

Friday 29 March 2019

C&AG recommends fundamental review of the role and operation of the States Employment Board

Comptroller and Auditor General issues latest report

Comptroller and Auditor General (C&AG), Karen McConnell, has today (29 March 2019) published her report into the *Role and Operation of the States Employment Board*.

The Employment of States of Jersey Employees (Jersey) Law 2005 established the States Employment Board (SEB) as the statutory employer of all States employees. It is chaired by the Chief Minister, or their nominee, and comprises two Ministers or Assistant Ministers and two other members of the States Assembly.

SEB has wide-ranging functions including:

- ensuring that the public service conducts itself with economy, efficiency, probity and effectiveness;
- ensuring the health, safety and wellbeing of States employees; and
- issuing Codes of Practice on recruitment, training and development, appraisal, discipline, suspension and termination of employment with which Accountable Officers (for Ministerial Departments) and Accounting Officers (for Non-Ministerial Departments) have a duty to comply.

Staff costs make up over 30% of States expenditure. Effective oversight of human resources is a critical component of the operation of the States. However, there has been no comprehensive review of the operation of SEB since its establishment.

In her review the C&AG evaluated the effectiveness of the design of arrangements and how well SEB discharged its functions. The evaluation of the design of arrangements included the functions of the Jersey Appointments Commission (JAC). The C&AG also looked at the effectiveness of arrangements for securing compliance with Employment Codes of Practice and supporting policies. The C&AG did not consider in detail the role of SEB in pay negotiations.

Karen McConnell concluded that the current arrangements were not fit for purpose. She found firstly there are significant weaknesses in the framework for the oversight of Human Resources (HR) management.

Those weaknesses relate to:

- the establishment and functions of SEB. For example, SEB is on the one hand responsible for ensuring that the public service conducts itself with economy, efficiency and effectiveness - a function that is impossibly broad to perform. But, on the other hand, it is given no duty to monitor the implementation of the Employment Codes of Practice that it issues;
- the establishment and functions of the JAC. In particular, I am concerned that the statutory framework does not give sufficient protection to the independence of the JAC; and
- ambiguities and gaps in the current arrangements. For example, the absence of oversight of most aspects of HR arrangements for States owned companies and Arm's Length Organisations; and the absence of independent oversight of contentious termination of employment, including where a compromise agreement is reached.

Secondly, in many respects the arrangements to enable SEB to discharge its functions have been poor. In particular:

- SEB has not adopted an overarching People Strategy that includes: the States' future workforce requirements; the assumptions, values, beliefs and aspirations which guide SEB as an employer; how SEB intends to discharge its statutory duties; linkages to key strategic HR policies; and the respective roles and responsibilities of SEB, the Principal Accounting Officer and the Council of Ministers;
- SEB has focussed its work on some operational aspects of its responsibilities to the exclusion of some key strategic areas, such as monitoring the benefits secured by organisational change, controls over the total number of people employed and staff training and development;
- SEB has not focussed sufficiently on securing improvements in key areas. Although some work is now in hand, arrangements for development and maintenance of Employment Codes of Practice and supporting HR policies and guidance were underdeveloped. Arrangements for ensuring the health, safety and wellbeing of employees have been fragmented and fall short of good practice; and
- SEB is insufficiently transparent about its work.

Thirdly, SEB has not focussed sufficiently on monitoring of implementation. This is evident in:

- the absence of mechanisms to monitor compliance with Employment Codes of Practice and supporting HR policies. However, an approach to monitoring is currently being developed; and
- the absence of an active role in monitoring the implementation of my recommendations, as well as those from other external sources, relevant to human resources.

In this report the C&AG recommends a fundamental review of the framework for the oversight of human resources of the States.

Karen McConnell said:

“I recognise that SEB has initiated changes in how it works and that changes to human resources management are being made as part of the move to the new Target Operating Model. These improvements are welcome. However, in my view, fundamental change is required so that SEB can demonstrate that it is exercising effective oversight of human resources across the States. Such change inevitably requires enhancement of the skills and resources to support SEB and the JAC in discharging their responsibilities.

The corporate HR function has been under-resourced and this needs to be addressed to help secure the changes that are urgently needed. The preparation and implementation of a comprehensive People Strategy is essential to help set the direction for the future and drive effective implementation.”

The report will be available on the Jersey Audit Office’s website from 0930 on 29 March 2019 at (www.jerseyauditoffice.je).

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For further information, please contact:

Rozena Pedley

M: 00 44 7797 733553 / T: 00 44 1534 629800

E: rozena.pedley@jerseyauditoffice.je

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'
- Karen McConnell was appointed in 2013 and the term of office was extended in 2014 to 31 December 2019. Following the introduction of the Comptroller and Auditor General (Jersey) Law 2014 the term of office is now fixed at seven years and is non-renewable
- Formerly of the UK Audit Commission ('the Commission'), Karen held a variety of senior positions, including leading the Audit Practice
- Karen has a full programme of work which she intends to fulfil before the end of her term of office. Arrangements are in place for the appointment of a new C&AG from 1 January 2020 and handover arrangements are being overseen by the Board of Governance of the C&AG
- The Office of Comptroller & Auditor General is known as the 'Jersey Audit Office'
- Contact details are: de Carteret House, 7 Castle Street, St Helier, Jersey JE2 3BT / T:716800 / E: enquiries@jerseyauditoffice.je

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- Press releases will be published by the Jersey Audit Office to accompany the publication of each report
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- Other press releases/ statements may be made on an occasional basis and not necessarily dependent upon the publication of a report. They will be subject to the same embargoes where set
- With any report issued, the opportunity is available for members of the press to request factual clarification, by email, of points contained therein
- Any comments made additional to any reports, will be included within any press release(s) as issued by the Jersey Audit Office, in the form of a quotation by the C&AG. These comments will be available for publication; but there will not be any supplementary live or pre-recorded interviews offered or undertaken by either Karen McConnell or the employees of the Jersey Audit Office
- The C&AG is prepared, on an occasional basis, to provide articles for publication in the local media, following a specific request and consideration of the relevant topic
- All public information, including press releases and reports, are accessible on the Jersey Audit Office website at www.jerseyauditoffice.je

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