

19-21 Broad Street | St Helier
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Deputy Geoff Southern
Chair
Efficiencies Review Panel
BY EMAIL

30 September 2020

Dear Geoff,

Re: Government Plan 6-month Report – Efficiencies Section

Thank you for your letter dated 14 September 2020 regarding the Efficiencies Programme and efficiency savings in 2020.

Efficiencies for my portfolio of services within IHE (Infrastructure, Housing and Environment; formerly GHE), for which I have political responsibility, are planned and delivered at a departmental level. These efficiencies are part of a programme put forward by the Department in 2019 and have been inherited by the Acting Director General.

The efficiencies programme set for IHE in the Government Plan is summarised below:

The efficiencies programme set for IHE in the Government Plan is summarised below:	Budget (£)
Additional recharging to capital schemes	500,000
IHE operating model savings	300,000
Contract Efficiency	182,500
Business Support Review	50,000
Contract efficiency - tactical opportunities	37,500
Modern and efficient workforce	80,840
Total	1,150,840

Whilst an early estimate of meeting the efficiency targets is available, it is based on the June reports (Quarter 2) and so I have not included them here. I would prefer to provide a more current forecast against savings targets and so I have tasked the Accounting Officer to verify the latest information. I undertake to provide the panel with updated information based on the savings realised at the end of September (Quarter 3), which I hope will better assist the Panel in making a balanced judgment. I would add that while efforts are being made to achieve the planned savings, these were set before the financial challenges we now face.

As will be explained later in my response, there are a number of pressures on IHE resources in respect to Natural Environment and Regulation services. These being both the COVID-19 pandemic and BREXIT; these are obviously everchanging and likely to be post-dating the agreement of the 2020 Government Plan. I have no doubt they will require additional funding in 2021 and subsequent years, and I am proposing that these are included in the next Government Plan.

I would ask that the Panel, in considering spending and resource policy, recognise the importance of IHE services on which the whole of government and community depend.

In 2019, it was proposed in the Government Plan to raise £700,000 of additional revenue through an extension to chargeable parking hours, however, this was rejected by the Assembly during the Government Plan debate in 2019.

A more detailed update on these items is contained in the [Government Plan six month progress review](#).

From the immediate post COVID-19 period, undelivered 2020 efficiencies and any future efficiencies are proposed to be aggregated into a wider IHE level for the Government Plan period 2021 to 2024. These are now shown in the Government plan which will be with Scrutiny shortly.

I would note that income was forecast in the budget for 2019 (set in the previous MTFP and carried over to the Government Plan in 2019) arising from charges proposed under the Licensing Regulations of the Public Health and Safety (Rented Dwellings) (Jersey) Law 2018. These have since been rejected by the States resulting in a further funding shortfall in 2020 and subsequent years. Additional funding will be required to restore the budget for existing Environmental Health FTE.

1. Can you explain what impact that has had?

In terms of my own environment portfolio, I am pleased to report that, subject to no further changes in the present plan, there will be limited impact from efficiencies planned in 2021. However, 2022 and onwards are likely to change and are currently unknown. IHE savings are primarily focused in the property and commercial opportunities which fall within the portfolio of the Infrastructure Minister.

2. Have you been able to meaningfully separate the effect of Covid-19 on budgets from the impact of efficiencies? – if so, how?

Yes, although a challenge, I am advised that the finance team have worked hard to identify where within IHE the impacts of COVID-19 can be assessed. Examples of this include property income, sport income, car park income, initial and additional expenditure on the Nightingale hospital, contact tracing and the bus contract. These are subject to separate business cases which have been presented to Treasury.

In terms of the primary impact of COVID-19 on the Environment portfolio, there was considerable disruption. This required a large number of staff to be re-deployed into COVID-19 related work, particularly contact tracing. I am advised the Planning team was reduced by approximately 50%, the BCO team reduced and EHO team from 13 down to 3 officers at its height. Therefore, regulatory services did suffer seriously during the immediate COVID-19 period. There remains a backlog of work as well as an increased level of enforcement work. This is a major concern which I have asked the Acting Director General to address.

3. Can you advise what work you have done with your departments to prioritise these areas and how much in efficiencies are you going to make?

These areas will be outlined in the refreshed Government Plan. As outlined above, for IHE these will be focused on property savings, commercial opportunities in our technical services areas, and a focus on staff cost and cost recovery. On this last point, I have advised the Acting Director General that I consider there is limited scope to increase income on existing or new charges for regulatory services as the States have shown they are resistant to such. Although, I do accept that as an Island we need to have this debate.

4. Have you dovetailed zero-based budgeting exercise to transform services?

This has not progressed for IHE at the current time as it was one area paused by Government as a result of COVID-19 impacts. In my long experience as a public service accountant, zero based budgeting is likely to highlight a need to increase resources, not reduce it.

5. What impact has the efficiencies programme had on departmental workforce - for example, is the decrease in expenditure derived from an inability to recruit offset by an increase in overtime and/or the requirement to retain agency and/or fixed term contract staff?

IHE employs a number of specialist staff and has a wide variety of professions covering the full range of engineering roles, skilled manual, scientific, surveying, design, regulatory, and management to name just a few.

I am confident that the Acting Director General has made efforts to ensure, as far as possible, that the critical services IHE delivers for the Island continues, notwithstanding the efficiencies programme. I am aware that staff employed in the Natural Environment and Regulation teams had left employment with Government of Jersey as a result of the Target Operating Model.

The main issue for recruitment which the department does experience, is attracting new specialist staff. The department has to balance career aspirations of younger people which increasingly are not focused on some of the specialist professions outlined above, the cost of living, and the limited labour supply. IHE therefore focuses on permanent staff, although in places does have to rely on contract staff where permanent employees cannot be secured.

I have requested the Acting Director General undertake a comparative study of our specialist services to ensure we can maintain and enhance these services where there is justification to do so.

6. Have you been able to measure the impact that the efficiencies are having on the workforce, both qualitatively (such as health issues, time off, staff morale) and quantitatively (job cuts/reduction in hours)?

The Acting Director General for IHE has engaged with the Government of Jersey wide 'Be Heard' survey of staff, and I am advised will be using these outcomes to drive future business plan work and priorities.

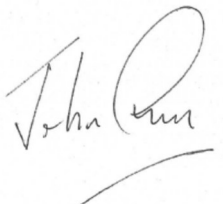
I am aware personally that IHE staff have been incredibly busy during 2020 keeping essential and critical infrastructure running, regulatory activity going and, whilst also delivering the Government's COVID-19 response. This has undoubtedly put great pressures on staff, but I am incredibly proud at their resilience, commitment to the island and delivery, and I want to ensure they are recognised for delivering. All this despite the twin challenges of the COVID-19 crisis and uncertainty of the long running TOM reorganisation. We are aiming to complete the reorganisation of Operations and Transport by year end, Regulation and Environment by the end of February 2021, and then Property and Sport once their reviews are completed.

7. What progress have you made in identifying new efficiencies for the Recovery Plan/new Government Plan?

The Acting DG of IHE advises he has made significant progress in this area, based on the aggregated approach to achieving savings outlined in my answer to Q3. A copy of the Government Plan is now with Scrutiny.

I hope the above information is of use to you and please do not hesitate to contact me if you require anything further.

Yours sincerely



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