

**REPLY BY THE PRESIDENT OF THE POLICY & RESOURCES COMMITTEE TO QUESTIONS  
ASKED PURSUANT TO RULE 14 OF THE RULES OF PROCEDURE BY DEPUTY L B QUERIPEL**

**Question**

*On a number of occasions during the course of this term I have raised queries and sought greater clarity in regard to aspects of the Public Sector Reform agenda. Public sector reform does get a mention in the Revive & Thrive policy letter/document but perhaps understandably at this stage little detail is provided, and it may be that the programme for reform will look different to that previously envisaged because of the Covid-19 situation. Nonetheless I am concerned that the reforms will adopt the rather hackneyed and what I would describe as somewhat lazy and short sighted approach of stripping out lower paid positions (some so low that top ups are needed via Income Support), typically occupied by front line workers/those with practical skills delivering a variety of services to our community, while largely avoiding higher paid administrative and management roles.*

**Q1** *Could you please explain whether such an approach will form part of the reforms?*

**Answer**

In responding to these questions, it is perhaps helpful to remind ourselves of the purpose and objectives of Public Service Reform (PSR). First and foremost it is a programme of change that is needed to respond to a number of challenges, including (but not limited to):

- Our community's shifting demographics, and the declining proportion of the population in work
- Changing expectations of our service users
- The States of Guernsey's evolving workforce requirements
- Supporting Guernsey's economy, and helping to meet the challenges we face in a competitive world

PSR has at its heart the need to put customers first and improve the services we deliver for the benefit of the community. It is about ensuring the ongoing sustainability of public services. The organisation needs to be more efficient if it is to ensure that taxpayers' money is spent wisely, that service and infrastructure improvements are not delayed or denied to service users, and that the government's commitments are met.

New ways of working will lead to a slimmed-down public sector but it would be counter-productive simply to strip out lower paid positions not least because, as you have pointed out, this would include many frontline workers, who are delivering essential services. The approach being applied to PSR is more sophisticated than that and is focused on improving service delivery whilst also improving value for money. Although we anticipate ongoing savings as a result of PSR, this is not the primary driver for change. If it were, we would simply have implemented job cuts rather than embarking on a comprehensive programme of transformation. Whilst it will doubtless take longer, the latter will bring about greater

long-term benefits for the community as well as a reduction in the operating costs of the public sector.

**Q2** *History demonstrates that the outsourcing and/or privatising of public services can lead to a deterioration in the quality of those services, poor value and lack of accountability. Could you please explain if the outsourcing or even privatisation of such services is being considered?*

**Answer**

We are looking carefully at how all services are delivered and this will include considering whether some might potentially be delivered differently and/or by other service providers.

Such considerations are not new. Over the years the States have considered various operating models for their trading entities, most recently in 2011 (Billet d'Etat I, 2011) when they considered and noted the results of a review carried out by the then Office of Utilities Regulation (OUR) into the various business units under the control of the former Public Services Department, which have now been transferred to the States of Guernsey Trading Assets, overseen by the STSB.

The 2011 report acknowledged that:

- (a) Government needs to ensure essential services are provided, but not necessarily be the provider.*
- (b) Government structures (not just in Guernsey) are usually stable but can be cumbersome. The culture focuses on public accountability where at States, Board and managerial levels business direction can occasionally be influenced by the wish to avoid adverse public opinion or political comment more than focussing on productivity.*
- (c) Government-run businesses can often prove frustrating to commercial trading partners who struggle with the governance constraints placed on managers and political Boards which mean business decisions may not always be made in a timely manner.*

These three factors remain as relevant today as when they were written. Although there has been little appetite in the past for changing existing arrangements, the current crisis and the need for an innovative recovery plan that focuses on both stimulating the economy and slimming down the public sector could prove to be a catalyst for change.

The Framework for PSR is explicit that "Increased partnership between the public and private sectors and new approaches to service delivery will provide greater opportunities in the coming years." Given that service improvement and value for money are key tenets of PSR, we are very much aware that it will be necessary to ensure that any future service agreements include suitable mechanisms to ensure that these are not compromised.

**Q3** *If any actions along these lines are being planned this could have a detrimental effect on some of the lowest paid States employees, those that can least afford it. How would this square with the social policy objectives of the Future Guernsey Plan and the aim of creating a more just, fair, equitable society and greater opportunity for all as well as the Revive & Thrive document clearly stating that austerity would not be the correct approach to take?*

**Answer**

It has always been the case that PSR is very much about investing in both services and staff. Any reduction of posts no longer required does not necessarily result in job losses. On the contrary, it may create opportunities for retraining and opens up the possibility of redeployment into new roles. The stated intention is to invest in our people to increase and expand their capability so that they can respond to the emerging challenges. Clearly this commitment was given prior to the emergence of Covid-19 but the global pandemic has served to underline the importance of having a skilled, motivated public service that can maintain essential public services during times of crisis.

PSR has at its heart the need to put customers first and improve the services we deliver for the benefit of the community. In support of this, it is essential that the public service has staff with the skills and capabilities needed to operate effectively in a changing and increasingly digital environment while continuing to recruit locally wherever possible and grow our own talent. This will require investment in staff development and, while some roles will likely be phased out, the island's changing demographics mean we are likely to need additional staff in other areas such as health and social care.

Taking a broader view, customer-focused improvements to service delivery will contribute to the achievement of social policy objectives by ensuring that public services are accessible to those who need them. It has always been acknowledged that this will require investment, with the approach being to free up resources by working more effectively and to reinvest the resources saved in new or improved services.

**Q4** *If such actions are being contemplated will a corresponding programme of reform be undertaken to reduce the cost of the civil service at the higher and highest levels?*

**Answer**

As already explained, the approach to PSR does not involve seeking to cut costs solely through making staff savings at any level of the organisation. It is unhelpful to think of PSR as a vehicle for reducing pay costs when, in reality, it is an important transformation programme that offers significant opportunities to bring about meaningful change that will be felt by the entire community.

As touched on above, PSR is about safeguarding and improving public services with an emphasis on saving to invest. The reforms are about freeing up resources by making existing processes more cost effective and efficient, and reinvesting in new or improved

services, in order to meet future service demands. This will underpin and help sustain the reform agenda.

**Q5** *In light of the effect that Covid-19 has had on public finances, the private sector and the economy generally, has any thought been given to a reduction of high level salaries and/or the introduction of a salary cap?*

**Answer**

Whilst public finances have been severely affected by Covid-19, it is not considered appropriate to reduce any public sector salaries as a result. It is the public sector – at all levels – that has responded to the crisis and kept critical services running for the benefit of the community. Importantly, the public sector response is not yet over. The public service is still dealing with the aftermath of Covid-19 and will be for some time. It would therefore be difficult to justify any wholesale pay cuts at this time. Given the public sector makes up over 17% of our working population it is equally worth noting that the reduction of public sector jobs and reductions of pay at a time of crisis can be counter cyclical in terms of impact to the economy at a time where investment and growth in the spirit of ‘to Thrive’ is the intended direction, rather than the introduction of austerity measures. As such any pay cuts are therefore likely to be felt more widely, which would be particularly unhelpful at a time when the community is being encouraged to support the local economy.

The States have recently approved a recovery strategy which entails focusing on new priorities that will influence service delivery and, by extension, the size and shape of the public sector required to deliver those services. In the next phase of work more fundamental changes will have to be made to the size, skills and shape of the organisation in order to support the future priorities of government and maintain essential services to the community. If there are staff savings to be made, it is preferable to do so in the context of the recovery strategy, rather than focusing on individual savings opportunities that may prove to be unwise in the longer term.