



# STATES OF JERSEY

## Corporate Services Scrutiny Panel

### Review of the Medium Term Financial Plan Public Hearing with the Chief Minister

**WEDNESDAY, 1st AUGUST 2012**

**Panel:**

Senator S.C. Ferguson (Chairman)  
Deputy J.G. Reed of St. Ouen (Vice Chairman)  
Connétable D.J. Murphy of Grouville

**Witnesses:**

Senator I.J. Gorst (Chief Minister)  
Treasurer of the States  
Finance Director – Corporate Group

**Also Present:**

Mr. W. Millow (Scrutiny Officer)  
Ms. J. Hales (Scrutiny Officer)

[16:31]

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

Welcome to this hearing of the Corporate Services Scrutiny Panel in our review of the Medium Term Financial Plan. We have a health warning there which I hope you have read and there is obviously the health warning for the members of the public which is on the door. You have all been to meetings before so I am not going to labour the point. For the transcription ladies can you say who you are and what your position is, please?

**Senator I.J. Gorst (Chief Minister):**

I am Ian Gorst, the Chief Minister.

**Treasurer of the States:**

Laura Rowley, Treasurer of the States.

**Finance Director, Chief Minister's Department:**

Anne Homer, Finance Director for the Chief Minister's Department.

**Ms. J. Hales (Scrutiny Officer):**

Janice Hales, Scrutiny Officer.

**Mr. W. Millow (Scrutiny Officer):**

William Millow, Scrutiny Officer.

**Connétable D.J. Murphy of Grouville:**

Daniel Murphy, member of the Panel.

**Deputy J.G. Reed of St. Ouen:**

Deputy James Reed, Panel member.

**Senator S.C. Ferguson:**

Sarah Ferguson, Chairman of the Panel. Can I suggest, Dan, you move one of the microphones near you.

**The Connétable of Grouville:**

Want me to shoot?

**Senator S.C. Ferguson:**

Yes, please.

**The Connétable of Grouville:**

Okay, you have me first. There have been a number of growth bids relating to external relations. I understand that funding for some of these areas previously came from non-recurring sources. Will the application of growth funding address all the funding pressures related to external relations?

**The Chief Minister:**

Yes, I am going to say ... I am just trying to remember whether there was a ... over the course of the Plan then they will be funded. I think that over the course of the last couple of years the Department felt that it could fund that provision from the carry forwards and I took the view, as I have always done that if it is something that we proactively think that we should be delivering then we need to put it on to a proper funding in base budget. We have taken the opportunity of the M.T.F.P. (Medium Term Financial Plan) as the Treasurer rightly point out is not funded straight away in base budgets but over the course of those years then it is.

**The Connétable of Grouville:**

Okay, well that takes us right on to the next question, which is that over the last 4 years, as is stated, external relations functions evolved to the extent it now forms a broader and more central role. Was that evolution planned? Is that now going to be a fact of life obviously because you are seeking further funding for it and it is going to be with us for some time?

**The Chief Minister:**

I believe that it is. I am on record as saying that I think it is absolutely fundamental to Jersey's future that we have sufficient provision in the international arena. I think that external pressures are either only going to continue at the level that we are seeing them or increase. You will see that not only do we have funding bids to put existing provision on a statutory or base budget but we also have growth money as well specifically for the London office.

**The Connétable of Grouville:**

How do you envisage this sort of expanding proceeding? We are thinking really here about costs. You have a bid which is totally new, which has made up for lost time and lost cause. Going ahead now how much more do you think you are going to need and will the London representative office be set up? If so, are you going to buy it or are you going to rent it?

**The Chief Minister:**

We do not. We have not made any decisions on the detail of that yet. Our initial thoughts were that we would want to work with Guernsey on the settling up of an office and thereby halve the costs. I think it is fair to say that Guernsey do not feel that they have the funding available at this moment in time to be able to do that. So that may mean that we look at slightly different variations of initially setting up an office. No decision has been made about buy, rent, exact number of people that we might require or even whether we could use something like space in the British Council, which has got the same sort of aims as we have got. As I sit here today it looks more like that latter option, using space in that sort of provision to start with and get it up and running, perhaps until Guernsey are able to come on board as well.

**The Connétable of Grouville:**

Okay, so what you are saying is it is too early to really try and forecast what we might need in London in the future.

**The Chief Minister:**

I think that the money that we have in here will cover the day-to-day running costs of an office. That does not necessarily mean that we need to make a decision about purchase or rooms at this point.

**The Connétable of Grouville:**

Okay.

**The Deputy of St. Ouen:**

Can I ask, do you consider the development of the external relationship, whatever we call it, or an international ...

**The Chief Minister:**

Whichever, you can call it ... interchangeable really.

**The Deputy of St. Ouen:**

Do you consider those to be important and essential?

**The Chief Minister:**

Yes.

**The Deputy of St. Ouen:**

Are you content that funding growth has not been provided until 2014 or 2015 depending on what particular matter you look at?

**The Chief Minister:**

I am content that by the end of the 3 years we will have put it on to a base budget footing. Like anybody, if you gave me the perfect world I would probably endeavour to do it tomorrow but as we talked last time when we spoke about the M.T.F.P, we have this 3 year period to start to address issues which means that some issues have to be addressed further on into the plan than earlier and other issues can be addressed early but we have to use a different way of funding them. So we will be using underspends, carry forwards, bits of contingencies. I hesitate to use that word because I know the Chairman does not like it used in that context. So the activity will be carried out but it will not be properly into the base budget until the end of the planned term.

**The Deputy of St. Ouen:**

I just want to explore this a little further. So what you are saying is that you are quite happy to introduce and fund these particular matters from 2013, although you have not actual growth allocated until either 2014 or 2015.

**The Chief Minister:**

Do not forget they are already being provided for. So in a way, what we are doing is simply carrying on the methodology that exists now with moving money around a bit to ensure that that service is delivered. What I am doing here and what the Council of Ministers is agreeing to - and hopefully the States will - is that we put that into a base budget so that there is much more clarity about what is happening and where the money is going and the service that is being provided. That surely is the right way that we should work. We always knew that we would not be able to address all of our issues on day one of the M.T.F.P. but what we have tried to do, and I think that is right across the Departments, is make sure that there are issues that are addressed over that period of time.

**The Deputy of St. Ouen:**

It seems rather odd in general management terms to start a new service or provision without the comfort and knowledge that you have the appropriate funding in place to maintain and sustain that particular service over a period of time. What you seem to be suggesting is that previously, I am not suggesting it is necessarily in 2012, they introduced various elements of external relations which obviously must have been funded and yet there was not sufficient funding to maintain them over the longer term because obviously since subsequently you have put in quite significant growth bids to meet and fund these particular areas. So, would you say that that is the right approach that Government should be taking?

**The Chief Minister:**

I would say it is a far from ideal approach, which is why now we are endeavouring as a Council of Ministers with the help of the Treasury Department to put it into base budget so that everyone knows and there is clarity about where cost pressures are, where the services are that are being delivered. So it is certainly not somewhere where I would like to have started from but it is where we were. As I keep reiterating, we are using this opportunity to - I think you would probably agree with the term - put it right.

**The Deputy of St. Ouen:**

I hear that and I just want to understand, on the one hand the suggestion is we will carry on and do things and keep our fingers crossed and use bits and pieces until the growth bid is confirmed, whether it is in 2014 or 2015, or the alternative would be, Chief Minister, perhaps to say there is no certainty to this particular development until that growth is confirmed. Why start or continue to develop a service without having the comfort and knowledge that the money is there? The danger is surely that you could find yourself not being able to deliver other services because you are trying to provide too much within a limited budget.

**The Chief Minister:**

I think we will see from some of the information that we provided where the bits of services were funded either from reallocation within Department or underspends from other Departments, which I think was provided to you. So, yes, I admit there is an element of uncertainty to that but the work is already ongoing. The individuals are employed. It already looks like - and you probably spoke to the Minister for Treasury and Resources and Treasurer about this earlier - that there will be underspends available at the end of this year if performance carries on in the way that it has until now. So there is more certainty now at this point in the year for funding next year than there might have been at the start of the year. I think we always have to be pragmatic about ... we could alternatively have said: "Oh well, in year 2013 we are going to ask the States for this massive growth in funding." I think that would have been equally as unacceptable.

**The Deputy of St. Ouen:**

Can I just pick up one other point which is linked obviously to your proposal bid for the London representative office, which we understand is a completely new bid. Can you explain how a new bid such as that takes priority over funding for the Freedom of Information Law, for argument's sake, which has already been agreed by the Assembly but which is described in a draft Medium Term Financial Plan as an emerging item and as yet unfunded?

[16:45]

**The Chief Minister:**

Yes, there is some funding put forward for the Freedom of Information work. I think it is about half a million pounds. The Treasurer will correct me. So that work will start but there is still a lot of understanding around how much it is going to cost in the long term. At the end of the day, the States will decide whether it thinks that that is sufficient money to kick start the work into Freedom of Information. It will also decide whether it thinks a London office is appropriate but as far as I am concerned, a London office is absolutely appropriate. We see the challenges that we are facing from lack of knowledge about Jersey. We see the challenges of building our relationship with the United Kingdom. We see the challenges of needing inward investment to stimulate our economy to grow jobs. The London office is right at the forefront of delivering and enabling us to meet those challenges in a positive way. It will be for the States to decide.

**The Deputy of St. Ouen:**

As you say, and I absolutely agree, the States should decide but the States, to remind you, decided that the Freedom of Information Law should be implemented. First of all, I have not noticed the £500,000 where it is described as a growth allocation to deliver the Freedom of Information Law. You

do not need to point it out now but perhaps you could provide me with that information later. More importantly, you seem to have suggested to this Panel that: "We are not sure about the overall cost." If you are not sure ...

**The Chief Minister:**

No, I do not think I have suggested ... we have put in a bid that would carry out the function that we think is required but as I have said, these bids have to be put in quite a number of months ago when we considered and we have continued to do the leg work to think about what will be achievable. So, it might be that we can provide this initial type of office ... I say that because that might not work either, that we provided that type of representation and that could be cheaper than what we have put in here. When we started this work we were talking to Guernsey and hoping that they would come with us as well. Should we rent or should we buy, there is a good argument to say that we should talk to Treasury about investment in property in London but in some ways that is a capital cost rather than an everyday running cost.

**The Deputy of St. Ouen:**

So just finally, are you confident that the Freedom of Information Law will be properly funded and will be able to be implemented in 2013 onwards?

**The Chief Minister:**

I think it is too early to say that it is going to be able to be implemented in 2013. As I said, there is this sum of £500,000 that has been put in place. I am not sure whether ... as we said we would come back to you and point that out to you. One of the problems, let us be honest and we have faced it in the past, is that the States passes a law without the real knowledge of what the costs are going to be. Somebody stands up and says: "Oh, it is not going to cost very much" and then it gets accepted and we suddenly realise that the costs involved could be substantial. As you know from education, the cost of ... and there is another law I have forgotten its name now about how you keep documents that education are responsible for and the cost of implementing that was far greater than was initially envisaged.

**The Deputy of St. Ouen:**

Yes, I would suggest that it is not necessarily ... I am pleased you speak about States generally because I could argue and say that with regards to external relations it was put forward as a proposal: "This is something that we need to do, we have the funds for it, so on and so forth." Suddenly: "No we have not" and it is a bit like a mushroom, it is growing and growing. One wonders if there is a point perhaps whether or not there will be a stable budget or if it is something that is going to grow and continue to. I accept that there are difficulties.

**The Chief Minister:**

Yes, well it will be like any budget. It will have to be managed and they have to live within it.

**The Connétable of Grouville:**

We are just sitting on the sidelines there waiting to see how we can go ahead on this in London, the importance of it, I think, is understandable but where do we go from here?

**Senator S.C. Ferguson:**

It is important, provided everybody sings from the same hymn sheet.

**The Connétable of Grouville:**

Within the budget that we have. We have a budget for ...

**Senator S.C. Ferguson:**

Sorry ...

**The Chief Minister:**

We do not want to revisit that issue, do we, ...

**Senator S.C. Ferguson:**

No.

**The Chief Minister:**

... here because that was a most unfortunate issue and the context of that particular report was taken very much out of context and that report was extremely unfortunate, because I think everyone is singing from the same hymn sheet. It just did not appear that way from the way that it was reported.

**Senator S.C. Ferguson:**

Right, restructuring provision, Human Resources. The restructuring provision is allocated within the draft plan for H.R. (Human Resources) and we understand that the provision of restructuring funding will be offset against the delivery of procurement savings, not all of which have been achieved. What confidence do you have that the restructuring provision for H.R. will be delivered?

**The Chief Minister:**

I am not sure if the Treasurer wants to talk about the detail.

**Treasurer of the States:**

Certainly, Chief Minister. The savings, the contribution from the restructuring provision for H.R. is quite modest in building up by 2015 to £780,000, £880,000, £930,000. Even after allowing for that and even if we were to make no further C.S.R (Comprehensive Spending Review) savings in 2013, 2014, and 2015, we would still have some C.S.R. restructuring fund left. So there is no question that that contribution to H.R. can be met.

**Senator S.C. Ferguson:**

So really, with sort of looking at the modernisation programme apropos the finance plan, what impact is it going to have on it? We are talking just perhaps of H.R. at the moment but there should be surely an underlying modernisation programme going on through the whole of the States.

**The Chief Minister:**

Yes, that is absolutely right and we have been quite cautious in not booking the benefits in the M.T.F.P. or savings that might arise from that. We start to think about terms and conditions and H.R. but what we are talking about is transformation right across. So, it is service delivery right across. A lot of that is intrinsically tied into H.R. because you have to make sure you have the people to deliver the service that you want to in the future. You start using all sorts of business terms, business management speak terms, which are not helpful but we basically just talk about some of the broad themes about transformation. We have the front office transformation, so you are looking at not just one outlet for services but how can you deliver services online because we have not been really been particularly good at that in the past and you have this other idea of how to you amalgamate back office functions as well and services, how you are able to provide those in more efficient and effective way. I suppose those themes have in a way been thrown together and we have to make sure that we are not just thinking about H.R. because we are not.

**Senator S.C. Ferguson:**

Yes, because one of the things that we found way back in 2006 or 2007 was that the performance appraisal of people at a certain level you just did not get it. It was totally inefficient and did not happen, which means then that you do not get the most efficient workforce.

**The Chief Minister:**

There is a lot of work to do there, even to the sometimes fundamental level of a person job specification. Are we asking them to do the job that we want done or does it just happen to be the job specification that was provided 10 years ago?

**Senator S.C. Ferguson:**

Absolutely.

**The Chief Minister:**

Then that ties in with performance management as well.

**Senator S.C. Ferguson:**

Which comes on to the terms and conditions. How are we getting on with the achievement of the £14 million savings?

**The Chief Minister:**

I think probably the Treasurer just distributed to you, and I think I have answered questions in the States on that as well. As you know, there are 2 pieces of work. It was always said that if the changes to terms and conditions were not delivered then it would be proposed that there would be 2 years of pay freeze. You will be aware that the States' Employment Board offered a zero pay rise in 2012 and 2013. I am looking at the States' employees frowning at me there. That offer has been amended into a final offer of one percent non-consolidated in 2012, which means that there has not been that £7 million put into base budget and one and one in 2013, which means that we would not have made exactly the £14 million but will have halved that. So we will have made just over £10 million.

**Treasurer of the States:**

Can I help on that? The £3.3 million is the cost of the 1 per cent consolidated in 2013. So we will make £10.7 million of the £14 million by 2013.

**Senator S.C. Ferguson:**

All right, so ...

**The Deputy of St. Ouen:**

It is somewhat different to what is described in the Medium Term Financial Plan?

**Treasurer of the States:**

It is exactly the same as what is described in the Medium Term Financial Plan.

**The Deputy of St. Ouen:**

So the saving is only about £7.4 million and there is £6.4 million remaining because the July agreement is yet to be determined. I struggle to understand but it shows the money going in in 2012.

**Treasurer of the States:**

I think you may be counting the non-consolidated cost in 2013.

**The Deputy of St. Ouen:**

But whether it is non-consolidated or consolidated, it is still additional cost over and above the zero that we were ...

**The Chief Minister:**

No. It is an additional cost, you are right, but there are 2 things that we have to think about here. Is something a one off cost which you just fund from your in year and then it falls out? What we have said here is that if it is non-consolidated it falls out, so we have not counted it. If it is consolidated then we have counted it, which is why the Treasurer said ... I have just found the figures here, that is right, £10.7 million. So, at £10.7 million of the £14 million, if the offer is accepted, will have been saved because we offered a 1 per cent consolidated in 2013. That is the difference between the £10.7 million and the £14 million.

**The Deputy of St. Ouen:**

Are you just simply looking at the 2011, 2012, 2013 position because the ...

**The Chief Minister:**

No. It is 2012, 2013 and 2014. So, when we have been looking at savings, what we have been looking at is taking the money out of the base budget because anything else is not really saving, is it? So the important thing is taking the money out of the base budget so that it is not reoccurring.

**The Deputy of St. Ouen:**

But then looking slightly ahead, part of the pay deal was 4 per cent in 2014. That is somewhat different to what we discussed in the previous plan which was at 2.5 per cent average increase year on year, am I right?

**The Chief Minister:**

That certainly has changed; yes there was an extra amount in 2014. That is in the M.T.F.P, is it not? That is to be approved by the States.

[17:00]

**The Deputy of St. Ouen:**

Obviously that is still dependent ultimately on the unions and the employees agreeing to pay.

**The Chief Minister:**

Yes, difficult to know which one comes first but it needs those 2 decisions to align. That is right.

**Senator S.C. Ferguson:**

Hang on a minute, we were relying on the £14 million for ... remind me. What was the £14 million?

**Treasurer of the States:**

That was £7 million in 2012.

**Senator S.C. Ferguson:**

Yes, but we were relying on that to fund something else.

**The Deputy of St. Ouen:**

It was part of the £65 million saving.

**Senator S.C. Ferguson:**

Yes but it was also to fund something else. I remember somebody saying: "Oh yes, we have the £14 million. We will use that to ..." fund something.

**The Chief Minister:**

That is news to us.

**Senator S.C. Ferguson:**

I will find it.

**The Chief Minister:**

If you find it then we will have a look at where that came from.

**Senator S.C. Ferguson:**

So, what are your various contingency plans if none of these things you are wanting to do are implemented? Like the pay deal and the rest ... you know, as much as you are going to get out of the terms and conditions.

**The Chief Minister:**

We are in a public hearing so I do not really want to say, but I hope that the offer that the States Employment Board has put forward will be accepted and I think it is a reasonable offer.

**The Deputy of St. Ouen:**

Forget about terms and conditions for a minute, generally, are you satisfied that there are sufficient contingencies remaining within the Medium Term Financial Plan to allow for unforeseen types of expenses that one might expect over a 3 year period?

**The Chief Minister:**

I certainly am over the life of the Medium Term Financial Plan. There is no doubt obviously that it is more difficult earlier than it is at the end because as I have said, it has taken us 3 years to deal with some of the emerging issues that we have now. When it comes to pay then I simply reiterate what I said. It is the States' Employment Board final offer and I hope that it will be accepted.

**Senator S.C. Ferguson:**

We have a number of occupations in the Island where we have to keep in line with the U.K. (United Kingdom) under terms and conditions; police, firemen, ambulance men, you know this sort of thing, teachers because of people having the ability to move from here to there with the same terms and conditions. Have we kept up with the U.K. on those because I believe quite a lot of changes have been made. We are a bit behind sometimes in keeping up.

**The Chief Minister:**

We are probably a lot behind in some areas and in other areas we are not. So, in some areas we are more advantageous and in others we are not. It is a while since we did a review to look at those differentials but I imagine that we are going to need to do that as part of the modernisation of terms and conditions. If we take nurses for example, we know that we are behind than the U.K. and the differential benefit of someone coming here has more or less evaporated. So there is a piece of work going on to look at that now and to look at equality of service across one or 2 different health jobs. Of course that is not just about financial remuneration but it is also about accommodation, it is also about childcare.

**Senator S.C. Ferguson:**

It is also about pensions.

**The Chief Minister:**

It is, although in that particular sector that is not such a pressing concern as those other 3 areas.

**The Deputy of St. Ouen:**

We understand that you put in a number of bids for capital projects and 2 were not provided for. First of all, how important are the 2 capital projects, to provide the mobile technology infrastructure equipment and the V.O.I.P. (Voice over Internet Protocol) replacement? If they are essential, how do you plan on providing for them?

**The Chief Minister:**

Perhaps I will ask Anne, because she knows the detail of the I.S. (Information Services), to address this.

**Finance Director, Chief Minister's Department:**

Yes, they are both important for different reasons. The mobile working is important to our public sector reform because it will allow people to be a lot more flexible in the way than they work. Consequently, we are going to look at that as part of the reform programme and we will look at funding it either by reprioritising I.S. spend internally or as part of perhaps a further restructuring bid as the reform programme ramps up. That was for about £200,000. So this is a programme where you can bring your own mobile devices and work with them on the network in due course. That is going to be put as part of the reform agenda. The other issue about the V.O.I.P. switchboard, this is now ageing and will need to be updated in the course of the next ...

**Senator S.C. Ferguson:**

It is not that old.

**Finance Director, Chief Minister's Department:**

It is 5 years old at the moment and the 3Com has been bought out by Hewlett Packard and some of the handsets in particular we need a decision about going forward. So, what we are doing at the moment is we have reprioritised in-year money for a feasibility study and we will move that forward. That may become wrapped up in a bigger programme around the future of Cyril Le Marquand House. So we will be doing something about it, even though I do not think we will be able now to do a full replacement in this period.

**Senator S.C. Ferguson:**

Surely your mobile technology infrastructure and equipment replacement you should be looking at the transformation of business first. Would that not be the correct approach?

**The Chief Minister:**

Yes, they will be worked together.

**Finance Director, Chief Minister's Department:**

Yes.

**Senator S.C. Ferguson:**

You have to start with how many people need desks, how many people need desks part of the time and how many people do not need desks at all.

**The Chief Minister:**

Yes, and we need to start even one step further than that. That is, what are the jobs that we need? What are the bodies that we need? What are the services that we want to provide? What is the interaction that we have with the community? How do they interact with us? How would they like to or want to do that in the future? So they are all tied in together.

**Senator S.C. Ferguson:**

What is the demand and what is the failure demand.

**The Chief Minister:**

Exactly right, yes.

**The Deputy of St. Ouen:**

What will be the impact if these 2 particular projects are not funded?

**The Chief Minister:**

I think, as I was saying, we will be finding other ways of doing it.

**Finance Director, Chief Minister's Department:**

We will find alternative ways of progressing them appropriately. As you say, the first one is absolutely wrapped up in deciding how we want to work. So that will go in tandem with that. The second one we will reprioritise some of the money to make sure that the switch board is safe. If we do not go for replacement it will be part of a bigger move from Cyril Le Marquand House in due course.

**The Deputy of St. Ouen:**

It is not essential.

**Finance Director, Chief Minister's Department:**

The place will not fall over without it, no.

**The Deputy of St. Ouen:**

Can you explain ...

**The Chief Minister:**

Sorry, you were going to review into I.S. services, were you not? Are you still considering that?

**Senator S.C. Ferguson:**

Yes, if you had not dumped the Medium Term Financial Plan on us. We want to do H.R. too, and we want to do procurement.

**The Chief Minister:**

I would welcome it all.

**The Deputy of St. Ouen:**

We welcome all the policy development, Chief Minister, and the experiences we have had to date.

**The Chief Minister:**

Yes, okay. Thank you. I should not have asked.

**Senator S.C. Ferguson:**

You are fortunate my handbag is too far away.

**The Deputy of St. Ouen:**

The other issue not funded is the States of Jersey Trainee Scheme. Can you just talk to us about ...

**The Chief Minister:**

Yes, that has in effect moved and it will now be funded as part of the Skills Executive and the processes that they are using. So that was modelled on the old trainee schemes that we used to have. When that particular proposal went to the Skills Executive the Skills Board said: "Just a minute, I think what we are doing we could do it at a much reduced cost." So some of the ... I cannot think of which one it is exactly, but the provision of that training is provided for but at a reduced cost, provided by the Skills Executive programmes.

**The Deputy of St. Ouen:**

The Skills Board and the Skills Executive indeed have been in operation for a number of years and I am rather surprised that a bid is brought in this year when you have a well established Skills Board that have had to deal with significant unemployment issues and other matters besides over the last couple of years and that why this matter could have been resolved prior to even submitting a bid. Could you maybe explain that?

**Treasurer of the States:**

It was the same sort of decision ...

**The Chief Minister:**

I am not sure what ...

**The Deputy of St. Ouen:**

Basically, what I am saying is I can fully understand the Skills Board should, as long as they have the resources, be able to provide this particular scheme. I just am struggling to understand why, knowing that the Skills Board are competent and the Skills Executive are there overseeing them, indeed this bid was even brought or promoted when ...

**Treasurer of the States:**

It was the same sort of decision making as we talked about earlier. So, as you know we had 6 or 7 goes at refining the growth bids to a position where we could find appropriate funding for them. In that process the Skills Board considered the proposal that you are raising and thought it did not provide as good value for money as some of the other proposals which are in the "get people into work" category. In particular, for example, the apprenticeships for healthcare assistants and the training allowances and apprenticeship scheme for young people were all thought to provide better value for money than that particular proposal.

**The Chief Minister:**

I do not think there is anything mysterious about it. I asked my H.R. people: "Whatever happened to our training schemes, why are we not still doing them?" They came forward and said: "Well, we could do it but we have no money." So I then go off and say: "Okay, I think the idea of them is fantastic. We should be training people up as we used to because it is going to help with the employment situation. We put that forward. It was looked at by the Skills Executive. They said: "Yes, we agree it is a good idea but we can do it for far cheaper."

**The Deputy of St. Ouen:**

Right, so we can be secure in the knowledge that the States of Jersey Trainee Scheme will not only be maintained but provided in the longer term?

**The Chief Minister:**

When you say maintained, we are not doing it now. We used to do these sorts of things in the past. In the past, whenever people looked to cut budgets what did they do? They cut their training. That is part of the problem we have with recruitment.

**The Deputy of St. Ouen:**

You, Chief Minister, are guilty of that.

**The Chief Minister:**

I am? Surely not. This is a new a new scheme and it is new money to be training new people.

**The Deputy of St. Ouen:**

It is sustainable, is that what you are telling us? This is not something that is going to be switched on and off. This is something that we can rely upon and will help individuals to develop into the managers and leaders of tomorrow within our civil service.

**The Chief Minister:**

This is not quite developing leaders. This is training at a much more basic lower level. Some of the other bids we have are about training leaders and making sure that people can move across, et cetera but it is certainly in for the full 3 years.

**The Deputy of St. Ouen:**

So collectively, we can be assured or comfortable that we are going to be focusing far more on training our employees with an existing ... so that they can develop themselves, improve their skills and ultimately fulfil some of the higher roles that perhaps people from outside the Island are currently doing.

[17:15]

**The Chief Minister:**

Absolutely. That is partly what is driving H.R. modernisation. They use terms like talent management, succession planning and ...

**The Connétable of Grouville:**

Yes, can we talk about control of housing?

**The Chief Minister:**

Where did that come from? Of course you can.

**The Connétable of Grouville:**

The income value for that ... I was just ploughing through the paper trying to find a figure but I could not find it. What was the anticipated income?

**Treasurer of the States:**

£600,000.

**The Connétable of Grouville:**

£600,000.

**The Deputy of St. Ouen:**

I think it is £700,000.

**The Connétable of Grouville:**

What do you expect it to be now that we have had a delay put on it?

**The Chief Minister:**

Well, I was going to say at the ... yes, the delay is around ... we had hoped to bring it in this year but we still hope that it will be brought in next year. So unless anyone has anything to the contrary, we are still hoping that we will have roughly a year's worth in 2013.

**The Connétable of Grouville:**

You were expecting this to cover a shortfall in growth funding, were you not?

**The Chief Minister:**

That is right so we do need it.

**The Connétable of Grouville:**

So how you going to cover yourself?

**The Chief Minister:**

No, because that is for 2013, is it not? So we still hope that by the time it gets to ...

**Treasurer of the States:**

We put £600,000 in in 2014 and £600,000 in 2015.

**The Chief Minister:**

Okay, so the full amount. Okay, so we have even more ...

**Finance Director, Chief Minister's Department:**

That is contributing to the other things in the M.T.F.P. 2013 for C.M.D. (Chief Minister's Department) we are planning to carry forward £200,000 of underspend to meet the first 200. So, from this year's budget, we are actively proactively tempering our expenditure so that we will have an underspend of at least £200,000 to put towards the £600,000.

**The Connétable of Grouville:**

Outside of C.S.R.?

**Finance Director, Chief Minister's Department:**

Outside the C.S.R.

**The Connétable of Grouville:**

Another £200,000.

**Finance Director, Chief Minister's Department:**

Just for 2013 and the remaining £400,000 we will be meeting from this income. So, we can afford for the income not to come in until April and still be able to meet our shortfall in 2013.

**The Connétable of Grouville:**

This intrigues me. With the C.S.R., everybody was screaming and saying: "We cannot do it. We cannot do it." All of a sudden, we can pull another £200,000 in savings out.

**Finance Director, Chief Minister's Department:**

No, it is not recurring.

**The Connétable of Grouville:**

Yes, but where did the £200,000 savings come from?

**Finance Director, Chief Minister's Department:**

It is actively delaying the recruitment of vacancies in 2012 only so that we can have enough money to survive 2013.

**The Connétable of Grouville:**

So it is staffing.

**Finance Director, Chief Minister's Department:**

Predominantly, yes.

**The Connétable of Grouville:**

You are going to take on any more staff.

**Finance Director, Chief Minister's Department:**

We will ultimately but in 2012 which had a fortuitous and planned delay so that we can build up an underspend to be able to fund 2013. So our funding plan in 2013 will be a carry forward from 2012 to the tune of £200,000 plus this income of £400,000 which does ...

**The Chief Minister:**

You are going to generate £400,000 you think from the control of housing.

**Finance Director, Chief Minister's Department:**

I think it will be more but it was a prudent assumption that we could absolutely cover the 2013 shortfall.

**The Chief Minister:**

I know the consultation is now closed but you will not be surprised to know that most people think we should be charging more, the Chamber think we should be charging less. So there we are.

**The Connétable of Grouville:**

It is politics.

**The Chief Minister:**

We will have to make a decision about that as well.

**The Connétable of Grouville:**

Yes. Okay so you are using a carry forward figure ...

**Finance Director, Chief Minister's Department:**

Plus this income.

**The Connétable of Grouville:**

Savings figure £200,000 to make up for the shortfall which you are anticipating.

**Finance Director, Chief Minister's Department:**

In 2013.

**The Connétable of Grouville:**

Up to £600,000. £400,000, you think ...

**Finance Director, Chief Minister's Department:**

Yes. We may well get in more.

**The Connétable of Grouville:**

You are only looking for a shortfall. Instead of getting £600,000 we are getting £400,000.

**Finance Director, Chief Minister's Department:**

We may get more but it was a prudent assumption because the outcome of the consultation was uncertain at the time. Although, as the Chief Minister says, it seems very positive and secondly, as it has to go through Privy Council, we wanted to make sure that the delay did not affect us. So that was our plan. If we have additional income it will be returned to the central pot to assist with any other ...

**Senator S.C. Ferguson:**

Have you not thought of doing what they do in Singapore, which is any funds collected from immigration ...

**The Chief Minister:**

Running a dictatorship?

**Senator S.C. Ferguson:**

No, goes into a training fund for locals.

**The Chief Minister:**

We have not thought about making that direct correlation.

**Senator S.C. Ferguson:**

I would be delighted to send you the paperwork.

**The Chief Minister:**

Okay, I will look forward to receiving it.

**Senator S.C. Ferguson:**

No, no, if we are going to limit people coming in then we have to train the people here up better.

**The Chief Minister:**

Yes, that is right, but that is what we have in our back to work. Right down there, we have got money for training. It is making that direct link.

**Senator S.C. Ferguson:**

Yes, but it is a good thing to tie one to the other.

**The Chief Minister:**

Yes, I can see that that might be helpful.

**Senator S.C. Ferguson:**

Yes. There is a successful growth bid in the M.T.F.P. for a data security officer. Now, you have had attempts to fund the position previously from transfers from all departments. Agreement was not reached. So, can you expand upon what happened in relation to this funding pressure?

**Treasurer of the States:**

We need a data security officer. There has been a need for that for a while. There has been an attempt to recruit on several occasions to a data security officer post and we have not been successful in I.S.D. (Information Services Department) in doing so. We did look to get a contribution from each department towards the data security officer post in the way that you describe. In the end we decided that it was so essential for the States as a whole to have a fully funded data security post that we put the post in as a growth bid.

**Senator S.C. Ferguson:**

You are going to fill it from there? Do you have the job description sorted out to take care of all the problems that were highlighted in the former Auditor General's data security report?

**Treasurer of the States:**

Yes.

**Senator S.C. Ferguson:**

Because there we some very severe problems there.

**Treasurer of the States:**

Yes, that is one of the drivers.

**Senator S.C. Ferguson:**

So that was a really good report that you all took notice of.

**The Chief Minister:**

Let us be honest, Chairman, that is why this bid is here because it recognised that the weaknesses highlighted in that report needed to be addressed. As the Treasurer said previously, the approach to try to secure funding was not successful and it is another of those cases where we are being absolutely transparent and saying this is a need, let us fund it.

**Senator S.C. Ferguson:**

Thank you. James, I think you are on.

**The Deputy of St. Ouen:**

Yes. I just want to touch on what spending pressures still exist outside of the provision made in the Medium Term Financial Plan and if such pressures do exists how you plan on addressing them?

**The Chief Minister:**

Are you talking about ...

**The Deputy of St. Ouen:**

Generally.

**The Chief Minister:**

Generally or ...

**The Deputy of St. Ouen:**

Yes. Let us start with a simple question. Are you content that the Medium Term Financial Plan deals with or addresses all the funding pressures and service pressures that you are aware of within your department?

**The Chief Minister:**

Yes, I am.

**The Deputy of St. Ouen:**

So you are, therefore, saying that there are to your knowledge no additional funding pressures that will be required to be met outside of what has already been provided for in the Medium Term Financial Plan?

**The Chief Minister:**

I look to my Finance Director but I am not am aware of any that will be needed. That was the whole point that we are trying to out our budget on a base budget footing.

**Finance Director, Chief Minister's Department:**

Everything that we know about at this point is provided for and the uncertainties that have raised their head that you have mentioned before, the Freedom of Information for example, there is a provision in contingency in emerging items because we do not know at the moment what will come out of it. So everything that we know about and some things that are hovering on the horizon all have some provision within the Medium Term Financial Plan. We are content, and I will be happy, if we get this.

**The Chief Minister:**

Yes, I suppose I was not thinking that issues like the Committee of Inquiry and the Historic Compensation Scheme which are in but obviously they are going to be one off pressures and then we move on.

**Senator S.C. Ferguson:**

Contingencies even.

**The Chief Minister:**

Yes, that is right. That is why they will be funded.

**The Deputy of St. Ouen:**

You are comfortable that within Medium Term Financial Plan the overall expenditure limits as set in the Medium Term Financial Plan that the contingency amounts within that plan are sufficient to meet some of those issues, whether it is Freedom of Information Law, Historic Child Abuse Inquiry, other matters and perhaps some unknown because who knows what is around the corner, will be met?

**The Chief Minister:**

I am and the Treasurer, the Minister for Treasury and Resources and all Ministers are also.

**Treasurer of the States:**

If you recall the slides provided to you at the presentation recently, it is also within the Medium Term Financial Plan itself. There is a schedule which sets out the contingencies. There will be £6 million carried forward from 2012 into 2013, a further £6 million 2014 and a further £7 million in 2015. In addition to that we have other sources which I mentioned to you earlier, such as the insurance fund and we mentioned the Historic Child Abuse claims. We have set aside £5 million of the insurance fund to meet the Historic Child Abuse Inquiry claims.

**The Connétable of Grouville:**

Sorry, how much is in that fund?

**Treasurer of the States:**

£5 million we have set aside to meet the Historic Child Abuse ...

**The Connétable of Grouville:**

So £5 million of £6 million has been set aside?

**Treasurer of the States:**

No, no. So, after allowing for the £5 million there is still the £6 million left.

**The Deputy of St. Ouen:**

So that is outside of the overall spending limit as set in the Medium Term Financial Plan.

**Treasurer of the States:**

It is within a reserve.

**The Deputy of St. Ouen:**

Yes, so what we have been told is that although we are supposed to be getting rid of Article 11(8), which is the additional expenditure that crops up in an annual business plan, there are still pots of money which sit outside the overall expenditure levels that can be and will be accessed if the sums do not add up.

**The Chief Minister:**

I am not sure that it is if the sums do not add up because we all know that we agreed to pay the compensation claims, so there is no lack of clarity around that. It is clear, as the Treasurer said, where they will be paid from. So it is not a 11(8) request at all. Perhaps maybe I should revisit your question. I am confident that this plan covers those issues and what you might consider were normal annual contingencies. You cannot, I suppose, expect me or any person to say anything above and beyond that.

**Senator S.C. Ferguson:**

What is normal annual contingency?

**The Chief Minister:**

What previous record or previous experience has been.

**The Deputy of St. Ouen:**

So just to be clear, are you saying that the Medium Term Financial Plan that we have now is fashioned ...

**The Chief Minister:**

You can have confidence in it, yes, I am.

**The Deputy of St. Ouen:**

... on allowing for and flexible enough to allow for additional growth and other funding pressures that we have seen within the period, let us call it 5 years, within the annual business plan process?

**The Chief Minister:**

The Treasurer might be better able to answer that.

**Treasurer of the States:**

Yes, certainly. Within the general contingencies we have £6 million in 2012 to carry forward to 2013. So we have that available in 2013. We have a further £6 million in 2014 and a further £7 million in

2015. In addition to that we have other sources like the insurance fund. So we set aside £5 million of the insurance fund to deal with the H.C.A. (Historic Child Abuse) claims. We still have around £6 or £8 million left. I will get you the correct number on that. We also have other funds such as the Criminal Offences Confiscation Fund which can be used to meet particular items of expenditure which crop up that are within the terms of that fund. There is £14 million in that fund and there is a little bit in the Drug Trafficking Confiscation Fund which we can also use. So there are these other funds and reserves that we can use as required, providing that the expenditure needs are appropriate to be met from those funds.

[17:30]

**Senator S.C. Ferguson:**

Yes, so the expenditure is fairly limited on those. The limits are fairly tight on the drug and criminal Funds.

**The Connétable of Grouville:**

Yes, every time I have gone to the drug fund for various projects it has always been full, it is gone or the police have it or something like that. There never seems to be any money there for charitable purposes, put it that way.

**Treasurer of the States:**

There is not very much in that one, I have to admit.

**The Connétable of Grouville:**

No, I think they have smuggled it away somewhere.

**Treasurer of the States:**

But there is £14 million in C.O.C.F. (Criminal Offences Confiscation Fund) because of the recent issues.

**The Chief Minister:**

We provided more information here. We have tried to deal with emerging issues and potential issues in a way which we have never done before and try to use the longer term or medium term nature of this plan - to put it crudely - to get to grips with some of those issues. The Treasurer has done a fantastic job to be able to do that.

**The Deputy of St. Ouen:**

I do accept it to be a challenge. It is just that we need to be able to report to States Members that we have confidence in the plan and that the Council of Ministers and the Departments are going to manage the service within the budgets allocated rather than necessarily top up on an annual basis, or rob from, or add to their services by taking from other pots and other accounts outside of the limits that have been set.

**Senator S.C. Ferguson:**

I know this is a meeting about your Department only, Chief Minister, but there are obviously concerns certainly among the population about the way spending is growing. At the end of this plan we are talking net revenue expenditure of £711 million, which is something like £7,000 per person per head in the Island, which is frightening.

**The Chief Minister:**

I do not think it is frightening. I know that some people have verbalised those concerns but I think we have to sometimes stop and look at what is the alternative. Is it wrong that we are investing in our health services? Is it wrong that we are investing in getting people back to work and appropriate training and we are putting funding into base budgets in an appropriate way? Is it wrong that we are investing in social housing? I do not believe it is. I believe that it is the right thing to do. While there are people who are saying that we should not be making this spending - I disagree with that - there are also people who say that we should be spending more. I always think it is a good barometer. If people are kicking you from both sides you are probably about right.

**Senator S.C. Ferguson:**

Yes, and I do not think anyone is objecting to the money being spent in those particular areas, providing we are getting value for money. I think this is the essential thing.

**The Chief Minister:**

That is a process asking a question that never stops and should never stop.

**Senator S.C. Ferguson:**

Absolutely. Anything else then?

**The Deputy of St. Ouen:**

I think we have overrun a little.

**Senator S.C. Ferguson:**

Thank you very much for your time. I declare the meeting closed.

[17:34]