

# STATES OF JERSEY

## Corporate Services Scrutiny Panel Comprehensive Spending Review: 2012-2013 and Delivery

**WEDNESDAY, 27th JULY 2011**

**Panel:**

Senator S.C. Ferguson (Chairman)  
Deputy J.A.N. Le Fondré of St. Lawrence  
Deputy D.J. De Sousa of St. Helier  
Mr. N. McLocklin, Panel Adviser

**Witnesses:**

Senator T.A. Le Sueur (The Chief Minister)  
Acting Chief Executive

**Also in attendance:**

Ms. K. Boydens (Scrutiny Officer)

[9:20]

**Senator S.C. Ferguson (Chairman):**

Our other member will be here shortly, but welcome to this meeting of the Corporate Services Scrutiny Panel on the Comprehensive Spending Review: 2012-2013 and Delivery. I wonder if, for the sake of the transcribing ladies, you could say who you are and what your position is.

**The Chief Minister:**

Certainly. I am Senator Terry Le Sueur, the Chief Minister.

**Acting Chief Executive:**

John Richardson, Acting Chief Executive.

**Mr. N. McLocklin:**

Neil McLocklin, Panel Adviser.

**Ms. K. Boydens:**

Kellie Boydens, Scrutiny Officer.

**Senator S.C. Ferguson:**

Sarah Ferguson, Chairman.

**Deputy D.J. De Sousa of St. Helier:**

Deputy De Sousa, member of the Corporate Services Panel.

**Senator S.C. Ferguson:**

All right, we will crack on anyway. So what do you understand is the purpose of the C.S.R. (Comprehensive Spending Review)?

**The Chief Minister:**

I suppose the primary purpose is to deliver on a promise to provide £65 million worth of savings by the end of 2013. That is, I suppose, one aspect of it. The other is really to turn the organisation into one better fitted to the 21st century in terms of the way it delivers things, the efficiency in which it delivers them, what it delivers and whether there are alternatives to consider.

**Senator S.C. Ferguson:**

All right. At the moment you are quite happy that it is doing everything it should and fitting in with those aims?

**The Chief Minister:**

It is fitting in with the timetable in that, as far as the £65 million and the 2013 is concerned, that is on timetable and we have the 2012 Business Plan published quite recently showing that we are on timetable there. As far as the restructuring of the organisation is concerned, that was always going to be a longer-term operation. I suppose one is always impatient to try and see more progress than there is, but I also appreciate the time it takes in preparation and getting the general direction right before you go charging off. It is rather like building a house and making sure that the footings are secure before you start going up too high.

**Senator S.C. Ferguson:**

How are you going to ensure that your department is going to make genuine savings as per the C. and A.G.'s (Comptroller and Attorney General) report?

**The Chief Minister:**

The C. and A.G.'s report had limited relevance to the Chief Minister's Department but, in general terms, we do not have a lot of what you might call discretionary spend. So the only way in which we are going to make genuine savings is by focusing on our core activities and to delivering them more efficiently. Any organisation should, as time goes on, find better and more efficient ways of doing things. It is very easy, as I see it, throughout the

States to have some sort of mission creep, where you start doing one thing and someone says: “While you are at it, could you bolt this bit on and bolt that bit on.” You really need, now and again, just to stop and scrape the barnacles off.

**Senator S.C. Ferguson:**

But has your department really looked at what you are doing and said: “Hang on a minute; we have mission creep here”?

**The Chief Minister:**

Absolutely, yes.

**Senator S.C. Ferguson:**

Has the Communications Unit, for instance ... I mean, we are now getting missives almost daily telling us that there are an extra 3 parking spaces at the airport, virtually.

**The Chief Minister:**

I am afraid that is due to the exuberance of certain States Members. Those releases have always been produced, but until the States decision that States Members had to know every media release that went out most of those never reached States Members. They went to the parties concerned. That is an example of mission creep provided by States Members rather than by any department itself, but we are obliged to comply with that. As far as the Communications Unit itself is concerned, that is one of the first targets of

reduction in expenditure. We have cut down on that and you will see that we delivered last year, in fact, the first step of our savings. It is a favourite whipping boy, the Communications Unit. On the other hand, when you do not tell people what is going on they complain that the Council of Ministers is secretive. It is a no-win situation.

**Senator S.C. Ferguson:**

You cannot win.

**Deputy D.J. De Sousa:**

You mentioned core activities and services. What do you understand to be your main core activities and services as the Chief Minister's Department?

**The Chief Minister:**

I think the first thing is on corporate policy. I have said in the past that I do not think, in fact, that the Chief Minister's Department really devotes enough time and resource to overall policy and direction. That is, I think, our core activity and, of course, policy direction also requires support from things like the Statistics Department, and the Economics Department as well, if you are going to create or propose policies which are overall in the best interests of the Island. That is one aspect of it. The second aspect would be in terms of international affairs, particularly following the change in the Ministry of Justice arrangements with the U.K. (United Kingdom). We have had to strengthen our International Affairs Department. You will see that I now have an Assistant Minister devoted to that role and additional resource in the

department as well. We have had to do that by judging our priorities and trying to get, again, efficient use of those people. There are a couple of supporting roles like Law Drafting and the Population Office, but one area that we have decided is not core to us is that of International Finance. Originally, International Finance was part of the Chief Minister's Department because of the word "international" at the start of it and anything international tended to be put into the Chief Minister's Department. But looking at the focus of what International Finance was trying to achieve, we all felt it was probably better to have that directed by Economic Development. It is really in terms of development of the industry in the same way as cultural development would be directed to E.D.D. (Economic Development Department) through that department. So that was, I suppose, the main area where we reconsidered our priorities and decided that that was a lower priority. It has not stopped the operation. It has moved it to where we believe it is more appropriate, where it can be delivered more effectively and more efficiently.

**Senator S.C. Ferguson:**

You mean the Director of International Taxation?

**The Chief Minister:**

No, International Finance. This is in terms ...

**Senator Ferguson:**

Yes, I am sorry. I am muddling the characters up.

**The Chief Minister:**

Yes.

**Deputy D.J. De Sousa:**

So if that is moved over to E.D.D. or moving over, will the operatives and the funding move as well?

**The Chief Minister:**

Yes.

**Deputy D.J. De Sousa:**

By a (?) ministerial decision?

**The Chief Minister:**

Yes.

**Senator S.C. Ferguson:**

So when is that happening?

**The Chief Minister:**

It happened from the start of the year, roughly.

**Acting Chief Executive:**

About March, Chief Minister.

**Senator S.C. Ferguson:**

All right. Well, you have mentioned restructuring of the support services. We are apparently having the Statistics Unit being restructured following the census and, given the welter of reports from Corporate Services which have suggested that more resources should be put into data collection, will the restructure adversely impact the delivery of the Statistics Unit to collect timely data and prevent the unit from carrying out new surveys?

**The Chief Minister:**

No. Again, as the Statistics Unit develops into a cohesive unit, it can operate more efficiently. It has been developing a number of measurements of the years and I think we have to decide, both from the Statistics Unit and the Economics Unit points of view ... yes, you can carry on producing more and more statistics and they are inevitably useful, but you get a point of diminishing returns and what you have to do is to say why are you collecting all this statistical information or economic data. The answer must be primarily to help advise future policy. You set future policy on the basis of the information that you have collected for you independently by Statistics and the States unit.

[9:30]

But unless you have a sufficiently strong Policy Unit, there is no point of having loads of statisticians providing information that you do not have time to use. So it really has to be driven from the top down. What sort of information

do you need to help advise policy, and you then say: "On that basis, what resources do I need to get the data to give me a better handle on what the future policy should be?" I think there is a danger that we collect statistics for their own sake.

**Senator S.C. Ferguson:**

When you talk about restructuring, does that mean just getting rid of some of the staff?

**The Chief Minister:**

It means getting staff on a more permanent basis. We initially had to bring in a lot of expertise. We are now looking at training local staff to be able to do that to give a greater degree of permanence and that continuity, of itself, enables a more efficient approach to be taken.

**Senator S.C. Ferguson:**

Are you going to amalgamate it with the Economic Adviser's Department then?

**The Chief Minister:**

I think "amalgamate" is the wrong word. One of the strengths of the Statistics Unit and its Chief Executive who is in there has been its determination to be and to be seen to be totally independent. I think the more you put them in with another area of Government advice the more you interfere with that independence. I am anxious that any statistics that we produce or they

produce for us are regarded very highly by the general public and States Members, as well as by ourselves, for their independence and for their objectivity. I think there is a danger that if you try to merge that function with something in an economic policy setting you have jeopardised that independence. So you need to use the statistics to help advise setting an economic policy and you need economic data to help set economic policy. But, as I say, I would just prefer to see the Statistics Unit in its self-contained state.

**Senator S.C. Ferguson:**

Yes.

**The Chief Minister:**

Indeed, if it were a bigger operation you might say: "Divorce it totally from Government."

**Senator S.C. Ferguson:**

Yes. So what is the progress for collection of economic data?

**The Chief Minister:**

The collection of the data is generally done by the Statistics Department and we have seen that there is, in recent years, in addition to what was previously done in the Business Tendency Survey, the survey of financial institutions which has been going on for many years now and was begun by Colin Powell in a former role. That has also been strengthened because

clearly the economic data from the financial services industry is one of the key indicators that we need in terms not only of policy setting but in terms of revenue forecasting.

**Senator S.C. Ferguson:**

Yes, because, obviously, previously a lot of the economic data was then almost in the head of one individual.

**The Chief Minister:**

I do not know that that is strictly true, but one individual certainly had a tremendous amount of knowledge and still has.

**Senator S.C. Ferguson:**

Yes. But at the moment what progress are we making for improving the economic data; for instance, calculating the multiplier?

**The Chief Minister:**

Calculating the multiplier is through a strange ... let me think. We have estimates of the multiplier. I can remember them when I was a young politician, many years ago. A figure of something like 14 times came to mind. You can create justification for multipliers of all sort figures and it is very hard to prove or disprove that they are the right multiplier. In order to get anything accurate you would need to have a significant number of further pieces of information. A multiplier is not as simple a thing as people would imagine.

**Senator S.C. Ferguson:**

No, I do not think it is, but I am ...

**The Chief Minister:**

So if one were able to provide a more accurate multiplier, what would you use it for?

**Senator S.C. Ferguson:**

Well, for a start we would have looked slightly differently at the fiscal stimulus.

**The Chief Minister:**

Yes, you might well have done.

**Senator S.C. Ferguson:**

Which is rather Keynesian, is it not?

**Senator S.C. Ferguson:**

Yes. Fiscal stimulus did what it said on the tin but it is a bit like fertilizer, I suppose. There is an optimum amount that you put on the ground at a certain time in order to get the best crops. With fiscal stimulus the objective was to stimulate the economy in various directions, but it was not necessarily or did not appear to be particularly scientifically analysed as to how much you were doing in one particular place or another. It was analysed on the basis of the 3 key messages of timely, temporary and targeted and it was analysed on those 3 criteria rather than on the relative economic benefit, but it was not really so

much done for economic benefit. It was done in terms of maintaining the economy and maintaining employment at a time of economic downturn. So it may well be that some of the measures taken were not necessarily the most economically beneficially, but may have been more socially beneficial.

**Deputy D.J. De Sousa:**

They were not all 3 Ts either.

**Senator S.C. Ferguson:**

We have had a list of what happened - you know, where the money went - but we have not had an economic analysis.

**The Chief Minister:**

No.

**Senator S.C. Ferguson:**

When I questioned the F.P.P. (Fiscal Policy Panel) they just said: "Oh, well, things look better, do they not?"

**The Chief Minister:**

We have not had a social analysis either, or an environmental analysis.

**Senator S.C. Ferguson:**

Well, I would not have an environment analysis. I am talking about an economic analysis. As you would appreciate, I am somewhat Austrian in my economic approach.

**The Chief Minister:**

Yes, I know and it may be that that is the sort of question better directed at the Treasury. From my point of view, I have to look at an overall policy which does look at social and economic activities, as well as environmental, and try to achieve that sort of balance. What we were doing with the Fiscal Policy Panel certainly was maintaining or trying to support the economy in a period of downturn, but also trying to support the population as well. That was why one of the tests that were applied, not by politicians but by independent analysts, was the requirement that any fiscal stimulus monies should be directed at places employing local labour; whereas, if you were just doing a purely economic benefit from fiscal stimulus, you might well suggest bringing in labour from outside in order to generate greater economic benefit. Now, that would have been an economic advantage. It would not have been a social advantage for the benefit of unemployed people in Jersey.

**Senator S.C. Ferguson:**

Yes. One of the problems that we hit with the fiscal stimulus investigation, in fact, was that we had not received the economic information. We did not know; nobody could give us an answer to what the capacity, for example, of the construction industry was. So we put a lot of money into construction but

was it economically ... I digress. We are meant to be on the C.S.R. I apologise.

**The Chief Minister:**

Okay, but I equally defend ... I do not think it was done on the basis that we had no idea what the construction industry was doing. The general indication, which you can get from Regulation of Undertakings Applications, is that the volume of business activity in the construction industry was declining. Now, that is not an absolute measurement, but it is an indication certainly.

**Senator S.C. Ferguson:**

Well, yes. Was it coming from a high level down to a normal level or from a normal level down to a depressed level? This was the thing that we were trying to get to but, anyway, that is for another day.

**Deputy J.A.N. Le Fondré of St. Lawrence:**

Can I just chip in? I am sorry; as I was not in when you did the round-robin, it is John Le Fondré, member of the panel; just for voice identification. Just going back to the comment you made about the Statistics Department and the £42,000 as an efficiency saving, which is the loss of the post. You seem to be saying, if I have understood correctly, that the performance of the Statistics Department would not be affected by this because, effectively, it was a move away from shorter-term or medium-term employment from overseas posts and switching to local posts. I think that was my understanding of what the

answer was there. Do you want to elaborate on that a little bit? If you are using the post at the end of the day is that inefficient?

**The Chief Minister:**

This is an organisational matter and I will take a break for a moment and let the Acting Chief Executive elaborate on that aspect.

**Acting Chief Executive:**

Thank you. Given the volume of work requirements in the Statistics Unit to compile and manage the census, it was always envisaged that there would be a need for additional resource of a certain type to just manage that volume. Just bear in mind, we run the census internally now, rather than using an external agency. So it is effectively the make-up of the people within the unit. So the staff that we have had in there will finish the census and finish all the data-punching and management of all the paperwork, et cetera. The Census Unit will then be able to concentrate on the more technical elements of gathering that data that is required for all of the various elements the Chief Minister already described and compile the data in a meaningful way as opposed to just dealing with very, very large volumes of paperwork they have to deal with every 10 years doing the census.

**Deputy J.A.N. Le Fondré:**

Was there a post created for the purposes of the census?

**Acting Chief Executive:**

Off-hand, I am not sure. I was not there at the time when the census was ...

**Deputy J.A.N. Le Fondré:**

My understanding was that they were essentially re-jigging their work to cope with the census.

**Acting Chief Executive:**

Whether there was an initial post put in I would have to look at.

**The Chief Minister:**

I think it was more a question of re-jigging the work, but remember that the Statistics Department has grown over the past few years. Starters coming in had to be trained and also to understand the situation. Now, if I take an example from personal memory, the R.P.I. (Retail Price Index) involves a lot of data collection which is not necessarily best done by a highly-paid statistician but nonetheless, in a small organisation like that, they tend to have to do that as well and you find better, more efficient ways of data collection as you have been in that job a little bit longer. So I suspect there was a fair degree of inefficiency in the initial stages of doing that work which can now be improved upon and, therefore, delivered more effectively in that way.

**Deputy D.J. De Sousa:**

The Chief Minister's Department: the second biggest saving which is expected in 2013 of £50,000 is the amalgamation of the support function at

Cyril Le Marquand House. It is the one that is still amber, obviously, because it is 2013.

**The Chief Minister:**

Yes.

**Deputy D.J. De Sousa:**

Are you expecting that to go green before delivery date?

**The Chief Minister:**

Yes, I would certainly think so. It is one of those things that need to be planned in an organised way. Again, that may be a matter of timing of staff movements. Again, as that is an organisational one, I will pass over to John.

**Acting Chief Executive:**

Yes. As you know, Treasury and Resources and the Chief Minister's Department are the 2 main departments in Cyril Le Marquand House and the opportunity is clearly there for looking at all the support functions so that they are not necessarily assigned to one individual floor or department but getting a more coherent approach to how we manage the support, whether it is P.A.s (personal assistants), administration staff or people who look after facilities management in the building. So it is trying to set one team up who will look after all of those functions.

**Deputy J.A.N. Le Fondré:**

So what exactly is going to be in the support services?

**Acting Chief Executive:**

Well, the ones I just described. So it is all those areas where, at the moment, there are signs to each individual floor and the opportunity is clearly there to look at managing them in a more efficient way, having one pool of staff who are providing services to all of the senior staff in the department and support functions such as managing the front desk; one body that looks after the whole of the service area.

**Deputy D.J. De Sousa:**

Therefore, would you be looking at sharing Cyril Le Marquand House with other ministerial departments?

**The Chief Minister:**

If you could get more in you probably would, but I think this is a good example of where this C.S.R. process, in the 3 years: 2011, 2012 and 2013, is really just scratching the surface.

[9:45]

You can make savings of something like £50,000 on the support function within a building like Cyril Le Marquand House, but there is not a great deal more you can squeeze out of that efficiency. If, in the longer term, you had a different office strategy which provided a more efficient office building than

Cyril Le Marquand House, which is terribly inefficient, and perhaps also enabled certain other departments to come in, as Deputy De Sousa was talking about, then I think you are talking about significantly greater degrees of efficiency. But, of course, that requires an initial upfront capital investment and it takes time and planning. So I think when we said at the very start of this discussion about the C.S.R. objectives, yes, there is an objective of saving £65 million in the short-term but there are other longer-term benefits which can and should be delivered over a longer period.

**Mr. N. McLocklin:**

Just building on from that, that does sound like you are transforming support services in that respect. But just sort of playing Devil's Advocate on some of the other savings, reduce funding for the Communications Unit, reduce the Legal Services Panel, it strikes me as a bit of a salami-slicing approach to a number of activities. I just wanted to see, going back to your initial point about changing the organisation and looking at things a bit more radically ...

**The Chief Minister:**

Yes. I think it is always difficult to put in descriptors for these things in a one-liner, 3 or 4 words. It probably should be expanded to a paragraph or 2 for each particular operation. So I am not saying that those are the wrong headlines but it would be an element of salami-slicing insofar as if you can get greater efficiency by doing things in a different way and, thereby, reducing the number of staff: is that salami-slicing or is that efficiency? It is quite difficult, in

terms of a description, to say that is what it is. These things do not fall into watertight boxes.

**Senator S.C. Ferguson:**

Yes, you mentioned the office strategy. We have been promised this for some time. What is the state of play?

**The Chief Minister:**

This is a chicken and egg situation. An office strategy can be produced and has been produced but, in terms of evaluating it and implementing it, that is a significant piece of work and, in terms of ability to deliver that at the same time as the C.S.R. process, is pretty nigh impossible. So we have had to really consider what our priorities are and our priorities for the moment are very much in terms of ensuring that the £65 million gets delivered over this 3-year period. The office strategy is still going on in the background but I do not see it being finally polished and presentable for quite a while yet.

**Senator S.C. Ferguson:**

It started with the Lime Grove. I mean, that is one of the first pieces of ...

**The Chief Minister:**

It did not start with Lime Grove. I think it started someway before then. That is one aspect that is a self-contained piece. It is probably better because John Richardson is involved in the office strategy development and indeed,

previously, was one of your panel members. After a vague position of where we are, I will pass that one over to John.

**Acting Chief Executive:**

The overall office strategy, in terms of identifying current use, number of buildings, occupancy levels, has all been undertaken. We have a fairly good picture now as to the number of buildings we occupy, what condition they are in and the number of staff in each building. As the Chief Minister said, Cyril Le Marquand House is a good example. It is an old building. In terms of utilisation it is not too bad because we have squeezed an awful lot of people in and there is the potential of getting a few more in, which we are looking at, at the moment. But looking at the overall size and scale of that strategy, it would have been very, very difficult to take that forward as one complete strategy and deliver it in one go. So the decision was taken last year that we would split it into distinct phases, the first phase being the police relocation which is a major piece of work and, in terms of timing, it was very important to bring that one forward early because the quality of the accommodation the police sit in at the moment is extremely old and really is at the end of its life. So that, in terms of priority, was very high priority. As you said and as the Chief Minister said, we are now moving ahead with that one. We now have to start looking at the remainder of the office accommodation and, while I think we would all aspire to having one new, big, open-plan, modern office that would accommodate as many States office workers as possible, finding that in today's climate, finding the land that is in the right location to serve those people and to service Government effectively is quite difficult in terms of

identifying the appropriate land. The initial capital cost is extremely high and either there is a very large capital investment, new investment, or it has to be made through the sale and disposal of existing assets. In the current market and the current climate in the property market, yield values and income streams we are likely to get from those buildings is questionable. We have to make sure that, when you take a project of that scale forward, it is very, very thought through in terms of financial appraisal and business case to make sure that whichever solution is put forward as a recommendation is supported and, if it is based on a sale of buildings, then clearly that the value of those buildings can be realised.

**Deputy J.A.N. Le Fondré:**

Which obviously implies that you need a degree of resource allocated to that and also some very experienced people to make sure you get the job done correctly.

**Acting Chief Executive:**

Which is exactly what we have done in terms of getting the police station through a proper business case. That is now effective through the financial appraisal, financial modelling and able to deliver a value-for-money police service.

**Deputy J.A.N. Le Fondré:**

You took, I think, responsibility for that, between you and the Minister for Treasury and Resources, in the middle of November last year, did you not?

So you are now happy that it is all going ahead. I mean, I am pleased to see it finally being announced. Let us put it that way. General updates on this at the moment?

**The Chief Minister:**

I am just wondering to what extent this is related to the C.S.R. It just strikes me ...

**Senator S.C. Ferguson:**

We are jumping around a bit, but it is the way the discussion went.

**The Chief Minister:**

Yes.

**Senator S.C. Ferguson:**

But the transformational methodology must include looking at how we utilise office space. Up at Education they have 270 square feet per employee, whereas we should be looking at about 110 square feet per employee. I have seen transformational projects over in the U.K. We all know, for instance, that Cyril Le Marquand did not want Cyril Le Marquand House building and to name it after him was grossly unfair.

**The Chief Minister:**

Yes.

**Deputy J.A.N. Le Fondré:**

It is about achieving the cultural change. You have made the comment yourself, I think, in some of the hearings. The message coming back has been that if we can get together, if we can achieve the operational savings, you will see that you will start unlocking things. That is the attraction of Cyril Le Marquand, because it is phase 1 of unlocking.

**The Chief Minister:**

Yes. The beauty of the police relocation, which is a good example, is that it unlocks sites which have good alternative uses at site values. Now, in contrast, I looked at the Education Department offices and shuddered at the utilisation, but if they were not being used, inefficiently I accept, by Education, what is the alternative use and alternative value of that building? You could say it would probably be used only as an extension of the Highlands campus or it could well end up being under-used or unused. If you are going to create and spend a significant amount of money relocating those offices to more efficient sites you also have an eye to the residual value of what you are vacating. I suspect the residual value of educational offices at Highlands is not as high as I might like.

**Senator S.C. Ferguson:**

Yes, but it is just an example.

**The Chief Minister:**

It is just an example, but it an example of where you have to look at the whole picture. There is a danger in simply saying: “100 square feet per person, that is our mantra,” and ignoring the wider picture.

**Senator S.C. Ferguson:**

No, it is not just that, is it? I mean, it is the question of who need a desk all the time, who needs a desk part of the time and who just needs to have somewhere to plug in his Wi-Fi.

**The Chief Minister:**

You could reorganise the Education Department building at Highlands to use the space more effectively and have the other 50 per cent of the space empty.

**Senator S.C. Ferguson:**

Yes. I think we are getting hung up on education. I merely threw it in as an example.

**The Chief Minister:**

I think we are, but I am saying you have to look at this sort of situation as more than simply the most efficient office space. It is also the most efficient financial package.

**Senator S.C. Ferguson:**

Yes, but we do appear to be dragging our feet on it, do we not?

**Mr. N. McLocklin:**

Looking at the whole picture, as has already been said ... we have heard quite a lot of comments back from other Ministers and other departments and I have a quote here: "Our department would be much more productive if we worked together." In terms of office strategy, are you taking account of the opportunity cost of the lost efficiency in terms of C.S.R. and business transformation in the property thinking?

**The Chief Minister:**

Yes, but you also have to think of timescale. A timescale in an office transformation in terms of leases and so on is probably 10 to 15 years. In terms of a C.S.R. process, which is where we started off this morning, we are talking about a 3-year plan between now and 2013. With limited resources at our disposal, we have to focus on our own core objectives, which are delivering £65 million.

**Acting Chief Executive:**

You have made a quote there and I am not sure department but I have a pretty good idea. Wherever a department has identified an accommodation issue as part of a C.S.R., we are doing everything we can to try and make sure that we accommodate that ... sorry, "accommodation" is the wrong word. We cover that in terms of dealing with that bit of accommodation change if at all possible. Certainly, if it is the one I am thinking of, we are going to be able to help that department deliver on that saving through bringing those 2 sections together.

**Mr. N. McLocklin:**

The other point you made around the property cycle; from what you were saying, I think you were sort of talking about investing in a new facility first and then obviously releasing buildings to fund that in terms of benefits; move people into new buildings, dispose of the old buildings and create capital receipts and also revenue savings. Is it not the right time, if the market is depressed, to acquire the land now and then presumably the market - cycles are cycles - it will improve and, in 2 or 3 or 4 or 5 years' time, you get the benefit of disposing at the top of the market and you are working with the cycle rather than against it?

**The Chief Minister:**

Yes. I do not disagree with that. I think finding the right site is something which has engaged us for some considerable time. I accept that any site at the present time is going to have a relatively low value but there is no point ... unless you are just going buy as an investment or as a land value, you have to a fair degree of certainty that this is the right site you are buying.

**Mr. N. McLocklin:**

Clearly it has to be the right site. The other thing about site was the construction costs will also go with you as well.

**The Chief Minister:**

Absolutely.

**Mr. N. McLocklin:**

We were talking about the construction market being relatively depressed and you can take advantage of that factor as well and then the whole cycle is working in your advantage. I appreciate it is a brave decision and politically it might be difficult as well, but certainly we are working with clients at the moment that are doing exactly that: investing now for benefit.

**The Chief Minister:**

Yes. So I do not think there is any great disagreement there in terms of the economic cycle. Now is the right time and this is the justification I have also used in terms of the Waterfront. Now is the right time for people to invest in the Waterfront, while building costs are low and land costs are low.

**Deputy J.A.N. Le Fondré:**

Just to pick up, your view is that it will take 10 to 15 years to get an office strategy into place?

[10:00]

**The Chief Minister:**

No. The strategy can be in place in a matter of months.

**Deputy J.A.N. Le Fondré:**

Sorry, to complete; not the strategy.

**The Chief Minister:**

In terms of final delivery, yes, I do.

**Deputy J.A.N. Le Fondré:**

Just to go back to the original question, just asking for an update on where we were on the police location project given the announcement we have had 6 weeks ago or 4 weeks ago; I cannot remember now.

**Acting Chief Executive:**

Well, I cannot say too much in terms of Lime Grove because that is still in commercial confidence to complete all the transactions and complete the contract.

**Deputy J.A.N. Le Fondré:**

But we are happy we are on track?

**Acting Chief Executive:**

We are happy we are on track and, subject to everything going through, certainly that phase will be on track for delivery and then refurbishment of the building site will follow on straight after.

**Deputy J.A.N. Le Fondré:**

Okay, so it will be very good news when it happens.

**Senator S.C. Ferguson:**

What about Jersey College for Girls?

**The Chief Minister:**

Well, that is a situation where that is being marketed at the present time. There has been a delay because what has happened in the ensuing time is that the site has been increased in size by assembling other parcels of land alongside it to make an overall better proposition to a potential purchaser or developer.

**Senator S.C. Ferguson:**

So you are marketing it at the moment?

**The Chief Minister:**

I am not because it is Property Holdings.

**Acting Chief Executive:**

We are looking at the best way to market it at the moment in terms of the most appropriate development that can take place on that site, again, as the Chief Minister said, bearing in mind we have been able to have a site assembly with another piece of land that was not previously in the equation and, as I said earlier, looking very closely at the economic market and the current stock that is on the market, or coming on at the end of the new stock, trying to make sure that any development that takes place on that site is

appropriate for the market and appropriate for the area in terms of regeneration.

**Deputy J.A.N. Le Fondré:**

I remember I was given a document in October of last year which gave the various options. So where are we now? My understanding was that the next stage was to get an architect appointed so that effectively you drew up what was appropriate for the site in liaison with Planning, et cetera, which you can then go out to market, probably, I think the advice was, with planning permission. Then obviously if we develop it ourselves it then goes straight to S.o.J.D.C. (States of Jersey Development Company), but that is a decision that gets made once we know what we are dealing with. But obviously to market you have to have the scheme effectively there. So has an architect been appointed yet?

**Acting Chief Executive:**

No, not yet because we are looking at the information that had already been compiled at the time you looked at it to decide whether that is ...

**Deputy J.A.N. Le Fondré:**

Well, BNP looked at it.

**Acting Chief Executive:**

No, because that is the time when Jersey Property Holdings looked at it and had architectural drawings and sketches produced for potential yields on that

site. So we have that information that was compiled, as we say, in about October last year. What we now have to look at is, having got the Island Plan approved so we know exactly what type of development is going to be approved in that area of St. Helier, the most appropriate way of undertaking development there; whether it is through sale directly to an external body or through S.o.J.D.C. That is what we are working on at the moment.

**Deputy J.A.N. Le Fondré:**

But you surely need to get planning permission sorted out before you get that.

**Acting Chief Executive:**

If it is going to go for an external body, yes. But if it is going to S.o.J.D.C. then that is something we can work with them on.

**Senator S.C. Ferguson:**

No, wait a minute. If it goes to S.o.J.D.C. without planning permission it goes at a much lower market value than if it has planning permission. The whole point about the protocols to transfer from one to the other is to get the best value for the public.

**The Chief Minister:**

Yes.

**Deputy D.J. De Sousa:**

Yes. So that would be to have the planning in place.

**Deputy J.A.N. Le Fondré:**

Also to have the schemes in place. The idea I always understood, as did other States Members, was that the scheme is basically brought and ready to go and then we effectively generate the contract from the States' side and say: "This is what you are going to do."

**The Chief Minister:**

I think maybe we did not pick up quite clearly what John just said. If you were going to sell it to a private developer you would want to make sure you had planning consent first and you sold it as a site with planning consent for building. If you are selling it to S.o.J.D.C., which is a 100 per cent States-owned body, to develop and when they have developed it they then sell and account to the States for the proceeds. We are then maintaining the profitability within the States ownership and, so long as the States owns 100 per cent of S.o.J.D.C., it is a question of whether the profit is generated in the States accounts or in the S.o.J.D.C. accounts which are going to be consolidated with the States accounts.

**Deputy J.A.N. Le Fondré:**

I do not think that is what has been approved by the States.

**Senator S.C. Ferguson:**

The protocols in Appendix 7 do not talk about selling a naked site. They are talking about planning permission.

**The Chief Minister:**

The protocols do not ...

**Senator S.C. Ferguson:**

This is perhaps not totally relevant to the C.S.R., but I think the understanding is that it is to go to S.o.J.D.C. at the best value for the States with planning permission. You only get the best value with planning permission. Even I, with my little knowledge of property, know that.

**Deputy J.A.N. Le Fondré:**

Because it was a key of that uncertainty. Rather than saying: "Here is a bit of land. We do not know what to do with it." It is: "Here is a bit of land. This is what you are doing with it," and you only can do that with planning permission on it. Therefore, if you have not appointed an architect, for example, you are therefore inherently delaying that whole process.

**The Chief Minister:**

In terms of what one does with it, that is certainly a thing which requires the Island Plan and the Regeneration Steering Group. In terms of ...

**Deputy J.A.N. Le Fondré:**

The Island Plan is not an issue because it is a site. The Regeneration Steering Group was obviously approved or the principles were approved in P.73 in 2010 and it is a case of working with Planning ... the idea is that J.P.H.

(Jersey Property Holdings) and Planning work together to produce the scheme.

**The Chief Minister:**

The Island Plan is relevant in that it tells you on any particular site what is or is not available as a use on that site. It happens that J.C.G. (Jersey College for Girls) has a variety of uses available to it but in terms of the use to which it is going to be put, that is to some extent in the hands of the R.S.G. (Regeneration Steering Group).

**Deputy J.A.N. Le Fondré:**

Has the R.S.G. been created yet?

**The Chief Minister:**

Yes, and it has met.

**Senator S.C. Ferguson:**

Anyway, this one will obviously run and run because we obviously do not agree on it.

**The Chief Minister:**

Well, I do not think the disagreement is as great as one might imagine. I would just also, in passing, point out the converse. Just as your panel adviser was talking about buying the land when the price is depressed and developing

at the right time, equally this time in the market is not necessarily the best time to sell land and get the best possible price for it.

**Senator S.C. Ferguson:**

Yes, but there is no reason to delay ... Anyway, that is another story. What difficulties do you foresee in implementing some of the recommendations of the *Tribal Report* and the terms and conditions?

**The Chief Minister:**

Talking personally, I think the main difficulty I see is one of timing. I have looked into the implications of some of the *Tribal Report* recommendations and the current operation of the various terms and conditions among the plethora of staff groups which the States currently have and trying to coral all that lot into one single way forward is quite a significant piece of work to deliver. So one has to make a start as soon as possible and I think yesterday we were talking about a timing scale of something like 3 to 5 years; 3 years for the majority of it, but some of it stretching out to 5 years. That does not quite marry up with the C.S.R. timetable ending in 2013. So the reality is there is going to be a slight mismatch there because, in terms of the terms and conditions, we are again looking at 2 different but connected objectives. There is an objective of getting a saving from terms and conditions of employment and there is an objective of having a States organisation run in a much more efficient and effective way. The running in an efficient and effective way is one which is ... to deliver the whole of the *Tribal Report* recommendations and terms and conditions will take even longer. We are

looking currently primarily at terms and conditions. There is also a significant piece of work on pensions which is also going to take some while to unravel and put into place. So it is in terms of timing, I think, where I see the greatest difficulty because clearly any terms and conditions which have been ingrained in people's expectations for years is not easy to dislodge; so one has to do it with a certain degree of diplomacy and consultation, discussion and so on. Given the variety of groups that we are dealing with, you work with all of those as effectively as possible.

**Senator S.C. Ferguson:**

Yes, because obviously the C. and A.G. in his earlier report said it would be a good 10 to 15 years to deal with the salary disparities with the private sector.

**The Chief Minister:**

Yes, but we are talking here about terms and conditions, not salaries.

**Senator S.C. Ferguson:**

Yes, terms and conditions but it is an ancillary to it.

**The Chief Minister:**

Well, no, it is rather different, I think.

**Senator S.C. Ferguson:**

It is a natural follow-on.

**The Chief Minister:**

No. I am sorry, I disagree with you there. Terms and conditions vary very much from one department to another or from one organisation to another. Even within an organisation terms and conditions can be different with different groups of employees. Salaries do tend to be uniform across different sectors insofar as grades in one department are meant to reflect similar grades in another department. So I do not think you can relate terms and conditions to salaries.

**Senator S.C. Ferguson:**

Right, but some of the terms and conditions and so on ... have we been keeping up with the U.K. as we should have done? We do try and get them comparable.

**The Chief Minister:**

I would not use the U.K. as a model of good practice either.

**Senator S.C. Ferguson:**

No, but where we have employees who go from one to the other, from the U.K. to Jersey or Jersey to the U.K., we have tried to keep the terms and conditions reasonably on the same lines so that it is transferable. I am told that perhaps we have not been keeping up with that as well as we should.

**The Chief Minister:**

I am not so sure that that is correct, but ...

**Acting Chief Executive:**

The key groups I think we are looking at here would be nurses and doctors, clearly from the clinical side, who move over and obviously move back with training and development programmes ...

**Senator S.C. Ferguson:**

And teachers.

**Acting Chief Executive:**

And teachers. We know we have a problem in Jersey with nurse groups and retention and that is something we are actively looking at with Health and Social Services, to make sure that they have the mechanism in place to ensure that they can attract nurses to Jersey and they are happy to stay here and obviously provide a very good service. Doctors: we are linked into the U.K. pay scales, so there is no change on that effectively. We follow U.K. scales for doctors, surgeons and consultants. Teachers follow, pretty much, U.K. but obviously there are some areas which are very difficult to recruit to; not just for Jersey but in the U.K. as well. So you just have to look at the market in terms of availability and how we go through the turnover that we do each year, but generally we are able to agree.

**Deputy J.A.N. Le Fondré:**

I assume there is some form of working group on the terms and conditions side. There has to be. Who is heading it?

**Acting Chief Executive:**

I am.

**Deputy J.A.N. Le Fondré:**

I suppose one query that does spring to mind ... I think you said, Terry, that you had a discussion about the terms and conditions yesterday, but the *Tribal Report* came out a year ago, something along those lines.

**The Chief Minister:**

It is probably a year ago now, yes.

**Deputy J.A.N. Le Fondré:**

Yes, and so what work has taken place in that year to get to the point that we are now identifying what the timescale is?

**The Chief Minister:**

I would say you can count it in terms of the number of lever arch files. There is a fair whack of background. It has taken an enormous amount of analysis just to identify the size of ... it is not necessarily one problem. It is a number of complex issues.

**Deputy J.A.N. Le Fondré:**

So it is more about getting the data together and understanding what the position is, is it?

**The Chief Minister:**

You have to understand what the position is, but we obviously have to start trying to solve it.

**Deputy J.A.N. Le Fondré:**

Yes. Has a resource been put into that?

**The Chief Minister:**

Yes, it has.

**Senator S.C. Ferguson:**

Going on from that, there are obviously negotiations going on in various areas around the States like the new contract for the middle-grade doctors which is changing their terms and conditions. Are you involved in that as well?

[10:15]

**The Chief Minister:**

To the extent that one can influence them. But, as John says, in terms of middle-grade doctors we tend to be tied to, I think, Wessex scales and we have to effectively abide by that if we are going to get transferability of those doctors from one place to another. While we might want to have different arrangements, it is not within our grasp.

**Senator S.C. Ferguson:**

Have you been keeping a watching brief on it, because there is a certain amount of unease about it?

**The Chief Minister:**

You have to be more specific than that, I am afraid, if you are going to ...

**Senator S.C. Ferguson:**

Well, following on from my questions in the in the States last week, one of the simple things is that at the moment covering for colleagues on holiday is more voluntary than compulsory and under the new contract that will become compulsory. Now, if you are in a department which is well-staffed that is no problem. If you are in a department where there are vacancies, that is a problem.

**The Chief Minister:**

Certainly.

**Senator S.C. Ferguson:**

If you are understaffed.

**The Chief Minister:**

If you are understaffed that is inevitably going to be a problem.

**Senator S.C. Ferguson:**

Is that not something the S.E.B. (States Employment Board) should be looking at?

**The Chief Minister:**

Yes, but the S.E.B. is looking at that by saying: "We have to make sure that we can recruit staff in order to fill those vacancies," in order that that sort of problem that you are talking about is minimised. But in order to recruit those staff you have to have terms and conditions comparable with what they have been getting elsewhere to attract them here in the first place.

**Senator S.C. Ferguson:**

Yes, but perhaps it is something that, under terms and conditions ... you say that it is totally governed by the U.K. I wonder ...

**The Chief Minister:**

Well, it is not ...

**Senator S.C. Ferguson:**

If you are looking at the junior houseman level, yes, I agree with you because they come from the Wessex Deanery or they are under the Wessex Deanery or however you put it. But as you get further up do we really have to be quite so tightly tied to the U.K.?

**The Chief Minister:**

Effectively you have to compete with the U.K. in a relatively small pond. There are only so many staff to go round and we are only going to attract the staff to Jersey, particularly with some of the other perhaps restrictions on their career by not having sufficient throughput and variety of work, if the terms and conditions are at least similar.

**Senator S.C. Ferguson:**

Yes, which is why I wonder ... Anyway, moving on from that, obviously we have just passed legislation in the States to extend the retirement age and obviously this comes into terms and conditions and pensions, pensions being the biggest element of terms and conditions.

**The Chief Minister:**

Not necessarily.

**Senator S.C. Ferguson:**

It is a fairly chunky one because ...

**The Chief Minister:**

It is a fairly chunky one. In terms of delivery, pensions tend to take 30 years to work through the cycle of change.

**Senator S.C. Ferguson:**

Yes, but obviously we need to be careful with this because we do not want to crystallise the deficit, do we?

**The Chief Minister:**

I am not sure which deficit you are talking about here.

**Senator S.C. Ferguson:**

Well, we have so many, we might as well crystallise the lot. No, you know what I mean.

**The Chief Minister:**

No, let us be specific. The pre-1987 liability remains unchanged irrespective of the retirement age. If we are talking about a retirement age, a deficit in terms of current actuarial reviews, an actuarial review will be based on a number of factors, including the length of time in retirement, mortality rates, investment needs and so on, and clearly the increase in the retirement age should have beneficial effects on the future actuarial deficits.

**Mr. N. McLocklin:**

It does not have to wait for 30 years, because, according to myself, staying on to 66 now already, so that has reduced the liability of our pension scheme.

**The Chief Minister:**

It reduces the liability, but in terms of the actuarial effect, it would take a brighter man than me to tell you just what the effect will be on that deficit.

**Deputy J.A.N. Le Fondré:**

I think the query that Sarah is raising, and I am sure she will correct me if I am paraphrasing her wrong, is if, as part of the terms and conditions, pensions terms and conditions are amended, which I am guessing could, I am not saying it would, but could potentially include contribution rates, does that have an impact under the agreements with the States on either the pre-1987 debt, in terms of potential crystallising, it is now run, expending it over the life that had been agreed, 60 years or whatever it is, or could it prescribe any other liabilities that might be out there, I do not think there are any others, and in which case, if it does, presumably I think what she is saying you would have to handle that very, very carefully.

**The Chief Minister:**

To the best of my knowledge, I did not come prepared to talk about the pre-1987 debts today, to the best of my knowledge that is being funded by an additional contribution of something like 2 per cent per annum for 82 years. Now whether your contribution rate is 15 per cent or 20 per cent, if a 2 per cent component for resolving that debt is still there, then it does not matter, it is just a 2 per cent component within a larger or smaller contribution.

**Senator S.C. Ferguson:**

No, it is just obviously, these sort of things do come very solidly into any sort of discussions on terms and conditions, because we have a fairly hefty deficit on the teachers' fund, and a fairly hefty deficit on the post-1987 PECRS (Public Employees Contributory Retirement Scheme)

**The Chief Minister:**

No, the actuarial deficit on ... we could discuss for hours actuarial valuations, but the actuary calculates actuarial deficits on current expectations every 3 years, and that is the deficit, which last time was something like £80 million, and that was the deficit that had to be resolved by a slight reduction in future pensions. There is a significant liability were you to close the scheme immediately, or close the scheme to new entrants, because that would make a significant difference to the actuarial calculations. So, in the event of those sorts of things happening, you are talking about a deficit of several hundred million. Now, at the moment there is no suggestion that the scheme should be closed to new entrants. If that were the case, then there would, I agree, be a significant immediate increase in liability.

**Senator S.C. Ferguson:**

Yes, so that dealing with the pensions is going to be quite difficult.

**The Chief Minister:**

Yes. There we can agree.

**Mr. N. McLocklin:**

In fact, from my experience elsewhere, this whole area of terms and conditions is a big minefield, and my concern and my advice to the Panel is that this is potentially the big potential issue for the whole C.S.R., because I have seen elsewhere where all sorts of transformational programmes and saving agendas have been derailed because of the ... I think you have to get staff onboard for all these initiatives, and if you are, at the same time,

challenging or changing their terms and conditions, and you lose that support, that is a big issue, and the worst case you end up in industrial relations issues and disputes and strikes and all sorts of things that are happening in the U.K. Just how are you going to try and de-risk that whole issue?

**The Chief Minister:**

I think that was where I came in when I was asked what I saw as the greatest difficulty, was timing, because recognising the comments of the Panel Adviser just there, one has to do this at a manageable pace, and what I would regard as a manageable pace may take longer in order to bring all the different parties onboard. I think it is achievable and I think, in their heart of hearts, they would agree that it needs some modernisation, but it is never going to be an easy problem to solve. All I can say is that we have people working hard just engaging in discussions with employee groups in order to see how this can best be resolved, because there is a prize to be won at the end of it if one can have a better organisation in which the staff themselves feel more engaged and more involved, and gives them better motivation. That would improve the situation for us and will also enable those staff then to also have increased remuneration on the basis of the better organisational culture. But it will take time.

**Senator S.C. Ferguson:**

Right. So, where are we, I was just looking to see if I have any other scribbles I wanted to ... yes, what is the relationship between the departmental plans and the Business Improvement Plan/C.S.R. Programme?

**The Chief Minister:**

I do not think they are watertight compartments, I think what we have here is a business transformation, which will of itself generate some savings, some over the period 2011-2013, some over a longer period. We would need in my view to do a business transformation activity irrespective of whether we are trying to save £65 million or not. The £65 million is, I will not say a red herring, but it is part of the process, but they are not absolutely integrated. To me, the bigger prize, the bigger objective, is the business transformation, improving the way we work, changing the way we work as an organisation, changing the culture of the organisation; that is a longer process and it should not be contrary to the way that the C.S.R. is going over the shorter term as well, because whatever is done in the C.S.R. should reflect the same direction of progress as business transformation. But I think, in terms of trying to do it on the same timescale, or even necessarily with the same people involved, is not necessarily the right approach.

**Senator S.C. Ferguson:**

Should we perhaps have started with the business transformation and slotted in the C.S.R. as we started the transformation going. Have we done it in the wrong order?

**The Chief Minister:**

No. That would be a political discussion.

**Senator S.C. Ferguson:**

It is a political panel, this...

**The Chief Minister:**

Yes, but it would be a States discussion. Had one done it that way, then the States Consolidated Fund would have run out of money and we would have had to raise more taxation. Now, I am not sure that would be a politically particularly acceptable way to go forward.

**Mr. N. McLocklin:**

Again, from an external perspective, and also as being part of the hearings to date, do you think there is sort of a vision, or is there a well-articulated vision for the States and what this should look like after business transformation? We are going through a process of change, this gives us a direction, but where are we going, what is the aim?

**The Chief Minister:**

I do not think at the moment it is sufficiently well articulated. There is a vision but it is still rather cloudy I would say at this stage. That is perhaps inevitable because the focus for the last 12 months has been very much on the C.S.R. and the shorter-term delivery of savings. So the vision is more or less like at the back of my mind rather than at the front of my mind and that is probably true generally.

**Mr. N. McLocklin:**

Even that cloudy vision, how would you articulate what it sort of looked like to you?

[10:30]

**The Chief Minister:**

An organisation that is less fragmented, which is one body working with common objectives, quite possibly with fewer departments, and certainly fewer barriers, or perceived barriers, between one department and another.

**Acting Chief Executive:**

We are starting off already with quite a lot of cross-departmental working, which may be not ... maybe we have not seen as much of it as we would have liked to have seen in the past, but there is now quite a lot of good evidence of cross-departmental, inter-departmental working, and that is part of the modernisation programme, is about making sure that we use the best resource we have in the most effective way, and, if you have very good resource in one department, who can do some work or help in another department, then you should make best use of that, and that is what we are doing at the moment. There are a number of projects we have running now, which are doing exactly that. One that probably springs to mind in the very fact that they are both political level and office level, is with some of the work that is being done in Social Services with the Children's Group and in fact cross-departmental working at all levels, and some very, very effective results coming out of that.

**Senator S.C. Ferguson:**

But does that ... I mean in that vision that is hidden in the clouds, what are you seeing for instance the size of Government, which gets us back to core services?

**The Chief Minister:**

It does, and I can see the size coming down perhaps by 10 per cent over a period of time, and this is very much finger-in-the-air figures, but I am conscious of the fact that a lot of our 6,000 employees are involved in frontline teaching services, health services, police, fire and prison services, and you are going to need the same sort of number of people unless you have significant changes in policy, which might result in much larger class sizes or different sentencing policies, so fewer prisoners, and so on. Those are policy decisions, which at the moment have not been challenged. If you assume that those sort of policies continue, and I think, even though we are a self-contained Island, we do tend to follow the same sort of educational policies as the U.K. do. If those policies continue, then the core of your 6,000 staff are still going to be needed. It is going to be in the sort of general support areas around organisation where people always think that there are managers in every department with nothing to do, which I think is a fallacy, but it is only in those sorts of areas you are going to make significant reductions in the staff numbers. What you may well find is that there are ways of delivering things, which do not require so many staff at a managerial or support level, but I think

you are unlikely to significantly reduce the number of nurses or doctors or teachers.

**Deputy D.J. De Sousa:**

I think where the Senator was possibly coming from with the question is about possible outsourcing or government not doing things that they do not feel they should be doing and putting out to the private sector.

**The Chief Minister:**

If that is the case, I would still say that there are limited ... that the opportunities for large-scale outsourcing are pretty limited. There will be pockets of outsourcing or alternative ways of delivery here and there, but again I do not see that making a significant dent in the total number of States employees.

**Senator S.C. Ferguson:**

But at the beginning of this session you talked about mission creep. Have we really driven out the mission creep things?

**The Chief Minister:**

No, but it is mission creep, not mission gallop, and that is why I say, in terms of the size of the reduction, do not expect to see staff numbers fall by thousands, because it might be they cannot.

**Senator S.C. Ferguson:**

Well, do you feel that everybody ... do you feel that all the departments ...

**The Chief Minister:**

Unless you were going to, for example, put the General Hospital out as a private trust, which you could well do, you could reduce the number of States employees, but you would not reduce the overall number of employees and you would not necessarily reduce the overall cost. There is no point in reducing numbers for their own sake; you have to reduce numbers and reduce costs as well.

**Deputy J.A.N. Le Fondré:**

To ask a question, probably directed at John, I presume it is an operational question, you have made comment that there is a fair degree of data that has been collected and ultimately held. Terry, you have just made the comment that you think there is quite a fair proportion of employees that are frontline, and I was wondering, John, what is that proportion, is it 30 per cent, is it 50 per cent?

**Acting Chief Executive:**

I think, the simple answer is I do not have a figure that I can give you. I think the key question, what do you define as frontline?

**Deputy J.A.N. Le Fondré:**

Has that been asked?

**Acting Chief Executive:**

Not directly, because I think everyone, if we went around this table, everyone would have a different view of what was frontline.

**Deputy J.A.N. Le Fondré:**

No, but surely from a civil service point of view, as in the head of C.M.B. (Corporate Management Board) and all the rest of it, you must have identified ...

**Acting Chief Executive:**

Yes, but I think, picking up what the Chief Minister said, which is that where we are starting from is looking at the major service areas such as health and health provision and then working with Health to see what opportunity exists within that service to make further efficiency savings, not necessarily at staff level, but certainly within the organisation, and work across the other large employee sectors. So the obvious departments are looking at Health, Home Affairs, because there are a large number of staff involved there, which there is some very good work being done by the Police Chief, the Prison Chief and Fire Chief, looking at their areas. T.T.S. (Transport and Technical Services) are looking at their areas and that is where a lot of cross-working opportunity comes in and efficiencies have already been made over recent years and there is still more, which T.T.S. are doing, just really looking at staff group and areas of service provision, as opposed to just trying to define what is frontline and what is back-line.

**Senator S.C. Ferguson:**

John Seddon, when he came, you talk about service provision, surely we should be looking at demand flow?

**Acting Chief Executive:**

Absolutely, and that is ...

**Senator S.C. Ferguson:**

I am not sure that has really come across, when we talk to people, I am not sure they are thinking in terms of demand flow, failure time, and so on. The systems.

**Acting Chief Executive:**

I think there is a lot more work going on now in terms of analysing existing business process, how we deliver a service and how we could modernise the way in which we deliver that service.

**Senator S.C. Ferguson:**

No, that is not quite what I am saying. I am saying demand flow, how many prisoners do we get coming in, how many heart attack patients, how many ... you know, it is ...

**Deputy J.A.N. Le Fondré:**

It is understanding the processes.

**Senator S.C. Ferguson:**

You cannot understand the process until you have understood the demand flow, or until you have analysed it and know what the demand flow is.

**The Chief Minister:**

The demand flow sounds like a nice catchphrase, and I am not quite sure what you mean by demand flow, but if you are talking about prisoners ...

**Senator S.C. Ferguson:**

Well yes, how many heart attack patients do you get a year?

**The Chief Minister:**

Well ...

**Senator S.C. Ferguson:**

What is the frequency, once a week, twice a week?

**The Chief Minister:**

That sort of information you can obtain quite easily, but if you are trying to say that we should reduce heart attacks to one a month because that would be easier to control, life does not work that way.

**Senator S.C. Ferguson:**

No, and this is why we took the liberty of sending all Ministers, in fact all Members of the States, a copy of the hearing with John Seddon, but sadly I do not think you have listened to it yet, have you?

**The Chief Minister:**

No, I am afraid I have not, to be honest. But also we have to be realistic here about what you can do and what you cannot do. Yes, you can have unrealistic levels of expectation, a clear example of this was with the old health insurance exemption scheme, where when doctors' visits were free to the patient, the number of patient visits doubled or trebled. If there is a charge for the service the number of visits was reduced. So clearly you can to some extent control demand by pricing structures. But you also have a social duty as well as an economic duty and that is where the political element comes in, how far do you control demand by pricing, and how far do you have a social obligation to provide things, which may also be in the public benefit? We recently had a debate in the States about nursery schools and the provision of nursery facilities, childcare facilities and so on. Now, clearly, if there are free nursery school places, then there is a likelihood that those places will be taken up. You could say: "We will reduce the demand for nursery school places by charging £300 a week for them." You would achieve an economic objective; would you necessarily achieve a social or economic or overall objective? There might well be benefits overall greater than the £300 you are saving on your nursery school fees. So demand flow sounds a nice cosy term, but I do not regard it as a mantra on which I base policy.

**Senator S.C. Ferguson:**

No, it is not a mantra, it is a basic ... analysing the market basically, just as with nursery schools, with respect, you would analyse the market. I mean which section of the market is going to the public sector and which section is going to the private sector and what is the breakdown.

**The Chief Minister:**

Having done that analysis, what would one then do with it?

**Senator S.C. Ferguson:**

Well there would have perhaps been less argument over the ... during the debate.

**The Chief Minister:**

Well, there you come down to political policy.

**Deputy J.A.N. Le Fondré:**

Is it not the case that if you have done the analysis, you then have the information to inform the decisions that you are going to be bringing to the States? In other words, it is doing the research first, rather than jumping in and suffering the consequences after if you have not done the research and suddenly find that you have unintended consequences. I think we are probably digressing slightly.

**Senator S.C. Ferguson:**

Yes, I am sure we are, but we will obviously agree to differ. Are you confident in the departments' planning for 2012 and 2013 as well as 2011?

**The Chief Minister:**

Certainly confident for 2012, and we have a Business Plan here, which demonstrates that. As far as 2013 is concerned, largely confident, but obviously we are looking 18 months ahead, there are certain elements of uncertainty, which are going to be hopefully resolved over the course of the next 12 months. So, in terms of confidence level, 2012 is very high; 2013 is quite high.

**Senator S.C. Ferguson:**

Yes, because obviously, with the knock-back of the education savings, and I read somewhere in the paperwork that some of the savings were being brought forward a year to cover. Will that leave a hole in 2013?

**The Chief Minister:**

No. If they are recurring savings then effectively you generate a greater level of saving, because you get an extra year's benefit out of it.

**Senator S.C. Ferguson:**

What about stretch targets being put in place rather than exact targets. you know, getting people to aim for slightly more than they think they can do?

**The Chief Minister:**

A target in my view is that, it is a target and it is going to be something that may not be an absolute figure, but it is something you aim for, and I am confident those targets are realistic targets. If you put in stretch targets or contingencies or escape routes, if you like, I think what that does is give people a soft way out.

**Senator S.C. Ferguson:**

What is your experience of that, Neil?

**Mr. N. McLocklin:**

Obviously there is a way to skin a cat, but I guess it is about the ... you talked about Education creating a potential hole, I mean how do you fill that hole, and if everybody is trying to over-achieve then you have more scope to, and there will be other wildcards we do not know about, there could be a pandemic or something that nobody can foresee that is going to create another black hole to fill.

**The Chief Minister:**

At the present moment, Education have a £7 million shortage because of the school fees situation. Now you could say: "All right, we will bail that out as a stretched target so that is all right, we will cope with that, you have coped with that."

[10:45]

That gives no incentive then to look at alternatives, whereas in my view, if you say the target is still there, look at other ways of trying to deliver this, and then, if needs be, the Council of Ministers as a whole will need to look at the general arrangements, but I think you have to put the onus back on the departments first to live within their own organisations and not to go running back to mummy at the first sign of trouble and say: "Please, mummy, I have lost my sixpence, can you give me another one."

**Senator S.C. Ferguson:**

Yes, although Education are one of those departments where they have 80 per cent of their budget is controlled outside the Department by yourself as Chief Minister.

**The Chief Minister:**

I think you could say the same thing about Health, you could say the same thing about Home Affairs. Inevitably there is going to be departments, which are very ... where a large proportion of their spending goes on manpower. That does not mean that you cannot find savings; you cannot look at alternative ways of generating revenue. This notion that, because a lot of the budget is on staff costs, it is sacrosanct, to me is a false premise.

**Senator S.C. Ferguson:**

Yes, because we have not seen as much in the way of user pays in this C.S.R. as we did in the 2005 one. There seemed to be more in there.

**The Chief Minister:**

That is probably because the first ones are always easier to generate and you can have a philosophical discussion for the rest of the morning if you like on the difference between user pays and taxation. There is no clear guideline between user pays, which is reducing the cost of a service, or user pays, which is an additional taxation, and it will depend on the particular user-pays charge. But in the eyes of the public, what we would class as user pays or cost reduction, they will regard as another tax, and I think from a political perspective the indication is whether we would resolve the financial shortfall partly by savings and partly by taxation. We brought in the taxation through measures such as an increase in G.S.T. (Goods and Services Tax); we are bringing in a savings by savings. If we say we are going to deliver our savings by user-pays charges, someone somewhere is going to blow a whistle and at least appeal for a foul.

**Senator S.C. Ferguson:**

Yes, but very often, not always, but very often, with user-pays charges, is that something that should be outsourced because the private sector can do it more efficiently, or alternatively is that something, which could effectively be optional to the consumer? One has to sort of examine the areas where you think user pays might apply.

**The Chief Minister:**

Yes, and there I can see a justification for your question of demand control or whatever you were talking about earlier; that where there are services, which

are voluntary or available, if you like, a matter of choice, then one should be controlling demand or adjusting the price accordingly. So, for example, we saw recently in the fire service report that where the fire service are called out to a non-emergency just to pump out a building, an activity that could be done equally well by the private sector, then they should be charging for that on a user-pays basis in the same way as if you went to the private sector. But you would not necessarily want to have a call-out fee if there is a fire in your house: "We will come if you give us a few hundred pounds." You say: "Hang on, I will go around to my aunty's to see if I can borrow that." They come and deal with the fire. So there are cases where you can use user pays on demand, and there are others where a social service expectation is that you will do it. But there are grey areas. Many places will charge for an ambulance to come and take you to hospital. Now, do you do that for every visit, or are emergency trips to hospital exempt? When does a routine hospital visit become an emergency? So there is scope there and I do not disagree, but our job politically is to have a social cohesion and a good society in which to live, and you can sort of go too far simply by user pays for this, user pays for that, and you lose the goodwill of society, and Jersey has a lot of goodwill in its society and in the way that a lot of services are provided by organisations at no cost to the government, seeing that honorary service in various forms, and you can undermine that simply by being too economically penny-pinching.

**Senator S.C. Ferguson:**

Yes, which gets us back to what are the core services that government should be providing.

**The Chief Minister:**

Yes, most things.

**Senator S.C. Ferguson:**

Yes, so what ... Neil?

**Mr. N. McLocklin:**

Yes, I guess one observation is around cost-cutting transformational strategies for the States, and we talked about property already, so that is one area, but the one that really has not come across to me, through all these reviews, is sort of the customer contact one, you know, migrating to different channels, and providing ... effectively avoiding the need to make contact and the cost of failure and all the stuff that John Seddon was talking about as well. I mean the one that is always used as an example is maybe reporting a death, where you have to report it about 14 times, and I do not know if that is the case here or not, but certainly that is the one that is used in the U.K. But I have not seen any evidence of that, or very limited evidence of creating sort of more integrated customer contact strategies across all the services and having, for example, instead of finding out what the progress application is, it is already on the web and you can see that it has just been through the committee and you are going to get a notification the next day, saving a lot of time and a lot of energy, a lot of effort in terms of resource.

**The Chief Minister:**

I think in effect there are 3 examples I can cite here, and I accept that there is still a lot more to do, but I would not like to give the impression that nothing has been done, either in terms of a strategy or in terms of delivery. Part of that was indeed the creation at Cyril Le Marquand House of a central customer services area for a variety of departments. The strategy is to extend that further. You have a website, which has been developed, improved, and think still has further to go, and what we need to do more of perhaps is to encourage greater public use and access to web facilities, although we tend to regard them as common old garden, there are a lot of people out in the Island who still probably have never accessed the government website and would not even know how to, even though we have quite a high percentage of computer access and ownership. The third, on a more tangible level, was recently in terms of the Housing and Work Laws, and the registration, where, in terms of registering for work, that registration will also give you access to housing and a register in which basic details of date of birth, name and address, are available across departmentally with a unique reference number. Now, one can extend that further, and that is a political decision of just how far you go, balancing that against the need for privacy and data security. But the strategic objective certainly would be to avoid having to report a death 14 times. The way in which that is achieved has to be carefully controlled in order to maintain data security and confidentiality.

**Mr. N. McLocklin:**

I appreciate that, but those are some of the challenges that have already been dealt with elsewhere, and it just seems to me that ...

**The Chief Minister:**

I think part of an office strategy certainly would be to encourage greater integration of all the activities. Social Security, for example, 10 years ago, when we were designing what was then a new computer system, the idea would be that a lot more documents could be scanned online and read online from that scanner, so you would not need the staff to even process the document, the machine could do that for you and there are, to a certain extent, opportunities of that nature, not necessarily for cross-departmental savings, but certainly within the department, doing things by new means rather than by a mechanical or personal means, and there may well be other ... I think John ...

**Acting Chief Executive:**

If I could just add to something the Chief Minister said. One of the areas he identified was the use of the Internet system. What we found was that we were in danger of creating an Internet site for this function and an Internet site for that function; we were already up to I think it was over 15 different Internet sites for the States. Now the problem with that is, once you start getting that information coming in through those different sites, to make sure you have uniformity and common information in the right structure, to cross-utilise it was proving to be very difficult, and we took the decision about 18 months ago to step back from it and we have now created one new States of Jersey Internet

site, which is now a common platform, so that any development, whether it is something that income tax will do about putting tax forms online in the future, something about health service, something about getting your drains cleaned or whatever, will all be coming off that same platform, and it is not until you have that functioning properly, which it now is I am pleased to say, that you can start rolling out these different services to the public and have a much easier interface so that the data that comes back in can then be used by others, subject to obviously the connection issues.

**Mr. N. McLocklin:**

All right, that is great because one site is obviously the portal for everything, which is fantastic. But there seems to be a significant sort of process re-engineering exercise that, from my experience, will need to take place, because you sort of ... things in Planning need to change because e-Planning, as an example, and therefore it is the relationship between the web portal and the customer service people, so the people manning the phones need to be able to respond to planning inquiries as well as revenue and benefits inquiries, to all sorts.

**Acting Chief Executive:**

Yes, but the key, which is a lesson I have seen in too many examples, is you have a new web system, you think: "Great I have a new way of communicating." Then you go straight in to taking the service you have been providing for the last 20 years in a particular way, and you load it straight up on to the system. That is when you get failure. Unless you do the business

process analysis up front so that every service we provide, if you want to modernise it through a transformational programme, you have to do that business process analysis and re-engineering upfront, then design the service that you then put out in a new modern way in electronic format. Now, if you look at the whole range of services the States provide, whether it is planning service, whether it is tax, whether it is education, whether it is health, whether it is cleaning roads, when you start analysing each one of those, we have a very large piece of work to do, which we are working on and developing, but each one needs to be looked at properly.

**Mr. N. McLocklin:**

I totally agree, and I totally agree with everything you say, so you cannot do big bangs. So where is that resource; how does that happen, and the relationship between your area and let us say Planning as an example, how does that sort of work?

**Acting Chief Executive:**

Well, if you just stick on Planning, for example, Planning will identify that there is an opportunity to modernise the way in which they deal with transactional work with the public online. So our centralised I.S. (Information Systems(?)) department has a programme office, which has specialist project managers in it, not just I.T. project managers, but project management business process analysis and experience. They will work, and they are working, with different departments now to go through that process I have just described to you so that when we end up putting a new service or function online, it is modern,

efficient, and we have driven out any savings we can within a department through going through that transformation programme.

**Mr. N. McLocklin:**

Your customer service team are also involved in that process I guess?

**Acting Chief Executive:**

The customer service team are, where there is going to be a link to a central customer services section. But if it is something that ... for example Planning is quite a good example, where most public access to Planning at the moment is via the Planning Department, then it is dealt with through the Planning office. But clearly, if in time we are able, through a new system, to be able to allow or enable the public to come into a customer service centre to view plans online, then any system we put in will be designed to do just that.

[11:00]

**Mr. N. McLocklin:**

All right, thank you.

**Senator S.C. Ferguson:**

So how much are you ... you have a business process engineer, how much are you doing with the people on the frontline, analysing how their ... how many customers come in, what are they looking at, because surely you cannot re-engineer a system until you have seen how it works?

**Acting Chief Executive:**

Well that is exactly what we are doing. Every time we ...

**Senator S.C. Ferguson:**

Yes, but are you pulling in ... you know, it has to be using the frontline people as well.

**Acting Chief Executive:**

Absolutely.

**Deputy J.A.N. Le Fondré:**

Does it tend to be a top-down process you are looking at, or is it all sort of bottom-up, in terms of who is driving it?

**Acting Chief Executive:**

A top-down from the department identifying an opportunity, and bottom-up by engaging the staff to look at how we ... business process analysis, re-engineering service.

**Senator S.C. Ferguson:**

Do you have targets in the customer services department? You know, if you do not answer a call within 5 minutes, you know, or 50 seconds, do you have that sort of thing?

**The Chief Minister:**

I am just interested, in terms of targets, the general trend in the U.K. at the moment appears to be away from a plethora of management targets, on the basis that they were becoming counterproductive. So I think any targets that we set have to be meaningful and helpful rather than just targets for their own sake. I think in the previous Strategic Plan we had something like 190 different performance indicators, all of which were interesting, but not all of which were totally relevant, which take a fair amount of officer time to create. So, yes, targets have their own place, but they are not needed as the mantra.

**Senator S.C. Ferguson:**

You will forgive me if I mention my other pet hobbyhorse, a common portal for payments, and payment on credit cards as well as debit cards.

**Acting Chief Executive:**

That is exactly why we set up the new Internet ...

**Senator S.C. Ferguson:**

Do we have it yet?

**Acting Chief Executive:**

I do not know whether it is a “yes it is in” or “no”, but it is very, very close if it is not in now. But this is one of the reasons why we took this step back, because we were having too many transactions going through different

unapproved lines effectively, so we took that all back and we are now putting in the central system.

**Senator S.C. Ferguson:**

All right. So, anything else? No. Chief Minister, how do you see the performance of the public sector being improved by the C.S.R.? Will it be improved quality or improved effectiveness, i.e. raising productivity, or a combination of both?

**The Chief Minister:**

Firstly, I think the performance of the public sector is going to be improved more so by the long-term business transformation activities than the C.S.R. process per se. The C.S.R. process, as I have said, is probably focusing to a large extent on the £65 million and the 2013 situation. The sort of activity that we have just been talking about in terms of web activities are going to be an ongoing continuing development, which I think will provide business efficiency, customer ... improving the service to the customer, a better way of working, and hopefully a more fulfilling way of working for staff in the future. So I think, yes, the overall change in the approach is going to be very beneficial, but I would not link it purely to the C.S.R., I think this is where we get this danger of trying to think of the C.S.R. as the overall umbrella; to me it is not, it is just one of 2 important areas.

**Senator S.C. Ferguson:**

Yes, you would not say that it was ... you know, we have said quality and effectiveness, not just better customer satisfaction?

**The Chief Minister:**

Well I hope the customers ... I hope we get improved customer satisfaction; that we get improved employee satisfaction as well, and I hope we get financial satisfaction improvements as well. I would like to see a win-win-win situation if we can.

**Senator S.C. Ferguson:**

But I think if we manage to claw back States expenditure, we might well have more satisfied customers, judging by the usual ...

**The Chief Minister:**

Well we shall see.

**Senator S.C. Ferguson:**

Yes, and the proposed reduction of £65 million, as applied to each department, will be netted off against inflation and growth allowances. Is it not time for departments to be given a net cash limit within which to operate?

**The Chief Minister:**

Possibly, yes, but in a way I think we are already achieving that, not as one single figure, but you are seeing a spending proposal, you are seeing a growth proposal, you are seeing a user-pays proposal. You could in fact

amalgamate all 3 of them into one figure, but equally, from the States Members' point of view, while we could simply put down one figure and say: "All right, we know it is all within that one figure, it is net spending of £120 million for Education or £160 million for Health." Netting off the savings, the growth proposals, the user-pays proposals, unless you detailed what the user-pays proposals were, you might find that Health was achieving its savings, the target of £160 million spending, with a user-pays contribution of £20 million, which was just hidden in the background somewhere. So I think what the current system does is provide better transparency. Now, if, at the same time, it still constrains those departments within an overall budget, then I think the greater transparency is beneficial.

**Senator S.C. Ferguson:**

Yes, but still quite difficult to explain to Mrs. Ecobichon from St. Ouen why the total States figure has not had £65 million shaved off it.

**The Chief Minister:**

Yes, I agree. It is difficult. I do not think ... no, I have scratched my head over the years and I have not found an easy way of explaining that myself.

**Senator S.C. Ferguson:**

Well obviously it is your last Business Plan; what would you sort of like ... I was going to say "epitaph" but I do not know that is the right word, I do not mean it like that. **[Laughter]** What would you like to be remembered for? Legacy, thank you, yes.

**The Chief Minister:**

I will be much more interested in starting an operation, pointing it in the right direction, and then letting somebody else complete it. Social Security, I did a fair amount of transformation; when it came to a stage where a new income support system was in the pipeline and a new Employment Law was in the pipeline, other people can finish that off, and you move on to a new operation. I think, in terms of an epitaph or legacy for this, I would like to say that we have started the transformation of the States into a new, more effective, machine for the future, pointing it in the right direction, I am satisfied it is going in that direction, and not going off the rails, and then I will let my successors carry on and implement the ... use it, if you like: "He laid the foundations for the future."

**Deputy J.A.N. Le Fondré:**

Just one follow-up question, probably for John again, going back a couple of questions, which was when we were talking about effectively process re-engineering and what you were commenting is being done in the various departments. I suppose number one is, do you think this is across the board, or is it kind of patchy? Again, is there an anticipated timescale? In other words, one can talk ... I mean the I.T. (Information Technology) thing I think is good, I think that has been bounced around for ... well, as you say, it was at least 18 months, if not 2 years, before, you know, it has been coming, and it is now there, which is good. What is going to be the lead-in time on some of this stuff?

**Acting Chief Executive:**

I think, going back to your first question, is it across the board or very much in departments? I would say it is across the board now, but it is constrained at the moment by the resource we have available who are expert in doing that type of work. The States has had, for a number of years, a lack of very good experienced project managers in real project management terms, and business analysis terms. We now have quite a few very good people who are experienced in that and we are having to assign them to, in a prioritised way, to make best use of their time and expertise, but there is a lot of development going on with staff, we have brought quite a few people in to help us do it, but part of that is effectively a training programme to existing staff, so that they can then pick up and run with it. It is probably going a little slower than I would have liked it to go, but we are becoming quite effective now in the areas where we put dedicated resource in and they have undertaken that work and we have seen some very good results coming out of that. In terms of timescale, which you asked there, I think it goes back to what the Chief Minister was saying earlier, is that we have 2 parallel tracts of work going on here, one if the C.S.R. delivering £65 million over a 3-year period, which is on target, obviously one year is causing a little bit of concern at the moment, but the other piece of work, which was equally important, and in the longer term will have very great benefits for the States and the Island, is the modernisation and transformation of the public service. That is where we need this expert resource in helping us do this business process analysis and re-engineering how we deliver services to the public. That probably is, the

Chief Minister and I would say, at least a 3-5 year period. It does need specialist resource to get the thing running and make sure that resource we bring in is then able to train our staff to undertake that work. There are some very good, very specific, examples, which we can sort of be quite proud of, but we just have to make sure that is effectively then spread across the organisation. But it has to become part of the norm of working as opposed to things being done unto a department.

**Deputy J.A.N. Le Fondré:**

It is about also, if it takes a long time to get certain changes done, then you can have the risk of, we want to get there, but by the time you get there, the time has moved on again.

**Acting Chief Executive:**

Well, it is always a possibility, but I mean the example that I use is, because I think it has been very effective, is that if you turn the clock back many years, when health and safety legislation came in for the first time, everyone felt it was going to be a very cumbersome additional piece of work. Now, if you go into a department who really is on top of managing health and safety, and I will, if you will allow me, go back to my old department where we won international awards for health and safety compliance and management; it was because it had become embedded into the culture and way of working of the organisation, and that is what transformation and change has to do, it must not be felt or seen as something that is done unto, it has to be part of your normal life.

**Deputy J.A.N. Le Fondré:**

Do you think that is within the mindset of a number of your senior colleagues at the moment?

**Acting Chief Executive:**

I think it is now in the mindset of everyone, and there has to be a lot of trust and relationships have to be strengthened to give people the freedom to go out and do it. We will not get it right first time, without question, but the trust and the relationship has to be there and that engagement with the staff is the most critical bit. In fact today we have a seminar with a very eminent person coming over from the U.K., which will be announced later, to start talking to the Corporate Management Board and then working down the departments on the engagement strategy. It is only when you get that engagement right and staff feel it is part of their working life, you can start delivering the real results. That is where the Chief Minister said, which I will echo completely, it is certainly my view, is that the transformation programme is a 3-5 year programme.

**Deputy J.A.N. Le Fondré:**

That will be interesting to see out.

**Deputy D.J. De Sousa:**

I just want to take you back to the office strategy and surely you would agree with me that the C.S.R. and the office strategy are both about efficiencies and

savings, so rather than one coming before the other, or one being a priority above the other, surely they should go hand in hand to achieve the maximum efficiencies and savings?

[11:15]

**The Chief Minister:**

They go hand in hand, but an office strategy would not deliver results by the end of 2013. It will start to, and it already is starting to, but it will not be complete by 2013, and I am not going to take my eye off the ball of delivering £65 million worth of savings by 2013. So you have to somehow combine the 2 and so the office strategy goes along, it is a different timescale to the C.S.R. timescale, so it is not really ... there is no question of one has taken priority over the other, but they are starting at the same time, but finishing at different times.

**Deputy D.J. De Sousa:**

Yes, as seen in the terms and conditions as well.

**The Chief Minister:**

Yes.

**Acting Chief Executive:**

But where departments have identified an opportunity to rationalise their office accommodation as part of their C.S.R. proposals, then we are doing

everything we can to make sure that we deliver that bit for them, as long as it does not cut across anything else, and I think the 3 examples, which I can recall now, are the police, and that is now in hand because the police occupy very old, very inefficient buildings that cost them a lot of money to maintain, so that is one that has been delivered. Customs have identified a potential saving; we are working with Customs now to make sure we can deliver that for them. I think the other one was Planning and Environment, an opportunity to bring together services, and again we are working with Planning and Environment to see what we need to do to help them amalgamate some of their services. So those 3 are running in parallel.

**Deputy D.J. De Sousa:**

Finally, you touched on, when we were discussing about office space and how we could be more efficient and how we could have almost integrated building for States departments, and you played a lot about the fact that it could be too costly to purchase somewhere. I believe, as the States, we own quite a few sites, is there not enough within there to use our own sites to achieve that?

**Acting Chief Executive:**

The key question is that, yes, we do own a lot of land possibly, but it is finding the piece of land that is right for the organisation. If you bring all of the organisation together and it is simply located in order to perform the modern functions that we all perform within a half-mile radius or so of around this area, then you bring those all together in one building, you are looking at a

very, very big building. You then have to layer on to that the fact that a lot of staff coming into that one single building may come in and then have to go back out for their daily job; that is not an efficient way from a transport point of view, bringing people in and back out. Senator Ferguson touched on hot-desking and temporary office space; that obviously has to be factored in, but to find one site in States ownership in a central location, as I have just described, is very, very difficult, and capital cost, when we looked at it, was extremely high, and ...

**Deputy J.A.N. Le Fondré:**

My recollection is that the last iteration was that it was not about ... in fact, my recollection, for a long time it has never been about getting everybody into the same building, it has been getting ... that is why you have a phased approach; that is why phase 1 is the police location.

**Acting Chief Executive:**

Sorry, no, that is not quite correct.

**Deputy J.A.N. Le Fondré:**

Your phase 2 is central offices, but, for example, I know this building, Morier House, and I think it was the Magistrates' Court, for the sake of argument, were never in the picture. The likes of Planning, Social Security, obviously were. But equally I can remember discussions that Howard Davis Farm for example was considered because, if you do not have people who need to come into town you could have a hot-desking facility there and possibly even

one at the airport, I remember that sort of discussion taking place. So it has never been about ... although an option was always considered as an option, what would be the ramifications, because you are right, of a large central one, it has always been about ... I think it is called, oh god, something like location-independent or something, I cannot remember what the expression was, but it has never been about that.

**Acting Chief Executive:**

Yes. But if you ...

**Deputy J.A.N. Le Fondré:**

So in other words the argument that you cannot find a site that is big enough for one consolidated site is not relevant, because it has never been about that

**Acting Chief Executive:**

The argument about one site that is for everyone, including States, Morier House, I absolutely agree with you, but even if you exclude those, and you take the remainder of the office workers and from that you then exclude those that are locationally-dependent, i.e. a manager at Bellozanne looking after maintenance of workshops, clearly you do not want in the central office, you want him on site, managing his maintenance function. Take all those people out, we were still left with, and it was in the strategy when you were Assistant Minister, that was identifying the size, the scale of a building, which was extremely large, to accommodate all of what you could call the general office workers. Even finding that piece of land and investing that amount of capital

was exceptionally high; I think we brought it down eventually to about 70,000 square feet if I remember, and if you look at some of the sized buildings that have been put up now on the Esplanade of that scale, it would be of that scale we would have to build. I use current buildings that are going up ...

**Deputy J.A.N. Le Fondré:**

But if a private law firm can do it, one would assume the Government of Jersey could do it, bearing in mind the productivity results out there are 20 per cent improvement.

**Senator S.C. Ferguson:**

I do remember, it must have been about 1970, when somebody suggested the best place for any sort of central office would be, in those days it was the Victoria roundabout and the weighbridge with the buses, and this gentleman suggested a cylindrical building, x-storeys high, all the services where people needed to come in, like social security, tax and so on, put them all in the one building and you can come in on the bus, so its location obviously over the bus station, it might not be a bad idea.

**The Chief Minister:**

I suspect there are a few more discussions we are going to have.

**Senator S.C. Ferguson:**

It was a farmer from St. Ouen, so ...

**Male Speaker:**

Another one?

**Senator S.C. Ferguson:**

Even I have friends in St. Ouen, my boy. Neil, anything else?

**Mr. N. McLocklin:**

Nothing else; fine here. I think we have covered quite a bit today, thank you.

**Senator S.C. Ferguson:**

Thank you very much indeed for your time, Chief Minister.

**The Chief Minister:**

Thank you, Chairman, Members.

[11:23]