It is about structural change which is being progressed by all departments...all employees have been mapped to the new structure and Director Generals are engaged with the redesign of their departments, preparing to implement the changes required to deliver One Government design principles by the end of March 2019. It is also about new ways of working, a change in culture and behaviours ...”

- 4.9 The Chief Executive told the Committee at the public hearing of November 2018¹⁰, that P.1/2018¹¹ ([Machinery of Government](#)) had set out the organisational arrangements for the public sector and that the individual departments would no longer be directly correlated across to Ministerial roles. He explained that the nature of the One Government approach was to create some flexibility. However, the PAC considered that the fact that statutory roles do not correlate with the new corporate structures is not satisfactory. The legislative changes should be made before completion of the departmental changes.
- 4.10 The Director General for Strategic Policy and Performance agreed and said the philosophy behind the changes was to integrate the public sector and enable the Council of Ministers to work more as a team. This would allow for work on cross-cutting issues, addressing problems over the next four years. He also advised that the introduction of outcomes-based performance management (Outcomes Based Accountability) would lead to a more corporate and structured approach.¹²

4.11 **Key Finding 1:**

The PAC notes that the Target Operating Model (TOM) has been presented as a main driver of organisational change. The PAC considers that too much weight is being given to the structures rather than behaviours of people. Organisational structures can help improve and facilitate collaboration but they alone do not change behaviour and the Executive should be alert to the potential for new silos forming, following the reorganisation of departments and management structures.

Recommendation 1:

The PAC recommends that stringent and coherent timetables and clear delivery outcomes are produced and adhered to by the Executive and that the Executive report regularly to the PAC. The reports should contain up-to-date information monitoring the impact of changes to the organisational culture of the States so that progress can be measured, and errors acknowledged and rectified.

Recommendation 2:

The PAC recommends that the Executive notify the PAC immediately of any ‘slippage’ on, or changes to, the planned transformation.

⁸ Director General, Growth, Housing and Environment at PAC public hearing 22 October 2018

⁹ Letter from Chief Executive to PAC dated 16 October 2019 regarding Executive Responses and quarterly hearings

¹⁰ link to transcript: [L:\Scrutiny Panels\Public Accounts Committee\Reviews\Recurring Themes\3 Hearings\Organisational Culture and Corporate Learning Hearing\Transcript - PAC-CE 191118.docx](#)

¹¹ <https://statesassembly.gov.je/assemblypropositions/2018/p.1-2018.pdf>

¹² PAC public hearing 19 November 2018 with Chief Executive and others - https://statesassembly.public-tv.core.portal/webcast_interactive/387019

- 4.12 The PAC wanted to learn how the staff were dealing with challenges to current working practices and the Chief Executive advised that constant feedback from staff would help to inform those changes. However, he was positive about the changes leading to savings in resources:

“The fact that the organisation, by default, created a lot of duplication within its structures: so there were finance teams everywhere: there were H.R. (human resources) teams; there were I.T. (information technology) teams.... These exacerbated the ability for departments to be able to go it alone and not learn from the pressures and problems of the past and also ...to commit to some quite heavy levels of expenditure on items where they duplicated.”¹³

Low morale

- 4.13 The PAC challenged the Chief Executive on how he envisaged creating an improved culture and delivering excellent services to the Island when staff morale was currently low, as evidenced by several workers threatening or taking industrial action. He replied that the initial phase of any change programme was difficult:

“ ... there is always a curve and you go right down before you come out. So not only are we dealing with change; it is against the backdrop, for example, of pay restraint over a period of time; it is against the backdrop of not having modernised a number of areas ... people get concerned about their jobs. With job losses, you get morale that goes down.”

- 4.14 The Chief Executive reassured the committee that the phase of uncertainty would level out and that the next phase of the change programme (around May 2019) would see ‘stabilisation’ and a more positive workforce.¹⁴ However, at the time of the public hearing strike action was being contemplated by a number of public sector staff suggesting little understanding of the changes and that morale is low. A simplified vision could be to be a government that delivers services in the best way possible by learning from the people it is serving and being supportive in equipping its staff.

- 4.15 **Key Finding 2:**

The Public Accounts Committee is concerned that the volume, complexity and phraseology of documents generated to explain organisational change may lead to confusion and not encourage enthusiasm for change.

Recommendation 3:

The PAC recommends that measures are taken by the Executive to improve clarity of communication throughout the organisation, making the most of listening and feedback, to keep the States employees onside.

Recommendation 4:

A clear and concise approach is encouraged to enable all States workers to understand the vision towards which they are working with an emphasis on delivery of services. Fewer acronyms would also simplify the approach. For example the ‘Target Operating

¹³ link to transcript: <L:\Scrutiny Panels\Public Accounts Committee\Reviews\Recurring Themes\3 Hearings\Organisational Culture and Corporate Learning Hearing\Transcript - PAC-CE 191118.docx>

¹⁴ PAC public hearing 19 November 2018 with Chief Executive and others - https://statesassembly.public-i.tv/core/portal/webcast_interactive/387019

Model (TOM)' is perhaps just a 'revised management structure'. Where acronyms are used in written communications, they should be defined in an executive summary.

Chief Executive Performance

- 4.16 The Chief Executive also advised that the process for assessing his own performance was being undertaken by the Chief Minister in conjunction with an independent assessor. He told the Committee that notwithstanding a new Chief Minister was now in place, clear targets had been set, with measurable outcomes. He told the Committee that when he had arrived in post, the areas that he was asked to address included:
- *complete a 'due diligence' of the States to ensure that there was an evidence base upon which any future decisions were made.*
 - *(upon the implications of the due diligence) establish a new organisational model and to launch that operating model within the first 6 months of appointment.*
 - *review the culture and behaviour around the organisation (including increase and improve the level of engagement with external stakeholders)*
 - *commence assessment for the overarching financial position of the public services and where and what potential efficiencies may be made (to ensure that the Medium Term Financial Plan was delivered for 2019)¹⁵*
- 4.17 The Committee noted that an integral part of the Chief Executive's performance will be the outcomes for the public and agreed this should form part of the performance assessment.

Key Performance Indicators

- 4.18 Previous C&AG reports have recommended enhanced focus on the use of KPIs (key performance indicators) linked to corporate objectives. In his letter of response to the PAC, the Chief Executive advised that he had established a mechanism to be able to report back on the KPIs, expressed across as a standard template for each department. However, he admitted to the Committee in a public hearing that developing KPIs across the organisation was 'a work in progress'.¹⁶ The Committee concluded that although the KPIs are measurements for management, it would be keen to see a greater emphasis on improved outcomes for the public. For example, if a phone call is answered within thirty seconds that will comply with the KPI. However, if a member of the public had to make several calls and was subject to numerous delays in resolving an issue, this would not be a satisfactory outcome.

Leadership

- 4.19 The Chief Executive advised the Committee that discussions are taking place about the way in the role of leaders throughout the organisation in championing change and in informing and communicating with staff:

"... With the Team Jersey programme that we are just starting to roll out, we have got a whole host of engagement programmes. For those people who are going through recruitment, we have invested heavily in giving them additional professional support about interview techniques, about C.V.s (curricula vitae), about application forms ... For those people who need mentoring and support we are providing coaching and help."

¹⁵Letter of response from Chief Executive to Public Accounts Committee follow-up questions, 29 January 2019

¹⁶ PAC public hearing 19 November 2018 with Chief Executive and others - https://statesassembly.public-i.tv/core/portal/webcast_interactive/387019

- 4.20 The Chief Executive advised the PAC that the benefits of the Target Operating Model (TOM) would start to be seen by Spring 2019, and a 'recovery phase' would go through to 2021:

*"... when people are valued and when your organisation becomes a learning organisation and we stop repeating the mistakes on an ongoing basis, that phase, if you build the right form of leadership ... then the organisation is stronger, the place is better and the individual at the top becomes less of a focal point. If it goes wrong you have to take responsibility ... I am confident that we are improving a collective leadership among us."*¹⁷

- 4.21 The PAC was keen to know how the proposed restructuring would impact on the leadership. The Chief Executive responded in writing:

*'The restructured leadership teams (Tier 1.2.3) will be able, through increased delegated accountabilities to take decisions at lower levels in the business. This includes the roll out of their TOMs and decisions relating to the operation of their departments i.e. the consolidation of the Finance functions, the re-design of the Finance system and single –control function for Uniformed services. Other examples include delivery of the modernisation programme for their departments, the delivery of the Common Strategic Policy (CSP), and the development and delivery of the Government Plan. The number of hierarchical levels will be reduced, aiming for a maximum of six below the Chief Executive.'*¹⁸

4.22 **Key Finding 3:**

The Committee recognises that it is important to have independent structures within the States which strengthen governance and oversight, and the scale of change needed is large, but over-complicated changes are counterproductive.

Risk Management

- 4.23 The Chief Executive advised he was confident he could achieve the goals set. In follow-up questions to the Chief Executive, he was asked about what obstacles would delay or prevent the plans, and what he was doing to mitigate against that risk. In January 2019, he responded:

Potential risks and obstacles include the following:

- *Unexpected external events e.g. Brexit – although the States' response to this challenge has been particularly strong*
- *Insufficient funding*
- *Failure to recruit people with the necessary skills and knowledge.*
- *delays in political decision making and legislation needed to effect change*
- *retention of existing talent*
- *Lack of capabilities and capacity to service multi-dimensional transformation, improvement as well as "Business As Usual" work*

Amongst measures to mitigate these risks are:

- *A disciplined Programme and Project Management approach to change*
- *States-wide strategies to bring consistency – e.g. induction for new employees*

¹⁷ PAC public hearing 19 November 2018 with Chief Executive and others - https://statesassembly.public-tv/core/portal/webcast_interactive/387019

¹⁸ Letter of response from Chief Executive to Public Accounts Committee follow-up questions, 29 January 2019

- *Effective coordinated and orchestrated action by the Corporate Strategy Board and Executive Management Team*
- *Strong communication of key messages*
- *Establishment of the One Government Board to provide political oversight to the Modernisation Programme.*

In addition to the above, an initiative within the Finance Transformation Programme is currently ongoing to develop a States-wide Enterprise Risk Management (ERM) approach. The project is focusing on formalising risk governance, strategy and guidance that would allow the States to have a common approach to identify, assess, respond and report on risk.¹⁹

- 4.24 The Committee remains concerned that changes are proposed which do not comply with existing legislation. Legislative changes must be effected before all the proposed departmental structures are changed otherwise there is a risk of operating *ultra vires*.

Conflicts of Interest

- 4.25 The Committee questioned the Chief Executive on the potential for conflicts of interest where structures which bring together functions that were previously in separate departments might heighten risk in this area. The Chief Executive advised he was aware of the potential risk:

"...you can separate out ... a regulatory body (from) strategic or operational requirements. ... we are going to bring forward some very defined operational arrangements to ensure that the integrity of any decision-making process is maintained in a transparent way to assure members of the public and also Assembly Members around that as part of the arrangements for the next phase of the Machinery of Government."²⁰

- 4.26 The Committee was pleased to note the Chief Executive was committed to managing the risk through development of appropriate codes of practice in conjunction with the Attorney General.

4.27 **Key Finding 4:**

Conflicts of interest may occur where (regulatory, enforcement and operational) functions, that were previously in separate departments, are brought together.

Recommendation 5:

The Chief Executive should be mindful that not all conflicts of interest can be addressed satisfactorily by codes of practice. He should ensure that stringent operational arrangements and appropriate codes of practice are developed in conjunction with, and as part of, the change programmes taking place to avoid conflicts of interest between regulatory and enforcement functions and operational requirements.

Government Plan

- 4.28 The Chief Executive advised that, over the next 12 months, he would be putting forward an ambitious plan to invest in ensuring that the finance, payroll and accounts payable systems all join up. Investment in a series of specific priorities would form part of a detailed Government plan, which will be linked to the budget for 2020 outside of this M.T.F.P. (Medium Term Financial Plan) period. However, short term would still see some Ministerial decisions around some of the IT and technology needed.

¹⁹ Letter of response from Chief Executive to Public Accounts Committee follow-up questions, 29 January 2019

²⁰ PAC public hearing 19 November 2018: https://statesassembly.public-i.tv/core/portal/webcast_interactive/387019

4.29 In written responses to the PAC in January 2019, the Chief Executive expanded on this theme:



‘To support the implementation of the new OneGov TOM, it is necessary to create and embed a new Finance operating model, including consolidating finance staff in to a single team. This has previously been recommended by the C&AG, but is now possible due to the creation of a Principal Accountable Officer, a one-government focus and the breaking down of silos, and with the support of the senior leadership team.

This goes beyond a simple reorganisation, and the new structure recognises areas where Finance capability and capacity are currently under-developed.

The change to Finance teams is only part of the transformation of Financial Management in the States of Jersey. The newly formed States Treasurer and Exchequer department will champion the change across the States, working alongside the Team Jersey culture programme, to change the way that officers understand their finances, make decisions for the longer term and deliver value for Islanders money.

Through consultation the new operating model includes the creation of 6 new Head of Finance Business Partners that will form an integral link with the departments. They will be supported by a newly created Analytics and MI team that will provide robust and standard information that is drawn directly from the finance system (currently JD Edwards). Working in unison with Director Generals, this will provide the information and capability to understand, challenge and control finance spending.²¹

Team Jersey

4.30 The PAC, having heard from the Chief Executive and his senior officers in charge of the transformative tools such as the Target Operating Model and the Government Plan, accepted that he was intending to tackle the issues of disjointed organisational culture by linking business planning to strategic objectives and joint working and collaboration across the public sector. However, this would take some time. The Chief Executive told the Corporate Services Scrutiny Panel at a quarterly hearing in November 2018, that:

“The Team Jersey cultural change programme, which looks at behaviours, culture and leadership values, will start to be rolled out across the whole of the public service, starting clearly at the top with the director generals and the senior leadership team that sits just below them. A key part of that is how you value people, what is the best way of dealing with challenges that inevitably face public servants every day and what the culture of the organisation is that we want to be able to deal with here...Team Jersey is a really critical part of that transition into establishing a modern, fit for purpose public service that has the right cultural and behaviour and leadership arrangements in place...we have made very clear that this is a 3 to 4-year programme, such are some of the cultural behaviours

²¹ Letter of response from Chief Executive to Public Accounts Committee follow-up questions, 29 January 2019.

*entrenched in the way in which the organisation exists. This is not going to be a short-term fix.*²²

- 4.31 The Chief Executive explained the purpose of Team Jersey further in a lengthy explanatory letter to the Public Accounts Committee:

*'The introduction of Team Jersey will provide all levels in the organisation with the support to further the distributed leadership approach. This organisational cultural change will take place over the next three years. The before and after is best described as less silo and more whole system decisions making with staff effectively being "leaders" and having clear accountability, responsibility, decision making and tasks delivered at the right level.'*²³

- 4.32 Having noted the TOM and linked initiatives, the PAC will be watching carefully in the coming months to see if those plans for a change in organisational culture lead to tangible benefits which can be objectively measured. It notes that the draft Public Finance Law²⁴ is due to be debated at the end of April 2019, with the Government Plan due to be debated by the States Assembly in September 2019. The Chief Executive has advised the Committee that these are integral parts of his plan to transform the culture of the States' departments' way of working and so the Committee is pleased to note that Scrutiny Review Panels²⁵, with the Chairman of the PAC as a co-opted member, have been established to scrutinise these elements. The PAC has asked for regular updates and quarterly hearings with the Chief Executive, and that it is notified immediately of any 'slippage' on the planned transformation.

²² Corporate Services Scrutiny Panel Quarterly Hearing 18th November 2018, with Chief Minister, Chief Executive and others. Link: <https://statesassembly.gov.je/scrutinyquarterlyhearingstranscripts/2018/corporate%20services%20quarterly%20hearing%20-%20chief%20minister%20-%20transcript%205%20november%202018.pdf>

²³ Letter of response from Chief Executive to Public Accounts Committee follow-up questions, 29 January 2019.

²⁴ <https://statesassembly.gov.je/assemblypropositions/2019/p.28-2019.pdf>

²⁵ <https://statesassembly.gov.je/scrutiny/Pages/Review.aspx?reviewid=318>

5. Corporate Learning

5.1 'Corporate learning' is simply the way in which outcomes of one section of an organisation are transmitted throughout the whole organisation, so that lessons can be learned and errors are not repeated. The PAC is aware that effective corporate learning is particularly important in the public sector. Mistakes that cost taxpayers' money in one area of the States' organisation will inevitably cost more money if they are repeated in another area. However, the PAC is aware that the need for corporate learning extends beyond financial considerations. The C&AG has commented that because the former Health and Social Services Department did not display a learning culture (having not taken on board her recommendations to drive improvement) risk has not been effectively managed. This may have contributed to the repeated Health and Safety failures.²⁶

Why does it matter?

High performing organisations embrace learning, building on experience to do things better and transferring learning from one part of the organisation to another.

5.2 With this in mind, the PAC is concerned that there appears to be no corporate way of evaluating and reflecting on how projects succeed (or fail), learning from mistakes made and building on that experience to produce better outcomes.

5.3 The PAC has, in previous reports, noted that failed, delayed or overspent projects keep occurring. The C&AG has identified where a particular department has undertaken improvements to an area and has learnt many valuable lessons in the process – and yet there is no overarching mechanism by which another department could replicate the success or avoid similar errors.

5.4 For example, there have been extensive reviews into and restructuring of Children's Services, leading to many improvements to the way the service is delivered and for the benefit of the children of the island.²⁷ However, some of the lessons learnt from those reports have not been transmitted to other areas of Social Services, such as Adult and Older Adult Services, as reflected in the recommendations of the recent follow up [report of the C&AG](#). It is highly likely that the services for older people would benefit from a similar restructuring, and it appears to the PAC that it would be much simpler and less costly to promote joint working so as not to duplicate costly mistakes and to improve the services provided.

5.5 The PAC has seen a variety of documents produced by the Executive²⁸, relating to organisation-wide standards, processes and structures. But it is aware that good and effective leadership identifying what is good and bad in the functionality of an organisation and tasking all areas of the organisations to improve their standards by attaining clear organisational objectives, including but not limited to, securing value for money.

5.6 In Children's Services there were no robust arrangements in place to identify and then address declining service standards. The Chief Executive was not yet in post when the C&AG's [Review of Community and Social Services \(December 2015\) Report](#) was published in December 2015, detailing the need to establish resilient arrangements across the whole of Community and

²⁶ C&AG report on Adults and Older Adults conclusion, p. 28: [CAG-Report-CSS-for-Adults-and-Older-Adults-Follow-up](#)

²⁷ See C&AG report on [Review of Community and Social Services \(December 2015\)](#)

²⁸ Chief Executive 6 month report (1st) link:

<https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/R%20Chief%20Executive's%20six-month%20report%20to%20States%20Assembly%2020180709%20CK.pdf>

Chief Executive 6 month report (2nd)

<https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/20190124%20Chief%20Executive%27s%20second%20six-month%20report%20to%20States%20Members.pdf>

Social Services to ensure the right ‘culture’ permeates throughout.²⁹ However, the PAC was keen to see if the widespread changes to the organisation that he had invoked would demonstrate ‘corporate learning’.

- 5.7 At the public hearing of November 2018, the Chief Executive did accept that there had been weak joint working and collaboration across government. He advised that, under his watch, routine and exception reporting, monitoring of recommendations across the organisation and sharing of structured learning from other projects would take place.³⁰
- 5.8 He stated that a consistent message of not learning from previous mistakes had been heard and understood, and that as a result, the lessons would be embedded into the culture:

Example recommendations
R11 - Consider the relevance of findings and recommendations of Comptroller and Auditor General reports relating to information to the Education Department and identify appropriate action.
R1 Routinely undertake structured learning (including from other projects); identify actions to be taken; secure senior level understanding, commitment and endorsement; and monitor implementation.
R13 - Develop mechanisms to capture and share experience of departmental training initiatives across the States.

“... we are going to have to just take our time and follow it through... there are some green shoots in this period of people beginning to register and recognise the benefits of change.”³¹

5.9 In follow up written responses to the PAC³², the Chief Executive offered examples of corporate learning and elaborated on his understanding:

A key component of a learning organisation is creating an environment that is conducive to learning, having space for reflection, sharing, and analysis. The Team Jersey programme ... is creating the first building blocks to foster a culture of learning and collaborative problem solving. Another is aligning the delivery of all learning and development initiatives across the organisation and strengthening the corporate oversight to maintain a common approach. The new Target Operating Model will address this alignment ... A new approach has been agreed by the Corporate Strategy Board for addressing reports of the Comptroller and Auditor General.³³

- 5.10 With this in mind, the PAC read with interest the C&AG’s Follow up [Report on Community and Social Services for Adults and Older Adults](#) published in April 2019 to see if this new approach to corporate learning had been reflected since the Chief Executive had been in post for over a year. The PAC agreed with the C&AG’s comments that there were three vital components needed in order to secure the necessary improvements, as illustrated overleaf:

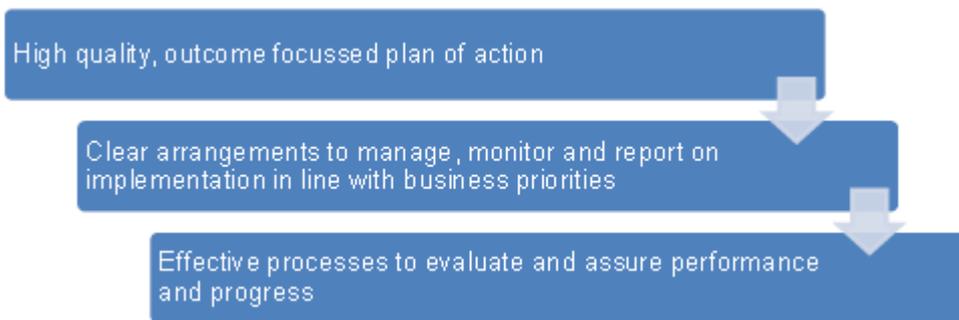
²⁹ See C&AG report on [Review of Community and Social Services \(December 2015\)](#)

³⁰ PAC public hearing 19 November 2018 with Chief Executive and others - https://statesassembly.public-j.tv/core/portal/webcast_interactive/387019

³¹ PAC public hearing 19 November 2018 with Chief Executive and others - https://statesassembly.public-j.tv/core/portal/webcast_interactive/387019

³² Email containing departmental documents 14 January 2019 from Chief of Staff

³³ Letter of response from Chief Executive to Public Accounts Committee follow-up questions, 29 January 2019



5.11 The PAC was therefore disappointed to note that of the 15 recommendations made by the C&AG in her earlier report of 2015, none had been fully implemented by December 2018 for Adult and Older Adult Services. Even where actions had been undertaken and there has been some general progress towards improvement, there had been no mechanism in place to test whether the intended outcomes have been achieved.³⁴

5.12 **Key Finding 5:**

The PAC was disappointed to note that the recommendations of C&AG reports are still not transmitted through all departments so that meaningful corporate learning can be achieved.

Tracking C&AG recommendations

5.13 The Chief Executive, in his letter of response to questions following the public hearing of November 2018, assured the Committee that the Chief of Staff was responsible for tracking all of the recommendations of the C&AG and making sure their implementation was being progressed. He considered that to be an essential element of corporate learning. He also advised that another element would be finding examples of good practice:

“... to be able to ensure that we share that across the organisation. (Staff) have got an opportunity to influence the learning models and modules about how we can take some of the good things that have happened ... we are going out and listening to colleagues and understanding and can learn the benefits.”³⁵

5.14 The Chief of Staff advised that she would have regular meetings with the C&AG, to “seek explanation for where we think the reports need to go”, and to help enable improvements throughout departments. She also advised that allocating a director general to lead on behalf of other director generals would pull the work together and officers across those departments would lead on particular work themes.³⁶

5.15 **Recommendation 6:**

The Chief Executive should identify ways in which the management team can share the reports of the C&AG more widely and the implementation of the recommendations are measured, monitored and progressed.

Change Management

5.16 In written responses to questions posed by the PAC following the public hearing, the Chief Executive expanded on his comments regarding periods of change:

³⁴ [C&AG Report on CSS for Adults and Older Adults published April 2019](#)

³⁵ Letter of response from Chief Executive to Public Accounts Committee follow-up questions, 29 January 2019

³⁶ PAC public hearing 19 November 2018 with Chief Executive and others - https://statesassembly.public-i.tv/core/portal/webcast_interactive/387019

'All structural changes will be essentially complete by the end of May 2019. This will bring to an end a period of uncertainty for some staff and allow real change to begin. The Team Jersey culture programme is pivotal to achieving this change in how the States operates.

*It is difficult, if not impossible, to pin down the "end-point" of "significant change". The document "Team Jersey: One island, one community, one government, one future" sets out the building blocks for a 30 year strategic approach, whilst at the same time illustrating (in section 6) the more immediate changes that can be anticipated.'*³⁷

- 5.17 The PAC wishes to encourage a learning culture throughout the public sector, where lessons can be learnt and successes can be built upon. Having noted the TOM and linked initiatives, together with updates on the OneGov presentation (November 2018)³⁸, the PAC will be watching carefully in the coming months to see if the Chief Executive's plans for corporate learning lead to tangible benefits (for internal as well as external customers) which can be objectively measured. The PAC is keen to see benefits of good projects transmitted through departments, and risks of repeated errors minimised.
- 5.18 The recommendations of the C&AG's recent report on Community and Social Services³⁹ included the need for the Executive to make robust arrangements in respect of assigning responsibilities, agreeing target dates, monitoring implementation of agreed actions and recording and reporting on progress.
- 5.19 A specific recommendation from the report is for the Executive to submit six monthly progress reports to the Public Accounts Committee detailing:
- action taken to implement outstanding recommendations;
 - any slippage in implementation of agreed actions;
 - an evaluation of the impact of the implementation of agreed actions; and
 - an assessment of remaining risks.
- 5.20 The PAC is pleased to note that the ongoing scrutiny⁴⁰ of the programmes, together with the regular updates, should afford the Committee with information on the progress of their implementation and impact. It urges the Chief Executive to ensure that all the recommendations are transmitted through all departments so that meaningful corporate learning can be achieved. Having noted the timetable for completion of certain phases of the transformation programme, it will follow through with quarterly hearings with the Chief Executive and regular updates on progress.

5.21 **Recommendation 7:**

The PAC recommends that a clearer method of rolling out the required changes throughout the organisation is produced with the Executive sending six-monthly updates on its progress in reviewing areas of potential application and implementing

³⁷ Team Jersey document (double-click on icon to open):



³⁸ OneGov presentation (double click on icon to open):

³⁹ [C&AG Report on CSS for Adults and Older Adults published April 2019](#)

⁴⁰ <https://statesassembly.gov.je/scrutiny/Pages/Review.aspx?reviewid=318>

recommendations (for all departments). It also recommends that the Chief Executive notify the PAC immediately of any 'slippage' on the planned transformation programme and provides revised timetables accordingly.

Recommendation 8:

It is recommended that the Executive collect and collate the relevant data to enable benchmarks and KPIs to be produced and agreed as soon as possible.

6. Conclusion

- 6.1 This is the first of a series of reports looking at recurring themes throughout the Executive, specifically organisational culture and corporate learning. The Committee is convinced of the necessity to improve corporate working and for individual departments to reject a silo approach. The PAC has welcomed proposals for improvement as set out by the Chief Executive with plans and programmes such as 'Team Jersey' and the Target Operating Model (TOM), as well as presentations on the OneGov programme (which are too lengthy to reproduce in this report but are contained within the footnotes 35 and 36 on p.17 of this report). However it is keen to monitor how they translate into action, what the Chief Executive and senior officers have achieved so far – and how that is objectively monitored and measured.
- 6.2 The PAC is keen to see benefits of good projects transmitted through departments, and costly mistakes repeated less often. Having heard the Chief Executive's commitment to complete certain phases of the transformation programme, it is keen to remind him that organisational structures alone do not change behaviour but they can help improve and facilitate collaboration.
- 6.3 The Committee will be monitoring the Chief Executive's progress closely over the next twelve months. It wishes to ensure that the plans for changes in organisational culture and corporate learning lead to tangible benefits (for internal as well as external customers) and will monitor progress by way of regular updates, briefings, public hearings and ongoing scrutiny reviews.



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