



Corporate Services Scrutiny Panel

Government Plan 2022 - 2025

Witness: The Chief Minister

Friday, 22nd October 2021

Panel:

Senator K.L. Moore (Chair)

Deputy S.M. Ahier of St. Helier (Vice-Chair)

Senator T.A. Vallois

Senator S.W. Pallett

Witnesses:

Senator J.A.N. Le Fondré, The Chief Minister

Mr. A. Hacquoil, Group Director, Strategic Finance

Ms. F. Capstick, Head of Technology, Modernisation and Digital

Ms. R. Johnson, Head of Policy

Mr. I. Cope, Interim Director, Statistics and Analytics

Mr. S. Skelton, Group Director, Strategy and Innovation

[14:00]

Senator K.L. Moore (Chair):

Good afternoon, welcome to this Corporate Services Scrutiny Panel public hearing regarding the Government Plan. We will start off with the usual introductions, if we could. I am Senator Kristina Moore and I am the chair of this panel.

Deputy S.M. Ahier of St. Helier (Vice-Chair):

Deputy Steve Ahier, Vice Chair.

Senator S.W. Pallett:

Senator Steve Pallet, panel member.

Senator T.A. Vallois:

Senator Tracey Vallois, panel member.

The Chief Minister:

Senator John Le Fondré, Chief Minister.

Interim Director of Statistics and Analytics:

Ian Cope, interim director of Statistics and Analytics.

Head of Policy:

Ruth Johnson, head of policy.

Group Director, Strategic Finance:

Andy Hacquoil, the group director of Strategic Finance.

Head of Technology, Modernisation and Digital:

Fiona Capstick, head of Technology, Modernisation and Digital.

Group Director, Strategy and Innovation:

Steve Skelton, group director of Strategy and Innovation.

Senator K.L. Moore:

Thank you all very much. If we could get started, Chief Minister. We would just like you to talk us through, if you could, the direction in relation to the prioritisation that you and your Council of Ministers have placed on programmes and projects within the Government Plan?

The Chief Minister:

Obviously the principle is this Government Plan builds on the others and so a lot of it is maintaining programmes but with the added challenge of recovery from COVID. That is probably the summary position.

Senator K.L. Moore:

Indeed COVID has caused a severe change both to society and also to public finances, therefore we would be interested if you could perhaps elaborate on how your approach and direction has changed and been modified following the COVID experience and therefore the subsequent recovery that the community expected?

The Chief Minister:

Obviously we are still in COVID so we have made various provisions, given the ... if you want to use the term “uncertainty”, we believe we can hopefully foresee where we go in the next few months but we have got contingency amounts aside which will give the flexibility if we did need to respond, in other words if something comes through that we are not expecting. In terms of the prioritisation, as I have said, it has been building down ... continuing the strands coming through from previous Government Plans and the C.S.P. (Common Strategic Policy) that where, for example, education and health have come along and said: “We are seeing issues around ...” whether it is more referrals from C.A.M.H.S. (Children and Adult Mental Health Service) or whatever then obviously - and also has been run past the Minister and then to the Council of Ministers - extra funding has been suggested in the Government Plan.

Senator K.L. Moore:

COVID has obviously resulted in some quite significant societal change, more people are working from home and migrants returning home. We heard last week from the Treasury team and the Comptroller of Revenue that he considers there has been an exodus from the Island. What implications does this have for the Island, its labour market, in particular the provision of public services and performance of the wider economy?

The Chief Minister:

At this stage the forecasts for income remain as they are. Obviously we will get further data that will come through from the census and from the updates that will come through on tax revenues as we see the tax returns being finalised, et cetera. But at this stage we are not anticipating any changes in terms of figures for the Government Plan. I am obviously looking to the gentleman to my left. Obviously in terms of the impact which is being seen in the whole range of jurisdictions and societies around misuse of manpower, for example, obviously there are separate pieces of work that are being put together. That, if funding is required, can be sourced from some of the economic recovery pots or, depending on the source, for example, the COVID contingency if that was an appropriate source.

Senator K.L. Moore:

Could you perhaps elaborate? What sort of projects do you mean? Would those be directed at boosting productivity or perhaps ... how do you envisage seeing more people working in the private sector?

The Chief Minister:

There is work going on to properly understand the issue and seeing what solutions can be brought together, and those discussion are happening and I would hope we would get some ... I think we have a workshop at the Council of Ministers in 2 weeks' time, depending on the States and that will then generate any proposed outcomes that will hopefully lead into some action points either during the course of the rest of this year or the early part of next year.

Senator K.L. Moore:

One of the lessons taken from COVID has been the importance of public health. Could you describe, perhaps, how the plan strikes a balance between public health and the acute health service?

The Chief Minister:

I think from my perspective I would tend to take a fairly high level of that. I would have thought it was more properly directed at the Minister for Health and Social Services. Do you want to just repeat the question?

Senator K.L. Moore:

Yes, of course. Obviously being the Chief Minister you should have a broad approach to ensure all needs of the community are met, so I am asking you how you feel this strikes a balance between delivering upon needs of public health, for example, obesity, managing people's diets and active travel, sustainable well-being measures, perhaps, versus the needs of the delivery of acute health services?

The Chief Minister:

Sorry, I was misinterpreting the question. I was going to that split between public health, as being better off, and acute health as in directly the hospital or G.P.s (general practitioners). If you are looking at the wider health impact on the societal public of the Island, I think there is quite a good balance in there. There are references to a health and social recovery fund, which does look at some of those wider issues but equally, depending how you allocate that split, it kind of sits somewhere in the middle. There is obviously quite a lot of resource being put in for COVID recovery, for example, in mental health, et cetera.

Senator K.L. Moore:

I will move on. Across the world, and I think you have already identified that some of the changes have been exposed by the fragile global supply chains at the moment. Of course, as a small Island community we are further exposed to interruption of supply and we have already seen that in terms of shelves and shops being empty on regular occasions at the moment. So what measures are there in the plan to ensure a prudent response to these risks and to ensure that Jersey, in terms of

fuel, food and medicine, is made resilient when confronted with the supply shocks that we have seen and are still ...

The Chief Minister:

We have not had any supply shocks, for example, on fuel, certainly not to my knowledge. I am looking down at Steve to see if he has any different information.

Group Director, Strategy and Innovation:

No, price changes but no supply issues.

The Chief Minister:

We also made sure we had resilience in terms of our supply lines for a combination of reasons, one was COVID and one was Brexit and that resilience carries on.

Senator K.L. Moore:

In your foreword, you mention, and I quote: "From the beginning of 2022 a new health and social recovery fund will support targeted and timely recovery projects, strengthened through the leadership of a political oversight group who will champion health, social recovery and well-being activity across all government departments." Could you explain why you have added yet another political oversight group to your toolbox?

The Chief Minister:

We could have just given it to the Minister for Health and Social Services to spend the money but we rather liked the idea of having a slightly wider oversight on that area. We do think it is important it is a different sum of money to economic recovery. This is a slightly more nuanced area. It met for the first time on Tuesday I think, but anyway this week.

Senator K.L. Moore:

The political oversight group is already constituted?

The Chief Minister:

Yes, it is meeting but that is more in preparation that if the Assembly agrees the funding. For example, there will again be some suggestion for funding and business cases being produced in terms of additional work required, for example, in C.Y.P.E.S. (Children, Young People, Education and Skills) again in the mental health territory and, for example, on children's dental issues that if we can be ready to roll if the Assembly approves it then some of those things can be implemented very swiftly in the first quarter of next year. For dental there is a discussion to see if there is some

money that can be found to implement that earlier but that is a discussion obviously within existing budgets.

Senator T.A. Vallois:

Is there a terms of reference that is applied to the political oversight group so we can understand the objective and the *raison d'être*?

The Chief Minister:

There are some terms of reference agreed, so that is no problem. You can have them.

Senator T.A. Vallois:

Okay, thank you.

Senator S.W. Pallett:

Is this the Sustainable Well-being Political Oversight Group that has already been set up or is that another political oversight group? There is a Sustainable Well-being Political Oversight Group that was set up to look at well-being across government and I think it had terms of reference and it had members, so this is over and above that?

The Chief Minister:

No, as far as I am concerned ... I think it is the Health and Social Recovery Political Oversight Group.

Senator K.L. Moore:

How are you allocating funding to this additional fund?

The Chief Minister:

There is money in the Government Plan proposed under that heading, hopefully you can tell me what page it is identified on. But, as I said, we are not committing anything, we are just preparing the administration side of it for if the Assembly agrees and thinks it worthwhile, obviously if it does not then the programmes will not go ahead.

Senator K.L. Moore:

Given that this is the last gasp of your Government, what is the likelihood, given the track record of previous political oversight groups of failure to deliver over a period of years, that we will see anything tangible emanate from this?

The Chief Minister:

Can you give some specific examples of where previous P.O.G.s (political oversight group) in number have failed to deliver?

Senator K.L. Moore:

I think we have seen very slow delivery from the Housing Political Oversight Group, from the revenue one who have not met for over a year, I think ...

The Chief Minister:

The Revenue Policy Development Board has met very regularly on a monthly basis.

Senator K.L. Moore:

Well, perhaps you are not including all of the Members anymore. We are certainly aware of some Members who have not returned to those meetings, if they have been happening.

The Chief Minister:

Such as?

Senator K.L. Moore:

We are here to talk about your Government Plan.

The Chief Minister:

No, the reason I clarified it is you made an assertion that the P.O.G.s have not worked and I was just looking for you to back up that assertion.

Senator K.L. Moore:

Sure, let us go back to the housing one then; there is no point in splitting hairs on the membership of the Revenue Political Oversight Group. The housing one took some time to deliver a report and that money was allocated 2 Government Plans ago and still not being used, so 2 years later ...

The Chief Minister:

You will recall the Minister for Housing and Communities resigned and that delayed matters.

Senator K.L. Moore:

But the political oversight group remained in place throughout that period.

The Chief Minister:

Well, he chaired it and ...

Senator K.L. Moore:

You still have a Minister for Housing and Communities.

The Chief Minister:

Yes, and the new Minister for Housing and Communities is very much acting and moving quite swiftly. In fact, one would suggest possibly more swiftly than the previous one.

Group Director, Strategy and Innovation:

Can I clarify? I think for terminology sake, the Housing and Policy Development Board was instituted by the previous Minister and concluded its work and reported at the end of 2020. The Housing Political Oversight Group was established by the new Minister in May, I think, and has met several times since then.

The Chief Minister:

Thanks for the correction, actually you are right, yes.

Senator K.L. Moore:

Thank you, but it still has not delivered anything during the lifetime of your Government. But this is an objective process and I do not want us to get bogged down in political nonsense. Shall we move on to the next question which is: previously the recoup of tax liability associated with the prior year basis tax reforms were earmarked to repay the COVID debt? It is now asserted in this Government Plan that same pot of money will also meet some of the expenditure for the Our Hospital Project. Could you describe to us how it is going to achieve both?

[14:15]

The Chief Minister:

Essentially the switch to current year basis is projected to raise around £340 million, off the top of my head, £345 million.

Senator K.L. Moore:

Over a period of 24 years.

The Chief Minister:

Yes, and the COVID debt is projected - if you exclude the fiscal stimulus - around £209 million. Obviously that is a difference there, a reasonably significant difference and therefore that sum of money, that difference, can be used for something else. All we have said in there ... I cannot remember the exact phrasing in the Government Plan, certainly verbally I have said it is in the hands

of future Assemblies and future Council of Ministers to decide. My view is I have said it could go towards, for example, reducing the debt from the hospital. Or the alternative way of looking at that, it goes into the reserves which then grow bigger and therefore contribute more towards the repayment of the debt of the hospital.

Senator K.L. Moore:

If everything goes to plan A. The Assembly supported Senator Gorst's amendment with relation to borrowing requirements, so surely it would be a natural political thing to do to accept the will of the Assembly and attribute that money to reducing the element of borrowing that your Government is ...

The Chief Minister:

Well, you made the point, it is over 24 years so you have to get between that gap now to 24 years down the line. That is what I said, I think, in terms of its use to reduce borrowing that it will be a decision of the Assembly as and when those monies come in. Your first priority of raising that money is going to be clearing the COVID debt. It is only at the end of it, X number of years down the line, that you will go into surplus and you will make that decision what you want to do with that surplus.

Senator S.W. Pallett:

It is understood that the legislative pipeline has been under pressure in 2021 but why has certain legislation not been a priority by yourself and the wider government? I will give 2 examples: the Public Inquiries Law and the Employment of the States of Jersey Employees Law.

The Chief Minister:

It has not been a case of things not being a priority but it has been a case of essentially the delays that have come through from COVID, particularly in the second wave, have caused delays down the line. We, as you know, continue to be in COVID. We are trying to deal with the big issues, shall we say, and get things in the right places but you are now down to the impact of that time.

Senator S.W. Pallett:

Okay, well accepting COVID, are you concerned that there will be any negative consequences due to these not being taken forward earlier or these laws not being brought forward earlier?

The Chief Minister:

I think it depends on which laws.

Senator S.W. Pallett:

Well, those 2 in particular, the Public Inquiries Law.

The Chief Minister:

The Public Inquiries Law is being brought forward and is ...

Senator S.W. Pallett:

Is that now a priority?

The Chief Minister:

Yes, and the States of Jersey Employees Law, I cannot remember where we are on the schedule at the moment but there is ...

Senator K.L. Moore:

The changes to the Employment of the States of Jersey Employees Law were identified as needing to be amended when P.1 was brought in and accepted by the Assembly, the previous Assembly, so in the early part of 2018.

The Chief Minister:

But given that we have a list of legislation and prioritisation that has to go through ... for example, I would put the Children and Young People Law ahead of the States of Jersey Employees Law. But that is a personal perspective, the point being is that is slightly ... when I say in flux at the moment, has not been finalised. It is in the process of going to Ministers pretty much as we talk and as we discussed at S.L.C. - that is Scrutiny Liaison Committee for the purposes of the tape - this morning, we are hoping to bring that schedule back to S.L.C. ... I think the Council of Ministers meet on either the 9th or it will be the following meeting, which will be a week later, so it will be no later than the third-ish week of November, it will not be the end of November, and once C.O.M. have agreed the revised schedule and are happy with it, it will come here or will come to S.L.C.

Senator S.W. Pallett:

On a general point, do you think the policy pipeline has slowed down the opportunity to bring policy forward, having policy officers in one area rather than having across government?

The Chief Minister:

I have to say I think it has given a far more co-ordinated approach and certainly I have been particularly impressed by the quality of policy generation that has occurred.

Senator S.W. Pallett:

But what about speed?

The Chief Minister:

There was always a trade-off and certainly I can remember in Council of Ministers in 2007, when I was Assistant Minister for Treasury and Resources, there was a schedule that was brought forward which gave the various likely time required for different laws and there was an allocation process that went through. To an extent, this is a slightly more sophisticated version. It is a similar type of normal project management, I would say. I do not think it has slowed down, I do think the pause is - I am afraid you are going to hear it lots today - the impact of COVID. You cannot assess it because a lot of people were pulled off to different areas to focus very much on changes in 2020 and even, to an extent, I think that still continues. I will look directly at Ruth and Steve on this matter.

Senator S.W. Pallett:

Okay, I think we accept the general point about COVID. Moving on, what has been done to reduce inequality in this Government Plan?

The Chief Minister:

Where do you want to start? In terms of what has been done in the run-up to the Government Plan there have been various measures put in place. If you look at even in here now, I will have to go to the plan, I am afraid, because I do not have the detail.

Senator S.W. Pallett:

The section starts on page 60.

The Chief Minister:

Part of the issue here is that you will have existing growth that has come through from previous plans, which is still underlying, this is the additional on top. If you look around specifically in 63 onwards, yes, it talks about the housing side, it does talk about the income expenditure survey, which we know was delayed. I am sure Ian would be delighted to comment on that if you wish us to, which will then feed into information that will then go into the poverty strategy, which then obviously impacts and improves on inequality.

Senator S.W. Pallett:

But to be fair, it is light on detail. How is this Government Plan going to aid those in relative poverty, because they are the ones that are suffering and struggling?

The Chief Minister:

What I was trying to use as the example - apologies I am just trying to find the relevant bit, which I will get to in a minute - if you look down on the piece of work that is identified on page 192 of the plan rather than the annexe, which says: "Reducing inequality and improving the standard of living"

you have items that are coming out around tenants' rights, as was identified on page 64, things around worker's employment rights. You also have, for example, the financial independence in old age scenarios and you have things like disability. There is funding that goes into each of those work areas which will improve matters for Islanders. The reason I pause is because between the strict definition of income inequality versus what you have alluded to, which is making people who are at the ...

Senator S.W. Pallett:

Poor end of society.

The Chief Minister:

I do not necessarily like the expression but the poor end of society making their lives better. For example, as you know, the Minister for Social Security announced just before Christmas the change in access in terms of G.P. fees, which from memory impacted and benefited around between 10,000 and 12,000 Islanders. That, strictly speaking, does not improve income inequality but it does benefit those at the poorer end and that is why I was pausing about that distinction.

Senator S.W. Pallett:

One of the big budget items, I think, for any household is going to be the cost of housing. I just note in here you have your fair rent supply and it will be published by the end of 2021. When is that due?

The Chief Minister:

Again with the workshops that we are doing over the next few weeks, housing is one of those components. There have been meetings and discussions particularly driven by the new Minister for Housing and Communities, or relatively new Minister for Housing and Communities, which are exploring certain areas which we would hope will assist in terms of the housing problems that we are presently facing.

Senator S.W. Pallett:

Will that look at social housing rents, which a lot of people have suggested ...

The Chief Minister:

Social housing rents ... so Andium rents and that tends to then move on to the housing trust which therefore in its entirety pretty well covers your social housing rents. They have been frozen for another year and that is identified in the plan.

Senator S.W. Pallett:

Moving on from that, what are you going to do as a Government to ensure inequality of Islanders is not increased as we recover from COVID-19, so those margins do not increase?

The Chief Minister:

I think there are 2 answers. There is what we have already done. Obviously there was a lot of support that went into helping Islanders and even when we did the Spend Local card, we made sure that those on benefits and Pension Plus - off the top of my head, hopefully Steve can remind me on that one - equally received an extra payment over and above the cards. There were some measures, those were short term obviously and one-off measures that were put in place last year, and there are other measures that are in place as well about general support. Your issue going forward in terms of the data side, obviously, we have had delays again from COVID - which Ian I am sure can talk to if you wish him to - on the gathering of that data to put metrics around what you said. If you look at trying to help Islanders who are seeking to recover from COVID, and if it is in that medical health reskilling and that type of territory, there is money in various pots in the plan to do that. If it is around identifying whether that gap in the metrics has increased, the surveys are there and they will be ready for the next Council of Ministers to make the evidence-based decisions to improve matters if there are errors we have missed. We have taken measures to support Islanders going through in terms of dealing with recovery from COVID. A lot of focus has gone into mental health, it has obviously gone into children in terms of ones who have, for whatever reason, struggled as a result of COVID and there is extra money going into them in terms of educational outcomes.

Senator S.W. Pallett:

I am glad you mentioned children because it comes under the next question. Could you lay out the progress that the Government is seeking to make in putting children first and illustrate how you are going to measure that and benchmark that for progress in future years. How are you going to benchmark that and what are you doing?

The Chief Minister:

If we go and look at the general principles around the benchmarking and performance reporting, that is when you would tie into the performance framework territory and the other metrics, including the departmental service provision. Again, there are delays in getting some of the data up. It does not mean that just because it is not published in one place we do not know about it. There is that thread that we were very clear on at the very beginning and, again ... hang on.

Senator S.W. Pallett:

Can I just ask about how you collect that data? We have issues that I have found around population and how we are going to collate data for population and migration moving forward, the fact we do not collect it at the moment and we have to.

The Chief Minister:

Collection of data is definitely a detail level which will be ...

Senator S.W. Pallett:

If we are going to talk about data, when are we going to collect it and when will it be available so that you can use it to inform you?

The Chief Minister:

If I go back to the thread, the thread starts from the C.S.P., works its way through the Government Plans and then goes down to the K.P.I.s (key performance indicators) that are identified through the performance framework. I do go into the various pages in the annexe, I can talk you through one, if you want. But there is a thread that goes all the way down the line and then if you go on to the website you will see there are various metrics which have been loaded, and a lot of them come through Statistics Jersey, which then say on an annual basis how we are doing. There is a slight delay in getting some of it up but equally, as we did earlier this year, we are also then breaking that down so it is a further development that is evolving of either giving monthly or quarterly data within any particular year.

[14:30]

As we said, that was one of the things we laid out that we were heading to do, which was about transparency, it was about the performance framework monitoring and things like that. We have had delays and glitches and all the rest of it, as you probably would expect.

Senator S.W. Pallett:

So as far as you are concerned the monitoring controls are in there?

The Chief Minister:

What I was going to say is I think the best point is, yes, there are metrics in there that can then be used to monitor where everything is going. They feed through the Government Plan. But part of that, because we have had an abnormal year with the COVID, what I will safely say is that what we have built is a foundation which will then give very good data going forward for future governments to work on.

Group Director, Strategic Finance:

Can we just chip in on the population? So obviously we ran a census last year, the Statistics Jersey release calendar is already out for next year which commits that we will be publishing the census

results in Q1 and Q2 of next year and obviously the population by Parish will be the first release; that is all on track. Then Statistics Jersey annually does a population estimate, so it takes the census and it adds on births and deaths and an estimate of migration, and it will update that on an annual basis going forward. The last population estimates are for 2019.

Senator S.W. Pallett:

But that is all on track?

Group Director, Strategic Finance:

Yes, we will be publishing the census results at the beginning of next year and I am sure it will give you a huge richness of data.

Senator K.L. Moore:

If I may just push back on the performance framework assertions that have just been made; if we look at some of the metrics for children, for example, the information on the performance framework website dates from 2019 has not been updated since.

Group Director, Strategic Finance:

You are right, I have had some staffing vacancies and the data has not been updated in the Jersey performance framework. The Jersey performance framework brings together in one place a lot of data from across government that is already published. There are about 200 metrics of which over half are from Statistics Jersey, so whenever that data is available, of course it gets published by Statistics Jersey. There are some measures in there that rely on the Jersey Opinions and Lifestyle, and those questions had not been asked for a while, so they are a bit of date. If you go on the Jersey Performance Framework and you look at R.P.I. (retail price index), that is out of date, and of course that data is available elsewhere on the website. It is available to the public, it is available to government.

Senator K.L. Moore:

But in terms of openness and transparency, if that is the place where people are pointed to go for up-to-date information so that they can monitor and track the performance of a government and, as the Chief Minister has said, this is one of the golden threads running through his Government Plan and one of the factors that has influenced the decisions made by Ministers to develop this Government Plan, it is based on information that is over 2 years out of date.

Group Director, Strategic Finance:

There is a transparency issue and an ease of access; I will accept that. I have somebody who is in post and that data will be updated by the end of the year. We are putting the data in now, so I

apologise for the fact that in that part of the website the data has not been updated. But most of it is available elsewhere, Statistics Jersey, and also, as you will be aware, we have introduced departmental service performance measures. They were first reported on in 2020 and the outcomes were reported and included in the 2020 Annual Report and Accounts. As of this year, the Government committed to publish that data quarterly so we published Q1 and Q2 at the end of August alongside the mid-year review and the option Q3 data in mid-November. That includes, for instance, the number of referrals of children to social care, which is one of the Jersey performance framework measures when you have Q1/Q2 data of this year. It is much more up to date than it would be by looking through the Jersey performance framework. I think we are on the journey here, we are much more transparent than we used to be. Those service performance measures, there are not many other kind of jurisdictions in the world that is as transparent as Jersey has been in that space and we will have that framework up to date by the end of the year. So I do accept and apologise for the fact that it is out of date at the moment.

The Chief Minister:

But I think the point is, this was done during our time, it is an evolving tool, we have had glitches, as we have said, mainly because of COVID, but it is the part of what I said of leaving a good legacy for a future Council of Ministers to then build on. It was not there when we came in; it is now there.

Senator S.W. Pallett:

I will move on to my last question in this section: what does this Government Plan do to assist households, particularly those with lower incomes, to decarbonise? There has been a lot in the news this week about ground source heat pumps in the U.K., transport, electric vehicles, you name it. What are we going to do to help those with low incomes to decarbonise?

The Chief Minister:

Do you want to talk about the Climate Emergency Fund, et cetera?

Group Director, Strategy and Innovation:

Yes, the Government Plan sets out a projected expenditure for the Climate Emergency Fund of around about £23 million over the next 4 years. It also points to the detailed carbon neutral roadmap which will be published before the end of this year.

Senator S.W. Pallett:

Can I ask you a question on the £23 million to start with? Is that even going to scratch the surface of what we need to do as an Island?

Group Director, Strategy and Innovation:

I think the documents we published before recognise the scale of the challenge and, no, absolutely it is not. So, Ministers have been working on their preferred strategy for carbon neutral, which includes a financial strategy which recognises that significantly more money will be required to mount a change. The Government Plan does reference the work of the Revenue Policy Development Board, which proposes a series of areas where additional revenue might be raised in part and possibly go into the Climate Emergency Fund. What you will see in the preferred strategy when it is published in the coming weeks is a short, medium and long-term approach. The short term is to make use of the Climate Emergency Fund as we have it but there is a lot further to go.

Senator S.W. Pallett:

But in terms of lower incomes, how are we going to engage people on lower incomes, or how will they be part of the journey?

Group Director, Strategy and Innovation:

Again, and slightly pre-empting the work that is to be released, you will see in there a reference to the importance of supporting people to implement low-carbon technologies which are currently higher in cost. I think the Minister's intent is that those on lower incomes are supported proportionately ...

Senator S.W. Pallett:

Could they include a potential subsidisation of things like ground source heat pumps, for example?

Group Director, Strategy and Innovation:

Yes, there is a range of low-energy technologies. They might be in the transport field, they might be in the heating field, et cetera, but, yes, there is government support intended in a number of those areas.

Senator S.W. Pallett:

Okay, I am going to hand over to Deputy Ahier.

Deputy S.M. Ahier:

Thank you, Senator. There are a number of projects that are "fund as required". Why is it acceptable to you, Chief Minister, to lodge a plan that ties public finances to figures that are not identified?

The Chief Minister:

Can you possibly point me to the right direction in the plan?

Deputy S.M. Ahier:

I certainly can. The one that is concerning me most is the Climate Emergency Fund and sustainable transport. It says "fund as required". Now it has just been mentioned that there will be £23 million over the next 3 years and Mr. Skelton has just mentioned that significantly more money will be required. So clearly the sums involved are going to be very large and I wondered why they were not incorporated, those figures, into the Government Plan?

The Chief Minister:

Can you give me a page number?

Deputy S.M. Ahier:

Sorry, that is on page 69: "Protect the natural environment: fund as required."

The Chief Minister:

As opposed to C.S.P. reference 5-2-10 or something. I think probably it is an indication that it bases a reference, to be honest, from my perspective, i.e., because we are not saying, if you look underneath the one which says 5-2-07, that is all it is. So essentially, if you are worried that, for the sake of argument, this is going to give a blank cheque to a Council of Ministers to go away and spend, I do not know, £50 million on a new sustainable transport policy without referral to the Assembly. We will look very clearly and hope we can say no if there are any other measures that come through. So I think what it is trying to say is that there are steps within the Climate Emergency Fund, there are ones that are laid out and identified within the area we are in, but when you come to the document, for example, Steve Skelton has just referred to, that will then become a separate States decision. Then, depending on the timing, bearing in mind, because the climate emergency is very much long term and obviously goes much further than the time period of the Government Plan, if there was a change that was required for the next year you would do an amendment to the Government Plan, if that was required, which would require States Assembly approval. That is my loose answer.

Group Director, Strategic Finance:

Agreed. When it comes to the Climate Emergency Fund, obviously the way the expenditure is approved is slightly different to departmental expenditure and the details and estimates of the expenditure from the Climate Emergency Fund are set out later in the document. If I were to refer you to page 173 which does set out the intended spend from the Climate Emergency Fund, that would be under the terms of reference and governance of that fund which is a States fund established under the Public Finances Law, not as a department head of expenditure. The funds in the Climate Emergency Fund are available. There are particular lines about sustainable transport included in there, so these are amounts which have been identified and included in the plan.

Senator T.A. Vallois:

Just so I can clarify “fund as required”, if you require the particular funding for something to do with the climate emergency, would you have to utilise then the heads of expenditure, Article 18 of the Public Finances Law?

Group Director, Strategic Finance:

No, you can incur expenditure directly from the Climate Emergency Fund. It is set up as a States fund and therefore can incur expenditure in line with this purpose.

Senator T.A. Vallois:

Okay, can I just check one other thing then on the “fund as required”? Because on page 71, or even page 70, we have “fund as required” for disposal of recycling materials or glass contract. Now I cannot find that anywhere in the table at the back against those, only the resources, marine resources. Would that ...

Group Director, Strategic Finance:

I can comment on those ones. Those are initiatives that were identified through the process with business cases in the same way that we would do for other initiatives that have been included in the plan with the C.S.P. reference. However, because there are some uncertainties around the actual amounts and timing of the funding of some of those initiatives, rather than building them in a specific line in the departmental head of expenditure, amounts have been put aside within the reserve head of expenditure to allow us to be able to fund them when those business cases crystallise and the numbers and the actual requirements have become more certain. So I can reassure you that there are provisions made in the plan to be able to provide expenditure for those. What they have not done is given and said: “Well this is the number it will be” because there is more information and more work that is needed before that allocation would be made.

Senator T.A. Vallois:

If I can, to the Chief Minister, then on that basis, before we debate the Government Plan in December, if any of those business cases have crystallised at that point, would you create an intention to amend the Government Plan?

The Chief Minister:

I do not think it will be an amendment but you would publish the business case, would you not, if we needed to?

Group Director, Strategic Finance:

The normal mechanism would be, the actual requirement for when the money is required on these is often in later years of the plan as well which are not being approved explicitly by the proposition for the Government Plan. So the normal mechanism would be to use a business case through the normal reserves policy to release that funding.

Senator K.L. Moore:

But given that this is an annual Government Plan and there will be a new Government next year, why would that be a legitimate ask of the Assembly? Essentially you are asking for a blank cheque for projects. If you are correct in that all of these projects are not necessarily going to be delivered next year anyway, what is the point including them? Surely the Assembly would be better to ask them to be removed from the plan for this year because they are irrelevant and then they can be voted upon at a later stage by a future Assembly when there are figures attributed to them.

Group Director, Strategic Finance:

By including figures in future years of the plan, we are making provision to make sure that we are maintaining balanced budgets while allowing for those pressures that will be coming out in future years. So if we were to remove them completely, what we would in effect be doing is understating the expenditure we think will happen in the later years of the plan. So when we are looking at how much we expect to need to borrow for the impact of COVID or when we are looking at making sure that we are maintaining a positive balance in the Consolidated Fund we would be missing out part of that.

The Chief Minister:

Yes, simplistically it is a provision and ...

Senator K.L. Moore:

Could you explain for me why these items in the text part of the plan do not have the sums that you claim are attributed to them in tables elsewhere because it simply does not make any sense?

Group Director, Strategic Finance:

The reason is because those numbers are still very uncertain, so if you were to include a number it would not necessarily be reflective of what would happen. It comes down to, you make a provision in reserves to allow for that uncertainty so that there is work to do the rest of the business case. I am not sure I quite follow your point.

[14:45]

Senator K.L. Moore:

I am not sure I quite follow how you can be claiming that these tables provide any form of certainty or balanced budgets for the Assembly to be voting upon if these figures are so erroneous that they are not even worth giving a figure to.

The Chief Minister:

No, I think the difference is - maybe you can correct me on this - about having a provision in a future forecast of expenditure so that at least in the round you have a good indication of what the likely surplus is on government spending looking forward. The whole point of the Government Plan was to avoid the position that we kind of had where firstly in 2020, you obviously had growth expenditure that was committed to that we had to basically ... well you either cut the service or we had to maintain because that had been committed to by a previous Council of Ministers. But equally, I seem to recall, you had a kind of cut-off period where it was almost like on the M.T.F.P. (medium term financial plan), I think, I cannot remember to what date, it must have been to 31st December 2019, 1st January 2020 did not exist and we did not know what the likely outcomes were going to be but please tell me if I am going the wrong way here. But my understanding completely of the way the Government Plan works is always looking 4 years ahead; therefore, over that 4-year period you are going to have some estimates in there which some are going to be more certain and some are going to be less certain. But by having a provision in there you are hopefully at least flagging that there is this, I will say, obligation, so you have to dispose of recycling materials, for the sake of argument. There is, I am going to say a best guess applied to the number, but it is an estimate, it is not a fully firmed-up figure because that is what will happen when you get to the business case. But you include that because it is not irrelevant, it is relevant, you do have to do that at some point and you need to have some form of provision there to give an indication looking ahead over those 4 years that we still remain in surplus because then that ties into requirements of the Finances Law, if I am right.

Senator T.A. Vallois:

Just forgive me, I am trying to make sure I understand the process completely there. I get the whole 4-year division and the kind of: "Here is the balanced budget." The States of Assembly only agreed one year though; they only agreed 2022 for this Government Plan. So if those items that are mentioned, going back to the "fund as required" as an example - is it on page 124? - they mention different areas. Does that mean that in future, because it has been mentioned in the Government Plan, and at some point in, say, 2024 we need a sum of money for climate emergency or let us use the glass contract or the recycling, does that mean because it has been mentioned in a previous Government Plan you can make a head of expenditure move?

Group Director, Strategic Finance:

The glass waste management and most of these would not be separate heads of expenditure, they would move to the relevant departmental head of expenditure. So in the same way that most of the C.S.P. priorities form part of a department's revenue head of expenditure, we would use the powers under the Public Finances Law to allocate money from the general reserve into that department. Equally, if things crystallise in next year's Government Plan when the next Council of Ministers consider it, they may be built into the budgets. We would normally try and build them into the budgets as we go rather than retaining them in the reserves if we do not need to.

Senator T.A. Vallois:

That is how I understand the premise of the Public Finances Law.

Group Director, Strategic Finance:

Absolutely. But at the moment with the uncertainty, what we have not done is bake them into those departmental approved heads of expenditure and are holding them separately in reserves instead.

Senator T.A. Vallois:

If we are not absolutely sure at the moment, I would ask the Chief Minister to gain some certainty over that if it has been mentioned in a previous Government Plan that there is an ability to make that movement down the line, maybe in another Government, because it has been mentioned. But it would be useful to have that certainty and understand that clearer, if that is okay.

The Chief Minister:

I think we would be able to be certain once we have understood the question properly.

Senator T.A. Vallois:

So if it has been mentioned in this Government Plan but it is not mentioned in next year's Government Plan by a new Government, as an example.

Group Director, Strategic Finance:

I see. So if you have got to the next Government Plan, obviously the Government can choose to say the glass hazardous waste management or glass waste management is no longer a priority or that the department has satisfied themselves that they do not need any of the money and have found a new way to deal with it, it would not meet ...

Senator T.A. Vallois:

So that Government Plan would override this?

Group Director, Strategic Finance:

It would, yes.

The Chief Minister:

Yes.

Senator T.A. Vallois:

Okay, I am just 100 per cent trying to make it clear in my head. Thank you. Sorry, I will pass it back to Steve.

Deputy S.M. Ahier:

Thank you, Senator. There will be additional revenue spend in 2022 of £24.4 million on modernising government programmes - which is page 53 in the annexe - on top of the agreed £39.8 million continuing programmes previously agreed. What benefit will the public receive for that figure?

The Chief Minister:

Well, for example, it depends on your definition of what benefit you will see but, for example, you will see it says "TETRA Service User" there which, from memory, is a maintenance of the TETRA licences for the police. That means, therefore, because that was not budgeted for, if you like, you will continue to see the same service from the police that you presently get. If you did not have that licence in there, communications by the police might be more tricky because of the fact they would not be able to operate the TETRA communication system.

Group Director, Strategic Finance:

If I may, the figure quoted of £24 million, it is worth noting that £21 million of that relates to the hospital financing, so that has been included within the modernising government due to the fact it is to do with financing. That is the best fit in terms of the C.S.P.s but the bulk of that £24 million relates to those costs of financing and borrowing for the hospital. So the actual number on other initiatives such as the ones that - sorry, estimated - the Chief Minister has referred to is significantly smaller than the £24 million.

Deputy S.M. Ahier:

There have been huge changes to the structure of the Jersey economy over the last 60 years: the growth of the financial sector, the slow displacement of tourism and agriculture, what is the outlook going ahead?

The Chief Minister:

I think the outlook to date is fairly positive, to be honest. The message I get from Financial Services, although we know there always remain challenges on the horizon, that we are well placed to address

them. As I said, we have also put investment in through the Government Plan to support, not only existing economy, but also, if you like, future economic initiatives.

Deputy S.M. Ahier:

Jersey's overall output and productivity have stagnated and fallen. With the potent combination of higher inflation and higher interest rates coming up against high asset priced valuations driven by the scramble for yield, what opportunities are there for Jersey?

The Chief Minister:

Sorry, in terms of looking outward to the rest of the world?

Deputy S.M. Ahier:

More so with productivity falling.

The Chief Minister:

Okay, so 2 areas: one is the issue around productivity. There continues to be work on that which obviously falls under Senator Farnham and the work that he has been doing. There is work, I believe, I might be wrong here, that, for example, cannabis would increase our productivity in the agricultural world because of the revenue that will come through - cannabis farming, I should say, for medicinal purposes - but if you then look wider, as in we put funds aside to, as I said, invest in certain areas of the economy going forward. In terms of the wider question around the outlook, as I said, the message I get from Financial Services and particularly from our direct contacts with J.F.L. (Jersey Finance Limited), for example, is that the attractiveness of Jersey remains high and that business to date has been good in the last 12 to 18 months.

Deputy S.M. Ahier:

If it turned out that the unavoidable risks outweigh the opportunities and the role of finance in our economy diminished, how should we respond?

The Chief Minister:

Well you have 2 areas. You have, as I said, some funds in here already for looking at other parts of the economy. You have various elements which potentially could be used as a contingency. If it was to the critical level, well then you would be into a different ball game, you would have to take measures in the same way as we reacted to the COVID pandemic as a crisis. You would have to take measures that would address that issue, and that is one of the reasons for keeping your reserves as flexible as we can which is also one of the reasons why we have gone down the borrowing route rather than the diminishing reserves because it is about keeping flexibility of response.

Deputy S.M. Ahier:

Would there be enough scope in this Government Plan to stimulate other sectors such as tourism and retail to give more employment opportunities to local people to pursue a wider range of work?

The Chief Minister:

Obviously there are areas around productivity, et cetera, which it depends. I think the short answer is there are opportunities and there is a sum of money under economic recovery just as a starting point. Equally, as we have suggested, we have earmarked £20 million of the dividend from J.T. (Jersey Telecom) to go towards a tech fund, which I am hoping from the Treasurer we will put some flesh on at some point in terms of what that needs to look like which would then come back to the Assembly to create. But that is then taking a longer-term look and using that windfall to invest in a sector different to Financial Services. Now obviously if you do not do it, well you will not put that investment in, I would just say that at present we have about 6 years' lead on most other jurisdictions and that will be eroded quite swiftly.

Deputy S.M. Ahier:

I will pass over to Senator Vallois.

Senator T.A. Vallois:

Just on this area, Chief Minister, what projections does the Government have for the ratio of public spending to gross domestic product or, in our version, gross value added for the economy and will this ratio rise or remain constant?

The Chief Minister:

I have to say, I have not done the calculations. I do not know if anybody has done.

Group Director, Strategic Finance:

No, I think this came up at the previous hearing with the Minister for Treasury and Resources and we are going to look at what those ratios look like. Obviously, there has been quite a lot of shocks to G.V.A. (gross value added) and typically the response of government is to spend more when the economy is suffering. So, it is unlikely to be a flat number going all the way through but we do need to do further work on that, and I think we can provide some of the projections of what that looks like based on the forecasts we have been provided by the economists for G.V.A. and the forecasts within the Government Plan for our expenditure.

Senator T.A. Vallois:

Will we have that in advance of the debate?

The Chief Minister:

If that is a request, I imagine we could. I do not know what the resource requirement would be.

Group Director, Strategic Finance:

I think we can certainly endeavour to get that to you.

The Chief Minister:

I will make the point, which Andy has referred to, obviously we have had to accept an exceptional year in 2020 reverberates on now and so it is difficult to judge what the norm is relative to where we were in 2018 and 2019. These years will have had an exceptional impact.

Senator T.A. Vallois:

But F.P.P. (Fiscal Policy Panel) have changed their forecasting around the economic changes though, have they not?

The Chief Minister:

Yes, F.P.P. have generally, I would say, given us a reasonably positive outlook looking forward.

Group Director, Strategic Finance:

Yes, the wording F.P.P. used was "cautiously optimistic" so there are still risks in the economy but it does seem to be that the drop was slightly less steep than it was feared and also the recovery is faster than was anticipated. So we are not necessarily back to where we were before the pandemic but it could have been worse and some forecasts previously were for it to be worse.

Senator T.A. Vallois:

Just an example of the implications of a drop in G.V.A. having on our public services or our taxation, could you give some of those examples or identify those?

The Chief Minister:

Well G.V.A. drops are your contribution to overseas aid drops, for example.

Senator T.A. Vallois:

Okay, well it is rather sharp and swift, straightforward.

The Chief Minister:

Well if it is a straightforward question, I can give you a straightforward answer, I think, generally.

Senator T.A. Vallois:

That is great. Just moving on to the area of performance measurement; I know we touched on that earlier, but just a couple of questions on performance measurement. Page 29 of the Government Plan outlines that as part of the Jersey Strategic Framework, there are a number of reports, so you will see them on page 29, including the annual mid-year report. How do you use these documents to help you inform and deliver a better Government Plan?

The Chief Minister:

In terms of informing and delivering a better Government Plan, I would not necessarily say that, for example, a mid-year review in itself directly informs into a better Government Plan. Some of the metrics that then feed into the D.G.s (director generals) and the accountable officers then say: "What is the underlying trend?" and they would predict the service area as what will inform into. That means we need to put some more resource here or we might need to put less resource here which then informs the Government Plan.

[15:00]

Group Director, Strategy and Innovation:

If I might, I think the purpose of the annual report, the purpose of the mid-year report, is to make transparent to the Island, to the States Assembly, what the Government is doing. The Government already knows what it is doing and so that information is kind of held in systems. I think the systems we use to make the production of those reports more efficient by having that record on an ongoing basis do provide some management benefit internally because we go through the discipline of updating them every month. So when we want to do our own departmental check on where our portfolio projects are it is easy to pull that document together, but the main purpose of reporting externally is for the benefit, as I say, of Islanders and the States Members in exactly this sort of an environment.

Senator T.A. Vallois:

I understand that but just for me to clarify, in terms of developing the Government Plan from a political level, you would have the department's management information to help you drive certain delivery and action on certain areas. But from a political point of view, how do you utilise things that have come out, like in the mid-year review, that all the public know about is much as hearsay that here is the proof there is an issue in this area of the public service, to either tweak change or completely get rid of particular programmes? Then when you bring the Government Plan forward you can say: "I have done it because of low performance, it is not achieving the aims that we wanted it to achieve." That is kind of where I am ... because it is great producing lots of reports but what is really important is how you use that information to drive better services and performance.

The Chief Minister:

I absolutely understand the question; I cannot see how I can give a different answer to what Steve has just said which is basically saying that, okay, let us use your year-end accounts. It does not matter whether it is the States or not but they all usually take 3 or 4 months to produce; therefore, they are historic and backward looking. That is the point about, I do not know, performance appraisal and all that sort of stuff. But in the meantime you have your management position which should be your budget, your action and all the other activities that are going underneath, which in theory are more real time in just informing the decisions in the management of the service. As far as that information, it is going to be more likely to say: "Yes, we can see that C.A.M.H.S. referrals or C.A.M.H.S.' cases are increasing and therefore we need to put more money in there." It is not going to be because 4 months after the event that the mid-year report says that as of the end of June referrals went up.

Group Director, Strategic Finance:

Just to chip in, the service performance measures that I referred to earlier in the quarterly departmental metrics, as I mentioned before, they were first in the mid-2020 departmental operational business plans and then reported for the first time in the Annual Report and Accounts. For the first time this year, we are publishing those quarterly and will continue to do so. What has happened as a result of that is many departments were already having quarterly governance meetings where they review the data and the service performance and modify and take management action if it was highlighting an issue. Departments that were not already doing that have started to do that this year so the bringing together of the data has kind of encouraged that review process. I think it has the potential going forward to absolutely do what you said, to influence the long-term plan. I think, to be honest, yes, this is a journey that we are on and we are better this year than we were last year. We will be better again next year. So, that process has probably had minimal impact but that data is already available within departments and is informing H.C.S. (Health and Community Services) and I.H.E.'s (Infrastructure, Housing and Environment) plans already and would have fed into business cases where a department felt that they needed to invest to improve.

Senator T.A. Vallois:

Thank you very much, that is helpful. In regards to the actual whole performance framework, is that now fully implemented?

Group Director, Strategy and Innovation:

No, I do not think it is fully implemented. I think there are still some improvements we want to make. We still have to get into the rhythm of publishing more quarters with the service performance data. I think we are working on and hopefully we will soon see changes to the web presentation of that so

it is easier to interrogate, it is easier to use. We continue to work internally on how we link the ... I think we work from the top down, so the connection between the corporate priorities and departmental priorities is now much stronger. The evidencing of departmental priorities, at the same time we have been working from the bottom up on individual priorities and individual action planning. The thing we need to do is to drive a connection between the 2 systems, so effectively the people management, the performance management and the organisational performance management, and it will see improvements in that next year as well.

Senator T.A. Vallois:

Okay, fantastic.

Group Director, Strategic Finance:

The only point I would add to that is, I think we have the building blocks in place but we are now flexing them and making them work. For instance, the quarterly Q3 data which we will be publishing in mid-November, that has gone very smoothly, business as usual, because it is now embedded. It was not the case a quarter ago, so this process will become streamlined and just, yes, this is how we do business now.

Senator T.A. Vallois:

Yes, okay. All right, that is great. I will pass on to Senator Moore.

Senator K.L. Moore:

Thank you. We are going to look now at technology programmes, if we could. In response to finding 17 of this panel's report last year, it was indicated that improvements in the compilation of the Government Plan would be made to allow the creation of a consistent and co-ordinated I.T. (information technology) spending plan. This has been anticipated in 2020 following a response by a previous recommendation of the same effect. This has been highlighted by the Comptroller and Auditor General in her recent report published this week on the integrated technology solution. She also goes on to recommend the government document and overall I.T. strategy for the States of Jersey, which again was one of our recommendations in last year's plan. It appears that there is still a duplication of work concerning technology infrastructure such as the care model, digital systems, revenue transformation programme which is in phase 3, and the integrated technology solutions. Please, could you explain why these projects are separated and why there is no coherent digital strategy?

The Chief Minister:

Well I am going to look across to Fiona, I am afraid, on terms of the logistics of how those programmes are operated, which I think is probably the starting point.

Head of Technology, Modernisation and Digital:

I have noted care model, I.T.S. (information technology services) and ...

Senator K.L. Moore:

I think they are simply examples of the fragmented approach to I.T.S. There have been recommendations made consistently, both from ourselves and the Comptroller and Auditor General, that there needs to be a joined-up framework digital strategy so that costs can be contained, measured adequately and that the project can be managed properly. One part of it is already well documented to be 127 per cent over budget. The Comptroller and Auditor General, I think in her report, indicates that projects of this nature have a tendency to go over budget. We, simply in terms of holding the Government to account, wish to see that the proper and adequate checks and balances are put in place and our recommendations are being met so that these projects are contained going forward so that we have confidence that they will not continue to over-spend, overrun and fail to achieve what they set out to achieve.

Head of Technology, Modernisation and Digital:

So the I.T.S. project, though, is quite different from the care model.

Senator K.L. Moore:

What we are trying to understand, previously we have been told that health projects would fall under I.T.S. so that it was all one big happy family and that the future digitalisation of government services was the elixir of life and going to save us all in terms of spending and delivery for the public.

Head of Technology, Modernisation and Digital:

So I apologise, because obviously I have not been in those meetings before. But I.T.S. is very specifically the replacement of a number of back-office systems to allow us to have an integrated technology model as described there to support accounting and finance, to support H.R. (human resources) systems, to support asset management and commercial services. So, I.T.S. is absolutely targeted at the, if you like, back-office services of the government as compared to the care model which is related to health systems and is not in any way covered by that. If I have said anything wrong there ...

Group Director, Strategic Finance:

No, I think that is fair. In the technology transformation programme it was identified that there were a number of - I do not know all the right terms - I think it was pillars of systems that would be constructed to give the overall I.T. landscape for the government. I cannot remember them all off the top of my head.

Head of Technology, Modernisation and Digital:

I have got them here. So the technology transformation programme covered a number of things, some of which you discussed in the meeting last week around the cybersecurity programme, I.T.S. which we have talked about, Microsoft Foundations and the replacement and modernisation of our Microsoft services. Then there are other things that have come in around service digitisation which has started this year and others that are planned for future years.

Senator K.L. Moore:

Yes. I think really our question is very simple: why are these all being dealt with in a fragmented way rather than through a joined-up digital strategy, which is what has been recommended to the Government in order to put in place appropriate checks and balances? If I could just really assist you by reminding you of the Comptroller and Auditor General's words from her recent report, paragraph 35, she says: "Neither the outline business case nor the full business case articulate clearly the link between the I.T.S. programme and other active programmes aimed at modernising government services. The approach to managing interdependencies between different programmes is not therefore clear from these key documents." So what we are trying to understand is why is this so fragmented and not being treated as a whole?

Head of Technology, Modernisation and Digital:

In terms of the way that it was handled within the O.B.C. (outline business case) and the F.B.C. (full business case) then that would be directly targeted at the I.T.S. programme in the way that all these programmes are brought together and run. They are all managed through the C.O.O. (Chief Operating Office) - not the care model - but the others are managed through the C.O.O. management system and are governed through that. John has committed that there will be a technology strategy communicated this year and we are working on that.

Senator K.L. Moore:

So that is the chief operating officer?

Head of Technology, Modernisation and Digital:

The chief operating officer, sorry, yes.

Senator K.L. Moore:

Okay, so could you explain perhaps why that has taken such a long time to achieve, why it has not been delivered yet?

The Chief Minister:

I am afraid I am going to guess COVID as being one ...

Head of Technology, Modernisation and Digital:

Well I hate to keep repeating it but most of last year we were recovering from significant technical debt. The activities that we had to undertake at the start of COVID in order to allow 4,000 people to work concurrently from home, which they previously had not had to do, in order to upgrade around 500 of 800 applications in order to be able to run those on a modern operating system, being able to implement Microsoft Teams for multiple ...

Senator K.L. Moore:

In fairness, that had already happened before COVID struck.

Head of Technology, Modernisation and Digital:

No, it had not in the numbers that were needed because, in fact, the Microsoft Foundations programme was just starting and we rolled out several hundred people as a result of the requirement for them to communicate from home.

Deputy S.M. Ahier:

You mentioned previously about the 10 projects that fall within the scope of the project: the Microsoft Foundation, cybersecurity, service digitisation and such like. In the original 2019 Government Plan was also included the electronic patient records. Is that still included?

Head of Technology, Modernisation and Digital:

Yes, so the electronic patient record has just gone through procurement. They have agreed the solution and that comes into play next year.

Deputy S.M. Ahier:

But we were advised by the C.O.O. that that would come under health.

Head of Technology, Modernisation and Digital:

It is being delivered under health and the Health I.T. staff now work within Modernisation and Digital. So, the budgeting for that, I believe, Andy, sits in Health but the delivery will come under M. and D. (Modernisation and Digital).

Deputy S.M. Ahier:

Thank you.

The Chief Minister:

Can I just ask, you mentioned a figure of 127 per cent; I was just wondering what figures you are using to do that comparison?

Senator K.L. Moore:

I think they are documented in the Comptroller and Auditor General's report. It is quite well-documented.

The Chief Minister:

Okay, we will have a look. I do not recall on my original scan of that document seeing those figures.

Senator K.L. Moore:

I think it is the difference between the original sum that was allocated for the I.T.S. project back in 2020 when the full business case was published. There was a transfer of funds to meet the difference, which I think takes it to 127 per cent.

The Chief Minister:

I think the O.B.C. was £40 million and the F.B.C. was £67, £68 million but that includes contingency because obviously it was not there previously but that is not 127 per cent.

Senator K.L. Moore:

I think that it is a figure I have picked up from somewhere in an official document.

[15:15]

The Chief Minister:

That is okay. No, I was just curious.

Group Director, Strategic Finance:

An observation, if I may, as well, in terms of how these things are reflected in the Government Plan, major projects will require to be shown separately and I think that including separate amounts for individual I.T. projects in the Government Plan does not necessarily have to equate to managing them separately and not in a coherent I.T. strategy. So, as an observation, the structure of the Government Plan is certainly not intended to show them as fragmented, it is more to give that transparency on the costs of those individual projects as well.

Senator K.L. Moore:

Perhaps in terms of the figures, I think what is lacking and what the Comptroller and Auditor General is pointing to, is the fragmented approach to the delivery and what these programmes are all

intended to do and deliver and so a lack of joined-up thinking appears to be the suggestion by the lack of strategy.

The Chief Minister:

What she seemed to be saying in 33 and 34 is that: “The Government stage would commence work in quarter 1 of 2021 to prepare a technology investment strategy for the coming years that would be available to the public.” It does state a draft document had been prepared in 2019 and it just says: “The document, however, is not finalised or approved” and I think the point, on my interpretation of what was said there, is that it needed to be finalised so that there is a published document.

Senator K.L. Moore:

Indeed, and that is why we were asking why it is not.

The Chief Minister:

But I think it is more about she is recognising that work was happening, it just has not been finalised. So there is a subtlety there between an incoherent set of projects going on and the documentation of that strategy, which is what she seems to be calling for.

Senator K.L. Moore:

Ordinarily, one would expect the strategy to set and define the direction of a number of different projects. So, look ...

Senator T.A. Vallois:

Did you say the strategy is in place but it has not been published? Was that what you just ...

The Chief Minister:

Well I said my interpretation of what was written down there was that she was focusing on the documentation of it. Certainly, she references the fact there was a draft document in 2019.

Senator T.A. Vallois:

But her recommendation 5 says: “Document and implement a clearly-defined strategy to measure, monitor and report on whether the I.T.S. programme is delivering the intended financial or non-financial benefits and outcomes.”

The Chief Minister:

Well I was focusing on the document side in the context of which she says ... look, I have not spoken to her on this obviously but it does say a draft document was prepared in 2019. So, my interpretation

of that was that it needs to be finalised; it was not a case of it has not been done. I might be misinterpreting but I was just making the point that it is not a case ...

Head of Technology, Modernisation and Digital:

Sorry, which point did you refer to there?

Senator T.A. Vallois:

Sorry, it was recommendation 5, it is referred to in paragraph 63 of the C. and A.G.'s (Comptroller and Auditor General's) report. We will follow it up.

Senator K.L. Moore:

We will. Would it be simpler if we wrote to the chief operating officer with the remaining questions in this chain and perhaps we can shed some more light on it? Because it is obviously a significant area of expenditure and we would like to ...

Head of Technology, Modernisation and Digital:

I can take that back to him but a recommendation around the strategy of I.T.S. is different to a recommendation around the digital strategy.

The Chief Minister:

Yes.

Senator K.L. Moore:

I think you have outlined your reasons why and we will maintain our position, I think. Shall we move on to Senator Pallett's next question? No, sorry, we are going to ask 21.

Deputy S.M. Ahier:

It is understood a separate digital identification is being set up called "Jersey Me". Why would the use of Yoti continue if the system is not meeting requirements?

The Chief Minister:

Sorry, apologies, the last bit?

Deputy S.M. Ahier:

Why would the use of Yoti continue if the system is not meeting requirements? I understand there has been some concern about an exploit with the privacy controls of the digital COVID status certificate platform.

The Chief Minister:

Sorry, apologies, the last bit?

Deputy S.M. Ahier:

There was a concern about the privacy controls of the digital COVID status certificate platform on the Yoti site.

The Chief Minister:

I am going to say I think that last bit is separate to the first issue that you have raised but I think Fiona can address both of them.

Head of Technology, Modernisation and Digital:

Which one do you want me to answer?

The Chief Minister:

He has asked 2 questions, I think. If you can deal with the first one.

Head of Technology, Modernisation and Digital:

The concern that you raise about the privacy, the activity that got reported this week, Yoti was not in any way involved in that. It was part of the workflow but there was no question of any security problem with Yoti. In terms of details, I think we have agreed that because it was a public forum that we would not discuss that here. If you would like another briefing, then we could arrange for that.

Deputy S.M. Ahier:

No, that is fine.

Head of Technology, Modernisation and Digital:

The other question that I think you asked was why Jersey Me, when we already had Yoti for tax. Is that ...?

Deputy S.M. Ahier:

Yes.

Head of Technology, Modernisation and Digital:

So, Yoti is used more broadly by younger members of the community and people who are digitally very able and engaged. It was found that we needed another solution to support that, and Jersey Me is that solution. So, individuals will be able to go to the post office and ask to put their registration

through that and that will allow them then to engage with digital services but without having the need for a smartphone.

Deputy S.M. Ahier:

So why are both systems necessary and will they be running alongside each other?

Head of Technology, Modernisation and Digital:

They will be running alongside each other and they both perform a service which does lead to many of the same back-end services. It is also considered that having something which has a backup is helpful and supportive for the people of Jersey.

Deputy S.M. Ahier:

Thank you.

The Chief Minister:

So it is the way in. There are 2 different ways in, if you like, but then once you get in, it will be the same, yes.

Deputy S.M. Ahier:

Thanks. Will there be further phases or releases of the I.T.S. programme following completion of those underway? That is on page 131.

Head of Technology, Modernisation and Digital:

So there are 4 phases underway which you will have seen. So the first phase broadly replaces the current finance system, JD Edwards, and Supply Jersey system that supports commercial services. Release 2 then brings in the support for our employees, so an element of SAP called Success Factors which will allow our employees to engage with that; 3 and 4, 3 is asset management which we talked about a bit earlier and then 4 is all of the elements that we need to complete to get us to the original description. As with most systems, we will find that there are other applications that are then identified and may then lead to further development, not within the current business case and not within the current scope.

Deputy S.M. Ahier:

When will the use of JD Edwards stop and will there be ongoing costs associated with maintaining it as a backup?

Head of Technology, Modernisation and Digital:

No, JD Edwards will not be a backup. JD Edwards is obsolete and will be replaced during the first release of SAP of I.T.S. next year. Obviously in the decommissioning of that, there will be a need to maintain access to historic information because there is no intention to move data that is historic from JD Edwards into SAP. That would be very costly and have a lot of risk associated with it.

Deputy S.M. Ahier:

Chief Minister, what consultation with front-of-house employees has taken place to ensure systems will meet their needs?

The Chief Minister:

I think that is going back down to the operational side but just really standing back on the fundamental one. JD Edwards, as obviously the main financial system used by the Government, it is in a very, very poor state and you do not want to continue running the services on it. So in terms of meeting the needs, having a system that will keep going will fundamentally meet some needs but the detail ...

Head of Technology, Modernisation and Digital:

As part of the I.T.S. programme there is a workstream, in fact, several workstreams around change and working with each of the departments. As you may have seen, one of the principles is adopt not adapt. What that means is adopt the technology and so we are working with all of the departments to make sure that they understand what that change means for their employees. Just recently, a number of change advocates have been identified in each department to be able to lead that activity with people within the organisation.

Senator K.L. Moore:

If I may, the Deputy's question asked about consultation; therefore, learning from people on the front line. He also stipulated in his question that we would like to understand what learning has been taken from it and how the new system will meet their needs and requirements.

Head of Technology, Modernisation and Digital:

So in terms of the requirements, those were built over several years. In fact, Andy, you were involved in that.

Group Director, Strategic Finance:

Yes, if it is helpful, I can give you a view from Treasury as a customer who will be receiving the new system. As part of the procurement piece, so working towards going out to market to purchase a new system, we had a number of workshops with colleagues from across the Treasury but also some of our customers in departments as well, to work out what are those requirements that we

need the system to do. So we had people from the front line - although Treasury is often not referred to as the front line - in those workshops working out what the system needs to do. Similarly, once we had appointed the supplier to put SAP in, we have been having workshops to do the design of how the system will be configured, be able to work. As Fiona said, it was based around adopting the system out of the box rather than changing the system, customising out recognition which creates issues with upgrading and ongoing maintenance, but we also had people from the department involved in those workshops. They got to see what the system does and able to comment and feed into how that would work with our existing processes or indeed identify how our existing processes might need to change. So, that is just 2 examples as we have gone through the project how we have engaged with people from Treasury as a specific department and other enabling functions would have had similar engagements as they have gone, I think.

Head of Technology, Modernisation and Digital:

I think one further example that may help show this is, we need to have a module around health and safety. This was something that was identified independently and after the I.T.S. programme was underway but it could be delivered using the same software, another model of the same software, so it was in order to bring those together. That will be implemented as part of the H.R. element of the solution, so there is ongoing and constant consultation with people on the front line and the change network is very large.

Group Director, Strategic Finance:

So somebody that sits in the department and not very involved with it, we are aware that this is coming, our staff will be involved I think in user acceptance testing, just making sure that we test it from a departmental perspective. Then as the phases roll out, we will get training to understand how it works in practice for us. Does that help?

Head of Technology, Modernisation and Digital:

Thank you.

Deputy S.M. Ahier:

What work remains to be undertaken as part of the cybersecurity project?

Head of Technology, Modernisation and Digital:

The cybersecurity project, as you know, is quite large and we have just completed tranche 1, which has put in place many of the foundational activities that support cybersecurity for the Government. There is work over the next period to embed all of those things that have been put in place across the departments and across the organisation. Then in the original recommendation, I think there were 50 points that needed to be implemented - and if I get that number wrong, I apologise, I will

come back on that - and we still have a number of those to complete, so the cybersecurity programme will go on for some time to come.

Deputy S.M. Ahier:

Thank you, I will pass over to Senator Pallett.

Senator S.W. Pallett:

Was I hearing correctly that we have agreed not to ask questions around the status of the COVID certificates?

Head of Technology, Modernisation and Digital:

We agreed that we would give a private briefing.

The Chief Minister:

No, we agreed, sorry.

Head of Technology, Modernisation and Digital:

Sorry, you may not have agreed, I apologise for suggesting that.

The Chief Minister:

What was suggested, it is something that might be better in a private briefing rather than a public briefing.

Senator S.W. Pallett:

Okay.

Senator K.L. Moore:

Given that it is public money and a system to support the delivery of a public service, perhaps it would assist the public in their understanding. I think I have read in media reports that the sudden turnaround of that system is being seen as another failure to be transparent.

[15:30]

Perhaps you might offer at least some suggestion as to why you consider a private briefing the most appropriate way to carry on.

The Chief Minister:

Well when we have talked about cybersecurity, if you want to go into the nuts and bolts of the issue, that is generally something we do not talk about publicly. But what I can say publicly is that a risk was identified, it is being addressed, and there was a helpful intervention, shall we say, that identified the risk. I think it was a particular circumstances, but for obvious reasons I would not want to put out in the public domain - and let us be very clear, we think the risk is low - and there was no data lost or anything along those lines, but as a precautionary basis we said: "Okay, we just pause while the matter is resolved."

Senator S.W. Pallett:

Can you comment on who is picking up the cost of any rectifying of the issue?

The Chief Minister:

I think at this stage, and bear in mind this only happened on Wednesday, it is a little bit early to comment on.

Senator S.W. Pallett:

I will move on to another area. It is clear that some COVID spending has been reduced, such as the potential removal of testing at the borders. Is the Government no longer able to afford test and trace?

The Chief Minister:

No, there is a provision I think in the budget for next year, I am going to say of £20 million, if it was needed, if that decision came through, but it was based on technology has changed. The lateral flows are better, they can be quicker and it gives us the ability to apply a far greater spread. It is also about, as we keep saying, the risk side and the view certainly was that on the basis you were getting predominantly double-vaccinated people coming over - in other words, most people are coming from the U.K. - that was it proportionate to keep using a P.C.R. (polymerase chain reaction) system. Obviously we are retaining P.C.R. for unvaccinated and certain other categories. We are also keeping it on workforce testing, from what I recall, but it does then ... as I say, it gives the opportunity to switch across and potentially get a higher spread of testing on the lateral flow.

Senator S.W. Pallett:

So what have you budgeted for in regards to test, track and trace next year and what is the anticipated costs? Obviously you are moving away from the level of testing you have been doing.

Interim Director, Statistics and Analytics:

The provision in the Government Plan is for £20 million.

Senator K.L. Moore:

But what would the saving be, given the move to lateral flow tests as opposed to the P.C.R. system?

The Chief Minister:

I do not think we have quantified that as yet because obviously that decision has only been taken. So there is provision in here, which is for full testing ... sorry, for I think a half year of testing or something, but the decision has been taken separately about at what point was the appropriate time to reduce the testing.

Senator S.W. Pallett:

I am going to move on to capital projects. In a recent hearing with the Children, Education and Home Affairs Scrutiny Panel, the Minister admitted that the allocated budget for the ambulance and fire headquarters had already been earmarked to be spent on different projects, such as the training facilities for firefighters. Is this normal practice?

The Chief Minister:

Sorry, I am going to pause there. Sorry, the budget for the ...

Senator S.W. Pallett:

The budget for the ambulance and fire headquarters has already been earmarked to be spent on different projects.

The Chief Minister:

I do not think it has gone away. I am presuming what he means is there is a timing issue.

Senator S.W. Pallett:

This is something the Minister for Home Affairs has said, so ...

Senator T.A. Vallois:

If I can help clarify, because I was at that hearing, so there is £500,000 earmarked, I believe under the major projects, for fire and ambulance headquarters. We understand that there may be an issue with spending that money on that particular project in 2022 and they are expecting to spend it in 2023, but that money could be used for training facilities for firefighters that they know that they have a need for. Is it appropriate to identify a budget for something that it is not going to be spent on?

Group Director, Strategic Finance: If I can comment on the technicalities of that, because the Government Plan includes the ambulance, fire and rescue headquarters as a separate head of

expenditure, it cannot be spent on another purpose without an appropriate decision being made, for example, by the Minister under the powers of the Public Finances Law to reallocate that money.

Senator T.A. Vallois:

So it has to go back to the Minister for Treasury and Resources as a business case to reallocate that £500,000?

Group Director, Strategic Finance:

It would certainly have to be transferred between heads of expenditure. I would need to remind myself of our policy of whether a business case ... certainly if you were taking money out of reserves, you would need a business case. Between heads of expenditure, I would need to clarify that, but there would need to be a Ministerial Decision to reallocate that funding unless it could be ... well, unless the training facilities are seen as part of the wider strategy of delivering the ambulance, fire and rescue headquarters, in which you could probably say that you are still using that head of expenditure for the relevant purposes. However, I am not that close to this, so I would not like to comment on whether or not that is the case.

Senator S.W. Pallett:

Planning permission was refused yesterday on Oakfield Sports Centre. I think you will be aware of that. Where does that leave Fort Regent in terms of moving the project forward? I am specifically thinking more internally than externally, because clearly to be able to decant some of the sports that are currently there we need to have somewhere to put them, so where does it leave the project?

The Chief Minister:

No doubt the Fort Regent Steering Group will be updated in due course. I see it has only happened yesterday. I am assuming that there will be a reapplication, but whatever it is, certainly the view is that we have got to move everybody out because of the asbestos and Legionella issues in terms of the infrastructure, which you are familiar with, and it will be very, very difficult to do that work in any efficient way - which also means cost way - with having people on the site.

Senator S.W. Pallett:

Is the intention to carry on with the current timetable for removing the tenants out of the Fort? I mean, you mentioned some of the issues and they are serious, so I presume the intention is to try to keep to the timetable.

The Chief Minister:

I have not followed up precisely on the reasons for the rejection, if that makes sense, in terms of the officer recommendations. I did see somewhere something about concerns around height, but yes,

if it delays the project internally, it will delay the project internally, but I would hope we have all got a will to try to deal with it. The work that has been done in terms of public consultation on the proposed future for the Fort has been statistically representative. The samples that we have, the surveys that we have were very well received. We can commence, as you know, the external work. In fact, that is due to start I think this month, if not ... certainly in the next 2 to 3 weeks is my understanding, so obviously that can go ahead. But as I said, there were ... I will stop there. That can go ahead, but basically we have got to find an alternative solution. Now, if that is capable of being done and turned around swiftly, we will turn it around swiftly.

Senator S.W. Pallett:

What will be the position in regards to fiscal stimulus funding now that that project has been delayed? There was a request I think to allow the funding to be used up to March - I think the end of March this year - so clearly if it has got to go back to Planning, it is not going to meet those deadlines. What is your view around the use of the fiscal stimulus funding, considering I think we are beginning to get information that there is not capacity within the building industry, that it is at full pelt now, so is the fiscal stimulus money going to be withdrawn from those projects?

The Chief Minister:

I think using Oakfield particularly, let us find out what the exact issue was on the basis it was yesterday, and then no doubt the project team will come back with some alternatives. Now, if it is a case of design versus site and it can be turned around and we can turn it around swiftly, then we will turn it around swiftly and put another application in, but I do not know the specifics.

Senator S.W. Pallett:

In terms of the Government Plan and the Inspiring Active Places strategy, where does it leave that?

The Chief Minister:

Potentially it may have an impact on it, might it not?

Senator S.W. Pallett:

When will a new plan be considered for this? Because when we spoke to officers a couple of days ago, there did not seem to be a plan B.

The Chief Minister:

As I said, I think let us just see exactly what Planning have said. If Planning do not support sports and do not want it in a different place, then that is a different issue we will have to deal with, is it not?

Senator S.W. Pallett:

I think it is unfair to say Planning do not support sport. They have got to abide by Island Plan guidelines and clearly that had issued.

The Chief Minister:

Evidently, but as I say, I try not to get involved in planning matters because obviously it is very much for a matter for that side of things. I was obviously referring to the officers rather than the politicians.

Senator S.W. Pallett:

I am just conscious of time. I am going to hand over to Senator Vallois.

Senator T.A. Vallois:

Yes, just a quick question on the efficiency and rebalancing programme, I think page 87, 86. Well, a number of pages mention them, anyway. I think page 83 of the Government Plan identifies that should an efficiency not be met, non-pay inflation will be reduced. Chief Minister, does this not risk pressure to departments should costs increase unexpectedly? What we have seen particularly over the last few weeks/months is the increase in gas prices, the increase in electricity that is coming down the road, the resources to support the delivery of that service. Is there not now a risk against having that as part of a delivery plan?

The Chief Minister:

I think there are 2 answers. The short one, which hopefully Andy can also correct me if I am wrong, but my recollection was that Ministers were reminded that there did not - I do not think - use to be an inflation provision or at least departments did not have access to an inflation provision for quite a number of years. So in other words, in among our territory they were kind of used to absorbing the costs anyway and therefore the fact there was any pot was welcome. This obviously does not utilise all of it, if I recall. The second point is that the reason we have gone for, let us call it a plan D, that does not mean that there is not still pressure to achieve plans A, B or C, which I will elaborate on, but plan D was to make sure that there was an end stop, i.e. a mechanism to achieve the one-off saving, if that is where they get to. The issues, as you will be familiar with, plan A was the original proposals laid out in the plan around achieving a recurring savings, plan B was where there was perhaps at the time a degree of either reservation or uncertainty potentially from the Minister about the capability of that saving being implemented and was basically suggesting that the department/Minister came back with an alternative recurring saving of the same amount, but possibly in a different area. Plan C was saying, okay, if that was not going to be achieved, the department still had to achieve a one-off saving and then essentially the recurring pressure came back the following year. To elaborate on that, obviously in the first year of 2020 the target was £40 million and in recurring terms we achieved about £25 million. The balance was achieved in terms

of a one-off, but that £15 million was carried forward into the following year, so therefore if you take 2020 and 2021, £40 million plus £20 million recurring, £60 million in total, we have now basically achieved the £40 million and are on reasonable track to achieve £15 million of the £20 million, roughly. So of that £60 million target over 2 years, we are now at £55 million achieved - I would not say achieved, but on target to achieve - and therefore £5 million will be carried forward into the following year as a recurring pressure. That £5 million is shrinking, from memory, that one-off part of it can ... sorry, within 2 specific areas that one-off amount can be offset against inflation if there is no alternative. It is a very much a last ... well, no, I was not going to use "last resort." It is the last option.

Senator T.A. Vallois:

There is a last resort after the last resort.

The Chief Minister:

It is the last option, but the pressure will still remain on D.G.s to deliver the recurring savings in the future.

Senator T.A. Vallois:

Just on that basis, I have to ask this question because I have heard you answer many questions where it is talking about dealing with legacy issues. Some of the legacy issues we have seen from the past, and you are trying to deal with moving forward, has been partly because we have taken money away from important things like training or we have not put inflation on budgets to help deliver the service. What is the risk going forward with this Government Plan that that accumulates again and you leave a legacy where we have not properly provided the services or the budgets for the services?

[15:45]

The Chief Minister:

I think we need to keep it in perspective. I am going to look at Andy, but off the top of my head we are talking about £3 million, I think.

Group Director, Strategic Finance:

So the allocation against non-pay inflation is £5.3 million.

The Chief Minister:

Sorry, yes.

Group Director, Strategic Finance:

But not all of that is relating to amounts that were unable to be delivered by departments. There was always an intention to use some element of non-pay inflation restraint. As the Chief Minister has said, that is something that we have used successfully over a number of years for departments to help deliver their efficiencies and departments have been generally able to do that through various means. Sorry, Chief Minister, there is still provision for non-pay inflation held centrally in reserves. As the Chief Minister said, that £5.3 million was not the totality of it. As we know, inflation, when we were drafting the Government Plan, was at 3.5 per cent, so there was a significant amount. So there is provision still if there were very specific things in departments. Were inflation to become unmanageable it could be used, but it is not a blanket everyone gets 3.5 per cent applied to their non-staff budgets.

Senator T.A. Vallois:

It is just making a case for it each time?

Group Director, Strategic Finance:

Yes, absolutely.

Senator T.A. Vallois:

So how much bureaucracy and how much cost does that add to the Treasury every time somebody has to go back and say: "Well, now I have got an issue" that might potentially have been foreseen? I am playing devil's advocate here but I think it is important.

The Chief Minister:

It will not be significant in the context of the amount of money that we are dealing with, but I think the point being is that it was mainly to make sure that there we could not be accused of not having a final plan to achieve that balance, so it is there. As we were saying, based on where a number of people were claiming that we would not achieve the £40 million, yes, we did not achieve it in year 1, but we did achieve it and we have achieved it in year 2 and we are well on the way to achieving the £20 million in that second year. So as long as that has a - what is the word - thought process maintained, part of that will fall into the responsibility for future Council of Ministers, then it is realistic. Obviously when you get then through, and next year will be a tough year, but once you get on to the ... I think it is the following year, I cannot remember if it is 2023 or 2024, you will start seeing savings coming out of the strategy, which obviously will make a significant contribution to that £20 million and potentially hopefully benefits coming out of I.T. systems, which are not particularly quantified.

Senator T.A. Vallois:

A little bit less now, according to the C. and A.G. report, but ...

The Chief Minister:

They are not particularly quantified in that, yes.

Senator T.A. Vallois:

But just when you talk about recurring numbers, it is quite easy to focus on the numbers, I understand that. I know that; I do that regularly.

The Chief Minister:

You mean what is the consequences behind it.

Senator T.A. Vallois:

I think for me that ... not just the consequence, but when you are talking about recurring, I want to understand, because as I understand the money for the efficiencies of savings or rebalancing or whatever we call it these days, it comes out on 1st January next year. That comes out of the budgets. That is like bye-bye, that is gone. I think it is the tangible effect, the actual is that recurring just purely because we are just not going to do it anymore or we just do not have the money, because that has now been taken out of our budget or ... I want to understand the real substance of the kind of efficiency, if you get what I mean. Is it truly an efficiency?

The Chief Minister:

The one - and you may challenge me on this - I will cite, which you will be familiar with, I think it is the better use of theatres in the hospital, which therefore is a genuine efficiency. For the sake of argument, this is an in principle, not a detailed, because I have probably got the detail wrong, but if it turned out that the theatre was only opening up at 10 a.m. or the teams were not quite co-ordinated properly, so the reality was the theatre did not get opened until 10 a.m. and there were some gaps and then there was another set of operations at 3 p.m. in the afternoon, without adding costs, if you get your scheduling right, you use that asset. If you like, you sweat that asset better and get more operations coming through, which therefore makes it more efficient, and that was quantified as a number.

Senator S.W. Pallett:

That is true if you can get the culture right within the service.

The Chief Minister:

That is part of the issue, is it not, but ...

Senator S.W. Pallett:

It is. How are you going to deal with the culture?

The Chief Minister:

That operation or that is the responsibility of the D.G. then, is it not? But I am giving you the point that that is a genuine efficiency. It is not ...

Senator S.W. Pallett:

If you can do it.

The Chief Minister:

Yes. It is not a cut and it is not not painting the windowsills on the granite building in the hospital so that they rot.

Senator T.A. Vallois:

Okay, that is an example. I am not going to go through the whole ...

The Chief Minister:

No, but that is the principle. Yes.

Senator T.A. Vallois:

... £60 million worth of savings, but okay, I will pass on to Senator Moore.

Senator K.L. Moore:

Thank you. A brief session on funds now. Page 171 outlines the currency and coinage funds and the balances maintained are just shy of £125 million. Has the Council of Ministers given any consideration to that position, given the imminent threat of inflation?

The Chief Minister:

Sorry?

Senator K.L. Moore:

So just shy of £125 million will be subject potentially to inflation, which is much talked about at the moment and anticipated, therefore it will mean the real-terms value of that amount of money will be less. Has the Council of Ministers given any thought or consideration to that matter?

The Chief Minister:

The reason I am frowning is because my understanding of the currency and coinage funds was that basically for every pound - paper pound, if you like - that a bank requests from us, that bank gives

us an electronic pound and it goes into the fund and obviously there is a return generated, which offsets, I had understood, the inflation element and ...

Senator K.L. Moore:

Yes, it is matched pound for pound, so the currency in circulation, yes, but I am just interested whether you might have given any consideration to the impact that inflation will have on the real position.

The Chief Minister:

But that is what I am saying, I think it does generate a return as well, which will mitigate the effect of inflation. Do you want to clarify my knowledge?

Senator S.W. Pallett:

It does make a return, which is generally returned to the Consolidated Fund as part of general revenue, but I am sorry if maybe I am not understanding your question. The impact of inflation, because it is matching with the physical cash that goes out ...

Senator K.L. Moore:

But that physical cash will be worth less.

Senator S.W. Pallett:

That is true, but it will be worth less, both the liability, if you will, as in the currency in circulation but also the currency, the assets being held to offset it within the fund, so those 2 numbers, if you will, will be the same.

Senator K.L. Moore:

Yes, so it is downward pressure across the whole economy because we are unable to manage our currency, so we are pinned to it.

The Chief Minister:

No. It is a very rare position where the currency is backed by money.

Senator K.L. Moore:

It is just a very high-level question. Clearly the answer is no, so we will move on because we are really short of time, but thank you, I appreciate that. Page 175 I think identifies that there are no immediate plans to proceed with an infrastructure fund. Could you give us a little more information? Because this fund has obviously been heralded and presaged in previous Government Plans for the past 2 years.

The Chief Minister:

I think it is really just a reassessment at this stage with the delays that have come out from COVID and it has got to that point where I think it is a matter for a future Assembly and a future Council of Ministers.

Senator K.L. Moore:

It was something that was on the C.V. (curriculum vitae) of the previous chief executive as having developed it, so I think we could do with a slightly better answer on that one, please.

The Chief Minister:

I cannot add any more to that, I am afraid, than what I have just said.

Senator K.L. Moore:

But what aspect of COVID might have prevented the proper development of the infrastructure fund?

The Chief Minister:

COVID has had an impact on a whole range of areas and depending where they were what that priority level was. Certain things got pushed down the queue. As far as I am concerned - I am looking at Steve and Andrew - that was one of them and the impact ...

Senator K.L. Moore:

That meaning that private companies no longer have an interest in investing in the infrastructure of Jersey; is that what you mean?

The Chief Minister:

I believe there are still expressions of interest out there, but the point being is that in terms of developing what that fund might look like, as I said, it has been pushed down the queue and I think we are probably at that stage where as a significant amount of policy, it probably sits in future plans for the next Government, if they wish to go down that line. But at certain points we have got to prioritise. There are certain things we want to bring through and forward and obviously, as I said, the impact of COVID on certain policies has been significant. Anything you wish to add?

Head of Finance and Business Partnering:

Only to add in terms of the long-term infrastructure planning, I understand the Island Plan includes a requirement to undertake a long-term infrastructure growth plan, which is still underway, so the funding of elements of that could be met in a number of different ways.

Senator K.L. Moore:

There is a considerable number of capital projects still within the Government Plan and that is why we are asking the question. You are carrying on with those projects, yet not with the infrastructure plan.

The Chief Minister:

No, but they are funded. Those capital projects are funded.

Senator K.L. Moore:

But you had more capital projects on your horizon.

The Chief Minister:

I think there are some. We are aware there are long-term infrastructure issues which will need to be addressed, but those are not ... as I said, the capital projects in progress are funded.

Senator K.L. Moore:

Thank you. Page 173 talks about the Climate Emergency Fund. That estimated the balance to reduce from £5.5 million next year to £170,000 in 2025. Could you just describe what you envisage to see that expenditure ...

The Chief Minister:

Sorry, what I envisaged?

Senator K.L. Moore:

How you expect that expenditure to ... what do you expect it to deliver?

The Chief Minister:

In principle, the original reason we set up the fund as it was was mainly so there was some, if you like, seed corn money I think would be the best way of describing it, with a small flow of money going in - obviously it was mainly through fuel duty - to at least be able to start implementing policies around the climate emergency. You could see that one coming, but obviously, as has already been alluded to, there have been streams of work, one around the carbon neutral side of things and secondly around, if you like, for want of a better expression, environmental work that will raise money, which will need to come together to essentially fund the significant work that will need to come through.

Senator K.L. Moore:

The Government Plan describes it: "The carbon neutral roadmap will be agreed by the Assembly in 2020." When do you expect that to be published?

The Chief Minister:

Published?

Group Director, Strategy and Innovation:

It is due to published just before Christmas and for a period of consultation and lodged for debate.

Senator K.L. Moore:

Thank you.

Senator T.A. Vallois:

Just one more question on funds. Just on the Strategic Reserve Fund, so on page 168 it states that: "More generally it is intended that the Strategic Reserve be used as a sinking fund for debt issued by the States." If I recollect the debate on the hospital, that was not what was agreed, so will there be an amendment to the use of the Strategic Reserve?

Group Director, Strategic Finance:

Yes, that is part of the proposition.

Senator T.A. Vallois:

Okay. For the whole amount?

Group Director, Strategic Finance:

Just for clarity of what we mean, the sinking fund relates to the COVID debt and the proposed refinancing of pension liabilities. Those are amounts where the borrowing will be used immediately to repay the liabilities that exist.

Senator T.A. Vallois:

Similar to how we are doing with the hospital?

Group Director, Strategic Finance:

With the hospital we will be using the money to buy a hospital over a period of time and we will repay the debt in the future, but the return to the Strategic Reserve will be used. The difference with the pension debt and the COVID debt are that there are existing expenditure streams which have been identified that will repay both the interest and the capital on those amounts. So, for example, we talked about the P.Y.B. (prior year basis) C.Y.B. (current year basis) monies being used to repay

the COVID debt. Physical money will come in. It will be more than is required to pay the interest on the bond. Some of the additional amount will be held in the Strategic Reserve to build up, using investment returns, the amount of money to repay the debt once it becomes due, so rather than having to take it out of your capital, you will have built up that money. It is like saving up to repay the debt in the future.

Senator T.A. Vallois:

Just to clarify on this one, like I did with the hospital one, are we making sure that the capital that is assigned under the Strategic Reserve is still not touched, so we have got a cap on a certain amount that goes up by R.P.I. every year? Are we making sure that that stays unfettered?

Group Director, Strategic Finance:

I will get back to you and confirm, but I am not aware of any changes proposed to that currently.

Senator T.A. Vallois:

Okay, thank you.

Senator K.L. Moore:

Chief Minister, your Minister for Treasury and Resources, when asked about this borrowing strategy and when asked what the plan B was if markets turned and it was not possible to deliver the level of returns to make the Government's proposed plan to leverage the Strategic Reserve Fund work, she did not have a plan B. What would your plan B be? In the worst-case scenario, what do you have to offer?

The Chief Minister:

Just to be clear, what you are saying is the entire reserve has been wiped out and there is no money?

Senator K.L. Moore:

There is a considerable risk in the leverage that the Government are proposing, so if that risk does not pay off and it does not work out, your magic money tree loses its leaves, what is the plan B?

The Chief Minister:

I do not like the words "magic money tree" because that is fairly emotive and implies that we are just dreaming it up.

Senator K.L. Moore:

We were told by the Minister for Home Affairs that the whole project is free, so ...

The Chief Minister:

I think what the Minister for Home Affairs is basically saying is that it does not draw down taxpayer monies and therefore that principle, if you look at shall we say risk ... when I say risk, the cost is ... let us say it is 2 per cent that we borrow - and I hope it would be less, but we will see, let us just see what the market comes back at in particular times - but our returns are between 5 per cent and 7 per cent, so you are already talking quite a major shift to not to be able to afford the payments.

[16:00]

You are also talking about it being sustained for 40 years. Now, it is very clear that the returns go up and down. I have said that publicly on a number of occasions, but obviously what we are looking at is the average period of time and so, frankly, if you were looking at a period where the reserve is gone, that is bearing in mind ... well, depending on what number you want to pick, but let us say it is £1 billion, that is pretty significant. If you are saying there is no revenue coming in, that means we have just gone into a financial meltdown. I think we will have quite a variety of problems on our hands, when particularly the Health budget is £150 million and Education is £100 million and we are not able to pay £15 million in interest. So the plan B, if that is the scenario, which I do not agree with, your plan B will also have to encompass how you are going to pay for the schools, how you are going to pay for the health services and all the rest of it. As I said, in materiality terms, paying for the interest on the hospital on a fixed rate in inflation times over 40 years would not be top of the priority list. It would be how do you maintain schools and keep them open.

Senator K.L. Moore:

So we would default on the debt?

The Chief Minister:

No, I did not say that, because I have said I think your scenario of a "everything is gone" would mean that you are having to deal with a whole variety of other issues before you have to worry about roughly £15 million of interest in the context of what we presently spend.

Senator K.L. Moore:

If we may just keep you a couple more minutes, we have got 2 questions.

Deputy S.M. Ahier:

Just quickly. Yes, it is on the borrowing. Why has refinancing of past service liabilities not previously been proposed by the Government? Why has it come up now?

The Chief Minister:

I think you would have to ask previous governments. Let us be clear, as I said, the benefit that comes out of it, particularly at a time of lower interest rates in the first 30 years, I believe ... certainly the figures I have been given are net. A net improvement would be about £300 million and over the 100 years or so, it is about £3.6 billion, £3.7 billion. When certainly the case was brought to me ... we have obviously referred to it in I think the 2 previous Government Plans. One was work that was happening. I would have preferred to have got this sorted out last year, but obviously again COVID has caused delays, but we did put a bit more meat on the Government Plan last year around it and this year we are saying we would like support from the Assembly on that. If the Assembly choose not to do it, well, you can justify to the taxpayers why you do not want to save that amount of taxpayers' money.

Deputy S.M. Ahier:

Are Members due to get a briefing on the refinancing?

The Chief Minister:

If that can be arranged, that is not a problem. I would have thought it is really ... I mean, it is fairly straightforward. It is basically saying that we incur a cost, I shall say, on the funds of somewhere between 5 per cent and 6 per cent, off the top of my head, and you can refinance it at hopefully low rates at the moment.

Deputy S.M. Ahier:

The Government Plan identifies a borrowing requirement of £1.74 billion. Why is this necessary, Chief Minister?

The Chief Minister:

There are 3 tranches to that, obviously. Sorry, there are 3 additional ... when I say "additional tranches", relative to the last couple of years. Obviously in there we have already got the Andium bond, so you would have to ask previous Assemblies as to why it is necessary, but it was deemed necessary to invest into housing stock. I am doing roundings here, so let us say £750 million roughly on the hospital. We are obviously carrying that out; the Assembly has agreed that. The COVID debt, the reason the COVID debt was necessary was to keep the Island and protect lives and livelihoods going for, to date, 18 months. It is less than what we are projecting and we have a plan to repay it, as we have a plan to repay the hospital. The pension debt is an existing liability and we are saying we can fund that far cheaper going forward, so "necessary" means I think that is our duty to taxpayers to do it.

Deputy S.M. Ahier:

The necessity of the Fiscal Stimulus Fund, which is still allocated at £50 million, but it has only been £30 million tops, maybe less.

The Chief Minister:

Yes. I think that was the advice we had at the time, which was about getting projects in place. Most of them have been well-received. There has been a recognition there have been some delays. We have referred to one. Equally, it has generated some benefit across a number of organisations in terms of funding.

Interim Director, Statistics and Analytics:

If I could reassure the panel, the Government Plan does say we could borrow up to £50 million for fiscal stimulus and up to £209 million for COVID debt, so if we were not to spend the full £50 million, we would not be looking to go and borrow the £50 million, but the reason for the approval in the Government Plan is to allow the Government to react if they need to to provide further fiscal stimulus in line with the economic advice that we have received.

Deputy S.M. Ahier:

Thank you.

Senator K.L. Moore:

Thank you. That gives us no reassurance whatsoever, but we are grateful to you all for your time and I close the hearing.

The Chief Minister:

I would hope you have faith in the advice of Fiscal Policy Panel, but anyway. Okay, thank you very much.

[16:05]