

REPLY BY THE CHIEF MINISTER*
TO A QUESTION ASKED PURSUANT TO RULE 6 OF THE
RULES OF PROCEDURE BY DEPUTY LESTER C. QUERIPEL

(The Question was submitted to the Treasury and Resources Department but has been responded to by the Chief Minister as responsibility for the Financial Transformation Programme rests with the Policy Council.)*

Preamble to the Answer

Before addressing the detailed questions, it would be useful to clarify how the FTP is being run and what the 'FTP team' is. The programme structure places responsibility for delivery of projects firmly within the Departments' control. It is the Departments that agree the projects and lead them. The FTP has a central programme team which supports Departments in the delivery of the FTP and engages additional resource (through Capita) as required. It is also responsible for providing training and development to equip staff to deliver projects and programmes.

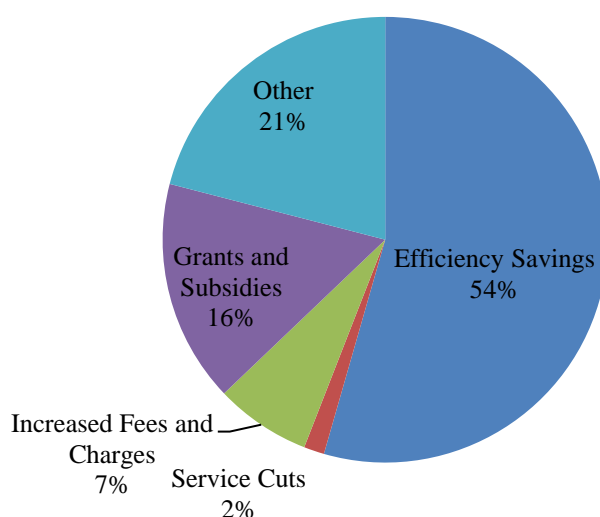
Question 1

Is the overall intention of the FTP team to simply recommend 'cutting services', e.g.: close toilets and not clean our streets and roads: also to simply 'increase fees' for licenses, bus fares etc, or will the team be looking at areas where 'efficiency savings' can be made WITHOUT resorting to 'cutting services' or 'increasing fees'?

Answer

The overall intention of the FTP is best summed up through the programme's vision which is **'An environment where islanders can be confident that the right public services are efficiently and effectively delivered and represent value for money'**.

The programme is fundamentally not about cutting services as can be seen from the pie chart below which illustrates that service cuts represent just 2% of the savings made to date.



The FTP Portfolio of projects being recommended by the Departments to meet their targets over the remainder of 2013 and 2014 can be categorised as 81% efficiency savings and 19% income generation. There are no further 'cuts' in the portfolio.

Question 2

Are the FTP team not simply doing the job that our civil servants and politicians SHOULD be doing anyway?

Answer

As outlined above, it is the Departments who identify and lead the projects to deliver savings in their area, both officers and politicians. The Departments' officers are responsible for prioritising, motivating and enabling staff to deliver against targets and also assessing what extra resources may be needed to implement changes. The 'FTP team' provides support and can provide additional resource to help progress projects.

Experience in the delivery of such a fundamental change programme did not previously exist within the States of Guernsey. Civil Servants are skilled at 'running the business' rather than 'changing the business'. The 'FTP team' has been established in order to manage the delivery of the FTP with resources from both Capita and the States. This partnership approach provides the best mix of local knowledge and specific programme expertise as well as facilitating a transfer of knowledge to the States so that, with time, less reliance will need to be placed on consultants.

Question 3

Is there not a real danger of duplication of effort occurring in relation to the FTP team, and departments themselves, attempting to identify where 'savings' can be made?

Answer

There is no duplication of effort. Departments were advised of the value of the FTP target allocated to them in 2012 and tasked with developing a portfolio of projects to enable them to reach their target. Cross cutting, or inter-departmental, programmes are underway which are examining cross departmental savings opportunities e.g. the HUB.

The departments work with the support of the 'FTP team' to develop projects and identify methods to fully risk assess and evaluate the projects.

Question 4

Mr Ed Freestone, the Association of Civil Servants President, recently stated in the media, that there is a severe 'lack of communication' between departments and civil servants, regarding the FTP. Can the Minister please tell me what is being done to rectify this problem?

Answer

There are a number of channels of communication in place to communicate with key stakeholders including:

- Email Newsletters at departmental and project level
- Training for people involved with delivering projects
- Information on events and updates regularly posted on the HSSD website, Source and the States wide intranet, the Bridge
- Briefings through the media on specific areas of the programme
- Press Releases to update the public of the efficiency gains made by the programme.

Specific communication on areas such as changes to staffing structures and service delivery to those involved in implementing them is the remit of the programme managers. Communication to those staff and customers immediately affected by changes to services as a result of the FTP are the responsibility of departmental HR and communications officers who are tasked with coordinating their communications with the FTP Communications manager. We are always looking at new methods and routes to improve ways to engage staff and enable them to feed into the process of the FTP.

Question 5

Are the FTP team able to 'double check' figures, statistics and information supplied to them by departments and employees etc: or do they simply have to trust that the information they are given is correct?

Answer

The management of benefits is a key activity carried out by staff in the 'FTP team'. It ensures that the desired business change outcomes have been clearly defined, are measurable and are ultimately realised through a structured approach. It will also challenge the figures and information supplied to it from Departments, in relation to delivery of their FTP projects and savings.

A fundamental principal of the FTP is that evidence based decisions are made and projects must have clear and measurable success criteria.

Question 6

How much research, and investigation, is the FTP team able to undertake in their attempt to identify areas where 'savings' can be made? i.e. are they permitted the time, and the authority, to access, and request, information from departments, that hasn't been voluntarily submitted by the departments themselves?

Answer

The responsibility for identifying and investigating opportunities to release savings, in addition to those identified in the Phase 2 report of the Fundamental Spending Review, lies with States Departments. If there is a lack of capacity or capability within a Department to investigate new opportunities, resources are made available through the use of the contract with Capita and/or the central 'FTP team'.

Question 7

Are the FTP team investigating the possibility of 'superfluous middle management' employed within the States?

Answer

There are currently no defined projects within the FTP Portfolio that target a particular grade of staff throughout the organisation. There are however a number of projects contained within both the cross cutting programmes and Departmental Programmes that will include the review of the staffing structures in a number of areas and will seek to ensure that they are streamlined as practicable.

Question 8

HSSD recently asked for 'whistleblowers' working within the Health Service, to report on areas where they thought savings could be made. In my opinion, this is a ludicrous, unrealistic and amateurish approach to government, because the majority of employees would be afraid to speak for fear of losing their jobs. Are the FTP team able to engage with members of staff in any other capacity, other than that of a 'whistleblower'?

Answer

There are several opportunities available to staff to propose savings opportunities through the following routes:

- Staff Induction
- Direct engagement with line managers
- Involvement as part of delivery teams on existing and future projects.

Question 9

It has been reported that as a result of the recent introduction of SAP, (an FTP initiative) 30 posts within the States have been removed from the organisation. Have these 30 employees been dismissed, or have they been re-employed somewhere else within the civil service?

Answer

It is important to understand that 30 plus full time equivalents and not 30 posts have been released through the SAP and Shared Services Project. A full time equivalent is not necessarily one post and so does not relate to individual employees. It is the sum of parts of roles that add up to the full time equivalent reduction of 30. Therefore there were not 30 employees who lost their jobs.

I am pleased to say that by following best practice, including implementing a recruitment freeze, that most staff found new roles in the substantially changed new organisation.

Question 10

Is it possible to tell me the roles that these 30 employees were previously involved in: also, if they have been re-employed, is it possible to tell me what their 'new roles' are please?

Answer

The answer to the previous question explains that the number 30 refers to full time equivalents and not 30 posts hence it is not possible to answer this question. Some 130 posts were affected by this substantial reorganisation and we would not release details of these as they affect individual employees.

Question 11

If it hasn't already taken place, is there any intention to re-employ any of these 30 employees at the Income Tax office, to assist in dealing with the 'backlog' of tax returns?

Answer

It takes up to 6 months training and 12 to 18 months of practical experience before a Tax Officer can be considered as fully trained to do all the duties attached to the post. Even to put a trainee in the position of being able to deal with relatively straightforward tax returns

involves 6 weeks of full time training, to become familiar with the appropriate legislation and Income Tax Office systems. This would involve input from the Income Tax Office Training Officer who is already involved in the training of existing trainees and would generate, at least in the short term, a substantial increase of the workload of supervisors to check the accuracy of output of additional new employees. In addition the capability of staff to adapt to dealing with tax matters would also have to be assessed through an interview process as it would not suit everyone's skills.

Question 12 a

It has also been reported that introducing SAP could cost £9,400,000, to achieve an annual saving of £1,700,000. Am I right in saying that it will then take approximately five and a half years to recoup the £9,400,000?

Answer

In the States Report of the 26 October 2011 XVII the budget for introducing SAP was forecast at £7.9m, and this figure has remained unchanged. The SAP project has been delivered on time and on budget and is now forecast to deliver savings of £1.7m per year as well as enabling the delivery of a range of co-dependent projects expected to achieve additional savings of up to £9.5m per year.

The predicted efficiency savings of £1.7m per year, realisable from 2013, will mean that the entire capital outlay will be repaid within a five year period.

Question 12 b

If that is the case, is there not a real danger that technology will have 'moved on' in that time, and that the technology employed by SAP, will then need to be replaced?

Answer

In terms of technology, SAP has been in place across the States for ten years. This implementation increases the functionality of SAP in the areas of plant maintenance, HR, procurement, finance and reporting. As part of the implementation, we have upgraded to the very latest version of SAP and so are running with the latest enhancements. The States of Guernsey has committed to using SAP as its enterprise resource management system and as would be expected the system shall now be supported and maintained appropriately.

Question 12 c

If so, will that then mean that additional costs to the original £9,400,000, will have to be factored in to cover the cost of 'replacing' equipment in five and a half years time?

Answer

Please see answer to question 12 b.

Question 13

Has anyone, within the States or otherwise, been given the responsibility of ensuring that the FTP team themselves, are carrying out their duties effectively and efficiently?

Answer

The 'FTP team' reports to a dedicated Portfolio Director who in turn reports to the States Treasurer. They are responsible for ensuring the team is discharging its duties effectively as with any other line management arrangements. The Executive Leadership Team is responsible for directing and overseeing the delivery of the FTP on behalf of the Policy Council which is accountable to the States for delivery of the programme.

Date of Receipt of the Question: 6th January 2013

Date of Reply: 24th January 2013