

Thursday 09 March 2023

Efficiency Savings

Comptroller and Auditor General issues latest report

Comptroller and Auditor General (C&AG), Lynn Pamment, has today, 09 March 2023 published a report on ***Efficiency Savings***.

The report focusses on the effectiveness of the Efficiencies and Rebalancing Programmes within the States of Jersey, including non-ministerial departments. It covers the establishment and operation of the Efficiencies Programme from 2019 to April 2020 and the Rebalancing Programme from April 2020 to May 2022.

Lynn Pamment found that the definition of what constituted an 'efficiency' cited in the Efficiencies Plan 2020-23 remained generally consistent across subsequent rebalancing measures, the Government Plan 2021-24 and the Government Plan 2022-25. This definition was approved by the Council of Ministers and was made public. The definition used includes both cost recovery and increasing revenue as efficiency savings. The C&AG considers that neither of these is an efficiency saving measure when compared with generally accepted best practice definitions.

Arrangements to develop Government cross-cutting themes to support the identification and achievement of longer-term efficiency savings in effect did not all happen during 2020, being severely interrupted by the COVID-19 pandemic. In addition, the arrangements to support the identification of efficiency savings have lacked both granularity and data integrity. There was a general expectation that there should be no service degradation as a consequence of making efficiencies. However, the approach adopted lacked the specific identification of current and desired service levels to enable departments to assess their service target objectives. There were also few examples of unit and process cost data and comparisons to aid the identification of opportunities and targets.

The cost of external consultants to support the Efficiencies Programme in 2020 was in excess of £1 million. In addition, there has been an investment of £273,000 in the Zero Based Budgeting (ZBB) programme to support the Efficiencies Programme. There is however little evidence of a cultural shift in identifying and delivering efficiencies: the ZBB programme has delivered budget realignment rather than efficiencies.

Departmental budgets were reduced for 2021 and 2022 to reflect the savings targets in cumulative terms. These targets included any additional savings required to replace non-recurring ('one-off') savings achieved within the Programme. Target savings between 2020 and 2022 total £86.1 million. At the end of August 2022 the forecast for achievement against this cumulative budget by the end of 2022 was £76.8 million.

The Government Plan 2023-26 replaces the Rebalancing Programme with a Value for Money Programme. This Programme will focus on cashable savings targets and delivery plans for each department, a Productivity Improvement Programme and a series of Best Value Reviews.

Lynn Pamment said:

“The States of Jersey’s plan to implement an Efficiencies Programme from 2020 was irrevocably interrupted by the impact of the emerging COVID-19 pandemic. During 2020, the Efficiencies Programme was replaced by the Rebalancing Programme. However, this Rebalancing Programme has not delivered all of the recurring benefits envisaged in the original Efficiencies Plan.

“The Value for Money Programme currently being established as part of the Government Plan 2023-26 emphasises the opportunity to re-focus on value for money. This consideration of economy, efficiency and effectiveness provides an opportunity to establish new programme governance arrangements and an appropriate supporting culture shift.”

The report *Efficiency Savings* can be found at: <https://www.jerseyauditoffice.je>

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Notes to Editors:

- The Office of Comptroller and Auditor General (‘C&AG’) was established in 2005 and operates under the Comptroller and Auditor General (Jersey) Law 2014
- The remit of the C&AG includes the audit of financial statements, corporate governance, internal control and wider consideration of public funds, often expressed as ‘value for money’
- The 2023 Audit Plan can be found at: www.jerseyauditoffice.je
- Lynn Pamment took up the Office of C&AG on 1 January 2020 for a fixed term of seven years. Following the introduction of the Comptroller and Auditor General (Jersey) Law 2014 the term of office is fixed at seven years and is non-renewable.
- The Office of C&AG is known as the ‘Jersey Audit Office’.
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