

# STATES OF JERSEY



## **REVIEW OF THE EFFICIENCIES PLAN AND GOVERNMENT PLAN 2021-2024 REBALANCING MEASURES (S.R.17/2020): RESPONSE OF THE CHIEF MINISTER**

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**Presented to the States on 1st February 2021  
by the Chief Minister**

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**STATES GREFFE**

**REVIEW OF THE EFFICIENCIES PLAN AND GOVERNMENT PLAN 2021-2024 REBALANCING MEASURES (S.R.17/2020): RESPONSE OF THE CHIEF MINISTER**

<b>Ministerial Response to:</b>	S.R.17/2020
<b>Ministerial Response required by:</b>	26th January 2021
<b>Review title:</b>	Review of the Efficiencies Plan and Government Plan 2021-2024 Rebalancing Measures
<b>Scrutiny Panel:</b>	Government Efficiencies Review Panel

**INTRODUCTION**

I wish to thank the Panel for their hard work scrutinising the Efficiencies and Rebalancing Plans over the last year. The Efficiencies Plan 2020-23 set out the ambition to deliver £100 million of efficiencies over four years with a specific plan to deliver £40 million in 2020. Despite the significant pressures experienced in 2020 I am pleased to confirm that we delivered the plan and that the subsequent plan to deliver a further £20 million in 2021 was recently approved by the Assembly.

**FINDINGS**

	<b>Findings</b>	<b>Comments</b>
1	The Efficiencies Panel considers that the £40 million efficiency savings had been identified as the target amount, rather than analysis undertaken, regarding what can reasonably be achieved.	The objectives set for the plan are considered reasonable relative to the expenditure budget. The plan was developed with full input from departments; all proposals were considered and reviewed by the Executive Leadership Team (ELT) and Council of Ministers (CoM) before final agreement.  This process was repeated for the, now approved, plan to deliver £20 million in 2021.
2	Not only is the original definition of an ‘efficiency’ flawed, it has been widened to encompass a swathe of cost cutting measures.	The definitions of efficiencies were published in the Efficiencies 2020 report and remain valid.
3	The change towards a ‘rebalancing’ narrative suggests that efficiency savings are not achievable. There is little evidence to suggest the Government has carried out sufficiently in-depth impact assessments of the continuation of the	The change of terminology reflects both a requirement to consider some one-off measures in-year and the wider need to rebalance Government expenditure in response to COVID.

	<b>Findings</b>	<b>Comments</b>
	aggressive Efficiencies Programme.	
4	It has been impossible to isolate the impact of any efficiency itself from the significant impact that the pandemic has had on vulnerable groups.	We agree it has been difficult to disaggregate any minor impact of efficiencies from the more significant impact of COVID on islanders. Where this has been possible data has been provided to the Panel.
5	There is insufficient data to support the deferral of the Care Needs at Home project, and this is an efficiency that would have an unacceptable impact on Islanders' well-being.	This proposal was accepted in the Government Plan 2021-24 debate. Furthermore, the rationale for this measure was set out in my response to the Panel dated 31 October 2020.
6	The last minute amendment by the Council of Ministers to reinstate the funding for the Office of the Public Ombudsman is yet more evidence that the Government simply proposed reduced budgets without truly considering or understanding the impact on already disenfranchised members of the community and without due regard for Common Strategic Priorities, especially Improving Islanders' Wellbeing and Improving Islanders' Standard of Living.	The Government is required to produce a balanced budget and identify means by which this can be achieved. Proposed measures are debated and the Government will act on the decisions of the Assembly. It is normal to respond to some proposed amendments before and during the debate. The proposal not to implement the Ombudsman in 2021 was accepted.
7	It has been impossible to isolate the impact of any efficiency itself from the significant impact that the pandemic has had on customers, colleagues and services. We are unable to conclude whether the efficiencies planned for 2021-2024 are appropriate.	Noted
8	The Efficiencies Panel considers there is too great an emphasis on broad efficiency measures without acknowledging the 'human' impact of these efficiencies, especially where they appear to run counter to Common Strategic Priorities.	The potential impacts of measures are considered by the proposing departments, the ELT and the CoM before inclusion in the Government Plan. These assessments include the potential impact on customers and staff along with the alignment with the Common Strategic Priorities.
9	The Government has not placed enough emphasis on its own surveys including 'Listening to Islanders'.	As set out below (R9) there will be further investment in surveys in 2021.

## RECOMMENDATIONS

	<b>Recommendations</b>	<b>To</b>	<b>Accept/ Reject</b>	<b>Comments</b>	<b>Target date of action/ completion</b>
1	The Council of Ministers should ensure that there is detailed analysis behind the business cases for efficiencies before imposing them upon departments.	CM	Neither accept/ reject	Unlike new investments, efficiency and rebalancing measures do not follow a business case process.	
2	The efficiencies should be easier to track and identify as ‘A, B, or C,’ measures and also whether they run counter to Common Strategic Priorities.	CM	Neither accept/ reject	Efficiencies are already identifiable and monitored at individual line item level as presented in the plan. Financial performance is tracked through the monthly budget monitor process and reported publicly every six months.  Reporting will no longer use Plan A, B, C terminology rather will classify a measure as either cost reduction or income increase and whether the measure has a one-off or recurring financial impact.	
3	The Government should ensure there is sufficient data to support an ongoing Efficiencies programme, including societal impact assessments as well as budgetary considerations.	CM	Neither accept/ reject	The performance of efficiencies and rebalancing measures will continue to be monitored to help inform future plans.  The introduction and wider implementation of Zero Based Budgeting will further augment the data.  The approach to impact assessment continues to be developed and the next opportunity to apply this will be with the six month update on the 2021 plan in August 2021.	
4	The Government should halt any efficiencies which negatively impact on children and young people and ensure any further planned efficiencies do not negatively impact on this sector of society.	CM	Neither accept/ reject	By definition, efficiencies will not reduce services – they will enable the same services to be provided with less or a greater level of service with the same resources. Delivering efficiencies in these areas enables more investment in expanding the provision of services and is entirely separate to the specific investment in priority areas agreed in the Government Plan.  Impact assessments are carried out	

	<b>Recommendations</b>	<b>To</b>	<b>Accept/ Reject</b>	<b>Comments</b>	<b>Target date of action/ completion</b>
				before measures are proposed to ensure they align with Common Strategic Policies.	
5	The Government should not defer the 'Care Needs at Home' project unless and until it can provide evidence to support such a move, including a societal impact assessment.	CM	Neither accept/ reject	<p>This proposal was accepted in the Government Plan 2021-24 debate and is a recognition of the realities of COVID-19.</p> <p>The project requires the completion of detailed assessments carried out in the customer's home which have been deferred until it is safer to do so.</p> <p>Alternative financial and practical support continues to be available to these families whilst the new scheme is being designed and approved.</p>	
6	The Government should not defer any project which runs counter to the Common Strategic priorities, unless and until it can provide evidence to support such a move, including a societal impact assessment. It should consider innovations such as outcomes-based contracting, social impact bonds and social impact investing to deliver upon its commitment to the Common Strategic Priorities, before undertaking further efficiency measures and develop its final approach to a sustainable wellbeing impact assessment as a matter of urgency.	CM	Neither accept/ reject	<p>The alignment with CSP is one of the assessments carried out when measures are proposed. In the event of any misalignment, for example a deferred implementation date, this is described in the impact analysis.</p> <p>The Government is committed to working with businesses and voluntary organisations in identifying and implementing novel approaches to addressing social issues and creating new ways of funding projects and services.</p> <p>The Homelessness Strategy exemplifies this approach. Funded by the Ocorian Trust, the strategy has been developed by charities, arms-length bodies and government departments working together to identify key recommendations to address homelessness issues in Jersey.</p>	
7	The Government should make it easier to track, analyse and assess what the impact of any efficiency measure, including the projects	CM		Efficiencies are identifiable at individual line item level. Financial performance is tracked through the monthly budget monitor process and reported on publicly every six months. Reporting will make clear the	

	<b>Recommendations</b>	<b>To</b>	<b>Accept/ Reject</b>	<b>Comments</b>	<b>Target date of action/ completion</b>
	which are halted, deferred or reduced, is on customers, staff and services.			classification of a measure as either cost reduction or income increase and whether the measure is one-off or recurring.  The development of an approach to impact analysis on key areas will continue in 2021.	
8	Some of the budget for retaining expert consultants to drive efficiencies programmes should be used to research and develop social impact assessments and the consultants should also be asked to consider the 'human' impact any proposed efficiency might have, so as to more closely align them with the Common Strategic Priorities.	CM	Reject	In relation specifically to efficiencies there is a small central budget which is committed to the end of February 2021 after which there is currently no further funding.  This reflects the continued transition of developing and delivering efficiencies to business as usual activity. Please also see responses to impact assessments elsewhere in this document.	
9	The Government should invest in, monitor, and truly reflect on surveys and other indicators, to fully understand and better reflect the priorities of Islanders in any efficiency or rebalancing programme.	CM	Reject	Last year the communications division and policy leads led on a number of surveys and consultations to monitor the opinions of Islanders.  This is alongside the daily monitoring of specific sentiment on traditional and social media, feedback from stakeholder groups, and Ministerial correspondence.  As part of the Government Plan the Council of Ministers, working in collaboration with Deputy Pamplin, agreed to put forward an amendment to the Government Plan to allocate an additional £150,000 in 2021 to provide for additional surveys and analysis to support the Living Costs and Household Income Survey with a view to developing a poverty strategy	

## **CONCLUSION**

We look forward to continuing to work constructively with the Efficiencies Review Panel during 2021. The continued pursuit of recurring efficiencies and rebalancing measures is critical to help fund new investments in Government's common strategic priorities. To that end we will maintain the original plan to deliver £100 million between 2020 - 23 and have agreed in the Government Plan 2021 – 24 to add a further £20m million challenge in 2024. Whilst I accept that there has been some debate over the detail and definition of the proposed measures the sustained focus on delivering a more efficient public sector is an objective, I think all support.