



OFFICIAL REPORT

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STATES OF GUERNSEY

SCRUTINY MANAGEMENT

COMMITTEE

Government Work Plan
Public Hearing

HANSARD

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*Further information relating to the Scrutiny Management Committee
can be found on the official States of Guernsey website at www.gov.gg/scrutiny*

Members Present:

Panel Chair: Deputy Yvonne Burford – President
Deputy John Dyke – Member,
Scrutiny Management Committee

Deputy Peter Roffey – States’ Member

Mr Mark Huntington – Principal Scrutiny Officer

Business transacted

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Scrutiny Management Committee

Government Work Plan Public Hearing

*The Committee met at 10.00 a.m.
in Room 6, The Royal Court*

[DEPUTY BURFORD *in the Chair*]

Procedural – Remit of the Committee

The Chair (Deputy Burford): Welcome to the Scrutiny Management Committee's public hearing with the Policy & Resources Committee, where we are going to be focusing principally on the Government Work Plan. I am Deputy Yvonne Burford and with me on the Panel today are Deputy John Dyke, Member of the Committee, and, co-opted onto the Panel today, is Deputy Peter Roffey, who has very kindly agreed to join us.

We will take a very short break at about 11 o'clock this morning. Following this session, the Scrutiny Management Committee will decide if any further review will be undertaken and a Hansard transcript will be published in due course on the Scrutiny webpages of gov.gg. Please set your mobile phones to off or silent and if I can just advise those in the public gallery that this is an official parliamentary session and, as such, questions or interruptions are not permitted.

EVIDENCE OF Deputy Heidi Soulsby, Vice-President, Policy & Resources Committee; Ms Bethan Haines, States Treasurer; and Mrs Joanne de Garis, Director of Strategy and Policy

The Chair: Turning now to our witnesses from Policy & Resources, would you please introduce yourself in turn, starting with the States Treasurer Bethan Haines?

Ms Haines: Yes, I am Bethan Haines and I am the States Treasurer.

Deputy Soulsby: Deputy Heidi Soulsby, vice-president of P&R and lead on the Government Work Plan.

Mrs de Garis: I am Joanne de Garis and I am Director of Strategy and Policy.

The Chair: Thank you very much. So, straight into the questions, then, and starting with Deputy Soulsby. Just a little bit of background, perhaps, in particular for people present here as well. With Phase 1 of the Government Work Plan approved, the task is now to bring Phase 2 forward with attached funding for debate in July. Can you briefly explain the process you will be undertaking

25 between now and then and indeed any background that you will think be helpful to help people understand the situation?

Deputy Soulsby: Certainly, yes. Stage 1 definitely was about making sure that all principles are in place giving a steer from the States' Assembly as to the direction we are going so we think we are in a position, then, to move forward to Stage 2. Stage 2 is where a heck of a lot work going on needs to be done because this is the first time there will have been a Government Plan that brings together all the work of Government, so it includes not just recovery actions but extant Resolutions, legislation, capital funding and Public Service Reform.

30 It is a massive undertaking but we also need to do it in a short space of time. We know that the finances are tight. We know the need is great and we have really got to move. We just cannot afford to do what we have done before, spend 18 months just looking at a plan and whether we should be actually doing the actions.

35 That is why we are setting it in a short timeframe to report on 21st July. There are different work streams for different elements of the Plan and for one area in particular we have set up a subcommittee of States' Members who have volunteered for the role, who we have taken from across the spectrum of the States.

40 They are not there to represent their Committees but they are on a broad range of Committees and we are also thinking about making sure we have a balance in terms of party membership, independent membership. It will be a subcommittee of Policy & Resources but can represent the States' Assembly because we are moving at speed and with the best will in the world, to try to run something with 40 people in the room all the time is not going to be very easy.

45 So that subcommittee is focusing on recovery actions and extant Resolutions and legislation and really trying to help support how we can prioritise those, if we can stage phasing of some actions because some actions are bigger than others. Some actions need other actions for them to actually move forward in themselves. So put forward what they think is the appropriate actions and phasing, together with the metrics and how we measure them, to P&R who will then be collating the policy letter to go to the States.

50 This Policy & Resources very much sees itself as a co-ordinating facilitator. Last term the Policy & Resource Plan, which became called 'Future Guernsey', I do not think Committees felt they had the ownership of it. This time, we really want to emphasise this is the Assembly's Plan, it is not P&R's Plan, it is not the Committees' Plan and as such it will be the Assembly that decides the Work Plan coming forward.

The Chair: Okay and the subcommittee you mentioned, will that have any decision-making roles?

60 **Deputy Soulsby:** It will be an advisor to Policy & Resources. It is a subcommittee to Policy & Resources so it will provide its recommendations to Policy & Resources. Of course it is P&R that will provide the Policy Letter to the States.

65 **The Chair:** Thank you. The Phase 2 report to the States, will that include timescales for projection completion and revenue and capital costs for each project?

Deputy Soulsby: As far as we possibly can, yes. Some actions will be more detailed than others, clearly. Some things, we will not have the information immediately. What we are trying to do is make sure we can really filter down for next year. That is our primary focus. So we have got the detail for next year, and then move on the year after that.

70 This is not something that is set in stone for the whole of the four years. What we bring in July is what we are seeing, the detail for 2022, then 2023-24 onwards from there. So it will be iterative and it will also mean that whatever we do now will not be set in stone because we know and the

last year has shown that clearer than at any other time that things change we need to incorporate that allow for that within the Plan.

80 **The Chair:** Okay. We are not that far into the term and we are not that far into the process, but reflecting on the process today is there anything you would have done differently or are you completely happy with the way it is working?

85 **Deputy Soulsby:** I think we are literally having to do things and design things differently this time because we have not got the luxury of time when we have lots and lots of sessions with lots and lots of people about how we go through things. I think we are working at speed. I can say this will not be perfect. We have been open about that from day one. The important thing here was to get things moving and not just have our staff focused on planning but we should be focused on the doing.

90 What we are doing on top of that is having briefing sessions with States' Members so there will be sessions where we will be putting forward where we are and getting feedback from States' Members, as well as information, giving them briefings about various aspects. I think you will have already had invitations to some of those, and we are very much looking at it in terms of themes across the States.

95 We are getting away from not having it all Committee-based and that has been the problem with the previous plans. They have been built up from Committees, from Committee wants, and then put together, instead of being looked at from a theme point of view about what are the key things that we need to adopt.

100 You will see in the actions in the Work Plan, they are not set with that Committee doing this, that and the other; they are themes about action areas that we need to address. Many of them cover more than one Committee and previously that has been a problem. Committees have managed to do their own thing but the whole thing has been ... it is bringing Committees together and not helped by our current structure, of course. That has always been the problem, so we are now focusing on how we can move forward on the themes. What Government should be doing.

105 **The Chair:** Okay, thank you. Obviously, funding is the big issue here, so how will the total limit on spending that can be allocated to these projects be set in Phase 2 or will it be the case that, whatever the States agrees to fund in July, will be what is needed to be raised by tax as a result?

110 **Deputy Soulsby:** I think at the moment it is too early because we are developing the actions. We have the actions in March, that were agreed, but they were just emerging actions. There are some that might be added to. Others, we will look at phasing as the whole cost is so significant. It is difficult at this moment, whilst we have not got those figures, to know how we will approach it. Do you want to add any more on that, Jo?

115 **Deputy Roffey:** Some of the things that made the first cut, the first debate, will be funded, some will be phased because we cannot afford to do them together. Can we simply be told, 'No, you want to do that because the States have identified it, but we just cannot afford to do it.'

120 **Deputy Soulsby:** We just do not know at the moment. We are at that stage and the subcommittee will soon be going through all those actions which will be detailed out. The synergies will be looked at as well, what we need to do. The subcommittee might go back and say, 'You can have all of them.' Then we will say okay but then we have got to have a look in that envelope when we just learned today about how ... the baseline is we are in the red, we have not got the money. We are going to have to address that but we do not know to what extent that is an issue until we have done that work.

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Deputy Roffey: In retrospect, have we got the full criteria? We are going to view everything through the lens with these four packages, two of them about COVID recovery, one of them is about Brexit. Listening to the news this morning, it seems to me that actually the underlying fiscal short fall is caused by demographics, etc., this has delivered far bigger than either COVID, where we are bouncing back quite quickly, or Brexit, which nobody talks about anymore?

Deputy Soulsby: That might be true but there are resources needed to do it. COVID we know, some of that might become BAU, but it has absorbed quite a few more resources within the States over the last year that were doing other things. Brexit, we know already, the information coming through, there will be a lot more resources needed to deal with Brexit, across various Committee areas. Things that we could rely on where the UK would agree something and we would just be a party to it, now we have got to actually be positively involved in these things, which will take resources. It might not be big bucks money in terms of having to do stuff, but it is use of resources. At the end of the day, all this is not so much the money it is getting the people to be able to do this.

Deputy Roffey: You have said it is important that the whole States own this Plan rather than P&R, but I guess that policy letters have to be structured with P&R making some recommendations on what is funded and what is not, otherwise it is going to be an unedifying bunfight amongst Committees, all starting from scratch and choosing from a smorgasbord?

Deputy Soulsby: Absolutely but it is about P&R listening and understanding and hearing what Committee Members and just generally States' Members, what they are saying. It is very important. It is not P&R's view, we all have this view and that is what we do. We have got to listen. That is P&R's role, which I think in the past has been understated and needs to be brought more to the fore.

We have got to work together on this and P&R, from the very beginning, has been trying to get more of that working together communication going, setting up Presidents' meetings, so we keep you informed. That will be one way we will be getting feedback and asking what the Committee Presidents' views are.

We know from this we will not please people because difficult decisions are going to have to be made. You said it yourself, Deputy Roffey, there is not enough money. I was saying this last term from an HSC point of view. We knew there was a funding gap so this should not be a surprise to anybody that, because of that, there are difficult decisions to be made. But we need to do it together, it is not just P&R deciding these are our likes, it has got to be where we feel ... We might get it wrong but we are listening to what the States want.

Deputy Roffey: That is understood. I am just trying to get the structure of the policy letter. Once you have finished listening – well, I hope you never finish listening – once your first phase of listening is over, there will be proposals in this policy letter saying P&R thinks these are the things that should be funded?

Deputy Soulsby: Absolutely and of course any States' Member can amend that and that might well happen –

Deputy Roffey: There will probably be a real forest of amendments. We could be going for weeks on this, could we not?

Deputy Soulsby: It could be. But do you know what, and I think we have skirted, we have danced around the handbags too long. What I would say, also, we have been honest with the community. We have promised a lot. We have had wonderful Meetings where we have agreed policy letters and we have all clapped ourselves at the end of it and those things have not come to fruition because

there has not been the resources, there has not been the money, there has not been the time and priority given to them. That is the aim of this Plan, it is to say, look we are honest with you. These are the things that we can do. We cannot do these things but these are the things that we are going to do and these are the things we are going to try and deliver.

Deputy Roffey: Sorry, just one more from me. Is it then irrational that in July we are going to be asked what we think we should be funding out of this list of 40-odd that we made first up and then, in September, we are going to be asked what our appetite is for raising taxes? We know the man leading that said he does not want any increase in taxation. How can we decide in July the list of things we think we should be doing over the next year or so and then, a few months later, decide how much we want to raise in revenue and how to do it? Is that not cart before horse?

Deputy Soulsby: No, you could say it is the other way around and you say, right, because the Tax Review is not necessarily the amount of money, this review is saying, 'And this is what we think we need to do.' You have got to start somewhere, I think. It is a bit of a chicken and egg, whatever we do. Wherever we start it is never going exactly be the right place but we are building in the tax element, there will be perceived, I believe, listening to the Treasury at the minute, having certain Propositions within this policy letter, which will lead onto the next policy letter.

Ms Haines: Could I just answer that? I think what is really important in the July debate is that the States will be asked to prioritise within the existing resources. So the Tax Review will look at the tax system for the next 20 years but what is important is that decisions that are made are affordable now because we cannot prejudge what might happen in the future. We know the position is worsening but there is an opportunity to manage the finances as they currently stand and so that is what the States will be asked to do in July.

Deputy Roffey: Can I ask one more before ... sorry, John, you wanted to come in?

Deputy Dyke: Yes, can I ask Deputy Soulsby regarding prioritisation. Deputies have recently scored 46 proposals, I think the number is, prepared by your Committee –

Deputy Soulsby: They were not actually, just to put on the record, prepared by the political Committee; they were done at officer level, based on the outcome that were set out through Revive and Thrive. Just so as you know we did not decide, 'these are our favourites'. They were purely done at an officer level.

Deputy Dyke: Okay. Deputies have voted on these. Some of them quite specific, some of them slightly less specific. Some of them are very clearly popular with Deputies, some are very clearly not. Hovering in the background, you have got the 400 extant Resolutions from the last States and the States before that, so my question is, will you give a very high priority to the top ranking, specific choices, that have been made by current Deputies in the last few months, will those be put up the order of priority?

Deputy Soulsby: I think it is interesting to see and I thought it was a useful exercise but we never had the intention that that list would be the governing list for the future because a lot of Members did not know the details we had in many of them and it was more, 'What do you feel, do you think these meet the guiding principles?' It was not whether they liked them, so much as whether the guiding principles had been followed.

For us it was just an interesting gauge and also to inform Deputies about what those emerging actions were and to get a feel for it. That is why we are having extra briefings for Members and having subject matter experts in so they are informed better. I think this is why we are saying if this is going to be the Assembly's Plan, we really need States' Members to be properly informed about

what those actions are to understand them and see, when we finally put proposals to them, why we might have chosen what we have.

235 **Deputy Roffey:** Can I put a query as well from that about the emphasis should be on what the States' Members want and I think it is obvious you have got to get it through this Assembly, if the current Assembly does not like it. Is there not going to be a danger that many of these projects, a lot of the States – 50% are new Members – will not have the in-depth knowledge on these projects, it is all going to be down to how silver-tongued the particular Presidents may be and trying to sell them during the debate, rather than actually their genuine attributes and how good they are? Is that a danger?

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Deputy Soulsby: That is exactly why we are having those separate sessions on different areas. Jo can probably give a bit more detail about what we set out in them but we will have subject matter experts, we will bring States' Members who might not know the detail and understand it. Although I would hope anybody who stood in the election would be people who would be interested in these matters and would have researched them and would have quite a good idea about what is behind them.

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The Chair: I have about three questions ... Mrs de Garis, you were going to add something to that point?

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Mrs de Garis: I can elaborate further yes.

The Chair: Yes please.

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Mrs de Garis: There are three information briefings, which are contextual to the Government Work Plan and there are also three full Assembly workshops that have just this week popped into your diaries and the intention, because the Work Plan is actually broader than just recovery actions, is also to look at the parliamentary Rules which inform how proposals can be changed. We will be looking at that in that conversation, and looking at the information that is being considered by the Sub-Committee, so that the sort of questions that Deputy Dyke was asking around prioritisation can be addressed. On the back of that, questions around the detail can be asked. The ambition within the policy letter will be to set what the overall objectives are for the political term and that will inform the prioritisation as well, so it may well be that at the end of this journey it does not look completely like the indicative ranking that Members gave in January because by July there will be six months' more knowledge in those States' Members as well, which will be valuable.

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The Chair: Thank you. You mentioned subject matter experts. Are those going to be existing staff members in the States or are they external consultants?

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Deputy Soulsby: As far as I am aware and Jo can correct me, they are experts, people that are knowledgeable within the States.

The Chair: Within the States, thank you. Talking about the Plan, it sounds as though it is going to be relatively tightly drawn in terms of what projects are ultimately going to go forward so my question would be what scope does that leave for us to cater for the inevitable events that will no doubt turn up, that we do not necessarily know about now, or indeed opportunities?

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Deputy Soulsby: I think the Treasurer will be going back to having some contingency within the pot should that happen. That is what we do. Throughout all we do, is have contingency, which happens throughout the year. I know that very well from a Health perspective, things pop out of the blue that you cannot plan.

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285 **The Chair:** Just to finish off, you mentioned previously in what might have been construed as a very slightly negative way about the difficulties with the current structure of Government. What, in your view, is wrong with the current structure of Government?

290 **Deputy Soulsby:** That is very difficult. Are you asking my personal opinion? I can have my opinion and there will be opinions of other Members of the Committee. I can say things as far as I believe we could do things differently.

The Chair: That is understood.

295 **Deputy Soulsby:** It should be well known I tried to lay a requête last term, trying to make government more effective. I think from a political point of view it is too big. I think the mechanisms that we do things are too cumbersome and we need to find ways of getting things done faster. At the same time we have got a Civil Service structure which is now becoming very different from a Committee system. I think the Committee system does not help when it comes to joint working. It is so easy for silos to develop because you have people working around their Committee system rather than working towards the bigger plan.

300 But it may be that the way we are doing this Work Plan might help correct that because it is a plan of the Assembly, that is led by the Assembly. It is not the Committees' Plan. We have not got Committee business plans any more, which can get in the way of it. We have a plan of Government, so Committees will be instructed by the Assembly what to do.

305 It may be things might work better. From my experience and certainly the last year I do think that things need to change. What I can say, as part of this work, what was called right-sizing Government, we are now thinking is it about re-shaping Government, is it about repurposing? That is something we are considering. We will be looking at a post-implementation review of the changes at the machinery of Government that were made in 2016. There should be one done. I think it was the intention there was going to be after a term, so that will be one of the first things that we do from that part of the priorities.

The Chair: Okay, Peter?

315 **Deputy Roffey:** I find this fascinating because, in my long experience, everybody that joins A&F, Policy Council or P&R suddenly decides that there should be more centralised power and the Committee system is not what it should be –

320 **Deputy Soulsby:** I thought that. To be fair, when I was on HSC I did not think – and that is the biggest Committee of the States in terms of operation and the work that needs doing – it did not need five Members of the States. It could be run by three Members I think. You could say, could that be a minister and two deputy ministers? I do not know, but I just do not think ... the more Deputies we have –

325 **Deputy Roffey:** I am not talking about the number of Deputies, I am talking about structure, whether it is centralised executive or whether it is committee.

330 **Deputy Soulsby:** That is how effectively you can get to a more joined up structure, is it not? Policy Council did not work where we had Members who were *ex-officio* on Policy Council that were also ministers. If you have something where those ministers are responsible collectively for decisions, that makes it different because everybody is accountable.

Deputy Roffey: This is fascinating. Slightly tangential. We did say largely on the Government Work Plan rather than exclusively.

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Deputy Soulsby: These are my views, they are not necessarily part of Policy & Resources.

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Deputy Roffey: Deputy Soulsby, you have given your personal view. Has that got resonance around the table? Are we to expect a set piece debate about whether to move from committee government to executive government?

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Deputy Soulsby: Not in the Government Work Plan. The first thing that we are looking at is the post-implementation review. We can learn from that. That is what they are there for. They are about a learning experience. From that we can decide where we take things further. While this is my view, if we get feedback from that we can go from that.

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Deputy Roffey: Okay. I feel I am expecting a set piece debate sometime in this Assembly some time on that. You also made an interesting point that the structure of the Civil Service is very different now from the structure of politicians, the political system it serves. Should it not be the Civil Service structure that changes to reflect and support whatever political system a community has, rather than the other way around?

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Deputy Soulsby: I could go on for a long time on that. That is just what happened. There were concerns amongst some Members over how that was done last term but those decisions have been made and that structure is in place. I can see there are downsides to it. It can be an issue for Committees not having a Chief Officer in charge. We have the President who represents a Committee or an area politically; there is not anybody at a senior level that represents the whole of the work of that Committee and I think that can be an issue.

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On the other side, having officers who have a breadth and depth across the work of the States I think is helpful so you know what is going on and things can be more co-ordinated and I think it will help with the Work Plan.

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My concern is with it at the moment there are a lot of officers, very senior and very good officers, who find themselves stuck in lots of Committee meetings now because their remit is very broad and I think that is something that needs to be addressed. I can see the benefits, although there are downsides to it.

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Deputy Roffey: I am not on SMC but if I were I think this might be a subject for another review on another day because it is such an interesting one. Just briefly coming back to a comment Bethan Haines, States' Treasurer, made saying that basically the prioritisation in July is going to be within current resources and I think in answer to Deputy Burford it was said there was going to be a contingency built in.

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Now we have seen projections for deficits over the next few years so surely that means we cannot afford to fund anything? If we are going to go inside existing resources, anything, any extra spending, is just going to make that deficit worse. So are we not wasting our time? There is no money.

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Deputy Soulsby: What we will have to do is look at what has to fall out. I think that one of the messages will be to Members when we debate this in July, if there are particular actions that they want to do then something else will have to give and those are going to be the difficult decisions. We will have a better idea when those actions are developed. Some of them might just fall away anyway, based on how things are prioritised.

The Chair: Can you explain, because I think this is something that people are possibly a little bit confused about, what is meant by right-sizing Government?

385 **Deputy Soulsby:** Ah, yes. I think originally we talked about re-setting rather than right-sizing Government. We had public service reform. That was one of the core parts of the Work Plan and we did listen, frankly it was in my head, I really wanted to push this further up the agenda, there was that missing link to this. It became more apparent, discussing it with various Members who were really interested and really wanted to see public service reform. The whole public service reform, 390 which is a whole series of basic programmes of work so it covers the organisational target-operating models and property target-operating models, Civil Service reforms, looking at terms and conditions. The whole breadth of it. They are set programmes.

So that is what is public service reform. So when people say public service reform should be all this, they were terms for specific programmes. One part of right-sizing Government is public service 395 reform but other aspects of it include Government looking at what it should be doing and what it should not be doing and just changing the way we do things. At the moment we go out there and create policy letters and we say, 'Right, well we want to do this and we need an officer here, an officer there ...' or, 'We want the correct statutory official here and there ...' Instead of thinking and working back and saying how is this, whatever we want to do, best achieved? Sometimes that might 400 be internal, sometimes it might be external. But we do not have a joined up way of commissioning. Commissioning does not mean just outsourcing everything. You can commission services from within the States.

What we are looking at is creating a commissioning function, which will help those, I think really be helpful both for the States in having a more streamlined and co-ordinated and structured format 405 dealing with those people who are performing the services Government wants it to do. But also, from the other side, like the third sector, who we commission work out to, and the private sector, understanding what is wanted, and having that relationship, so they know where to go, they know what the structure is, we can have different targets to different levels of work to a part.

So, we are not expecting a small third sector charity who are doing one small piece of work to have to fill in 20 pages of the form. We have the levels of requirements gauged to the work that is 410 required. So, bring it back together so then we can better manage and understand what is going on. I think we have got a lot of work that is going on, co-ordinating it so we can understand what is happening, measure it and then determine whether what we have gone out there and asked to be done is actually being met.

415 Part of it is an idea from when we renewed a new contract with the secondary health care, the MSG. The one thing I said I was happy to go the way we did but I really wanted to make sure we had people there, we had a unit of people were able to monitor that contract. We have not had that before. The resource was not there.

The idea is to evolve that idea so that we can then be on top of what is going on, hold those 420 partners to account but also help them so they have got that point of contact so within the States you have Committees responsible for certain areas but you have that commissioning function which make sure that the data that is brought in, we understand what it is, the decision-making of those Committees.

That is trying to develop that function but also look at what opportunities that are out there. I 425 think we could be using the third sector far more and I think a lot of the third sector know that we could be using them far more and from a detailing point of view I think we have got a huge untapped resource there that we need to develop, which is another workstream we are looking at. The other part of all this is looking at the political side, looking at roles, looking at how we can make Government be more effectively politically as well as from a Civil Service point of view.

430 **The Chair:** So, a complicated answer to a seemingly simple question.

Deputy Soulsby: Yes. I think to me right-sizing has set the hares running with some people – 435 what does that mean? – I think re-shaping is probably a better word. Make sure we have got a government that works for our times and we are setting things out in a way that will work for the future.

The Chair: Thank you.

440 **Deputy Roffey:** Is it a philosophical crusade to get down the headcount, or is it about cost and who does it best because outsourcing to some of those will be more expensive than doing things inside and yet you can prove your Civil Service is smaller if you have outsourced at a greater cost? What is actually driving this, is it cost?

445 **Deputy Soulsby:** It is not about just outsourcing everything. Commissioning is not just about commissioning outwards, it could be commissioning with the States. Having that more of a professional client/customer relationship within the States, which I think we need more of, which goes back to those centralised resources for Committee areas, making sure we have standards that those services abide by.

450 It is not just outsourcing and it is not just about getting headcount down and in many ways we will see, I suspect, people resources having to move. We are having to reskill people to meet the areas where we need people to be working. We know from a policy point of view we have not huge numbers of people being able to do a lot of policy work. Now we could say perhaps we are trying to do too much and it will come out of this because we are working at what we are doing with the resource we have got and then determining, okay, we have got a whole load of actions here and
455 we have got people working there, we might have to move them around to meet the actions that the Assembly has agreed.

Deputy Roffey: I have always struggled with this idea of policy officers, because people doing the operational stuff usually have the best insights on what policy developments actually need to take place. Well, part of that –
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Deputy Soulsby: I think they will. There is always going to be that in all developments. We had a presentation to Committees and we are currently doing presentations to all the Committees on the target operating model, MyGov and how the transactional work within the States is being
465 restructured by the Chief Executive, and yes we are bringing down so we have got a better front office so those people can focus on that operational, looking at meeting first-hand the public point of view.

We have got a lot of really highly qualified officers who are doing that. The really basic stuff we need to free up. But those people will be working very closely with what I call the core, developing
470 policy, as well as implementing it the other way. So they are going to have a really important role working with people like Mrs de Garis here.

Deputy Roffey: Dealing with the core Civil Service, we all want to get it as slim as possible, but there must be a sophisticated way of doing that? At the moment, P&R are just issuing an edict to
475 all Committees, any replacement above senior officer one needs to be rubber-stamped by P&R and Deputy Mahoney in particular, I think. I know we want centralised Government and that is an issue for another day, but that is not a very sophisticated way of right-sizing Government is it?

Deputy Soulsby: Are you saying this as President of STSB rather than on this panel?
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Deputy Roffey: No, I am saying it on behalf of every Committee. Every social worker at HSC is a senior officer one or above.

485 **Deputy Soulsby:** I think you will find we are seeing what the financial side of that is at the moment. This is not about stopping people from being appointed if they do not need to be. It is just because we need to be absolutely sure that the resources that are being brought in are necessary. P&R's role is –

Deputy Roffey: We are going to do that. Why is P&R best placed to do that?

Deputy Soulsby: P&R is mandated, and I think it is within its mandate here, within one of these requirements here, is to act as employer for the States. Our remit is not to look in our little Committee area in our silo, it is to look across the States. We have a recruitment process where it is only offered internally anyway so anybody that is appointed creates a hole somewhere else and then you have musical chairs. That is one aspect of it.

The other aspect is the States is not evenly spread. We do not have resources evenly spread. Some areas of the States are quite top heavy with senior officers, other areas less so, and I know one very good Committee of the States is more or less full of senior officers, compared with other States. We are looking at it as a Committee in the round and saying is the best use to put more resources when some of these other levels are six-figure salaries?

We have to be cognisant of the fact that we have got a deficit and if we keep on doing what we have always done, we will continue having a deficit. But we will not stop jobs that are required and necessary for the functioning of the States if we know that it cannot be done any other way. It is just added challenge and I do not think any Committee should be scared of that. I know Deputy Mahoney has already started looking and I think all the ones he has looked at he has approved so far. It is just those extra eyes.

We will be held up and say, 'Why have we got a deficit?' 'Well, it is because we are still recruiting all these people. We are not quite sure about it.' They would say, 'P&R, that is your responsibility ...' –

Deputy Roffey: P&R just appointed two significant new posts in the centre that did not exist before –

Deputy Soulsby: Yes, that was just done, it was not put through the political Committee. All that has been something that we have considered in that light. We will see how it goes but whilst we are in a deficit situation I would think that the Guernsey public would be quite accepting of the fact that we are having extra scrutiny of the recruitment within the States of Guernsey.

Deputy Roffey: Sorry, I took us down a sideline but your question about –

Deputy Dyke: Deputy Soulsby, that was all great to hear. I am sure everyone will be very pleased. Going back to outsourcing, we have got the Agilisys contract, which has been in place for a year or so. The numbers, obviously, are huge. It is a £200 million contract over 10 years and there are add-ons coming in, £20 million for the Income Tax Department, £20 million for Health. How is that contract working. I know it is quite early days. How is that contract working, how do you think it is going to work going forward and is it going to save us serious money in terms of lower level staffing, as we increase the computerisation of the States?

Deputy Soulsby: Thank you for those questions, Deputy Dyke. I certainly was very nervous of this when it went through the States last term. I think we, as an Assembly, probably did not have all the information we could have had at that time, but it is early days. I have been in conversations with Agilisys and been looking at what has happened. We have got the Chief Executive and the Chief Information Officer to get a review done, about where things stood. That will be published at some point; in fact I am not sure why it has not been at this stage, because it will be.

Deputy Dyke: That is imminent, is it?

Deputy Soulsby: Sorry?

Deputy Dyke: That review is imminent?

Deputy Soulsby: Yes, it has been done and it has been reported to the Committee. There are good signs there. Not everything will be working perfectly but we have to remember the real dire state that IT in the States of Guernsey has been for an awful long time. We had to do something to structure it, to professionalise it in many ways, and have something where we have got more of an understanding and structure to what is going on. Previously, IT was spread all across Committees and I think part of the issue that there has been since is that there was not a single view of what was going on from an IT point of view, so that is why extra funding is required after the contract, because new things popped out of the woodwork.

That happened before this Committee was in place. There was not previously political oversight of that contract but I am changing that so that we do what we had done at Health, effectively, so I will be meeting Agilisys on a probably six-monthly basis. Officers will meet on a quarterly basis. So we can actually grill them like you are grilling me at the moment so we know what is going on. We can say what we are not happy about. But have that dialogue, I think that is going to be the important thing so we are on top of it.

In terms of bringing down cost, digitisation is the only way we are really going to ever be able to reduce costs for the States of Guernsey. People still want all the services that they want. We have to automate as much as we possibly can to end up so we have got the value within the people that we have got within the States. That is part of what is the target operating model, which is being developed at the moment. That is where working with Agilisys, making a front portal for the public to be able to undertake, so they have that central contact with the States of Guernsey, not having to enter things in different places.

There will be more coming out about that soon. We have been going around to every Committee, myself the Chief Executive and the chap who is leading the programme, just explaining that to various Committee Members and Members, officers and staff are being advised about what is going on over the coming weeks So that really is working.

Things that went wrong: people talk about the Revenue Service, that was some old legacy systems with human errors, etc.. It was not something that Agilisys were responsible for, but where they have been responsible is the work they have done over COVID. We have got the travel tracker work, test, track and trace, we have got an absolutely fantastic system. The system used there is what is being used within the portal. It has been fantastic for us and really helped us to get where we are so we are really thankful for the work they have done. Of course, we have to pay for these things but it was delivered and I do not know whether the States would have had that capability a year ago, two years ago.

Deputy Dyke: Right, thank you. Do you think it is delivering financially? Are the initial signs that –

Deputy Soulsby: I think it is too early to say that because it is change management. An IT system, you can put those processes in. Those in themselves will not make any savings; it is change management that does and that is what has gone wrong in the past. We know within Health, just bringing in a patient record system was hopeless when nobody was brought in and was part of that development and the way it was done in terms of resourcing it and put the money in. You cannot do that like that any more; it has got to be considered as change management, what this, the target operating model of work, is about at the moment.

Deputy Roffey: Could I just ask a question on Agilisys? I am trying to understand how much we are in bed with them. Obviously, they are our principal ICT provider now. Is there any kind of cost control, are there any packages where we can go out to alternative suppliers just to see whether Agilisys are the cheapest ones at doing it for us or whether anybody else can offer a more competitive quote?

Deputy Soulsby: I understand that you do not absolutely have to use Agilisys, we can use outside. Agilisys, and the Treasurer will probably have more detail on this than me, they are there to provide a core level of services across the States, keep things running. They are also helping us from a transformation point of view and building from the economy. There was another strand in terms of how they were going to help the economy, a work in setting up and obviously at Imperial College that was being developed. There are different strands to the work they have, that they are doing, but it does not mean we have to use Agilisys for all work. Did you want to say anything?

Ms Haines: I would just say that pillar one, the core services, we are absolutely partnered with Agilisys for the 10-year period but as we develop systems, because of course these things do not stand, and as we develop systems and processes and transformation then we will use Agilisys if that is the best solution for the States and we could use –

Deputy Roffey: But we do test the market, we do not just say here is a new package of work, outside that pillar one, we automatically go to them? We do find out who can do it most cost-effectively?

Ms Haines: That is right.

Deputy Dyke: Sorry, one last follow-up question on Agilisys. With the add-ons to the basic contract, how is the tendering process handled? Does Agilisys do it or do we have in-house people who handle it who are not with Agilisys? How does that work?

Deputy Soulsby: In terms of what area, sorry?

Deputy Dyke: In terms of the add-on contracts to the basic Agilisys contract. For example, the Income Tax Department upgrade was an add-on. How was that tendered? Was it tendered from States' personnel who are not with Agilisys?

Deputy Soulsby: I am assuming so. It was before I was involved in it but I do think that was –

Ms Haines: The States remain responsible for making those decisions.

Deputy Dyke: So we still have an in-house capability free of Agilisys, that can argue with Agilisys and tender with other companies – we still have that?

Ms Haines: Yes we do.

Deputy Soulsby: But we are not doing the switching the computer on and off again and running out that job. That is all outsourced.

Ms Haines: We have an intelligent client function, effectively, which is the team, as Deputy Soulsby referred to with the MSG contract, which manages the relationship with Agilisys and manages the contract. But then we also have our procurement team in the States that can run competitive processes, should we need to, for other matters.

Deputy Dyke: Thank you.

The Chair: On the subject of fiscal pressures again, which are obviously at the heart of the GWP, the somewhat snappily titled Review of Fiscal Policy Framework and Fiscal Pressures Policy Letter in the last term set some hares running and that was not least with the figure of £40 million public

sector pay harmonisation. It is really hard to see, I think, how this could realistically be funded. What is your view on that particular issue and how it should be dealt with?

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Deputy Soulsby: From that point of view, from a Policy & Resources point of view, we see that work and think it is well out of date anyway and I think it is something that we need to look at separately in how we address that whole area of making sure we balance and get more balance within the States. Certainly, as a Committee, we do not think that that work really stands up to itself, either when it was done and particularly not now, because life has moved on.

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The Chair: I can understand that, but it has also been used I think by Policy & Resources as well, together with some of the other parts of that particular policy letter, to highlight the unfortunate long-term financial situation that we are in.

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Deputy Soulsby: The last Policy & Resources made a big issue of it. I think it went from £40 million to £50 million at one point. (**The Chair:** That is correct.) But we have already got in deficit, not taking into account that work at all.

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The Chair: So that figure is not taking into account any current deficit projections over the next five years?

Deputy Soulsby: No, the only things that have been added to that are, are the NICE drugs and the central pensions.

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Ms Haines: So decisions that have already been taken by the States in terms of policy decisions have been taken into account in the baseline but future decisions have not.

The Chair: I think that figure did set a lot of hares running. I recall, in fact, Deputy Trott highlighting it in one of his speeches towards the end of last term. So, really, as far as you are concerned, that is parked and any approach to that pay harmonisation is a new piece of work?

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Deputy Soulsby: I think we are going to approach it differently, yes.

Deputy Roffey: It still seems to be going on. The philosophies here, or the background, because the latest pay settlement singing out nurses and care staff and gave them a bigger increase, which presumably was part of that attempt at prioritisation?

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Deputy Soulsby: That is right, yes.

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The Chair: Do you think, generally speaking about public sector reform, that because of the contractual arrangements and the complexity of the number of different unions involved, etc. actually any meaningful progress in that direction is limited?

Deputy Soulsby: It is very difficult if you do not approach it in the right way. There are ways you can approach it to make it simpler. You get down a rabbit hole as soon as you try to look at existing staff and changing their terms and conditions. I think that is when tends to be something that would take an awful long time to actually get anywhere and then not quite sure where you actually end up. I think it might be easier for staff that we are recruiting from now and that might be where we go. We have not agreed, Policy & Resources have not made a decision, that is just my view. I think it is probably shared by others but I think that would be the best place to start.

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The Chair: Given the length of time that States' employees tend to stay with the States, do you not think that is going to be an incredibly slow process?

695 **Deputy Soulsby:** No, as the Chief Executive constantly points out, has been pointing out to a lot of Committees over the last few days, there are a number of officers who are likely to be retiring in the next few years. Bethan, you might have a better idea what it was. It is perhaps something like 50% over the next 20 years. It is something like that. It is really quite shocking the number of people that could be going in that time.

700 **The Chair:** In the next 20 years?

705 **Deputy Soulsby:** Do not quote me on that. I know there are a lot of staff over a relatively short period of time who will be due for retirement, put it that way. So we know that there will be that churn, there will be people leaving through. There always have been. That is a place to start anyway. You have got to start somewhere and I think probably it is the place to start.

710 **The Chair:** Some years ago there was a significant redundancy package for highly paid civil servants who wanted to possibly leave early and I think, I am not aware of any particular review of that, but I think in some ways it was not viewed as a success. Is that part of your strategy this time?

715 **Deputy Soulsby:** We have not discussed that, thought about packages or anything. What we do need to look at is what we have got and see where are we top heavy and where are we not. Where can we move resources rather than first of all saying we need to get rid of people? It has got to be making sure we have got the right people in the right place to do the job that the Assembly say they want done.

720 If we have got that plan, if somebody says this is what we have got to do, this is what the community needs, this is where we need the people to do it, instead of just saying we are going to cut people from here, we are going to cut people from there because that did cost a lot of money there and it cost a lot of money here.

The Chair: Okay.

725 **Deputy Roffey:** I am interested in this re-set of new staff being taken on, on different terms and conditions. What will be their aim? What are we trying to achieve on that? I agree we have got a huge plethora of terms and conditions that are puzzling to even HR experts but what will we be trying to achieve with the new sets of terms and conditions that will benefit the States?

730 **Deputy Soulsby:** I am not the lead on employment matters. That work is Deputy Mahoney. I would imagine, though, it would be more harmonisation. Contracts are so varied across the States I think some harmonisation might be useful in various areas but beyond that, as I say, I am not the lead on that. I do know that at the moment you are absolutely right, it is very complicated. It means the human resource system is very complex and that then makes things slow and it makes things harder. But at the same time we have to look at some jobs. They are ones that we are dependent
735 on people who have qualifications, international qualifications. We have got to understand what does that profession need?

740 We will never be able to standardise, I do not believe, and I think it was wrong at the time to think you can have one contract across all people within the States. But I definitely think there is harmonisation. In other areas, I know within nursing, lots of little bits all over the place that can be helped. All that has been discussed in the past which could be picked up.

The Chair: Deputy Dyke, do you have any other questions you want to ask?

745 **Deputy Dyke:** Well, related to that question, although conscious that you are not the personnel department, is more thought given to dealing with the staff pensions deficit and bringing the pension arrangements more into line with the sort of pension arrangements that everyone else has?

Deputy Soulsby: The whole process was gone through, I think it was last term. Maybe the previous term. It was 2012-2016, which was very long and drawn out. It took an incredible amount of time and I do not think we would be embarking on that. Not in terms of existing employees anyway. But as I say I am not leading that.

Ms Haines: I was just going to mention that the scheme rules require a periodic actuarial valuation and we are currently going through an actuarial valuation as at the end of 2020 and that will demonstrate how well-funded or not the scheme is and what difference the change to a career average scheme has made.

Deputy Dyke: Good. That will be interesting. You mentioned it is difficult to change your existing employers, which obviously it is. We can understand that. What about starting with new terms for new employees?

Deputy Soulsby: I just said to Deputy Burford, we are looking at whether we could start with new employees. As I say, it is not an area I am focused on. I have not got all the details on that but I am sure not ... It is definitely something we absolutely we need to look at.

The Chair: I think Deputy Roffey has got a question, but I do not want to go too far down a pensions rabbit hole here.

Deputy Roffey: Okay, following on from Deputy Dyke saying that if you are talking about new terms for new employees, if you are going to tax the people of Guernsey more, most of them they have lost their defined benefit schemes years ago and had to go onto defined contribution schemes, would it be easier to sell that message if new States' employees were also on defined contribution schemes? I understand nurses, you would not attract them from the UK unless they had a matching scheme, etc. but is any of it going to be examined?

Deputy Soulsby: I totally get that. I am pretty sure it will be. But I cannot say definitively yes because I am not in that position to say.

Deputy Roffey: No.

The Chair: Okay, I will take a short break now, a comfort break, if anybody wants to stretch their legs, and we will reconvene at 11.05 a.m.

*The Committee adjourned at 10.58 a.m.
and resumed its hearing at 11.13 a.m.*

The Chair: Okay. Thank you. Sorry for the slightly longer delay. We just had a slight technical issue with the recording equipment but that is hopefully resolved now. So, Deputy Dyke, you had another question for Deputy Soulsby?

Deputy Dyke: A quick question for Deputy Soulsby. When are we going to get the July documentation to review ahead of the July Meeting?

Deputy Soulsby: June 16th will be publication date but what we really want to make sure is that we do not give Members big surprises before then so that is why we are having information briefings and keeping Members up to date because then they can get their head around it, understand it. Whether they accept it or not, at least they can understand what we are doing, ask questions, well ahead of the time and we get their input as well, right up to when we publish.

795 **Deputy Dyke:** Right, so 16th June?

Deputy Soulsby: Yes.

The Chair: I think Deputy Roffey you have got some questions on capital?

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Deputy Roffey: Yes. I think we deal in the first session largely with how we are going to prioritise new revenue projects and how we are going to decide which ones to proceed with. The other side of the coin is obviously capital. How is that going to work? The four criteria that we decided at the last Meeting, are those going to be strictly applied to bids for capital projects as well?

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Deputy Soulsby: In terms of the guiding principles?

Deputy Roffey: Yes.

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Deputy Soulsby: Yes but we have also got to look at within you have got recovery actions, some of which contain revenue and some of which contain capital. So if those actions contain that capital then they will likely be brought forward if they make the final cut. The capital process has already begun and Committees already asked us what capital expenditure they want to do. That is being looked at and being prioritised and scored at an officer level and then that will soon, it might be next week – Tuesday – that is coming to P&R, so we will be able to see what is set out there.

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Deputy Roffey: So, scored and ranked but how much, how far down that list are you going to go? Is there a global sum that you think that we should be committing to capital spending?

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Deputy Soulsby: Well, we know we have only got £120 million there, left after everything is allocated. It might be £300 million in the pot but everything has been allocated bar £120 million, I think that is right, from the Treasurer. But this is where we, as a States, need to decide is this we just want to live within our means or only expend £120 million or do we think we need to borrow more to be able to do it? That, clearly, will have to be a decision of the Assembly.

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We can put a list out. We have yet to decide whether we do just pay, this is £120 million, or we say this is £200 million or this is £250 million or how we phase it because there can be a whole load of capital projects but you cannot do them all at once and by phasing them, the requirement for borrowing might be less if you are managing to take money from your revenue expenditure. Jo, you have been working behind the scenes on this in terms of looking at the scoring process. Is there anything more you want to say?

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Mrs de Garis: It has been aligned with the Work Plan process as the starting point and that is about all I can add, really.

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Ms Haines: I was just going to say that the focus to date has been on what schemes align with the priorities of government and also of course in capital some stuff we have to do because of compliance legislation, replacement matters. So the Policy & Resources Committee will be considering that initial list and of course then we need to start working on the affordability, cost and how it is funded. So we will try to look at what we want to do first and then what we can afford to do.

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Deputy Roffey: I am still struggling with what is allocated and non-allocated in the Capital Reserve because we used to hear sums, not many months ago, of really large amounts in the Capital Reserve and now we are being told really about £120 million unallocated. The hospital redevelopment, the repurposing, the schools project, is that out of the allocation or is that not?

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Deputy Soulsby: Phase one of the hospital will be part of that because that was approved by the Assembly and that work is ongoing. Of the bit that is allocated.

850 **Ms Haines:** The allocated amount is when capital votes have already been opened. So, if a capital vote has been opened for the full amount of the project then that is considered allocated. If there is still a capital vote to be opened then it is not. So, the schools, for example, will not form part of that allocated amount. There are still decisions to be made. Actually those projects have been reassessed in the latest round of capital prioritisation.

855 **Deputy Soulsby:** So all the hospital modernisation, the whole thing has not been allocated, just the first bit where the work has already started.

Deputy Roffey: So all the later phases have to compete for that limited sum of money that we have got unless we choose to borrow?

Deputy Soulsby: Or timing, of course. We are looking at this now. We can say, if things go well, and we make lots of money we might be able to take money out of revenue. But I suspect that is unlikely.

865 **Deputy Roffey:** The Government Work Plan, the main focus is on recovery from COVID at the moment. How much do P&R feel that capital works in themselves, I do not mean building something we do not need, but building stuff that we do need is actually a recovery action in that it stimulates the economy and the building trade as a driver for other activity?

870 **Deputy Soulsby:** I think there are elements of that. Some building is more valuable than others. If you are building something that will generate revenue, you could say from a recovery point of view that might be something that needs priority over something where you are just building that has got a utilitarian purpose. Of course, yes, it will stimulate, but we have also got to balance it with we do not want to overheat the construction industry either. It is a really difficult balance to make. The trouble is it has just built up and built up over time and we have got to start doing stuff now. Fortunately, we are getting to the point where there are a lot of things that are going to be required at once but we are going to need to manage it carefully over that period.

880 **Deputy Roffey:** You say that ... sorry, after you, John.

Deputy Dyke: I was going to just ask a question on borrowing. As I understand it, the old bond issue, we have somewhere between £100 million and £160 million that has not been used as anticipated and that presumably is under-investment somewhere. (**Deputy Soulsby:** Yes.) And we have got the new facility for £225 million. What is your attitude to drawing down on those sums to cover the next couple of years when we have a deficit?

890 **Deputy Soulsby:** The problem with the bond is, and again I am not the Treasury lead, that the rates on that do not make it an attractive form of borrowing for people. I cannot remember...I think it is about 3.3% and you can get cheaper out in the market in many areas. That is a problem that we have got. I know it is something that Deputy Helyar has got strong views about and how we can use it.

Deputy Dyke: Well, we are stuck with that deal. We cannot get out of it without paying?

895 **Deputy Soulsby:** No, exactly.

Deputy Dyke: In your own mind are you counting that undrawn money as available to spend to sell the securities that are currently –

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Deputy Soulsby: The bond has got to be used for things that are income-generating.

The Chair: But it would be possible, would it not, to change that Resolution?

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Deputy Soulsby: Possibly. But you have got to spend ... you have got to look at the cost of that borrowing at the same time.

The Chair: Absolutely. I am not suggesting it is necessarily wise, I am just saying that is a self-imposed restriction on the States.

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Deputy Roffey: Not just in relation to the bond. There is a States' Resolution that says all borrowing should be only for things that can –

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Deputy Soulsby: No, it is for the bond. The terms of taking out the bond, the States' Resolution was it has to be income-generating.

Deputy Roffey: Even before that, I think there was a general Resolution of the States that said all borrowing should be for income-generating, with a secure income stream that can service that borrowing. Is that still in place? Maybe I can ask ...

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Ms Haines: That was specifically at the time the bond was taken out and relates to that £330 million but I think you could argue that it is wider-drawn than that. Of course that is the only borrowing that is in place. The revolving credit facility is a short-term financing deal so that is a three-year facility. That is not available, really, for long-term.

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The Chair: How much is currently drawn on the revolving credit facility?

Ms Haines: I will need to double-check. I think it is in the region of £70 million to £75 million.

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The Chair: And that is all COVID recovery is it?

Ms Haines: It is all COVID-related and the majority has already been released.

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The Chair: Okay. Sticking to a similar theme, paragraph 2.9 in the Government Work Plan says that the States must ensure that infrastructure schemes chosen generate sufficient social or economic return to justify the investment. I want to pick up on the point about social return, how do you intend to measure that as a return?

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Deputy Soulsby: One area could be hospital modernisation. We know that if we can build that hospital and make those changes, we can impact the waiting times. We know we have got a bottleneck within ICU that if we can develop that area we can get more people through there, we can reduce waiting times and give people a better service and hopefully get less ill and deal with the backlog that has arisen out of COVID. So that would be one example.

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Can you measure it in terms of monetary terms? No, there will be subjectivity in this, of course. You cannot just put everything into a computer and get the right answer. There will be judgement and political judgement will be required.

The Chair: And on something that is even less tangible then, is it intended at any stage to include environmental return?

950 **Deputy Soulsby:** I think absolutely. We also need to think about how we are building as well and making sure we are minimising our environmental footprint in what we do when we build.

The Chair: And on property, the efficient use of States-owned property is obviously integral to the success of the Government Work Plan. In April 2018, a policy letter set out a transitional period
955 of two years to adopt a new operating model for land and property owned by the States, with the purpose of 'rationalising and optimising the management and administration' – I quote. So in relation to the part that falls within the P&R mandate, could you advise the progress so far on that project?

960 **Deputy Soulsby:** Yes, I think since then the mandate has moved from STSB to P&R, so yes Property Services sits under us. I think it is fair to say that, certainly from when we took office, it looked like very little had changed but we recently had an update from that service area and I do know they will be looking at consolidating the Property Services function across the States. Whether that means that everything is done internally, I do not know. We might be looking at Social Services
965 management in a different way but certainly the first thing is to look at consolidating that function so we get a better structure and, in other ways, make sure that we can manage the estate in a better way.

The Chair: When do you expect that report to be published?

970 **Deputy Soulsby:** I do not think it is a report, I think it is an action that has been undertaken by Property Services at the moment. They have been told to go away and put together something more structured than we had.

975 **The Chair:** So there will be a document at the end of it?

Deputy Soulsby: Yes, yes.

The Chair: When is that document likely to be completed?

980 **Deputy Soulsby:** I do not know the latest but it is something that is being pushed by Deputy Mahoney.

The Chair: And is it a relatively high priority within P&R?

985 **Deputy Soulsby:** Yes because we know things need to change. There are parts of the estate that we know that we can rationalise now, I was trying for many years within Health trying to consolidate Children's Services, get them out of Swissville and Lucas House and have a purpose-built hub for Children's Services on the community. That has taken an awful long time.

990 It was not helped by Education changing where they were going to be based and hoping that we could piggy back on that and things were a nightmare but there are plans now to make that happen, which would be excellent, and in other areas as well, we are looking at, I think, in terms of economic crime, moving that into one purpose-built building.

995 **The Chair:** You and I, Deputy Soulsby were in the 2012 States when – I am sure it must have happened before then – but when the subject of property rationalisation first came up. Can we really hope to get towards some kind of conclusion on it this term?

1000 **Deputy Soulsby:** There have been very clear messages given that this needs to happen now. It has been going on far too long, promises made to staff which have not happened because things

have gone on too long. I can probably speak for Deputy Mahoney, I know he is making sure that we are actually getting action on that.

1005 **The Chair:** And this report and work that is being undertaken, does it include evaluation of all the States' properties, which can then feed into changes to the way the States' Accounts are done?

Deputy Soulsby: On the valuation, I would defer to Bethan.

1010 **Ms Haines:** We are currently working through the entire estate to update valuations so that we can put them on the balance sheets.

The Chair: And what percentage of that, would you say, of the estate has been valued?

1015 **Ms Haines:** The work that we have done to date is to identify the whole estate. We are now letting a contract to undertake the valuations. That will be done over the next few months.

The Chair: Do you have any idea of what the price tag of having the estate valued would be?

1020 **Ms Haines:** At this stage no.

Deputy Soulsby: Some have more esoteric aspects than others. I think there are 110 properties in the States but there are also all manner of other little things –

1025 **The Chair:** And land.

Deputy Soulsby: – land that would be much harder to value.

Deputy Roffey: Do not bother to value the land. We do not really need to know what it is worth!

1030 **The Chair:** Did you have a question, Peter?

1035 **Deputy Roffey:** Not on property. I wanted to go back to borrowing if I may. You have said it will be a matter for the States what the appetite for borrowing is but what is the appetite inside P&R? Do you think it would be a good idea to borrow to invest in our infrastructure and, if so, to what extent?

1040 **Deputy Soulsby:** We have not sat down and agreed what our approach is, also what form of borrowing, if we are going to borrow or other alternatives there might be. That might be something that you would want to talk to the Treasury lead on because I know he has got various ideas about how we can use our, sweat our assets better. But I do not think I will go into that detail now because he knows about that far more than I do.

1045 **Deputy Roffey:** Okay but I mean it is going to be fairly key, is it not, in deciding what we can afford to pay for in July. On the capital side, whether or not we want to borrow, so P&R will give a firm lead on that?

Deputy Soulsby: Absolutely and it is something that Deputy Helyar is really focused on at the moment and that is being considered at the moment. So, Deputy Helyar is working on the Tax Review, with yourself, I understand. So you will probably hear some of it.

1050 **Deputy Roffey:** Yes, I am lobbying in a few things, yes. The £75 million or whatever it is that we have taken out with the short-term revolving credit facility and any other COVID cost, will that be converted into long-term borrowing or will you look to reduce our reserves in order to pay that off once you get to the end of this revolving credit facility?

1055 **Ms Haines:** Again, that will be a matter for the States. The States need to decide whether to keep money in reserves or whether to borrow. So, there is optionality there for the States and some of that will be contained in the funding investment plan.

1060 **Deputy Roffey:** Coming back to borrowing for capital works. I do not want to go down PFIs, because I think they are disastrous, but is there any investigation into whether there might be a third way, whether private investment or community investment might be able to be attracted into some of these projects.

1065 **Deputy Soulsby:** Absolutely. We did not go down and I was very attracted to the idea of the bond and I know it is something that you put forward. The structure of it was of a concern at the time and terms of what we saw was of concern, so that is why that one has not been pursued. But there are ideas about how we can do it in a different way and actually being focused on particular capital, I think. One of the issues just saying, right here is a bond, people, and we will just spend it on capital, I think the public are more likely to know where their money is going so it is something tangible to them. So we would probably build it into that.

1070 In terms of PFI, I understand where you are coming from PFI but public-private partnerships they have not worked in the UK for various reasons and that can be the way it is structured but I do understand they have worked very well in Australia and Canada and there are alternatives that we could use there and I think we should be looking at that.

1075 **The Chair:** Did you have a question, Deputy Dyke?

Deputy Dyke: Yes, could I raise another rave from the grave? Deputy Soulsby and I were on the Public Accounts Committee together about eight years ago and we were talking about the introduction of international public accounting standards –

Deputy Soulsby: Ah yes, my amendment! Yes it was.

1085 **Deputy Dyke:** My question is, as I understand it, £1.3 million has been allocated to do it and that was about eight years ago so I am wondering where we are on it and how much of that money has been spent and when can we look forward to accounts produced in accordance with these standards?

1090 **Ms Haines:** I can answer that question. Yes, £1.3 million has been allocated. I think we have spent roughly £300,000 of that to date. We have been making incremental changes, so the accounts, if you look at them now, they look very different to how they looked several years ago. The big thing that the team have been focusing on and it has been delayed by COVID, unfortunately, is the fixed assets to go on the balance sheets. I think that will make the biggest difference and, as I said slightly earlier on, we are currently trying to go through the process of valuing all of our land and property assets, so that will take a big chunk of that remaining money, or a chunk of that remaining money to do that exercise this year.

1095 So that for 2022 accounts we should have, because you always need a prior year, so by the end of this year we should have a valuation for all of our fixed assets. For the following year's accounts we should have a prior year and a current year of fixed assets and then I expect we will start the formal transition to IPSAS accounting.

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Deputy Dyke: Sorry, when do you see then the final transition?

1105 **Ms Haines:** The final transition, there are certain strange accounting rules that mean that once
you have announced you are in a formal transition period you have got a period of three years to
make the full transition. Of course, fixed assets is a big part of it but treatment of all of our trading
assets is another big part of it. We need to consolidate the Social Security Fund, we need to
consolidate all of our subsidiaries, so the ports, the Dairy, all of those, we need to decide how we
1110 are going to be treating Guernsey Electricity and so forth. We need to decide how we are going to
be treating the pension.

So there are still some quite big matters that then need to be brought onto our balance sheets
and brought into our accounting structure over that transition period so it is important that we do
not trigger the transition period until we are absolutely ready and that is why we wanted to get the
fixed assets resolved before we triggered that transition period.

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Deputy Soulsby: I hope it is by the end of this term, then I can leave in peace!

The Chair: I was going to say, it is a bit like Article 50, by the sounds of it, the moment you
trigger it the clock starts ticking. So when do you think you are likely to press that three-year button?

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Deputy Soulsby: Such as to enable us to get it finished by the end of this term.

Deputy Roffey: When is that likely to be?

1125 **The Chair:** That is going to be in a year's time, then, in that case.

Deputy Soulsby: Work backwards, yes. Exactly.

The Chair: Do you think that the remaining £1 million that you have got for this project is going
1130 to be adequate?

Ms Haines: It is very difficult to say. It requires significant internal resources. That is the main
thing. There is an assumption that accounting is just done by a bunch of accountants in the Treasury
and that it is quite straight forward but actually we need to change a lot of the business processes
1135 across the States so we are collecting the right information and keeping it up to date.

So, a lot of the cost is internal and using existing resources. What we have to actually spend
externally is a lot less and the valuation of our assets, advice on things like pensions, etc. and then
buying in additional resource to help us do it, is what we are going to need. So I am hoping that
that allocation will be adequate.

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Deputy Soulsby: I will just butt in there because Bethan has really raised that point again. People
ask when are you doing this and when are you doing that? There is amongst a certain skill base it
is limited and they cannot do all things all at once so it is about prioritisation and so you can see
why something, certainly COVID, we had the Treasury working on how we can create furlough
1145 schemes and supporting businesses in a very short period of time and managing that and that took
up resources. It is always about prioritisation. I can understand why it has ended up coming to the
bottom when there is other stuff coming along, but I think it would be really good if we could start
getting proper ...

1150 **Deputy Roffey:** When that process is completed, when you have pushed the button and spent
your three years and we have got completely in the new format, will it make the States' finances
look rosier or blacker? We will obviously have the fixed assets there, but they presumably will expect
to depreciate them as well. I am not expecting a definitive answer, but just in the round, how would

1155 you expect that we would be looking at larger deficits if we were doing where we are now against those new standards or smaller ones?

1160 **Deputy Soulsby:** I suspect so. Looking at Jersey's accounts I always put depreciation on a very separate line so it is taken out of the equation, so when you see the bottom line, it is in there but it is at the bottom.

Deputy Roffey: Is that in line with the new international standards we are signing up to?

Deputy Soulsby: Yeah!

1165 **Ms Haines:** I think we do have, at the moment, several of our internal trading assets, are loss-making as are Social Security funds. When that is all consolidated, that will bring lots of different pockets of deficit altogether and so yes it probably will not look that pretty.

1170 **Deputy Roffey:** Okay, thank you. I understand why you are taking your time then!

1175 **The Chair:** I would like to move onto the subject of minor capital allocations now. Very early in the term Deputy Helyar emphasised the need to fix what he called the broken window syndrome. For example, the Vallette bathing pools, the Castle slip, the steps to the Clarence Battery. Has authorisation and funding been given to the relevant Committees and are there start dates for these three projects?

1180 **Deputy Soulsby:** I certainly know there has been a lot of work going on to try and make that happen and there have been issues about doing it. I do not know if Bethan knows any more on that at the moment.

Ms Haines: I do not know the detail of those specific projects.

The Chair: I accept they are minor things.

1185 **Ms Haines:** But obviously a significant additional allocation was made to minor capital by the States in this year's Budget for the next period and several of those projects will be picked up from those minor capital allocations. I think a couple of them have made applications as part of the capital prioritisation round.

1190 **Deputy Soulsby:** I think some of the issues were around process that got in the way, that might be freed up now. That is as far as I know as what the Treasurer has just said.

Deputy Roffey: I can tell you that STSB have put in a bid for the Havelet slipway if that helps.

1195 **The Chair:** Okay. I am not sure, do either of you, Deputy Roffey or Deputy Dyke, have any further questions?

1200 **Deputy Dyke:** Procurement. When I look at the cost of States' contracts proposed, for example Dairy, various buildings, it does occur to me that prices are incredibly high if you compare small building costs with the UK. I agree Guernsey is more expensive anyway but some of the sums are quite eye-watering. I do not know whether P&R has any ideas as to how we could improve procurement? Could we have a panel of developers, builders and lawyers to look at the subject? I just sense we could do better on it.

1205 **Deputy Soulsby:** We employ people to do it, and properly, and that is what we hope is being done. But we also signed, I am talking about the hospital, some very expensive project managers who do these things all over the place, who design the costs and work out what the costs are. It is not as if we are plucking figures out of thin air. It depends on the spec that we are asking for. You might think that is expensive but if we are asking for the world then that is what you are going to have to pay for.

1210 Perhaps it is not so much the cost of building a school or the cost of doing whatever it is, saying it is the cost of having a school that looks like that or the cost of having the facilities in the hospital like that. It is the decision-making around that that we should be looking at, less about it costs a lot to build this compared with somewhere in the UK.

1215 Perhaps we need to step back and say we do not need to have something so gold-plated as that. But then that leads to other and then you get in to the public realm of people saying, 'We think a classroom should be that big and something else should be that big.' That is when it can get difficult.

1220 I think part of our process, the problem we have is having to go to the States and say, 'here is a number,' and get the States to approve it before we have even got that far, which raises all the questions about if it is all those people we know they have got that amount of money left, near as dammit that is what we will end up having to pay.

1225 **Deputy Dyke:** I think that is one of the worst aspects, actually, because once you put a figure out there no builder is going to come in with anything –

1230 **Deputy Soulsby:** But that is how the States has worked to get the Assembly's approval. The alternative is to give P&R the mandate to do that but then that causes issues about allowing P&R to have that power and where is that democratic decision being made. It is a conundrum because I can absolutely see the balance being open and having the States approve something but at the same time are we shooting ourselves in the foot by just going out with these numbers, which are often based on just a guesswork, educated guesswork, at the time that we have to go to the States. That is something that we should be looking at. I think Bethan has been involved in this for quite a long time. We tried to change that last year a bit with the hospital, did we not, but it is going about it in the wrong way, I think.

The Chair: Okay. Deputy Roffey, do you have any final questions?

1240 **Deputy Roffey:** Two general ones, if I may, at the end. Coming back to the Government Work Plan and the process in July, we have sort of forked out what we can afford to do in terms of money but the other limitations obviously, well the two other limitations, there is the expert staff to actually implement things and there is also, when there is a legislative requirement, there is the funnel that you have to go through for legislative drafting. How much is that going to be? How is the Assembly going to be informed about the conduits there and about the limitations there in order to make their decisions?

1250 **Deputy Soulsby:** Absolutely and that will impact our phasing and what can be done. There are a lot of things that need a small number of those people with those skills. They are not skills you can easily buy in. It is if you want to do that why are you not doing it even more? A lot of it has to be local skills, understanding the systems and structure and how the States works. So many times you see that people have been brought in and it takes about a year just to hit the ground.

1255 We need to focus. So that is going to be a limitation. Part of what we will be looking at is what can be done based on those resources and capacity we have. We might not have the money, the money might not be there but it is the people we have not got, which is probably the biggest limitation. I know that Jo, going through the actions, would say a lot of it we are having to phase

because of that but there is stuff we are going to have to delay because of that. These people cannot do everything at once.

1260 **Deputy Roffey:** Thanks. My final, really cynical question is I have seen lots of Government business plans or similar things called by different names, come and go and everybody invests huge amounts of energy and attention in actually drafting them and getting them approved by the States and then they are really ignored for the rest of Assembly. How is this going to be different and why is it going to be different?

1265 **Deputy Soulsby:** That is absolutely the case. The reason why we are working at speed and I hold my hands up and I have been pushing it at speed, because I have been frustrated in the past about how I have had officers spending months and months on end putting plans together but not being able to focus on the doing and we cannot afford to do that at the moment.

1270 Also we need to do it now, whilst we are an Assembly and we are developing what we want to do for the future, if you have to wait another year, 18 months, Committees are off doing their own thing and they you cannot play catch-up and then you have got some things going off on there and they do not relate to that there. The sooner we can work on this now and we are all working together on it – and that is the important thing, it is working together – and the Assembly behind it, that will make it work. Ultimately it is about the Assembly owning it.

1275 **Deputy Roffey:** It would result in action this day?

Deputy Soulsby: There is certainly a lot of action going on at the moment, I will tell you that.

1280 **The Chair:** I think Deputy Roffey just stole my last question. (**Deputy Roffey:** I am sorry!) Which is unsurprising! I have no further questions, so I would just like to – I have lost the piece of paper on how I sum up here – so I would just like to say thank you to everybody for coming. Thank you.

Deputy Soulsby: Thank you.

The Committee adjourned at 11.45. a.m.