

Recurring Themes: Decision Making

Public Accounts Committee

29 July 2019

P.A.C. 3/2019



goals solution answers plan chance research
DECISION MAKING
structure problem question tasks dilemma success



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1. Chairman's Foreword

The Public Accounts Committee is concerned with holding the Executive to account and ensuring taxpayers' money is spent wisely and for its allocated purpose.

Although the PAC welcomed change programmes such as 'Team Jersey' and the Target Operating Model (TOM), proposed and currently being implemented by the Chief Executive, the PAC is concerned that, by themselves, these initiatives will not lead to better decision making.

The PAC will review whether the Chief Executive has acknowledged, understood and remedied problems in corporate decision making. The Public Accounts Committee focus is on how decisions were made and the process by which a decision was arrived at, rather than the merits or otherwise of the decision itself. It will ascertain what the Chief Executive and senior officers plans to do, and has achieved so far – and how that is objectively measured.

The PAC has tried to ascertain whether justification for decisions was based on objective and evidence based information, to properly underpin the decisions made.



Senator Sarah Ferguson, Chairman, Public Accounts Committee

PAC Members (States of Jersey)

Connétable John Le Bailly
Deputy Rowland Huelin
Deputy Carina Alves (resigned 12 March 2019)
Deputy Inna Gardiner (appointed 25 March 2019)

PAC Members (independently appointed)

Ms Moz Scott
Mr Tim Rogers
Mr Adrian Lane

2. Key Findings and Recommendations

Key Finding 1

A number of assertions are made by the Chief Executive, for example, “the Team Jersey Programme will prevent silos from forming” but this cannot yet be evidenced. The Chief Executive should ensure this is working. The IAB and better business cases are being developed but are not yet embedded. The PAC concludes that a post implementation review should be conducted to evaluate the success of these schemes.

Key Finding 2

The PAC commends the establishment of a database which itemises all of the recommendations, however it is concerned that implementation of the recommendations has been slow.

Key Finding 3

In its report [Organisational Culture and Corporate Learning](#), the PAC commented that the Target Operating Model (TOM) had been presented as a main driver of organisational change. However, while organisational structures can help improve and facilitate collaboration, they alone do not change behaviour.

Recommendation 1

The PAC urges the Chief Executive to progress the implementation of recommendations as matter of urgency and to demonstrate how each departmental or corporate Target Operating Model (TOM) is key to resolving these outstanding issues.

Key Finding 4

The office modernisation project/programme (OMP) dates back to 2014. It is therefore disappointing that there is still no evidence of an overarching property strategy.

Key Finding 5

In the absence of an overarching property strategy and corporate framework (albeit there is an ‘office strategy’), the PAC has not seen evidence of a clear decision making process to justify the personnel move to Broad Street and evaluate the decision making process against any objective criteria.

Recommendation 2

The Chief Executive should urgently progress the development of an overarching property strategy, and demonstrate how the office modernisation programme aligns with the property strategy.

Key Finding 6

The Chief Executive has asserted that business cases are linked to strategic objectives, but the business cases and investment appraisal documents did not consistently and objectively measure (using KPIs) how they meet those objectives.

Key Finding 7

The cost of interior fit-out of Broad Street was a matter for the Investment Appraisal Board (IAB) but the decision to enter into a lease for the Broad Street offices (a significant financial commitment) was not. Savings of £1m were redistributed to Broad Street without consideration by the IAB as to whether that was the “best use of public resources”. This does not appear to be robust investment appraisal against quantifiable strategic objectives to improve performance outcomes (KPIs) of the government for the Islanders. The lease being ‘the best of the options presented’ is not the same as “best use of public resources”.

Recommendation 3

Business cases and investment appraisal documents should demonstrate consistent and objective measures (eg using KPIs) of how they meet overarching strategic objectives.

Key Finding 8

In the absence of an overarching property strategy and corporate framework (albeit there is a 'customer service strategy'), the PAC has not seen evidence of a clear decision making process to justify the location of the customer services hub to La Motte Street premises, and evaluate the decision making process against any objective criteria.

Recommendation 4

The Chief Executive should demonstrate how the customer service strategy aligns with the development of an overarching property strategy.

Key Finding 9

The Government of Jersey has not employed a consistent approach to Business Analysis or investment decisions. Failure to action, document and monitor any of the key steps in a business plan result in poor decision making.

Key Finding 10

There have often been weaknesses in roles, responsibilities and accountabilities and often the right resources have not been in place to deliver a project.

Recommendation 5

The Chief Executive should ensure that every project should have a clear rationale, supported by documentation such as an investment appraisal, options analysis, business case and implementation plan, based on the 'Treasury Green Book' (as he has committed to) and demonstrate how each project is performing against its objectives and strategic intent.

Key Finding 11

The Government of Jersey does not consistently employ SMART objectives and KPIs.

Recommendation 6

The Chief Executive should employ clearly articulated objectives and KPIs:

- (i) to demonstrate what options or proposals are evaluated against
- (ii) for the monitoring of implementation and delivery of the property strategy, office strategy, customer strategy and government on-line strategy

so they can be appraised for their overall impact and improvement in government services with an overall reduction in cost.

3. Introduction

Overarching Terms of Reference and Scope for Recurring Themes Review

- 3.1 The terms of reference for the Public Accounts Committee establishes that it can investigate (by way of the C&AG's reports) into the economy, 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 The PAC 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:
- Organisation culture
 - Corporate Learning
 - Decision – making
 - Management information
 - Financial Directions
 - Financial Management

Decision Making Theme

- 3.4 The first report on [Organisational Culture and Corporate Learning](#) was published in May 2019. The Committee agreed the theme to be covered by its second public hearing¹ with the Chief Executive, the Treasurer of the States, Chief of Staff, together with the Director General for Customer and Local Services and Head of Decision Support, was 'decision making'. The PAC was keen to see whether the Chief Executive, having been in post for one year at the time of the public hearing of 25 February 2019, had acknowledged problems in corporate decision making and if so, what he would do to address them.
- 3.5 The PAC questioned the Chief Executive² and other senior officers about the timeliness, quality and process of decision-making that lead to options being presented to the States. This report sets out:
- What constitutes a good decision making process, and the effects of poor decision making
 - What evidence of good decision making the PAC expects to see
 - The measures the Chief Executive is taking to implement decisions taken and monitor their success

¹ [Transcript of PAC: Recurring Themes Decision Making Public Hearing with Chief Executive and others 25 February 2019](#)

² [PAC public hearing transcript 25 February 2019](#)

4. Decision Making

- 4.1 Reports of the Comptroller and Auditor General (C&AG) and the Public Accounts Committee (PAC) make frequent reference to the need for improved corporate decision making. The PAC concurs with the C&AG³ that high quality decision making is essential for securing value for money. The Government, and ultimately all States Assembly members, take major decisions regularly including those that are both high value and contentious. The PAC focusses on how decisions were made and the process by which a decision was arrived at, rather than the merits or otherwise of the outcome of the decision. The recommendations made in this report are applicable to any major decision the States may take.

Why does it matter?

Clarity about what needs to be decided, on what basis, by whom, with what information drives efficiency and effectiveness.

Good decision making process

4.2 The PAC questioned the Chief Executive and other senior officers to determine whether they could deliver 'economic, efficient and effective' projects based on clear decision making. In order to demonstrate a good decision making process, every project should have a clear rationale, supported by documentation such as an investment appraisal, options analysis, business case and the proposed implementation plan. It must demonstrate a benefit that can be measured against a strategic objective, for example to improve health, housing, education, or policing. At the decision making stage, there has to be an identification of expected outcomes and arrangements for measuring those outcomes. Successful outcomes, measured against the performance objectives in those delivering the service would show faster, cheaper and/or better products or service.

4.3 In order to show a robust and consistent decision making process, Government officers such as the Chief Executive would be advised to demonstrate that within the States organisation there are clear structures, roles and responsibilities, coupled with adequate resources (human and financial) and the necessary equipment to undertake the work. There should be clear and consistent records of decisions made and the actions needed, so that there is no ambiguity about what has been agreed. The PAC wanted to see evidence of this process to secure value for money and the successful delivery of the objectives of the wider programme of transformation.⁴

Poor decision making and its effects

- 4.4 Poorly evidenced, subjective, and poorly communicated decision-making has resulted in significant challenge, delay (and associated costs), exemplified in the C&AG reports of Jersey Innovation Fund (January 2017)⁵ and Future Hospital: Decision Making (November 2017)⁶, amongst others.

Jersey Innovation Fund (JIF)

- 4.5 The Jersey Innovation Fund was established as a way to help Islanders set up businesses and promote innovative ideas. The PAC followed up on the C&AG's initial report of 2017 and determined that poor decision making in the setting up of the scheme as well as its subsequent execution had been a key factor in the JIF's demise.⁷ Because of significant weaknesses in

³ <https://www.jerseyauditoffice.je/wp-content/uploads/2017/11/Report-Decision-Making-Future-Hospital-Site-Selection-23.11.2017.pdf>

⁴ [https://statesassembly.gov.je/assemblypropositions/2018/p.1-2018com\(2\).pdf](https://statesassembly.gov.je/assemblypropositions/2018/p.1-2018com(2).pdf)

⁵ <https://www.jerseyauditoffice.je/wp-content/uploads/2017/02/Report-Jersey-Innovation-Fund.pdf>

⁶ <https://www.jerseyauditoffice.je/wp-content/uploads/2017/11/Report-Decision-Making-Future-Hospital-Site-Selection-23.11.2017.pdf>

⁷ [PAC Report on Jersey Innovation Fund 11 April 2018](#)

the operational framework of the scheme, a lack of understanding about corporate roles and responsibilities, followed by bad decisions made in the monitoring and reporting of loans, it suffered significant losses.

- 4.6 It is important to recall that poor decision making in respect of the Innovation Fund created the environment (devoid of clear criteria and process) where losses become more likely and significant, if not inevitable (It is noted around £2 million by January 2017). A further significant amount was spent in consultant reports to establish what had gone wrong.⁸

Future hospital site selection

- 4.7 However, that figure is dwarfed by the expenditure relating to the site of the future hospital as detailed by the C&AG in her report of decision making.⁹ The building of a new hospital is costly, complex and involves many departments and teams. Where it should be sited has been a subject exercising the minds of most politicians since the project was first mooted in 2012.¹⁰ The C&AG tracked the decision making of the major stakeholders from that point, to the withdrawal of the proposal to build a new hospital in People's Park in the States Assembly in 2016. Again, the C&AG noted that, despite making recommendations that roles, responsibilities and accountabilities should be strengthened, there were weaknesses in the corporate structure such that decisions were not recorded, there was little or no logic involved in setting out the options before consultants were appointed at great cost, and ultimately the proposed site was rejected. She noted that basic operational imperatives such as accurate, timely and relevant information was not in place so consequentially bad decisions would be made.
- 4.8 The PAC notes that following the decision not to proceed with the People's Park option, Ministers agreed to develop the General Hospital site. In P.107/2017, as lodged au Greffe on 31 October 2017, the States Assembly has been asked to approve capital expenditure on the Future Hospital of up to £466 million.¹¹ It has been difficult for the States to justify that the 'preferred' sites identified in the period covered by the review were an optimal solution for Jersey based on objective and agreed criteria, despite having spent nearly £18 million on getting to that point.¹²

Corporate strategy to improve decision making

- 4.9 The PAC notes that the Chief Executive was not in post when the decisions about the Jersey Innovation Fund and the siting of the future Jersey hospital were made. Following the public hearing¹³ in February 2019, the Chief Executive provided strategy papers¹⁴ which included a report identifying (amongst others) 41 C&AG recommendations related to decision making:

⁸ [PAC Report on Jersey Innovation Fund 11 April 2018](#)

⁹ <https://www.jerseyauditoffice.je/wp-content/uploads/2017/11/Report-Decision-Making-Future-Hospital-Site-Selection-23.11.2017.pdf>

¹⁰ In October 2012, the States Assembly debated and adopted P.82/2012, a proposition on healthcare reform, including requirements for future hospital capacity.

¹¹ [P.107/2017 Future Hospital Approval of preferred scheme and funding.](#)

¹² The Executive responded to a draft report by email on 17 July 2019, thus: 'Significant work was undertaken to evaluate a long-list of 41 sites against agreed criteria: <https://www.futurehospital.je/selection-process/> - the C&AG report on Future Hospital: Decision making does not note a lack of process, rather that the process may not have been consistently applied: 'R9 At the outset of a project determine an appropriate evaluation model and consistently apply it unless there is an overriding, documented reason for change'

¹³ [PAC public hearing transcript 25 February 2019](#)

¹⁴ Letter to PAC from Chief Executive in response to follow up questions 27 February 2019

Recommendations split by the PAC legacy report themes. Some recommendations do not fall into the categories, such as those contained in the report 'Private Patient Income in HSSD':

Audit Type	(Multiple Items)	37						
Years	(All)	*						
Report Description	(All)	*						
Count of Recommendation number	Status2	*						
PAC Theme			Green (Done)	Amber (Progress)	Red (Limited Progress)	Blue (Blockage)	White (No response)	Grand Total
Organisational Culture			6	8	18	5	18	55
Decision Making			5	13	5	3	15	41
Corporate Learning			3	12	6		10	31
Financial Directions			10	14	4		9	37
Financial Management			11	12	16	4	2	45
Management Information			6	16	7		3	32
eGov				3	5		1	9
Grand Total			41	78	61	12	58	250

4.10 The Chief Executive advised that the implementation of the recommendations would be improved by:

- integration of financial and non-financial information
- improved governance for major projects
- corporate ownership of decision making and strategic financial issues
- better business case discipline

4.11 The PAC agreed it would look in more detail at the integration of financial and non-financial information when reviewing Financial Management at a later date, however it considered the three further headings in turn when considering how the change programme could improve decision making.

Improved Governance for Major Projects

4.12 The PAC wanted to understand how Target Operating Models (TOMs) related to better decision making. It heard a great deal about the new Target Operating Model (TOM) coming into effect, with the Director General of Growth, Housing and Environment (GHE) describing it in a previous public hearing as:

“ ... 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.”¹⁵

4.13 The Chief Executive told the Committee that stronger programme and project management arrangements had been achieved with the target operating model (TOM):

“For example, the chief operating officer is putting together a broader corporate model for all large-scale projects to enable there to be better programme oversight on projects we have within Growth, Housing and Environment a new division there that will look at project management (and) ...as we go through the target operating model rollout, we will be recruiting people ... to give better project management oversight of large-scale capital projects.”¹⁶

4.14 Correspondence from the Group Managing Director of Health and Community Services (HCS)¹⁷ advised that it accepted the recommendations contained in the C&AG report 'Decision Making – Future Hospital Site Selection' and had used the themes of the report to inform the development of HCS's target operating model (TOM):

¹⁵ Director General, Growth, Housing and Environment at PAC public hearing 22 October 2018

¹⁶ [PAC public hearing transcript 25 February 2019](#)

¹⁷ Email from Robert Sainsbury, Group Managing Director, Health and Community Services, 26th March 2019

- **Decision making stages:** The phases of the design and delivery of the TOM have been planned and are set out in the 'Consultation Document'. The Target Operating Model has been developed with consideration of all HCS related CAG reports and findings.
- **Decision making arrangements: Ministers:** The Minister for HCS has provided political oversight of the TOM process and has been regularly consulted during its development. In addition the Target Operating Model has been shared with Scrutiny, the States' Employment Board and Council of Ministers.
- **Decision making arrangements: Officers:** The development of the TOM has been led by the HCS Management Executive Committee in their remit to 'drive the development and delivery of strategic and organisational change, including service re-design' as part of the draft Terms of Reference, reviewed following the C&AG report 'Governance Arrangements – Health and Social Care'. In addition the Management Executive have commissioned a stakeholder reference group that reflects all of the clinical and professional groups across HCS.
- **Consultation and communication:** Significant consultation and communication has been undertaken with staff and colleagues, from the design of the Jersey care model to the consultation of the proposed organisational structure. This co-design approach is documented in 'One HCS: Playing our part within One Government' and the 'One HCS consultation response'.
- **Expertise to support decision making:** Support has been provided by HCS' Senior HR Business Partner and other HR resources within the Government of Jersey.
- **Recording decision making:** The rationale for the way the organisational structure has been developed and all changes to the structure following consultation have been documented in the consultation response and 'Revised organisational chart (tracked)'. The HCS Structure, Care Model and over-arching Target Operating Model reflects the overall strategic ambition and approach of the department.

- 4.15 When challenged that the second planning application for the future hospital was largely the same as the first, the Chief Executive disagreed and defended the decision making process to pursue the building on the current site:

*"Of course there was a period of reflection, of course there was discussions with the Ministers and the political oversight group and there was a decision taken to pursue the current site and a second application was made. If you look at the application, it is radically different from the first, and therefore I do not believe that the decision was to just reinstate the original application that was turned down first time around."*¹⁸

- 4.16 Following the hearing, the PAC requested follow-up information about the decision making process relating to the site selection of the future hospital. The Chief Executive responded in writing that:

Following the rejection of the first planning application, a new site selection process was not undertaken because the location had been approved by the States Assembly in [P.110/2016](#). At that time, the comments of the planning inspector and the Minister for the Environment confirmed that the location was suitable for a hospital. A revised planning application for a new scheme on the same location was therefore considered. This was approved through the Future Hospital Project Board and the

¹⁸ [PAC public hearing transcript 25 February 2019](#)

*Future Hospital Political Oversight Group that constituted the governance process in place for the project at that time.*¹⁹

- 4.17 He assured the Committee that there was commitment to engage with a wide range of stakeholders, staff and with Islanders as part of a specific engagement programme:

*“There needs to be a very transparent process with whatever is to be determined as the way forward laid out so that there is no ambiguity about the stages. There needs to be a timeline that factors that in to create a proper programme for that engagement. Overlaying that, there will also need to be a whole range of aspects to determine what might be the impact on the timeline by sites.”*²⁰

Corporate Ownership of Decision Making and Strategic Financial Issues

- 4.18 The Chief Executive advised the PAC that restructured leadership teams had increased delegated accountabilities to take decisions at lower levels in the business. This included decisions relating to the operation of their departments i.e. the consolidation of the Finance functions and the re-design of the Finance system. He stated that the organisational cultural change over the next three years would mean staff effectively being leaders and having clear accountability, responsibility, decision making and tasks delivered at the right level. 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.²¹
- 4.19 In follow up correspondence²², he went on to explain that Team Jersey will provide all levels in the organisation with the support to further the ‘distributed leadership’ approach over the next 3 years. He considered this would lead to fewer silos in the organisation, and more ‘whole system’ decision making. He contended that the number of hierarchical levels would be reduced, aiming for a maximum of six below the Chief Executive.

Key Performance Indicators (KPIs)

- 4.20 The PAC was keen to see how the improvements in decision making would be monitored and measured. At a previous public hearing in respect of organisational culture²³, the Chief Executive admitted that ‘we are not quite where we want to be around the introduction of KPIs across the organisation and that it was a ‘work in progress.’ He advised that with the Government Plan in place, there would be a process to have direct measurements on the performance of the organisation with clear accountability lines. He told the Committee he was moving towards an outcome framework. The PAC notes that good information such as KPIs inform decisions and allows effective monitoring of the impact of decisions.

Outcome Based Measurement

- 4.21 At the same hearing, the Director General of Strategic Policy and Performance assured the Committee that the tried and tested methodology of ‘outcomes based accountability’, would be used. He said the indicators would be:

“...have we kept the community safe, have we improved people’s lives in specific ways?”

¹⁹ Confidential correspondence received by PAC 27th March 2019

²⁰ [PAC public hearing transcript 25 February 2019](#)

²¹ Letter to PAC from Chief Executive in response to follow up questions - 27 February 2019

²² Letter to PAC from Chief Executive in response to follow up questions 27 February 2019

²³

<https://statesassembly.gov.je/scrutinyreviewtranscripts/pac%20public%20hearing%20with%20chief%20executive%2019%20november%202018.pdf>

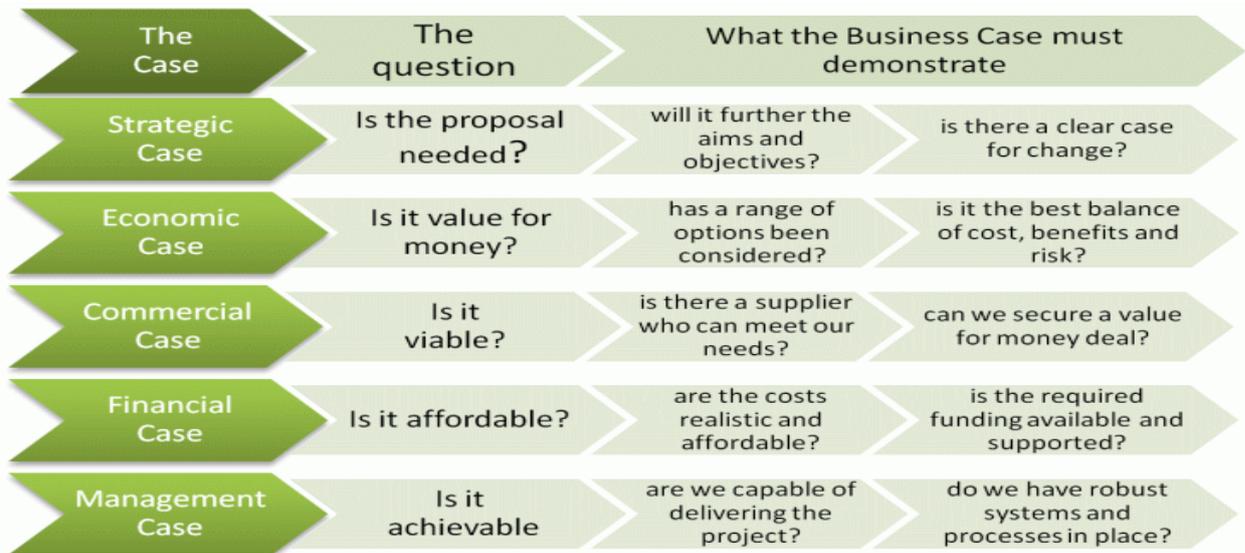
He advised there were challenges to measuring this because there may be gaps in the data collected, and the quality of that data may also vary.

Clear Standards

4.22 The PAC had previously expressed concern about regulatory and operational duties being housed together in the same department, and the Chief Executive advised the Committee that he was preparing Codes of Practice in conjunction with the Attorney-General: ‘to ensure that the integrity of any decision-making process is maintained in a transparent way’. In follow up correspondence²⁴ the Chief Executive sent a copy of the decision making protocol²⁵ agreed for the Growth, Housing and Environment Department in place since December 2018, to ensure that the regulatory group of the Department can operate effectively and independently of the many areas of Government that it regulates. The Committee noted that it outlined the actions that will be followed and that the Chief Executive anticipated ‘no management conflict in respect of regulatory decisions when this protocol is followed.’

Better Business Case discipline

4.23 The Chief Executive told the PAC at its hearing in February 2019, that financial oversight about investment decisions were largely based on the Treasury Green Book *Five Case Business Analysis*²⁶ specifically the 5 case model (below)²⁷, and therefore any decisions around expenditure on a major project were challenged by the Investment Appraisal Board²⁸ (IAB) as part of that process:^{29 30}



²⁴ Letter and attachments to PAC from Chief Executive dated 27 March 2019



²⁵

²⁶ https://issuu.com/hmtreasury/docs/green_book_complete

²⁷ <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

²⁸ Details of composition and terms of reference of IAB in Appendix

²⁹ The IAB process with reference to the HM Treasury “Green Book” guidance on business cases, specifically the 5 case model is set out briefly by the Treasury Minister in response to a written question in the States Assembly 26 February 2019:

[https://statesassembly.gov.je/assemblyquestions/2019/\(119\)%20approved%20and%20answered%20dep%20tadier%20to%20tr%20re%20iab%20process.pdf](https://statesassembly.gov.je/assemblyquestions/2019/(119)%20approved%20and%20answered%20dep%20tadier%20to%20tr%20re%20iab%20process.pdf)

³⁰ In response to a an earlier draft report, by email from the Executive dated 17 July 2019, it was stated that: *The IAB does not take the decisions, but is part of the decision-making process; its role is to appraise business cases requesting funding and to provide advice and make recommendations to the Treasury Minister whether to accept or reject the case for funding.*

However, the PAC has not seen any documented report or recommendations (for Broad Street or La Motte Street) from the IAB to the Treasury Minister which appraise the business case, provide advice or make recommendations to accept or reject the case for funding (against any documented criteria, such as Green Book or standard PRINCE2)

4.24 According to a response by the Treasury Minister to a written question in the States Assembly³¹, it will also consider other factors, including:

- The level of Contingency funding available to allocate;
- Whether the investment is needed to support recognised legal and compliance matters. e.g. Brexit-related;
- Whether the investment supports the delivery of previously recognised agreed priorities with short term funding requirements;
- Whether the investment supports new and emerging agreed policy. e.g. as outlined in the CSP;
- Whether the investment supports the delivery of future cost efficiencies and income generation to create additional headroom from investment and/or savings.

The Board then makes a recommendation to the Chief Executive Officer and Treasurer. They, in turn, make a recommendation to the Minister for Treasury and Resources. The final decision rests with the Minister. Following discussions at the Council of Ministers it is likely that the process will be revised to include additional political oversight.³²

Role of Investment Appraisal Board (IAB)

4.25 The Chief Executive clarified that the IAB does not make grants, but would be involved in the decisions around investment in large-scale projects (capital or revenue) such as the decision to move operations from Cyril Le Marquand House to Broad Street, the target operating model implementation and investment for IT:

“ ... where you need a strategic business case that would need to be determined by a Council of Ministers, you would bring forward a business case that went through a process of which the IAB would be part of it.”³³

PAC Findings and Recommendations

Key Finding 1

A number of assertions are made by the Chief Executive, for example, “the Team Jersey Programme will prevent silos from forming” but this cannot yet be evidenced. The Chief Executive should ensure this is working. The IAB and better business cases are being developed but are not yet embedded. The PAC concludes that a post implementation review should be conducted to evaluate the success of these schemes.

Key Finding 2

The PAC commends the establishment of a database which itemises all of the recommendations, however it is concerned that implementation of the recommendations has been slow.

Key Finding 3

In its report [Organisational Culture and Corporate Learning](#), the PAC commented that the Target Operating Model (TOM) had been presented as a main driver of organisational change. However, while organisational structures can help improve and facilitate collaboration, they alone do not change behaviour.

³¹[https://statesassembly.gov.je/assemblyquestions/2019/\(119\)%20approved%20and%20answered%20dep%20tadier%20to%20tr%20e%20iab%20process.pdf](https://statesassembly.gov.je/assemblyquestions/2019/(119)%20approved%20and%20answered%20dep%20tadier%20to%20tr%20e%20iab%20process.pdf)

³² 5 case model is set out briefly by the Treasury Minister in response to a written question in the States Assembly 26 February 2019: [https://statesassembly.gov.je/assemblyquestions/2019/\(119\)%20approved%20and%20answered%20dep%20tadier%20to%20tr%20e%20iab%20process.pdf](https://statesassembly.gov.je/assemblyquestions/2019/(119)%20approved%20and%20answered%20dep%20tadier%20to%20tr%20e%20iab%20process.pdf)

³³ PAC public hearing transcript 25 February 2019

Recommendation 1

The PAC urges the Chief Executive to progress the implementation of recommendations as matter of urgency and to demonstrate how each departmental or corporate Target Operating Model (TOM) is key to resolving these outstanding issues.

5 Office Consolidation

Background

- 5.1 Given that the Chief Executive was not in post when (poor) decisions about the Jersey Innovation Fund and the siting of the future Jersey hospital were made, the PAC was keen to see how he would work through decisions that had been made by the Council of Ministers and the States Assembly before he arrived but nevertheless had to progress.
- 5.2 The intention to rationalise office spaces was supported as a political priority in the previous Council of Ministers' Strategic Plan 2015-2018 which set out as a desired outcome to 'enhance the value of the public sector property portfolio ... and rationalise government office spaces.' It was also noted in the corresponding medium term financial plan (MTFP) proposition³⁴, and in 2017, proposals to develop a 'Central Administration Building' and a 'Corporate and Customer Hub' were described as part of the Office Modernisation Programme (as it is now known).

Move of personnel from Cyril Le Marquand House (CLMH) to Broad Street

- 5.3 The Chief Executive told the Committee that the commitment to review the operational estate endorsed by the Council of Ministers aligned with the ambitious change programme in Government departments. In January 2018, the Corporate Strategy Board supported the principle of a temporary decant of staff to a central administration building as an interim solution pending the development of a permanent solution for accommodation arrangements:



"We were ... looking to see what office accommodation was available across St. Helier. We then put together a proper accommodation working party to look at how we would do that. We then were faced with a number of buildings that were potentially available, but for a variety of reasons we rejected - size, location, floorplates or cost ...we went through a process of elimination and review. In March 2018, the proposition about moving to a new building as part of the implementation of the target operating model principles was also shared with firstly the Council of Ministers and then in a briefing with the Assembly. There was universal support to move out of CLMH and to use the building as a change agent for the cultural issues facing the organisation. It was not until early summer 2018 that we found a site and then we did the benchmarking on the business case for that site."³⁵

Business case

- 5.4 The PAC questioned the Chief Executive about the rationale for moving personnel (approximately 550 people) from the offices at Cyril Le Marquand House and other premises, into Broad Street for an interim period of around five years, with an estimated yearly rental of £1 million. The PAC wanted to see evidence of the Chief Executive pursuing good business case principles and application of good decision-making. The PAC noted that Jersey Property Holdings (JPH) had worked with other external partners to engage with key Jersey-based property agents, owners and occupiers, to identify potential options. Through the review, the Broad Street property was identified as one which could provide the States with adequate

³⁴ [https://statesassembly.gov.je/AssemblyPropositions/2016/P.68-2016%20MTFP%20Addition%20for%202017%20-%202019%20as%20adopted%20as%20amended%20\(1\).pdf](https://statesassembly.gov.je/AssemblyPropositions/2016/P.68-2016%20MTFP%20Addition%20for%202017%20-%202019%20as%20adopted%20as%20amended%20(1).pdf)

³⁵ PAC public hearing transcript 25 February 2019

office accommodation space to allow a first step towards a 'One Government' operational facility. Jersey Property Holdings made recommendations to the Minister for Infrastructure that entering into a lease for the Broad Street property, was the 'best use of public resources in order to ensure that sufficient office space was secured to meet the interim needs of the Office Modernisation Programme.'³⁶

Absence of overarching Property Strategy

- 5.5 In its report on Estate Management,³⁷ the PAC had criticised JPH for not establishing a Corporate Asset Group, nor providing a strategy for considering competing needs and timetables of all departments in relation to their property requirements. The PAC was concerned to note that the Chief Executive confirmed that the decision had been made in the absence of an overarching property strategy:

*"We have never established a corporate framework in which to be able to look at the asset base ... we are at least 6 months away from recruiting the right people and putting in place through the target operating model the right organisational structure to be able to start to address that ... we should have done it some time ago."*³⁸

Papers requested and provided

- 5.6 The PAC wanted to see how the decision to move personnel into Broad Street, especially given this would be on a temporary basis, had been made. It noted that in order to evidence a good decision making process it would need to see examples of the following documentation:

- Idea Summary
- Business Requirements
- Evaluation Criteria
- Consultation
- Options Appraisal
- Investment Appraisal
- Business Case³⁹
- Project Plan

The Chief Executive provided a number of papers⁴⁰ on a confidential basis as they contained commercially sensitive information. The PAC has requested that as much public information as possible should be released. Below is a list of items requested and the papers provided:

Terms of reference for the Investment Appraisal Board (IAB) established in September 2018

These were provided and are attached in the Appendix to this report.

Business case papers presented to IAB in respect of the move to Broad Street

The business case papers presented to IAB concerned the refurbishment and interior fit-out of the Broad Street offices. The business case was provided although on a confidential basis and the PAC also noted that decision to enter into a lease for the Broad Street offices was not for IAB's deliberation.

³⁶ Confidential correspondence received by PAC 27th March 2019

³⁷ <https://statesassembly.gov.je/ScrutinyReports/2019/Report%20-%20Estate%20Management%20-%204%20February%202019.pdf>

³⁸ PAC public hearing transcript 25 February 2019

³⁹ <https://www.prince2.com/uk/prince2-business-case>

⁴⁰ Confidential correspondence received by PAC 27th March 2019

Details of how the additional costs of £1m associated with the rent of Broad St were absorbed within existing budgets

The Chief Executive advised that costs of two Government of Jersey buildings were funded by means of external financing. One of those buildings' financing arrangements ceased in March of 2018, releasing £1 million previously required for the cost of that financing. The funds released have been used to cover the rental costs for Broad Street offices.

5.7 Additional papers supplied to the PAC included:

- Outputs of workshops related to the office Modernisation Project undertaken in 2014
- A briefing paper for the previous Chief Executive of the States of Jersey about the Office Modernisation Programme
- The current governance of the Office Modernisation Programme and the responsibilities and membership of the Programme Board
- Team Jersey: One island, one community, one government, one future' published in March 2018⁴¹ (the PAC did not consider this document to be more than a general update of information)
- The Ministerial Decision and supporting report on entering into a lease for Broad St (29 June 2018).

5.8 The Committee referenced a standard PRINCE2⁴² model for business cases, as follows:

- Executive Summary (a short overview of the Business Case)
- Reasons (for undertaking the project)
- Business Options (1, do nothing, 2, do the minimum, 3, do something which will require an analysis of costs, benefits, desire and viability)
- Expected Benefits (List each benefit and how and when it can be measured)
- Expected Dis-Benefits (a negative side-effect, or outcome that is seen as negative by one or more stakeholders)
- Timescales (when the project starts and ends and when benefits will be realised)
- Costs (for project plus expected on-going maintenance costs)
- Investment Appraisal (calculation of costs versus benefits)
- Major Risks (summary of the major risks, usually from a risk register)

Despite the States of Jersey citing PRINCE2 as its model for Project Governance, the Business Cases seen by PAC do not follow the above format. As a response to an earlier draft of this report, the Executive advised by email on 17 July 2019:

'PRINCE2 is not a model to appraise an investment proposal/idea and to build a business case, it is a model for project management which uses a business case to determine whether a project is initially desirable, viable and achievable. PRINCE2 uses the business case to support whether this is the case throughout the project lifetime. The HM Treasury green Book is a model for business case development, which would take into account all of the factors referenced by PRINCE2 and which are listed in the draft report.'

The PAC considers that it is a requirement of PRINCE2 that there is a business case and that this remains viable throughout the project lifetime. If indeed the Treasury Green Book is a model for business case development (to satisfy the PRINCE2 requirement), the PAC has seen little documented evidence of it being used (for example in the structure, format,

⁴¹

<https://www.gov.je/sitecollectiondocuments/government%20and%20administration/20180306%20one%20island%20one%20community%20one%20government%20one%20future.pdf>

⁴² <https://www.prince2.com/uk/prince2-business-case>

headings, content) of the appraisal of Broad Street or La Motte Street. The PAC is pleased to note that the Executive agrees that the business case should take into account all of the factors referenced by PRINCE2.

5.9 The PAC has also not received evidence to show that that the 'Green Book' model (shown in 4.23 of this report) for investment appraisal has been followed. It would have expected to see all, if not most, of the following factors⁴³:

- Financial – this is the most commonly assessed factor;
- Legal – the value of an investment may be in it enabling an organisation to meet current or future legislation;
- Environmental – the impact of the work on the environment is increasingly a factor when considering an investment;
- Social – for charitable organisations, return on investment could be measured in terms of 'quality of life' or even 'lives saved';
- Operational – benefits may be expressed in terms of 'increased customer satisfaction', 'higher staff morale' or 'competitive advantage';
- Risk – all organisations are subject to business and operational risk. An investment decision may be justified because it reduces risk.

5.10 When asked what his business case for the personnel and operations move to Broad Street had been, the Chief Executive replied that it was:

1. The cost of maintaining CLMH
2. Costs for refurbishments of Broad Street building
3. Decision to reduce a number of leases for rented buildings
4. Consolidate office accommodation

Options that had been considered

5.11 The Chief Executive provided documentation⁴⁴ showing the list of options available to the project team. The aim of an office accommodation review across the existing States property portfolio was to establish if any vacant properties were available that could accommodate the required head count of around 550 full time employees. The result of this review provided that no properties were available within the existing estate. The JPH then undertook a review of available properties in the market place and identified Broad Street as a suitable option. The Chief Executive provided the following rationale in respect of the options to develop an office solution to support the 'One Government' initiative:

Option 1: Do Nothing

Under this option, departments would remain in current inadequate office locations. This option would not provide the new modernised way of working to ensure the implementation of the Chief Executive's 'One Government' operational processes and procedures and would delay, or indeed prevent, the new way of working that will benefit staff, politicians and most importantly the general public service provision.

Option 2: Develop Interim Operational Services (2018 – 2022)

An interim solution would be put in place to provide relevant organisational departments with an interim working environment and more efficient operational processes and procedures. The solution would allow short term advancements in staff operational functionality and the modernisation of working practices. Whilst this option would incur more cost than option 1, it would allow the States to quickly realise the benefits and efficiencies of more modern working practices and allow closer alignment with the 'One Government' vision. Option 2 was seen as

⁴³ <https://www.apm.org.uk/body-of-knowledge/delivery/financial-cost-management/investment-appraisal/>

⁴⁴ Letter to PAC from Chief Executive in response to follow up questions - 27 March 2019

a way to enhance operational effectiveness and facilitate better team working and to occupy office space efficiently and at an acceptable and affordable level, whilst reducing the overall cost of the office estate. It was hoped that the open plan layout would encourage accessibility, communication and interaction.

Option 3: Proceed Straight to the End State Solution (2022 +)

Under this option, no interim solution would be required. Instead, the property supporting the organisational structure of the States departments would remain as is until the end state position is delivered.

- 5.12 The Chief Executive told the PAC that option 2, the interim move, was the preferred option because option 1 would not allow the transformational change and option 3 would result in an unacceptable delay. In an email dated 17 July 2019, and as a response to an earlier draft of this report, the Executive stated:

'Option 2 – does not reference that another key driver of the move to Broad was to push forward the overall change in organisational culture which is being coordinated through the Team Jersey programme.'

- 5.13 However, the PAC has not seen evidence of planned and measurable change in organisational culture in the documented investment appraisal or the documented report and recommendations from the IAB to the Treasury Minister. If this was the aim, it would expect to see a **baseline-measure** (where it started), a **target-measure** (where it aims to be) and a clear plan to measure progress from one to the other. This would also allow for retrospective evaluation, or an **outcome-measure** (was the goal achieved). If indeed the overall change in organisational culture is a key driver and factor, the PAC would welcome publication of these measures.

Operational and Financial Benefits



5.14 The Chief Executive advised in papers sent with his letter to the PAC⁴⁵, that the move to an interim solution would allow a timely realisation of operational benefits such as a better working environment, ensuring no duplication of work across departments and increased team productivity. Financial benefits were to include savings made on the rent paid on existing buildings as and when they are vacated. These savings will be used to fund the annual rental on the Broad Street Office space. The list of operational and financial benefits as set out in his response, together with key performance indicators are appended to this report at Appendix B.

- 5.15 However, albeit the documents refer to a 'Statement of Business Needs', the PAC has not seen a document which indicates the property strategy, nor has it identified objective, quantitative criteria by which the move was assessed.

Financial Analysis

- 5.16 The PAC was advised though documents sent by the Chief Executive, that the project had estimated one off expenditure in 2018 and 2019 is estimated at £3.5 million. This is split £1.0m

⁴⁵ Letter to PAC from Chief Executive in response to follow up questions - 27 February 2019

in 2018 and £2.5m in 2019. As at 31 October 2018, £675k of work had been identified and the Project was on programme, with forecast spend to 31 December 2018 remaining at £1.0m. The main contract works had totalled £1,540,200, with fees including surveys and associated costs at £347,700 and client works including IT equipment totalled £1,025,359, with a contingency fund of £586,741. The overall budget of £3.5m is in line with the original budget. The contingency element of £586k was higher than that previously allocated, and had been needed for some unplanned items and additional IT hardware.

- 5.17 At the public hearing with the PAC⁴⁶, the Chief Executive advised the Committee that the consolidation of staff in Broad St was more than an office move:

“We have started to reduce a number of rented office space that we have ... We are bringing together senior leaders ...so that you get greater levels of integration ... Making the move is one of the big first stages of the one government programme, so it is bringing together people under one roof. It is about creating a culture of teamwork and collaboration and collective decision-making. By reducing the number of people in a variety of offices, that creates a much better approach to that.”

- 5.18 When questioned about the financial ambitions or savings of the office move, the Chief Executive told the Committee that reducing the operational costs for a range of buildings that the States either rent or own was a major factor to move:

“we had a significant requirement for maintenance for CLMH going over the next 5 years, because the building was not fit for purpose, it was not able to be maintained in the modern standards that we required.”⁴⁷

- 5.19 At the same meeting, the Director General of Strategic Policy and Performance told the PAC that detailed processes included a 360 degree assessment undertaken by an independent assessor nominated by the Chief Minister:

“We will use a range of specific Performance Indicators as we develop the new KPIs for public services. There will be new financial monitoring arrangements at the end of the first quarter which will be used as part of assessment of the Chief Executive’s financial management.”⁴⁸

- 5.20 Notwithstanding the assurances made and the documentation provided at the hearing (and subsequently) the PAC concluded that the decisions taken were not consistently following the procedures and protocols said to be followed by the Chief Executive and his team. There appeared to be gaps in the recording and monitoring of the decisions taken which did not appear to align with an overarching strategy. Simply put, the PAC did not receive evidence of a robust, consistent, structured, objective, documented, systematic approach following a recognised methodology.

PAC Findings and recommendations

Key Finding 4

The office modernisation project/programme (OMP) dates back to 2014. It is therefore disappointing that there is still no evidence of an overarching property strategy.

⁴⁶ [Transcript of PAC: Recurring Themes Decision Making Public Hearing with Chief Executive and others 25 February 2019](#)

⁴⁷ [Transcript of PAC: Recurring Themes Decision Making Public Hearing with Chief Executive and others 25 February 2019](#)

⁴⁸ [Transcript of PAC: Recurring Themes Decision Making Public Hearing with Chief Executive and others 25 February 2019](#)

Key Finding 5

In the absence of an overarching property strategy and corporate framework (albeit there is an 'office strategy'), the PAC has not seen evidence of a clear decision making process to justify the personnel move to Broad Street and evaluate the decision making process against any objective criteria.

Recommendation 2

The Chief Executive should urgently progress the development of an overarching property strategy, and demonstrate how the office modernisation programme aligns with the property strategy.

Key Finding 6

The Chief Executive has asserted that business cases are linked to strategic objectives, but the business cases and investment appraisal documents did not consistently and objectively measure (using KPIs) how they meet those objectives.

Key Finding 7

The cost of interior fit-out of Broad Street was a matter for the Investment Appraisal Board (IAB) but the decision to enter into a lease for the Broad Street offices (a significant financial commitment) was not. Savings of £1m were redistributed to Broad Street without consideration by the IAB as to whether that was the "best use of public resources". This does not appear to be robust investment appraisal against quantifiable strategic objectives to improve performance outcomes (KPIs) of the government for the Islanders. The lease being 'the best of the options presented' is not the same as "best use of public resources".

Recommendation 3

Business cases and investment appraisal documents should demonstrate consistent and objective measures (e.g. using KPIs) of how they meet overarching strategic objectives.

6. Customer Service Centre

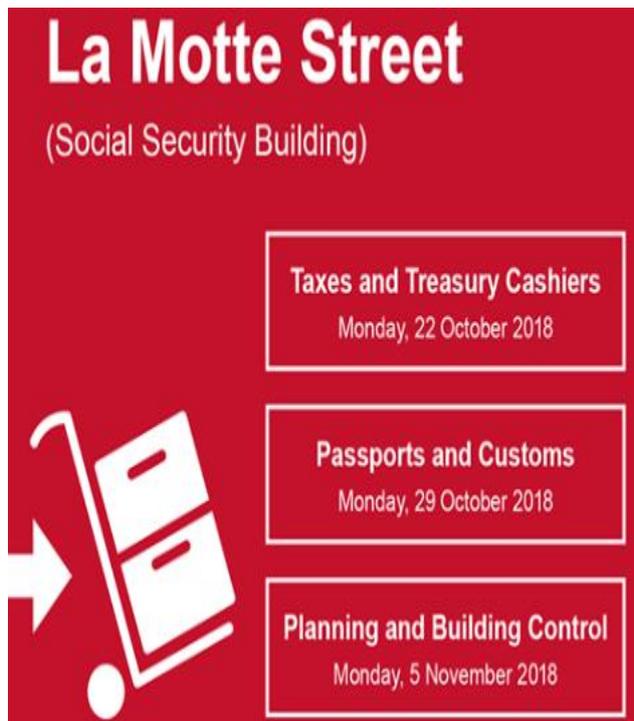
6.1 In 2017, proposals to develop a 'Corporate and Customer Hub' were described as part of the Office Modernisation Programme (OMP). The PAC wanted to ask the Chief Executive about the decision making processes in relation to consolidating the customer service centre at La Motte Street premises. As outlined in the previous chapter, the documents it would expect to see to evidence a good decision making process would include a business case with a well thought out strategy to show the reasons for the decision and the likely (measurable) benefits.

6.2 At the public hearing⁴⁹, the Chief Executive conceded that the consolidation of customer services at La Motte Street was not part of an overarching property strategy but rather part of a separate Customer Services Strategy. The Chief Executive told the PAC that there was an operational requirement borne of the political decision to have customers located in one place wherever possible:

*"There was a political agreement that we should have customers all located in one place wherever possible to reduce the impact on time, waiting and also to improve the efficiency and effectiveness of our services ..."*⁵⁰

6.3 The PAC was disappointed to note this apparent lack of joined-up decision making and was concerned that Property, Customer and e-Government (online) Strategies are not co-ordinated and appear to operate in silos.

6.4 The PAC noted that as well as the existing Social Security services, the following services are now co-located in Philip Le Feuvre House, La Motte Street:



- Taxes Help Desk
- Treasury Cashiers
- Passports
- Customs
- Planning
- Building Control

6.5 The Director General for Customer and Local Services, present at the same public hearing, told the Committee that the logic for placing the customer hub at La Motte Street rather than any other States premises (given that intention was to vacate Cyril Le Marquand House and South Hill) had been based on existing customer traffic and existing customer volume.

Strategy versus opportunity

6.6 The PAC recognised that the move was part of the States' modernisation programme and followed an island-wide opinion survey

which found that 84% of islanders wanted to be able to access government services in one place. Since the launch of 'One Front Door', an average of 700 customers were going to the La Motte Street building each day (compared to approximately 400 per day when it was

⁴⁹ [Transcript of PAC: Recurring Themes Decision Making Public Hearing with Chief Executive and others 25 February 2019](#)

⁵⁰ [Transcript of PAC: Recurring Themes Decision Making Public Hearing with Chief Executive and others 25 February 2019](#)

Social Security).⁵¹ According to the Government website,⁵² 'welcome hosts' (the first point of contact for customers) were resolving around 200 queries each day, without the need to see a specialist advisor and 80% of customers who needed to see a specialist advisor had been seen within 10 minutes. It was also noted that approximately 100 customers a day were accessing more than one government service when they visited the hub.

- 6.7 However, although the PAC received an abundance of evidence to suggest the numbers of visitors had increased, it did not see robust evidence of decision making, for example a business case outlining the numbers of visitors envisaged at the planning stage and whether those increased numbers would lead to a better service (and how). It was not clear that the numbers of customers alone could be used to evaluate whether the move had been the right decision. The PAC was cognisant of a danger of trying to evaluate the quality of decision making based on the outcome in practice. It concluded that if it had been able to align the actual numbers with the projected ones as part of a business case, it would be able to consider whether the envisaged service improvements justified the costs. Alternatively, if the actual numbers were significantly lower than the planned figures it might suggest lack of robustness in planning.
- 6.8 The PAC pressed the Director General for Customer and Local Services on how the decision was reached, based on the numbers given. The Committee was keen to see a strategy which had been evaluated by objective measurements, outcomes and key performance indicators (KPIs). The Director General for Customer and Local Service advised:

“ ... I think the strategic bit was outlined in that One Government document, which is to say Government should be based in one building and have one front door.”

- 6.9 The Chief Executive agreed and added that the move had been phased to mitigate against risk:

“ ... you look at the risks and you create the mitigation frameworks and strategies accordingly. In the same way when we had moved Treasury staff at different times - we phased it - so some of the tax offices moved to La Motte Street. Others, like the tax policy staff ... were moved later, so that we were able to deal with their various pressures.”⁵³

- 6.10 The PAC requested, in its follow up questions to the Chief Executive⁵⁴, data and other information to support the decision for the customer hub to be sited at La Motte Street. The Chief Executive provided a number of papers⁵⁵ on a confidential basis as they contained commercially sensitive information. The PAC has requested that as much public information as possible should be released.
- 6.11 The PAC asked the Chief Executive a number of questions following the public hearing⁵⁶, including 'What are the benchmarks against which you will measure the success of this initiative?' He replied that the Customer and Local Services Department used a number of metrics to monitor the success of the 'one front door' initiative at Philip Le Feuvre House, including:
- Multiple transaction visits
 - Number of service provided
 - Customer visits

⁵¹ <https://www.gov.ie/News/2018/pages/OneFrontDoorUpdate.aspx>

⁵² <https://www.gov.ie/News/2018/pages/OneFrontDoorUpdate.aspx>

⁵³ [Transcript of PAC: Recurring Themes Decision Making Public Hearing with Chief Executive and others 25 February 2019](#)

⁵⁴ Confidential correspondence received by PAC 27th March 2019

⁵⁵ Confidential correspondence received by PAC 27th March 2019

⁵⁶ Letter to PAC from Chief Executive in response to follow up questions - 27 March 2019

- percentage of customers serviced by Welcome Hosts at point of contact
- Customer satisfaction surveys

Benchmarks and outcomes

- 6.12 The PAC was sent over 135 pages of documents following the hearing, including charts, which appeared to be ‘theoretical’ based on scant input data. For example one paper was entitled ‘CLS Footfall modelling, an extract of which is below:

CLS Footfall Modelling

Background:

- CLS programme investigating impact of moving multiple SOJ public facing services to Philip Le Fervue House.

However the PAC found such documents to be of limited help as it was unclear what the figures projected related to, and it could not determine whether there was sufficient qualitative information on which to make an informed decision. For example, the same document showed its limitations thus:

Limitations:

- No visits data is available for most CLS services proposed to be moved.
- Modelling is only as good as the input data, therefore outputs are mostly ‘theoretical’ based on mathematical model of a queue with a given set of parameters.

- 6.13 The PAC heard evidence from the Chief Executive that benchmarks for La Motte Street included how many people were queuing, making complaints, or waiting to be seen. It was disappointed to learn that ‘benefit outcomes’ such as improvement of products, services had not been properly documented or expressed. In other words, there was no ‘before’ and ‘after’ data to objectively assess improvements to customer service.
- 6.14 The PAC concluded that the oft-cited example of ‘shorter queuing times’ could not be in itself a measure of success and improvement for the customer. It might be that a customer waited for a shorter time to see someone but there was no way to measure whether that shorter waiting time resulted in a better outcome – for example, the customer might have had also had a shorter time with the advisor, not had their issue dealt with effectively, or had to plan a return visit. A better measure outcome might have been staff turnover, in that a lower staff turnover indicating happier staff could be linked to providing a better service to customers (i.e. customers would not have to see a different caseworker on every visit). The PAC remained unclear as to whether at the business case stage of the proposal to move the customer services hub to La Motte Street, was predicated on objective and meaningful criteria.
- 6.15 The PAC determined that the measures in place could only partially indicate how well or quickly the team(s) dealt with issues, but did not indicate whether the focus of customer services at la Motte Street had been the right decision. It was difficult to conclude that the initiative had delivered against a strategy with clear aims, objectives and measures, despite the assurances of the Chief Executive that the Target Operating Model (TOM) would look to outcome measures.⁵⁷

⁵⁷ PAC public hearing transcript 25 February 2019

Customer and Local Services Project Initiation Document

- 6.16 The project initiation document supplied in confidence to the PAC (evidence supporting the consolidation of the customer hub into La Motte Street premises) makes no reference to a co-ordinated strategy including (for example) government on-line. The business plan refers to ‘the Chief Executive goal of providing the tax payer with better value for money’ and whilst this is commendable, the document does not show how that would be achieved.
- 6.17 The PAC is concerned that this demonstrates a lack of strategy, policy and process or objective assessment of improvements of outcomes. There is also reference to the ‘critical first step’ but no indication of what the next steps might be, other than in the future, further services would be added. Given that Jersey Property Holdings had previously told the PAC that it had not formulated an overarching property plan and did not envisage making one for the foreseeable future⁵⁸, it was difficult to see the move as a co-ordinated strategic one.

Business case

- 6.18 Furthermore, the expected benefits of the business case⁵⁹ refer to ‘no direct cost savings’, whilst also referring to ‘enabling infrastructure’, but the PAC was given no evidence of the broader plan within which this might fit. Even the stated future aim of ‘reduced **average** cost per **face-to-face** transaction’ (emphasis added) seems tactical rather than strategic – a reduction of all costs and an improvement in services. The document seen by the PAC is dated November 2018 and refers to ‘customer service – needs more thinking’ but the PAC did not see follow-up documented evidence of further consideration to other options considered.

S	Specific
M	Measurable
A	Achievable
R	Relevant
T	Time-Bound

6.19 In addition, the stated success criteria for the project does not adhere to the widely known SMART standard for objectives. The PAC is concerned that the implementation of a better queueing system and a modest improvement in customer service are not significant indicators of value-for-money success.

6.18 Although the Chief Executive advised that the office modernisation programme (OMP) from 2014 contained within the Strategic Plan⁶⁰ 2015-2018 had evolved into the OMP of 2018/2019, the PAC could see no linear progression. It noted that the OMP ‘to be approved 5 April 2019’ as the documentation indicated was now a target operating model (TOM) project and was different in scope.

- 6.19 The PAC did not see an objective assessment of the return-on-investment for the money spent, or indeed measured improvements in outcomes. The “easier way” of moving the customer services hub to La Motte Street is not objectively assessed against other options, for which no customer view appears to have been sought. Although it was provided with, for example, a data model showing footfall of 215,528 customers visiting and shorter queue times for those visitors, the PAC did not see data which objectively quantified improvements in outcomes, or return-on-investment, or ‘best use of public resources’. The PAC concluded that the decision making of the Executive demonstrated no clear strategy linked to goals, no clear option appraisal, and insufficiently developed relevant service indicators.

⁵⁸ [Estate Management public hearing with PAC 22 October 2018](#)

⁵⁹ Document marked business case as of 21 November 2018, part of document bundle marked confidential under cover of a letter to the PAC 27 March 2019

⁶⁰ [Strategic Plan 2015-2018](#)

PAC findings and recommendations

Key Finding 8

In the absence of an overarching property strategy and corporate framework (albeit there is a 'customer service strategy'), the PAC has not seen evidence of a clear decision making process to justify the location of the customer services hub to La Motte Street premises, and evaluate the decision making process against any objective criteria.

Recommendation 4

The Chief Executive should demonstrate how the customer service strategy aligns with the development of an overarching property strategy.

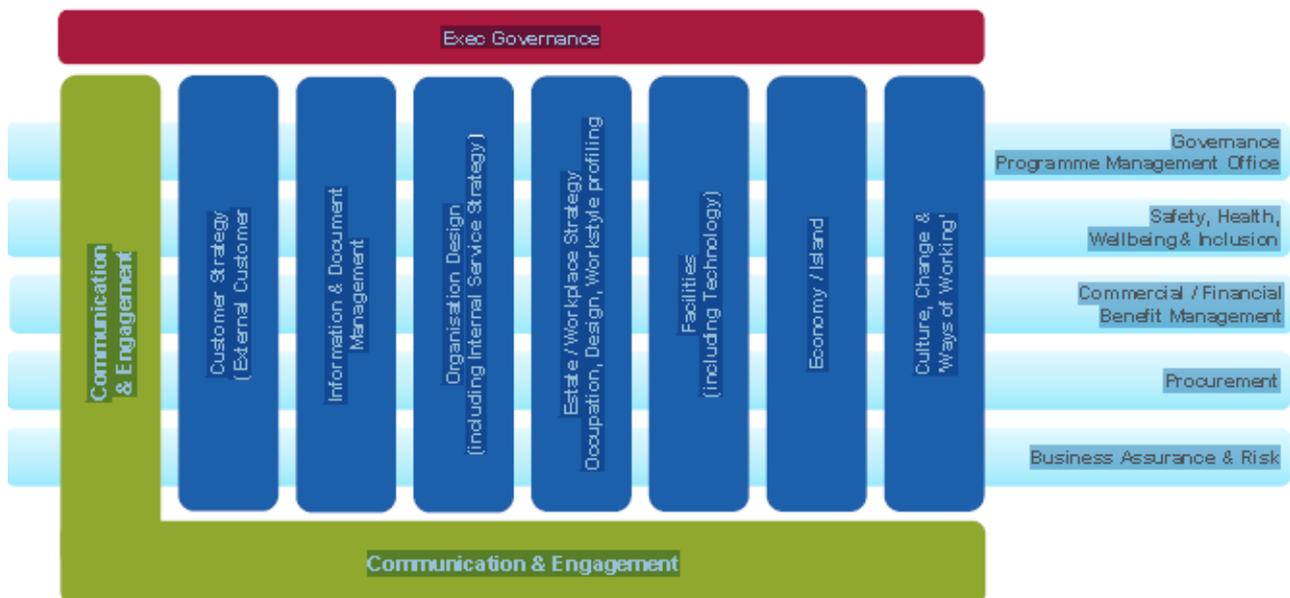
7. Conclusion

7.1 The PAC is aware that the Chief Executive cannot be held responsible for poor decision making in the past, albeit it is his duty to carry out the implementation of decisions made prior to his tenure. Therefore this report has focussed on decisions made by the Chief Executive and his team to implement the policies of the States Assembly. The Committee has also not drawn any conclusions whether the decisions made are right *per se*; rather that there is evidence to back up the decision making process, to demonstrate logical and clear rationale for the actions taken and to record and monitor the results. It has concluded that there is inconsistent use of the governance arrangements around decision making.

Good examples

7.2 The PAC received a large volume of documentation in response to its requests for evidence of good decision making leading to the move of personnel to Broad Street and the location of a customer hub at La Motte Street (Philippe Le Feuvre House building). Within that documentation it was pleased to note the following:

- an abundance of evidence to demonstrate the communication of initiatives in the form of surveys, charts (such as the one below), presentations and reports⁶¹
- evidence of improved queuing times at the customer hub (demonstrating the correction of problems)
- some evidence of Investment Appraisal
- some evidence of Business Cases



Poor examples

7.3 However, the PAC was also disappointed to note that there appears to be no urgency in aligning smaller projects such as the customer services strategy and the office modernisation programme with an overarching property strategy. Furthermore, it noted:

- inadequate measures of outcome-based government objectives
- inadequate measure of improved overall services



- The Investment Appraisal sent to the PAC does not align with the Treasury Green Book process
- The Business Cases sent to the PAC lacked many of the accepted steps of the PRINCE2 project management process (for example, the Business Case for additional funding for the Broad Street acquisition, refurbishment & property occupation)

Investment Appraisal Board

7.4 The PAC was pleased to receive the terms of reference for the Investment Appraisal Board (IAB), however it did not understand why the decision to move from Cyril Le Marquand House to Broad Street was considered by the IAB and yet the entering of the lease was not. The papers sent to the PAC indicate significant decisions of finance and investment in relation to the lease yet there is no obvious audit of what Management Information had been placed before IAB. The absence of such consideration by the IAB seems to demonstrate that the Corporate Strategy Board and some elements of the office modernisation programme lay outside of its control but the PAC did not receive compelling evidence to indicate why this should be so.

Key Performance Indicators (KPIs)

7.5 Ideally speaking, objectives should be SMART, however neither the hearing or the documents subsequently provided offer examples of SMART objectives, nor Key Performance Indicators as metrics for progress or success. Simply put, KPIs at the beginning of a project should state what the project is, what is hoped for, and how success will be measured.

Outputs of Office Modernisation Project Workshops

7.6 The detail of these workshops demonstrate to the PAC that there has been consultation and stakeholder engagement. However, this is not a substitute for a strategy, a feasibility study, options appraisal or plan. The PAC considers it should be valued as part of the decision making process but should be recognised as qualitative opinion rather than quantitative fact. It is also concerned that there does not appear to be any canvassing of “customer” option or investigation of the merits of Broad Street or La Motte Street, over (for example) and on-line strategy.

Office Modernisation Programme briefing note for Chief Executive

- 7.7 Whilst the document shown to the PAC refers to a ‘Statement of Business Needs’ no document has been provided to indicate the Property Strategy or the objective, quantitative criteria by which Broad Street or La Motte Street were assessed as satisfying that Strategy. The PAC notes that even in August 2017 the Outline Business Case for office modernisation project/programme (OMP) was ‘being prepared’ without an over-arching strategy from JPH.
- 7.8 The PAC remains concerned that despite the aspiration of the Target Operating Model, the strategy appears fragmented with obvious between the property strategy, office strategy, customer strategy and government on-line strategy. Each smaller strategy appears to be pursued without clear cognisance of the other or clearly articulated objectives and KPIs to indicate how these work together to provide an overall improvement in government services with an overall reduction in cost.

PAC Findings and Recommendations

Key Finding 9

The Government of Jersey has not employed a consistent approach to Business Analysis or investment decisions. Failure to action, document and monitor any of the key steps in a business plan result in poor decision making.

Key Finding 10

There have often been weaknesses in roles, responsibilities and accountabilities and often the right resources have not been in place to deliver a project.

Recommendation 5

The Chief Executive should ensure that every project should have a clear rationale, supported by documentation such as an investment appraisal, options analysis, business case and implementation plan, based on the 'Treasury Green Book' (as he has committed to) and demonstrate how each project is performing against its objectives and strategic intent.

Key Finding 11

The Government of Jersey does not consistently employ SMART objectives and KPIs.

Recommendation 6

The Chief Executive should employ clearly articulated objectives and KPIs:

- (i) to demonstrate what options or proposals are evaluated against
- (ii) for the monitoring of implementation and delivery of the property strategy, office strategy, customer strategy and government on-line strategy

so they can be appraised for their overall impact and improvement in government services with an overall reduction in cost.

Appendix A

Investment Appraisal Board Terms of Reference

Objective

To provide a robust and objective mechanism for the consideration of all requests for additional funding and to make recommendations for approval (or otherwise) to the Minister for Treasury and Resources, Chief Executive Officer and States Treasurer.

Scope

To consider the following where requests are for over £50,000 or for more than 5 FTE:

- New requests for funding for permanent revenue costs of departments under the States' new target operating model;
- New requests for time-limited transformation funding from departments under the States' new target operating model;
- New requests for funding from unallocated reserves ("Contingency");
- Existing earmarked funding within unallocated reserves ("Contingency");
- Requests for budget transfers under Articles 18(1)(c) and 18(1A) of the Public Finances law;
- Budget transfers as a result of changes in Ministerial responsibilities (Article 18(1)(b));
- Retention of income above that budgeted (Article 19(1));
- Use of income from asset sales (Article 18(5));
- Increase in fees and charges (Anti-Inflation Strategy (P125/2000)); and
- Increase in staffing levels (Regulation of Public Sector Employees (P67/1999)).
- To consider common themes or omissions and make recommendations for further action
- To make recommendations for approval (or otherwise) to the:
 - Principal Accountable Officer (PAO) (Chief Executive Officer); and
 - States Treasurer.

The Board will consider requests with reference to the HM Treasury "Green Book" guidance on business cases, specifically the 5 case model:

- Strategic case
- Economic case
- Commercial case
- Financial case
- Management case.

Investment Appraisal Board

The level of information contained within the Budget Requests will vary and will inevitably be proportionate to the size, complexity, novelty and contentiousness and risk of activity. Funding requests for 2018 and 2019 will be prioritised as follows:

1. Investment to support recognised legal and compliance matters. e.g. Brexit-related
2. Teams and posts that are a new feature of the TOM. e.g. New Chief of Staff post and associated team costs
3. Investment to support the delivery of the TOM. e.g. systems improvement, and transformational change. e.g. States-wide cultural change programme
4. Supports the delivery of previously recognised agreed priorities with short term funding requirements.
5. Supports new and emerging agreed policy. e.g. as outlined in the CSP
6. Supports the delivery of future cost efficiencies and income generation to create additional headroom from investment and/or savings.

7. Unachievable savings committed in the MTFP Addition 2017-2019.

Roles and Responsibilities

Chief of Staff provide oversight from a perspective independent of the States Treasury and Exchequer.

HR Lead provide oversight from an HR/OD perspective.

Treasury Lead provide oversight from a States Treasury and Exchequer perspective.

Transformation Lead provide oversight from a Transformation perspective.

Meetings

As required to consider requests. Approval can be sought by email. Recommendations can be agreed by any three Board members in the absence of the fourth. Board members can delegate their role in their absence. Requests are expected to be considered by the Board within two weeks of receipt. The Board can ask for expert input at their discretion, or can co-opt other individuals for the purpose of considering specific requests, for example if specialist IS expertise is needed.

Executive support

Support will be provided to the Board by the States Treasury and Exchequer (ST&E), who will ensure requests are complete and in the required business case format. Following consideration by the Board, ST&E will ensure applicants are informed and recommendations for approval are forwarded to the States Treasurer and PAO. If they approve a request it will be forwarded to the ST&E, who will gain any subsequent approvals necessary. Following Ministerial approval ST&E will ensure any further processing (e.g. budget transfers) is completed.

TOR prepared by: Director of Financial Planning and Performance

TOR agreed by: Investment Appraisal Board 11/09/2018

Appendix B

Internal document from Office of the Chief Executive (November 2018)

Operational Drivers

Organisation Overview and Adjacencies

The States of Jersey is a complex organisation, delivering a diverse range of services. Currently, Departments generally operate independently of each other, focused on their individual customers and service operation. There is a recognition that there is opportunity for closer inter-Departmental working, and greater efficiency and effectiveness from agile working, shared facilities and digitised services. Portfolio location and organisation are key considerations and need to enable both customers and staff to access and deliver services.

The most critical adjacencies are currently within Departments or linked to core locations where service delivery or specialist activity takes place. A number of teams are remote from colleagues within their Department; and Departments expressed a strong desire to bring teams together to support more efficient delivery of their operations for their customers. Some Departments need to remain close to their main customer service operation or core buildings such as the States Building and Morier House.

The majority of adjacencies external to Departments are currently either virtual, infrequent or via organised events / meetings. Core current relationships identified across all service Departments, are with corporate teams within Chief Minister's and Treasury and Resources Departments. The link between Ministers and Chief Officers working closely together as part of the Council of Ministers and Corporate Management Board is also key. It is recognised that bringing Departments together offers clear opportunities for greater inter-Departmental working to the benefit of customers, standardisation of shared services and functions, and greater digitisation.

Organisational Requirements

Workspace flexibility is needed to support routine changes in Departmental organisation, and also means that any future organisational change that may emerge as part of a service re-design could be accommodated. Consolidation of dispersed teams, leading to fewer and better office accommodation, provided to a common standard (offering a solution to the current disparity) and meeting the requirements of staff wellbeing, is recognised as a key requirement. Opportunity for 'operational' rationalisation is necessary. Increased digitisation resulting in a reduced volume of support functions is anticipated. Current duplication of service provision within buildings needs to be reduced, driven by the adoption of shared accommodation and facilities, moving away from the current territorial approach.

Acceptance and adoption of modern, flexible and mobile (smart and agile working) practices is considered essential to success. This would need to be supported by a structured approach to managing this transition, working closely with the Transformation Team and Department 'Champions' during the delivery phase. Leadership embedded across the organisation, in addition to support from corporate leadership will be essential.

Service Delivery

Service change to reflect customer change is inevitable, therefore significant flexibility in office accommodation is required to provide for changes in Departmental staff numbers and roles. All Office Modernisation Programme investments should deliver customer and service enhancement; and greater economy and efficiency; through a focus on outcomes, productivity and innovation; empowerment through technology and digitisation; and through flexible, lean and collaborative working.

Department Executive and Senior Leadership Teams expressed a desire to remain with their service teams rather than being co-located. Many teams within Departments already demonstrate a high degree of agility in their work roles. There is a growing culture across the organisation which seeks

to enable staff to work more flexibly. There is, however, a fear of open-plan offices, flexible working and the modernised office, that will need to be managed. Some staff resistance to change regarding work-places is likely.

Opportunity for greater front-of-house and back-office consolidation exist, due to there being fewer buildings in future, with greater shared accommodation within each modernised office. There will also be opportunities for rationalisation of management support functions.

Office Spaces

The current territorial approach to the management of space by Departments needs to change. Space provision should reflect customer and service need and agile working principles. The current inequality of office space across the portfolio needs to be addressed, with common standards applied to all offices in the interests of efficiency, equity and economy. The workplace should reflect the business activities undertaken, noting that a 'one size fits all' solution is not appropriate. Service specific requirements may drive specific needs and an evidence based spatial approach will be required. The provision of cellular offices due to historical reasons, building configuration and status, is to be addressed. Generally, it is accepted that an open plan office environment will be provided for office services, as this is generally more efficient, effective and encourages smart and agile working.

Key Performance Indicators

Customer Service Objectives: Key Performance Indicator:

Improvement in *economy* and / or *efficiency* through the greater integration of services delivered in modernised Offices by Departments.

A reduction in service cost or increased throughput of integrated services operating in modernised Offices.

Increased *efficiency* and / or *effectiveness* through greater collaboration between co-located Departments delivering services in modernised Offices.

Increased throughput from implemented cross Departmental initiatives and / or enhanced Customer service measured by Customer Satisfaction Survey.

Increased *efficiency* and / or *effectiveness* through the enhancement of services delivered in modernised Offices by Departments.

Increased throughput from enhanced service initiatives and / or enhanced Customer or Staff service measured by Satisfaction Survey.

Increased economy and / or efficiency through increased sharing of building resources by Departments in modernised Offices.

A reduction in shared building resources achieved in implementing modernised offices.

Staff Objectives: Key Performance Indicator:

Improved *efficiency* and / or *effectiveness* through the increased productivity and agility of Staff in modernised offices.

Improvement in staff related business performance indicators or staff satisfaction.

Improved *efficiency* and / or *effectiveness* through the increased attraction and retention of Staff.

Improvement in staff turnover and / or the proportion of successful recruitments.

Improved *efficiency* and *effectiveness* from increased health and well-being of staff in modernised offices with more agile ways of working.

Improvements in staff complaints, sickness, referrals and staff and customer satisfaction surveys.

Property Objectives: Key Performance Indicator:

Improvement in *economy* and / or *efficiency* through reduced property operational costs.

Reduced proportional cost and improved availability of managing, securing, maintaining and provisioning offices including ICT.

Improvement in *economic* asset value and *efficiency* of office assets.

Reduced proportional cost of office asset provision and increased value of office assets.

Improvement in the performance *efficiency* of States workers.

Increased efficiency of key property metrics, including NIA / GFA, desk and room occupation.

Improvement in the spatial *efficiency* of office property provision.

Increased density and occupancy of office provision.

Improvement in office *effectiveness* through greater satisfaction of customers and staff with the office environment.

Increased satisfaction in the working environment of modernised offices.

Financial benefits

There will be savings made on the rent paid on existing buildings as and when they are vacated.

These savings will be used to fund the annual rental on the Broad Street Office space. The annual maintenance revenue budget for the agreed property requirements at Broad Street will be significantly lower than the existing allocated budget for Cyril Le Marquand House. The operational activities of the occupying departments will also be reviewed and amended to ensure no duplication across departments and that they fit with the new modern ways of working. The result of this review will increase team productivity and improve public services etc. The review will also identify where the removal of any duplication will result in cost savings, although it is currently in its early stages and these cannot be quantified with any certainty. The completion of the staff migration from existing SoJ properties will allow the development of a strategic property plan which will include the disposal of various properties including Cyril Le Marquand House and South Hill.

10. Identification of Key Risks

The key risks to the project are set out below. These are being constantly monitored by the project team.

The highest scoring risks are as follows:

Risk Description	Residual Score	Mitigation Action(s) Description(s)
Political or financial imperative for service integration is lost causing loss of stakeholder engagement.	16	Integration reviews by Client Department Services receiving interim offices & Political communications critical.
Poor management or flexibility of office assets results in increased property capital cost or reduced income.	12	Introduce Building Information Management and Office Asset Management systems.
Asset value under-stated due to poor asset management or investment in building maintenance.	12	Brief Political and Executive leadership on financial impact of low investment in office asset maintenance.
Support for collaboration initiatives is lost resulting in reduced improvement in service effectiveness.	9	Collaboration reviews by Client Department Services receiving modernised offices.
Insufficient willingness to embrace shared resources results in increased operational and capital cost.	9	Implement office modernisation principles in ways of working.

Other risks that have been considered, and continue to be monitored by the Programme Group, include:

- Project delay from late confirmation of departments being relocated.
- Project delay due to having no SoJ data network access from the building
- Unsuitable working environment if unable to print or having the right technology at the desktop
- Unable to run effective meetings with the meeting rooms are not configured with the right Audio-Visual technologies
- Delayed approval of the IT policy and scope causing a delay to the phased completion dates
- Delays to phased completion dates as a result of variations from specific user requirements
- Transformation programme misaligned with planned occupancy dates and phases
- SoJ project audit failure from non-adherence to financial directives
- Delay to the vacant possession date for the second, third and fourth floors by RBC
- Delay to the furniture delivery from restricted procurement periods
- Project delay from client changes from operational, occupational health and safety requirements and user group requirements
- Reduced headcount capacity resulting from additional user group filing requirement to that provided in the brief

