

STATES OF JERSEY

Corporate Services Scrutiny Panel Comprehensive Spending Review Public Hearing with the Minister for Planning and Environment

MONDAY, 21st JUNE 2010

Panel:

Senator S.C. Ferguson (Chairman)
Deputy T.A. Vallois of St. Saviour
Mr. M. Oliver (Economic Adviser)

Witnesses:

Senator F.E. Cohen, Minister for Planning and Environment
Chief Officer, Planning and Environment
Acting Finance Director, Planning and Environment

In attendance:

Mr. M. Robbins (Scrutiny Officer)

[09:38]

Senator S.C. Ferguson (Chairman):

Good morning, and welcome to this meeting of the Corporate Services Scrutiny Panel, public hearing on the Comprehensive Spending Review. Welcome to the officials and Minister for the Planning and Environment Department. If you would like to say your name and position for the transcription.

The Minister for Planning and Environment:

I am Freddie Cohen, Minister for Planning and Environment.

Chief Officer, Planning and Environment:

Chief Officer, Planning and Environment.

Acting Finance Director, Planning and Environment:

Acting Finance Director, Planning and Environment.

Mr. M. Oliver (Economic Adviser):

Michael Oliver, Economic Adviser to the panel.

Deputy T.A. Vallois of St. Saviour:

Tracy Vallois, Deputy of St. Saviour.

Senator S.C. Ferguson:

Sarah Ferguson, Chairman of the panel.

Mr. M. Robbins (Scrutiny Officer):

Mick Robbins, Scrutiny Officer.

Senator S.C. Ferguson:

Right, now we understand that the 2 per cent savings are considered to be business as usual and you are also happy with meeting the challenge of the 10 per cent reduction in budget without cuts to your services. How are you managing to do this when the other departments are having such a problem in cutting so deeply?

The Minister for Planning and Environment:

We are more creative. Well, firstly, if you look at our cuts the £54,000 is by reducing our energy grant. So clearly reducing our energy grants does not significantly affect our services. It just means that less energy grant work will be done. Some of the other areas, such as £40,000 in filing savings are things that were pretty obvious, clearly will not result in our department being less efficient. In fact it should result in our department being significantly more efficient because we will have closer access to our filing. But one could argue that it is something that we could have done some time ago. The fact is it has been identified now and we propose to get on and do it. There will be some effects. You cannot cut a full time ecology post and make it a part time post without having some effect but we think that the effects will be relatively minimal. Now, when we go on to the larger cuts then very clearly there will be effects for our services but we do have the ability of course of cost recovery in our building and development control areas.

Senator S.C. Ferguson:

Right. The main area of the grants you give relate to energy efficiency, at what point do you expect these to naturally reduce because there are fewer properties left requiring insulation?

The Minister for Planning and Environment:

The process we are following at the moment is gradually opening up the criteria. So we started with a very tight criteria, we have relaxed the criteria on one or 2 occasions. We will continue to do so until we are satisfied that we have covered the vast majority of low income households in the Island and then it will gradually tail away. I think there is a good couple of years left of good work to be done.

Senator S.C. Ferguson:

Have you got enough money for that though?

The Minister for Planning and Environment:

We have at the moment but of course each year it depends on the States commitment to the programme. So far the States have been extremely generous and I hope they will continue to do so.

Senator S.C. Ferguson:

Yes, because I noticed this week you have expanded it to include charities or properties for charities and there is enough money in the kitty to do that without cutting?

The Minister for Planning and Environment:

There is, but it depends what you are proposing to do. We are looking, for example, at the moment at extending the programme to boiler replacements. It is a very useful area, it was not something that we previously did. Previously we concentrated on insulation and the primary energy saving targets. We can expand both the target group and the work that we carry out under the programme. But it is has been a very successful programme.

Senator S.C. Ferguson:

Right, now under policy and projects you discuss restructuring of consultancy budget at a saving of £20,000. This is an area that has been regularly comment on by submissions from the public in response to our consultation. How much further can you cut consultancy requirements?

The Minister for Planning and Environment:

It depends what you expect us to deliver. The problem we have is that the more you cut permanent staff the more you increase consultancy because there is a certain level of work that we have to do. If you take, for example, the Island Plan. The Island Plan is being largely carried out in house. Had we chosen instead to outsource the delivery of the main component of the Island Plan that effectively could have come under the general heading of consultancy. So it very much depends on what we do in house and what the constraints are on us in terms of employing more permanent staff. In the current environment it is unlikely that we will be employing many more permanent staff and therefore I would have thought that the consultancy budget, while we can cut it a bit, is under strain. It is under significant strain and there is essential work that we need to do. We will manage but there is very little slack in it.

Senator S.C. Ferguson:

Going on on costs and so on, obviously one of your major unexpected contingency spending has been the various legal actions. How are you going to cope with that in the future?

The Minister for Planning and Environment:

Well, we are doing rather well with legal actions. There seems to be a lot of publicity about it, implying that we are losing most of them, the reality is that we are winning most of them and we are certainly winning the most important legal actions. That does not mean that there will not be some costs but certainly in the case of one or 2 significant legal actions recently we have won them. It is very unpredictable, it is a function of the planning process that there will always be appeals. We have made it significantly worse by the introduction of third party appeals and therefore there is much greater risk of appeals and, of course, risk of losing appeals but you cannot have an open system without having increased risk of legal action.

[09:45]

I do not think that it would have been the right thing to have failed to have introduced third party appeals. It was a clear commitment of the 2002 planning law, it had not be introduced prior to my appointment and I felt it was the right thing to do to ensure that it was introduced.

Senator S.C. Ferguson:

Yes. Do you think there is scope also for moving planning review and decisions, consultancy and so on, back into the parishes?

The Minister for Planning and Environment:

It is a tricky one. I was thinking about that this weekend. You probably could. You could probably remove some of the minor applications. There is a number of calls to be made here. The first is that generally I would like to see a continuing increase in the general development order exemptions, so more and more minor works are excluded from the process of making a planning application. One example is we are looking at the moment at exempting loft conversions. Those are the sort of things that either can come out of the planning process altogether or you could end up delegating to the parishes and to the municipality to determine within guidelines. So, yes, there is potential but not in terms of the vast majority of important planning decision making.

Senator S.C. Ferguson:

Yes, because the French, I think, have a fairly simple system for minor developments, conversion of a utility or something. You go and apparently make your application and if you do not hear to the contrary with a month you can go ahead. Is there scope for that?

The Minister for Planning and Environment:

I am sure there is scope for increasing the parish involvement. I am not sure that it could be on the basis that if you do not hear in a month you can go ahead, but certainly if you are dealing with a minor alteration to a property I cannot see why that cannot be delegated to the parish authority or exempted altogether. My view is that the majority of minor applications should be exempted altogether. We have already gone a long way towards doing that. You have to deal with issues such as privacy and you will always have the odd one where you wished that you had had more control. That is what comes with exemption through the general development order. But I think the process of reducing the amount of work the Planning Department does is a good one and Andrew Scate has a very good example. He was previously in Southampton. In Southampton they deal with, I think, 2,500 planning applications a year, we also deal with 2,500 planning applications a year. Look at the size of Southampton and look at the size of Jersey. There is clearly something wrong there and it could be that there is over regulation.

Senator S.C. Ferguson:

Right. You have got a review about to start on the Met Service. When is that going to be completed?

The Minister for Planning and Environment:

Could Andy answer that as I am not entirely sure.

Chief Officer, Planning and Environment:

We have started the review, phase one of the review is purely to gather the information, what are we currently doing and what the cost of the various activities in the Met Service are. We are expecting the majority of the review to be complete by the end of this year and probably a final report around February in 2011.

Senator S.C. Ferguson:

Yes, have you any feeling for that is going to turn out? What sort of savings?

Chief Officer, Planning and Environment:

We are notionally putting a figure ... we have clearly identified a figure for next year for the Met team of £28,000. We are notionally putting a figure against them for the 2012 and 2013 period, which is a 6 figure potential saving, but that is a target on their gross budget. So we have, in effect, applied the 10 per cent gross savings target to the Met team. That is really the aim that we are trying to achieve. In round terms that is in the order of another £100,000. So that is the sort of target we are working for, but clearly it could be higher, it could be slightly lower but the review will show us if that is a reasonable assumption of ours.

The Minister for Planning and Environment:

I would like to make a point, if I can, about the Met Service. I do feel rather sorry for the Met Service, they always bear the brunt of attack during a cost cutting exercise. They do a really first class job and they are already recovering 50 per cent of their costs through selling their services elsewhere. I think they should be applauded for doing so and it is a good example for others to follow.

Senator S.C. Ferguson:

Yes, because I gather we sell our services, our Met services, to Guernsey.

The Minister for Planning and Environment:

I think we get in total about £800,000 a year.

Chief Officer, Planning and Environment:

It is one of the issues that we have, it is called the Jersey Met Service but it is the Channel Islands Weather Service so we provide weather data for Alderney and Guernsey and the surrounding islands, as well as Jersey. So it is a Channel Islands Met Service rather than a Jersey Met Service but, yes, we achieve income from Guernsey States as well as ... Jersey States, Guernsey States, the 2 airports, well 3 airports with Alderney included as well. So we cover the entire patch.

Senator S.C. Ferguson:

So there is really scope for it being a sort of separate organisation which covers the whole zone?

Chief Officer, Planning and Environment:

Yes, we have got the potential, I think, to become more commercially minded, certainly. As the Minister said, we are on a good trend there already. We are about half the cost recovery. I think we can push that a bit further. I think the critical thing is to balance ... there is always going to be, if you like, a government state requirement versus a public requirement or a business requirement. I think we can

sell more of our products externally. We do certainly need to review the service level agreements we have with the 2 major customers, being Guernsey and Jersey Airport. I think we need to obviously compare ourselves with the external world as to what that service would cost buying it in from another provider. My gut feeling is that cost from an external provider would be higher than what we are currently doing it for. But the review will show that.

The Minister for Planning and Environment:

Like everything, it is a question of what you want to get out of the service. You could, for example, buy in a sort of met service from Exeter at a relatively low cost. I think it is Exeter, is it not?

Chief Officer, Planning and Environment:

Yes.

The Minister for Planning and Environment:

However, if you want to have an accurate on the ground service that is based on local experience as well as looking at computer modelling, you do need to pay for it and you need to have people on the ground. We will be worse off as a community if we end up going down the totally buying in route and do not have a local met service. They do have a lot of experience, they are able to model specifically for Jersey rather than just buy in larger scale computer modelling.

Senator S.C. Ferguson:

We all know how reliable computer modelling is.

The Minister for Planning and Environment:

Absolutely.

Senator S.C. Ferguson:

All right, how are you going to bring Planning and Environment together?

The Minister for Planning and Environment:

That is the key to an efficient Planning and Environment Department. The current mechanism of having the Planning Department, Building Control and Development Control at South Hill and the Environment Department at Howard Davis is nothing short of a nonsense. Firstly, Andrew Scate spends a lot of his time having to go between the 2 departments. We should co-locate and my view is we should co-locate at Howard Davis Farm. It very well may be that there is still some problems with the covenant but I do not believe there are fundamental problems. There is the argument that Planning does need a town office but there is a general office, as we all know, at Cyril Le Marquand House and I cannot see any reason why we cannot co-locate at Howard Davis Farm and release the South Hill site for development, which will be a very positive net cash return. The Planning Department will be more efficient, it will be a better department, the Environment Department will be more efficient and a better department and it has the potential to save the public purse a lot of money.

Senator S.C. Ferguson:

So you would then have Agriculture and Fisheries back within the department?

The Minister for Planning and Environment:

That is a possibility.

Senator S.C. Ferguson:

Because there are similar operations being undertaken by E.D.D. (Economic Development Department) and Planning in the Agriculture and Fisheries area.

The Minister for Planning and Environment:

That is right, that is being looked at.

Chief Officer, Planning and Environment:

It is. The rural economy at the moment, the budgets are split between E.D.D., most of the personnel are in P. and E. (Planning and Environment), we have most of the people - frankly all of the people - the budget is currently split between E.D.D. and P. and E. so that, for instance, the single area payments currently sit with Economic Development and the rural initiative scheme sits with Economic Development because of the economy impact of the rural economy, if you like. So we are currently discussing with E.D.D. - I am certainly discussing that with the Chief Officer of E.D.D. - about rationalising the rural economy which eventually will have to mean that we put the budgets in one place. We are trying to maximise the output we get from the single budget rather than having 2 or 3 budgets sitting in different areas. The fundamental thing moving through 2012 and 2013 is to look at the management structure of P. and E. and how we organise ourselves. We will be looking at that as a fundamental part of our further 8 per cent savings in 2012 and 2013. But there is scope there to do things differently. I think that is why ... going back to your first question, why we ... may be we are adopting a more positive outlook on this. It is something we have to do. I do not think that there is any doubt that we do not have to do it. We have to do so I think the best way of tackling these sort of projects and targets is by a positive mind and thinking: "We must be able to do something different." Wherever you are, in whatever organisation, there is always a different way of doing something.

Senator S.C. Ferguson:

Do you have a management structure chart?

Chief Officer, Planning and Environment:

We have a very loose one in our Business Plan.

The Minister for Planning and Environment:

We have one in the department.

Chief Officer, Planning and Environment:

Which is a very ...

Senator S.C. Ferguson:

It is sort of at the top, though.

Chief Officer, Planning and Environment:

Sorry?

Senator S.C. Ferguson:

That is just a sort of top slice.

Chief Officer, Planning and Environment:

Yes, that is Chief Officer, Director and Assistant Director level.

The Minister for Planning and Environment:

We have a very detailed chart in the Planning Department, with photographs, on the wall. You are more than welcome to come and see it.

Deputy T.A. Vallois:

Along the lines of thinking outside the box, is there any consideration been given to Planning amalgamating with Housing at all going forward?

The Minister for Planning and Environment:

I think that would be a conflict. I think it is a very nice idea because it would enable quick delivery but I do think that you need to keep Planning and Housing separate. You can see at the moment Housing are itching to develop lots of houses and Planning are saying: "Hang on a minute, that is a great aspiration but they have got to be in the right place." If you merge the 2 together I am not sure that you are going to deliver anything better for the community. I do not think that would mean that you would naturally deliver lots of houses in the right place. At the moment it is for Housing to identify demand and we need to know what demand and it is for Planning, through the Island Plan and the States through endorsement of the Island Plan, to match the aspiration with delivery.

Senator S.C. Ferguson:

Have you discussed in detail with Housing, and perhaps the Economic Adviser, what the genuine demand is?

The Minister for Planning and Environment:

That is a really tricky question.

Senator S.C. Ferguson:

That is why I asked it. [Laughter]

The Minister for Planning and Environment:

It is the £64,000 question. I do not know what the genuine demand is in its entirety. In fact I held a meeting with Housing only a few weeks ago and asked them for a single sheet of paper that identified exactly what the demand was and exactly when it was required and exactly who it was for. We now have a list but we now need to test that list to make sure there is not any overlap. The problem is, as I understand it - I am not a specialist in delivery of housing - there are all sorts of lists maintained by all sorts of different people and bodies and there may be significant overlaps. So when you look a demand for, say, 1,300 affordable housing units, are they all individuals or is there overlap in there, and if you are trying to match aspiration with deliverables are you sure that what you are offering is affordable to those who are on the list. Particularly if you are looking at models like shared equity.

Senator S.C. Ferguson:

Yes, and I suppose the other thing is, are the people who have put their names on the list going to be able to afford housing? This is a problem.

Chief Officer, Planning and Environment:

That is a critical issue because depending on what products are available in the market in terms of borrowing money, demand is massively affected. So we have seen ... there is a certain chunk of the community who want to rent. That will grow and contract depending on mortgage products available because a portion of those will prefer to buy their own property.

The Minister for Planning and Environment:

And the state of the economy.

Chief Officer, Planning and Environment:

If there is supply and mortgage products available then demand is high. At the moment I would have thought we would have seen demand contract as people contract their own aspirations as well. So it is an incredibly hard thing to predict because people's aspirations will change on a weekly, daily, annual basis depending on what products are out there available, what they are earning, what housing supply there is. That is the problem with a lot of housing demand surveys or housing needs surveys, if you ask the question: "Would you like a 3-bedroom house, a couple of parking spaces, rear garden in this location?" frankly most people would say: "Yes, please." But you then need to factor in an element of reality as to whether they can afford that, do they have the income, is there the mortgage products available. So it is an incredibly hard question.

The Minister for Planning and Environment:

The core to your question, the core answer to your question, which is do the Planning Department know with certainty what demand is for affordable and social housing, the answer is no, we do not.

[10:00]

We have got a range and we are not sure where we are within that range. There are all sorts of different surveys that are carried out to try and identify more precisely the real demand, the real requirement for affordable housing but we do not have very precise numbers. What we need to know from a planning perspective is how many affordable housing units of each type are required over, let us say, the next 5 years. Then we can properly plan for it. Not on the basis of there is suddenly this massive urgent demand for a certain type of housing like, for example, over 55. So we all panic, rush around trying to find sites, solve that problem and then move on to the next one. We need to look at this holistically and it is a cross-departmental issue.

Senator S.C. Ferguson:

Yes, and the other thing is, of course, is looking at - which is your Environment Department side of it - possibly new ways of building houses.

The Minister for Planning and Environment:

The Assistant Minister, Deputy Duhamel, is extremely enthusiastic about alternative ways of building houses and is properly working on it at this very moment.

Senator S.C. Ferguson:

Yes, I suppose we could always ... no, I will not go there. How do your plans to bring the departments together at Howard Davis Farm fit with the office strategy?

The Minister for Planning and Environment:

At the moment our plans to co-locate at Howard Davis Farm, or somewhere else, are not deliverable because we have not got any money to do it. The last quote was it would cost £2 million to move up to Howard Davis Farm. I must say I find that rather surprising but that was the figure that the Chief Officer was given. Planning can work in pretty modest, low cost accommodation. We do not need much more than offices ... I am not saying we could operate in portacabins, we cannot, but we do not need much more than a well fitted out large tin shed. We do not need a smart new office building. But where that fits in within the States policy in relation to allocation of offices, I am not entirely sure.

Chief Officer, Planning and Environment:

I think as a department we are hoping we are going to be given a corporate solution as part of the office strategy to move forward. The critical issue is funding some of the capital enhancement ... well, the capital cost of either moving us to the farm or any other locations in terms of ...

The Minister for Planning and Environment:

Remember, whatever the capital cost is you must look at the positive which is that South Hill can immediately sold for development. Once we vacate South Hill and T.T.S. (Transport and Technical Services) vacate South Hill there is a significant amount of cash that can come in straight away to the States if the States chooses to sell it as a development site.

Senator S.C. Ferguson:

Yes, although there we get back to your list of what housing do we need. Because originally when South Hill was talked about there was pressure for it to be social housing.

The Minister for Planning and Environment:

I think that while it would be nice to have all sites social housing, I think South Hill would be better off as high value housing, perhaps there will be an element of affordable housing within the development plans but there would seem little point in taking a high value site with wonderful sea views like that, particularly in the current financial climate, and not achieving the maximum return possible from it. That is not, of course, my decision. It may be the decision of the Minister for Treasury and Resources whether he wishes to maximise the return from the site.

Senator S.C. Ferguson:

Yes, and obviously if you have got the marriage value of the St. Helier site as well, but that is again possibly something for Property Holdings. Yes. Within the environment and rural economy saving you have got a £30,000 saving on half a post, how does that work?

Chief Officer, Planning and Environment:

We have had our principal ecologist who has retired, so we have a vacant post in that area, so we have decided instead of filling it at the full time higher grade we are thinking at a lower grade and it is the equivalent of half a F.T.E. (Full Time Equivalent). We have also restructured the environmental management team, so we have looked at the management, who is managing in that area and frankly we have now got one less manager and one more doer, if I can put it that way. So that is how we have achieved it. In effect we are going to hire a part time person to sit in the structure and not have a manager who is also the principal ecologist.

Senator S.C. Ferguson:

Right, so you are improving the frontline services?

Chief Officer, Planning and Environment:

Yes, we got other people in the team who are offering that ecological advice so it ... we are just cutting it a different way, frankly.

Senator S.C. Ferguson:

Right. In his briefing to the panel your Chief Officer made the full 10 per cent cost saving sound like business as usual coupled with opportunity for change, which he has also said this morning, what political input have you had to that?

The Minister for Planning and Environment:

I have had some political input but I have taken the view that I will wait to see the final proposals before I consider the political aspects of those proposals. But I do think that Andrew is very creative, he is always very positive about things, and I am sure he will deliver the 10 per cent with the least impact in terms of the services we deliver. But there will be some impact because inevitably there is some impact. Islanders expect an awful lot out of our department. We do have the opportunity, of course, of setting our own fee levels to some extent around planning and building control, so we do have some flexibility there. But if you are going to take 10 per cent out there is going to be some effect on services we deliver, albeit Andrew will seek to minimise those through efficiencies and creative thinking.

Deputy T.A. Vallois:

The 10 per cent that is being saved, is it on the G.R.E. (Gross Revenue Expenditure) or the net revenue expenditure?

Chief Officer, Planning and Environment:

It is the gross, yes. So we have got a roughly £10 million budget and we are looking at finding £1 million.

The Minister for Planning and Environment:

We would prefer to do it on the net.

Deputy T.A. Vallois:

Why are you not doing it on the net?

Chief Officer, Planning and Environment:

It does make it proportionately more difficult for departments with a high income because clearly we have got about 30 per cent of the budget that comes in as income

and if we are not straying into fee increases the 10 per cent is coming from the net budget. So we have got to find £1 million from £6.7 million or of that order. So it is progressively harder to do that, hence I think you do need a smile on your face to do it, you do need to be ... my job ultimately is to give the Minister options to take. That is what I will give, I will give 10 per cent options. We have more than one option so there will clearly be some things on the list which possibly we will not want to do that we can replace with other things.

The Minister for Planning and Environment:

I think also it is an opportunity to look at our charging structures and to make sure they are more equitable. At the moment we have some charging structures that are really quite odd. For example - we were discussing this before we came in - the cost of making an application to build a modest house is exactly the same as to build a multi-million pound house. That cannot be right. There are opportunities to rationalise ... to bring down the cost of making applications for more modest accommodation and to increase the cost of making applications for larger accommodation.

Deputy T.A. Vallois:

So the saving amount, the 10 per cent, was that decided on the G.R.E. by your own department or was that part of the C.S.R. (Comprehensive Spending Review) process that was asked of you from the C.S.R. team?

Chief Officer, Planning and Environment:

It was asked of us. It was set. In effect the C.S.R. target was set corporately as 10 per cent of the gross budgets.

Deputy T.A. Vallois:

Okay.

Senator S.C. Ferguson:

How far down the department did you ... did you get input from your frontline troops?

Chief Officer, Planning and Environment:

We are now in the process ... certainly for the 2 per cent, we have not had major involvement with our frontline on the 2 per cent. We certainly had some feedback around the filing issue for instance because that is one of the areas where there is a lot of gripes and groans as to how we currently do filing. So that is a good example of where we have had some feedback. Some of the others, certainly, they are quite small savings and we think they do not have an impact on the frontline. We need to have major staff engagement though with the 2012 and 2013 and I think it is management's job certainly to put forward some ideas. That is ultimately what manager's get paid for to come up with the ideas. It is my job to come up with an idea of where the department is going to go forward and to discuss with the Minister. So it is a bit top down, it has got to be top down in this sort of process but we are certainly, from this point on, we are going to have a number of, if you like, staff meetings, open suggestions because there will undoubtedly be some suggestions from the frontline line as well to make some savings.

The Minister for Planning and Environment:

The little savings can be quite significant. I credit myself with having found one of the best efficiency drives in the department. It was very simply purchasing a 3 kilowatt kettle for the kitchen. It may sound ridiculous but when I got the job I noticed that officers were queuing up to boil water in the kitchen to make their tea and coffee and it was simply because they had a very old kettle that took 10 minutes to boil, and that really was 10 minutes to boil, and literally by buying more efficient, modern kettles we were able to increase officer efficiency because they are not spending their time hanging around boiling water to make tea and coffee. So it just shows that little things, particularly cumulatively, can make quite a difference.

Senator S.C. Ferguson:

Also you encourage them not to fill the kettle full.

The Minister for Planning and Environment:

I have not gone that far.

Senator S.C. Ferguson:

There is also these little machines you can get that you plug into your electricity supply and you can identify which pieces of equipment are using most electricity.

The Minister for Planning and Environment:

We could look at that too.

Chief Officer, Planning and Environment:

I think it is a good ... we have done a pilot up at Howard Davis Farm in terms of the energy efficiency measures and that has proven ... it is a very small pilot and it only yielded a few thousand pound but percentage wise it was a significant percentage of savings on our energy bills in that building. I think it is an area that we absolutely have to move forward with as the States as a whole, how we are using our energy, how we are using our transport, those sort of savings, because we can do things far more efficiently in some areas and save money on our electricity bills, fuel bills, that sort of thing. So I agree completely. I think you need that sort of knowledge. If you had the metrics to know what is causing your fees to go up you can make decisions about it. It is the same with any other budget. If you have the information about where your costs truly lie you can make decisions around those costs. You need the information first of all.

Senator S.C. Ferguson:

So if we go to the Fern Bricknell(?) question, can you tell me what the actual cost is of doing a planning application for a basic house? Two or 3-bedroom family house. I am not asking for the actual figures but can you say: "Yes, I can tell you how much it costs"?

Chief Officer, Planning and Environment:

The problem with that, it would depend on the time taken. So a single house in some respects will sail through the system in 8 weeks, minimal consultation, no objections and out it goes. Other proposals can take a lot longer because there is a lot objection, we need to go back to applicants and objectors. So I do not have those figures to hand but we ... what we can do is work out a unit cost. We know how much a planner officer's time is, we could work out the effective cost of that planning application.

We know how much our planning service costs as a whole, our development control team, we know how much income it brings in, we know what the cost recovery currently is which is around the sort of 68 per cent mark. So we could scale that down certainly to ...

Senator S.C. Ferguson:

Yes, the only reason I ask is because it seems to us that if you do not know what your costs are, if you cannot identify them ... I asked T.T.S. if they could tell me how much a trench would cost. If you do not know your costs, how can you propose savings.

Chief Officer, Planning and Environment:

I agree fully. I think in any management structure or any management team, you need management information on which to make decisions, whether it be your people and the hours they are putting in or not or where your costs lie. So what we do have a very good flavour for is the cost of the planning application service, how much income it currently brings in, we can make fee decisions throughout the year, and we revisit that on an annual basis and we can clearly show what the cost recovery percentage then would be. Income is a very interesting one because obviously we are also market dependent. So if the market is picking up we potentially will see over the next 2 or 3 a lot of increasing income without putting our fees up, just because the volume changes. So if the building industry picks up suddenly we get more income because of the volume that is ...

The Minister for Planning and Environment:

But the answer to your question, to be quite candid, is that we do not know the actual cost per application. The reason for that is there is a huge variation in the amount of officer time that is spent on one house against another. Generally, although it will not always be the case, the larger houses take up much more officer time and that is why it is quite ridiculous that they are currently costing the same price to the applicant.

[10:15]

The total cost of making an application for a single house is, including the building control element, about £1,300, I think. It may be a little bit less. I would have thought the range of costs would be somewhere between £1,000 and £5,000. Sometimes it can be even more than that. Now, if you tried to cost control every application, so you said to an officer that you are only allowed to spend 2 and a half hours on every application because we need to have cost recovery on every application, you would end up with very poor planning. So you do have to allow very significant flexibility. If you have an easy applicant who understands the planning process, has a good architect who comes up with a good design, that will go through very quickly. If you have to hold their hand through the process because they have got a poor architect or have not even got an architect and they are too aggressive with their aspirations, then you will end up spending a lot of time on it. Now, the counter to that is that you could say if it is not absolutely 100 per cent you must refuse it and that means that you increase your fee income because they have got to make a new application. But that would be very unpopular, I think, and it would mean that many of the present applicants' agents would be disenfranchised because they would not be capable of delivering what is required in the first instance.

Senator S.C. Ferguson:

Is that because planning requirements are too stringent?

The Minister for Planning and Environment:

No, it is not. In fact I would say the planning requirements are not stringent enough in terms of design. It is because there is still a lack of understanding of what is required and to some extent, particularly with those who are not qualified, there is a lack of competence to deliver what is required. We are still in a position where we get applications that are frankly horrendous and you will see one day a wonderful application from a local architect that has understood everything we are trying to deliver and the very same day an application that shows that the applicant or their agent has no understanding whatsoever of what we are trying to deliver. The first one will sail through so the cost recovery is much better; the second one you will spend hours and hours and hours of officer time and you may even end up with nothing at the end of it.

Senator S.C. Ferguson:

Right. While we are talking about rationalisation, what savings would be possible from the rationalisation of laboratories within the Island?

Chief Officer, Planning and Environment:

The honest answer is that it is an unknown quantity at the moment. What we have done as part of the 2012 and 2013 debate is to raise the issue that we have a number of laboratories. We run a laboratory up at Howard Davis Farm which is the plant laboratory so we do a number of analyses for ... for example, potato tests earlier in the year to make sure the seed stock is not diseased. We run a laboratory ... there are a number of laboratories. I think what we have done at this stage ... there must be some savings through consolidation. There would be need to be some capital up front certainly to create a single or even one or 2 laboratories but I think there will be some savings. I do not know the answer yet but it is one of those which we need to do a bit more work on. I think P. and E. will have the lead on that, to have those discussions.

Senator S.C. Ferguson:

Yes, because there was some problem a few years ago about when they were testing the bathing water, where different laboratories were coming up with different results for the same bay at the same time.

Chief Officer, Planning and Environment:

Yes, for the bathing water we used the States laboratory at Hare Road(?). There is often then a need or a feeling, well that is the States laboratory, we need it tested elsewhere. It costs quite a lot to send samples off Island all of the time. We have to send certain samples off Island, for instance shellfish and those sort of things. They go to Weymouth for testing. If you look at the complete cost of what we are sending off Island and what we have got here, there must be a better route to have a single function here, we would certainly save on all the packaging and transport costs of the shellfish we have to send away, for instance. I think in that we create one single external independent laboratory, it would then be taken on board that that is where we go for tests, it is independent and I think there will be savings there. I do not know how much ... what the savings will be at this stage but ... and I certainly think it will be something latter or later on in the C.S.R. process, so 2012 or 2013. But the first

thing we need to look at really, if I look at the laboratory we run, is the cost recovery that we currently have. The majority of its service is direct to the private sector. There is an element of government requirement there but a big percentage of its obvious work is for the private sector. It could work very well as a private entity now, as a private laboratory for plant health. But we would then contract the service to it as the government. But that is the sort of thing we need to look at.

Senator S.C. Ferguson:

Yes, so there could well be scope for commercialisation and ...

Chief Officer, Planning and Environment:

Absolutely, yes.

The Minister for Planning and Environment:

Can I make a comment? Areas like our laboratory and other significant areas of our department, the Met Service is one and Building Control is another, potentially could ideally be privatised. Now it may mean that there needs to be some States assistance either to get it going or on an ongoing basis but they are logical vehicles to be privatised. They have got an identifiable potential income source or an existing income source, they do a specific function, usually very well, and many of the people within those departments could run a very successful private enterprise operation.

Senator S.C. Ferguson:

So presumably as part of this consideration you would be looking at the fire regulation set up where the fire services and yourselves are both involved.

Chief Officer, Planning and Environment:

Absolutely, yes. It is a conversation I am having with the Chief Officer from Home Affairs now in terms of as it currently stands under the building by-laws each building control officer has to, under the by-laws, sign off fire safety as part of "this building is fit for occupation". It is not going to fall down, it is safe to use. We do that as a matter of course through the building by-laws. There are clearly elements of the fire safety that is also done by the fire service. My proposition would be they do not need to do that because we are currently doing that ourselves. There is a duplication in the market there and it is not a saving to us unfortunately, it would be a saving to Home Affairs but ultimately it is still a saving to the States of Jersey. So I agree completely, there are some areas that we need to rationalise. We only need it doing once for a new building, I do not think we need it doing twice. We also need to look at the market for ... the legislative requirement on employers and building owners, and ultimately it is like health and safety, the health and safety requirements are placed on the building owner and the employer to make sure that their staff or occupants of the building are safe in that building. It is not an issue of state regulation. The state does not need to regulate health and safety in every premises but clearly there is a legislative requirement if the employer is found to be negligent. So I think we could do something similar in that fire safety is down to the employer and the building owner to make sure their buildings are safe for occupation.

Senator S.C. Ferguson:

That could well be a user pays?

Chief Officer, Planning and Environment:

Ultimately it would be a complete ... it just would be a different model of delivery so that we would set the law clearly that would say that the buildings need to be safe for occupants whether they be new buildings or existing buildings. Ultimately insurance companies would then cover ... for the insurance for the premises the employer or building owner would need to prove their buildings are safe prior to getting insurance cover for the buildings. There is just a different model of delivery. Ultimately we get the same outcome, buildings are safe for their occupants but we do the initial check up front when they are built, from that point onwards though it is down to the occupant of the building to make sure that they are complying with the law.

Senator S.C. Ferguson:

Is the natural wastage from staff expected within the department going to be sufficient to cover the charges and savings that you tend to bring in in the 3 year period of the C.S.R.?

Chief Officer, Planning and Environment:

It is going to contribute. We have got a staffing age structure within the department which will, over the next 3 to 4 years potentially result in a number of retirements. We have got a lot of older members of staff. So undoubtedly that will play a role. What we do not know yet is what the individuals' motivation are, if you like. So some of the members of the staff may want to retire early or they may not but I certainly expect it to provide a ... it gives us opportunity for significant savings if people are retiring from posts. It is a far easier way of them looking at restructuring because those people are not in place. You have not got to go down a compulsory route, those people are leaving anyway, it then gives you a chance to potentially shuffle the deck differently as a result of that retirement. So that is how we are approaching it. I certainly think it will contribute some, and certainly in the next ... certainly some of our proposals will be related to retirements and restructures. Probably half and half I would have thought.

Senator S.C. Ferguson:

Right. Will the C.S.R. prevent proactive political measures being undertaken with regards to the environment?

The Minister for Planning and Environment:

Not at all. In fact the C.S.R. is an opportunity I have been waiting for. When I got the job I started trying to go through the budget to find areas myself where I thought there were savings, and it was made pretty clear to me at the time that that was not the job of the Minister and it came to a halt. It is interesting that the 3 areas that I identified at the time, which were what seemed to be an excessive number of leased cars at our premises at South Hill, the odd filing system where we outsource filing and bring files backwards and forwards from a private filing store, and the non cost recovery of our laboratory were clearly areas that needed to be addressed, and they are now being addressed. Andrew himself picked up the issues of the cars and got rid of some of them. The other 2 are being addressed in the C.S.R. But what we need to do with the C.S.R. is use this as an opportunity to identify what we really want out of our department and there are opportunities to significantly slim down the department. We have looked at some of those areas today. For example privatising building control, privatising the laboratories. There is a certain core of our business that is the

job of state to deliver but there are a lot of peripheral things that could be hived off. But we need to be quite creative in doing that and actually be prepared to take some risks because they are not going to be that easy to deliver and there are going to be criticisms of doing so. But the C.S.R. provides political opportunity to deliver those if there is general political support, but it will mean a very different department.

Senator S.C. Ferguson:

A sort of slimmed down department.

The Minister for Planning and Environment:

Slimmed down department delivering things that State should deliver and controlling other things that the States wants to see delivered. So I am not suggesting that you set up building control, for example, entirely outside the department. There would need to be some element of state control of the building control system. That may just be a supervisory role but there is no reason why a function like that cannot be provided by one or more private companies.

Deputy T.A. Vallois:

With regards to the C.S.R. and, like you say, restructuring, and you have mentioned a few times capital expenditure in order to restructure, where do you think those funds a best met from in order to make the restructure that you are hoping for?

The Minister for Planning and Environment:

They have got to come centrally. We have no ability to deliver large capital sums unless someone wants to give us South Hill, which is not likely to happen. So we need to have support from the core in order to have the necessary capital to invest particularly in co-location and I.T. (information technology) systems. If you look at our planning system, the process of making a planning application is archaic, it is absolutely extraordinary that there is so much paper shuffled around that the whole application process depends on a file that is shunted from one person to another. Everything should be electronic. There is no reason why it should not be. It would have the advantage of making the department much more efficient and improving public access to information. But you need a lot of money to do it and we have not got the ability to deliver such changes so we struggle on with our existing archaic system, patching up our hopeless I.T. system known as Merlin, trying to make the thing work but actually you need a much more efficient system introduced that is ... it is not rocket science, it is used elsewhere but you have got to buy it and you need quite a lot of money to do so. You are talking 7 figure sums to do it.

Chief Officer, Planning and Environment:

Yes, I think we, as a department, certainly need to be pitching in for the invest to save funds which I believe will flow also through the C.S.R. There is undoubtedly areas there that if we spend money on we will save money in the longer term and pay that money back. We just need some seed money to get us going. Certainly I.T. is one of those classic areas where most of the people visiting South Hill are coming to visit and see a paper plan, there is absolutely no reason why, through decent investment, that cannot be self-serving from home through the internet. Internet connections are speeding up all the time and seeing plans online is an actual thing in some areas. So that is one area where people becoming more self-serving places less of burden on the

state, we then do not have to gear up staff wise to deliver a public service in that way, people are still getting what they want though, but it is costing less.

[10:30]

The Minister for Planning and Environment:

One of the questions you asked earlier is quite an eye-opener, how much does it cost to process an application. The answer is we do not know. The reason we do not know is because we have not got the systems to enable us to know. We should have a system that enables us to say officer A spent 5 hours on this application, officer B spent 3 hours on this application and the total cost was X. We are miles away from that at the moment. That is about good systems.

Deputy T.A. Vallois:

Do you have a ballpark figure as to how much you think it would make you to restructure the department so that you can provide more efficiency, or will you know that later on down the line?

Chief Officer, Planning and Environment:

What we are certainly looking at for 2012 and 2013, the further 8 per cent, is what information we can get through the new web service. So we are doing a piece of work at the moment with the web company who has delivered the new States web service, and we have got an indicative, quite small scale, figure to get a lot of our information up online, if you like, using the Google maps as an entry point. You can see where your planning applications are, listed buildings, listed trees that sort of thing. That is quite a low level of investment just to get that basic information up on the screen. To go to the next stage of online planning applications in effect we would need to make sure that all applications came in on the standard electronic form and we would then frankly just upload them automatically into the system. That would then sit there, public can view instantly. So we have not got a figure yet but certainly what we are intending to do is put a bid in for invest to save funding for 2012 and 2013 period so that we can invest some on planning online. I think it is one of those areas which there is a lot of public expectation on that and I think it would be very well ...

The Minister for Planning and Environment:

To do the I.T. side of planning applications properly is certainly a 7 figure sum. To co-locate, presently we are told is £2 million. I have my doubts that that is right, I would have thought it could be significantly less than that but it certainly will not be less than £1 million. Those are the 2 best things we could do.

Senator S.C. Ferguson:

Is there standard software to do this?

The Minister for Planning and Environment:

Yes.

Chief Officer, Planning and Environment:

Yes, there are planning systems or there are systems. The U.K. (United Kingdom) is a very good example of planning online. Most authorities now in the U.K. have gone ... planning authorities have gone through planning online. A lot of scanning of back

information and to a certain extent it had been helped from seed funding through their planning delivery grant which has been in existence in the U.K. now for a number of years, which, in effect, is central government funding to local authorities. Certainly when I was in Southampton we spent in the order of £300,000-400,000 getting our I.T. systems up to speed, whereby a lot more data was available online and we received electronic applications. I think we got up to about 40 per cent online receipt. So it can be done certainly, and some authorities are better than others, but it does cost quite a lot of money upfront to get there.

Senator S.C. Ferguson:

Yes, but it if it is a standard system that you can just twiddle a bit as opposed to a bespoke system which is black hole ...

Chief Officer, Planning and Environment:

You do not need to develop bespoke software. You may need to tweak standard packages but you certainly will not need to develop bespoke software and I would not be interested if you did have to. I think bespoke software is a black hole, as you have suggested, and it usually does not work. But I was looking at Hammersmith and Fulham quite recently and Hammersmith and Fulham have absolutely everything about a property online. You just put in the property address and you get the complete planning history back to the 1960s, including all the plans. That is the sort of system we should aspire to. It is fantastic.

Senator S.C. Ferguson:

That would save quite a lot of money in sending copies of everything to each of the parish halls.

The Minister for Planning and Environment:

It would also save the files getting stuck on people's desks for weeks or months on end as well.

Senator S.C. Ferguson:

Yes. What obstacles do you foresee in hindering the overall C.S.R. process?

The Minister for Planning and Environment:

Everyone is going to be saying the same. Everyone is going to say: "We can save loads of money but we need loads of cash upfront to enable us to save money." There is going to be bun fight to get your share of the cash. We are fortunate in that we are a relatively small department so the amounts we will probably be looking for will be less than other departments but that does not mean we will get it. The probability is at the end of the day there will be some reluctance to invest to save because the amounts collectively are going to be pretty big, I guess.

Deputy T.A. Vallois:

But the invest to save, you said if you were to take that money and use it you would pay it back.

The Minister for Planning and Environment:

No, we will not pay back, there will be efficiencies. It will create greater efficiencies so the payback will be the ongoing cost to the States is less to run the department. But we are not seeking to borrow the money and pay it back to the States.

Deputy T.A. Vallois:

Do you foresee being able to show that to people, that you put this amount of money in and now you have made a more efficient service so this how much money we have saved?

The Minister for Planning and Environment:

That is what we will try and do. That is exactly what we will try and do, but everyone is going to be doing the same thing and the States collectively ... it is not going to be the Council of Ministers that makes the decision, the States collectively is going to have to make a decision about how much cash it is prepared to put up from wherever to improve the States system. What States Members, I think, want is to save a lot of money without putting up a lot of extra cash. You can save a bit, and the 2 per cent is showing that you can save a bit, without putting a lot of capital investment into the public sector as a whole but if you want to make big savings you have got to put a substantial amount in, I would guess.

Senator S.C. Ferguson:

Right. Michael? Tracey? Thank you very much indeed, Minister.

The Minister for Planning and Environment:

Thank you.

[10:36]