

Public Service

Update 2019



| States of
Guernsey

Introduction from the Chief Executive of the States of Guernsey

Welcome to the second annual update from the Public Service. This report provides a look back at our achievements of the last year, and a look forward to the priorities and focus for 2019 and into early 2020.

The wide range of improvements and changes that are highlighted in this report have been prioritised to have the greatest influence on our ability to meet the needs of the customers who use our services.

Our focus remains firmly on serving the three customer groups that were first identified in the 2015 Framework for Public Service Reform:¹

- **The community** – those individuals, groups and businesses who access the services we provide;
- **The government** – which sets the policy and fiscal objectives and the framework within which we deliver public services
- **Each other** – the work done by one part of the public service is often critical to the operations and services provided by another.

The **Policy & Resource Plan** sets out the government's priorities. The civil service supports the political body to identify its priorities, and set out the evidence and analysis by which government then directs steps to be taken.

The **Public Service Reform framework** is the ongoing 10-year plan published in 2015. It is the roadmap by which we are improving the organisation. The purpose of these improvements are two-fold:

1. To best **meet the policy and fiscal objectives of the political body**; and
2. To **provide sustainable and excellent public services to our community**, meeting their changing needs and expectations.

The **next steps in this process of improvement** are to change the way that we work in order to:

- **Remove barriers between service areas** – not barriers that we have chosen to create, but barriers which have developed over time and as the organisation has evolved; and
- **Ensure that that each of our 'organisational enablers' are working together to support the redesign of the organisation:** so that the way we support the political body, design our services, invest in our people, use technology and use our property are fully aligned. It is clear that success depends on making these elements work together in a joined up and consistent way.

¹ <https://gov.gg/article/155488/Public-Service-Reform>

We estimate that making these changes will result in a reduction of at least 200 roles, and while this is not a primary driver for doing this it is one of the outcomes that we will secure. In fact a major driver for change is the knowledge that 25% of our public sector workforce may retire by the end of 2020, and up to 50% of our workforce could retire by 2026 – a picture largely mirrored across the Island's private sector. This means we will face significant recruitment pressures in the future if we don't transform the way we do things.

The new operating model will bring together our enablers: people, technology, service design (i.e., our processes and ways of working) and the way that we use our buildings.

People - we will structure our organisation to reflect the services that we deliver, rather than the other way round. A new approach to technology provision will enable us to work more collaboratively across different service areas. Investment over recent years in data management means we have access to better data so we know how well we are doing and where we can improve. Increasingly we can work flexibly and from different locations.

Technology - All our people will become more digitally capable as we invest in their skills. Our technology infrastructure will support and enable us to continue to improve services, automate and digitise where appropriate and have more flexibility in the way that we work.

Processes - we will increasingly design services to work across service areas – we do this now of course, but we will make this approach the default, and remove the barriers that prevent this. Automation will be introduced in some areas to deliver simple processes and to improve the customer experience. We will reduce waste and duplication of effort and as a result reduce frustration for both users of our services and our staff. We will be able to be more flexible and mobile in the way we work.

Buildings - we need to work in environments that help us to do our job, and that encourage joint working, collaboration and innovation. We need to create a shared culture and physical environment where we are comfortable working alongside colleagues from different services and by doing so improve relationships and joint working. We need better understanding of the requirements of our operating estate – to utilise no more than we need – operating space requirements have a substantial cost whether accommodation is rented from the private sector or are part of the States Estate Portfolio.

The following steps have been taken to inform the work we will take forward in 2019:

Organisational design – looking at how we are currently structured, and understanding better how we can organise our back and middle offices, our front offices (where customers come into contact with us) and how we deliver and develop policy (cross-Committee, through people and place issues).

Service design – exploring whether services can be made more efficient and effective through including the opportunities for automation rather than relying on manual processes.

Customer journeys – working with real customers to understand better how they access different services, and how those different services could be better joined up.

Good governance – clearer differentiation between policy matters and operational matters, reflected in the new structure of supporting the political body through the appointment of Committee Secretaries, and strengthening our operational oversight through the appointment of Operations Directors across service areas.

Commissioning – thinking through how we work with the third sector and NGOs to co-design and co-deliver services, including through a Commissioning Academy with the third sector in 2018 and the establishment of a social investment commission.

Progress and ongoing priorities for 2019 in to 2020

This update covers a number of significant areas of progress over the last 12 and our ongoing priorities over the next 12 months:

Integrated support services

Accelerating the transformation of Support Services is a key focus for Public Service Reform for the 2019 – 2021 period. The same principles will apply to this as our externally facing services i.e. designing service around the needs of their customers, presenting internal customer journeys in a way that makes sense to our internal customers, rather than segmenting them by profession, increasing digitisation and automation wherever possible, removing duplication, failure demand and avoidable contact. Whilst savings are an important objective of this work, improving the quality and effectiveness of the business support received by operational service areas, increasing committee confidence and ensuring value for money are also critical success factors.

Committees are now supported by integrated support services across various operational areas: HR, ICT, Finance, Data Protection, Health & Safety and Communications. Resources from these services are deployed to Committees within a framework to ensure responsibilities are clear and that accountability and reporting lines are established. Much has been achieved by establishing full visibility of operation on our support functions. Alignment under profession supervision has been achieved, opportunity will now be taken to focus delivery and improvement provided by those support services.

Subject to approval by the States of Deliberation and finalisation of the contract AGILISYS Guernsey Ltd will be the Strategic Partner for the Future Digital Services contract. As part of the contract, and under the direction of the Strategic Leadership Team, they will be required to agree and adhere to Service Level Agreements (SLAs) for the provision of ICT to the States.

These Service Level Agreements are an important control measure and will provide significant assurance as directed by the States of Deliberation. SLAs rely on a mutually agreed position on risk, cost, reliability and availability between the strategic partner and the States of Guernsey and its component Committee areas. Whilst SLAs are the best control and assurance mechanism for contracts such as Future Digital Services other mechanisms will need to be developed for the other Integrated Support Services retained within the States of Guernsey, in terms of monitoring and measurement of delivered services future ability will be enabled by improvements to technology and enhancement to core systems aided by improved data and information capture on levels of service performance.

Established new leadership structure and re-designing the Organisation

Historically our civil service structure has reflected political structure, but that does not help us to work easily across services areas or present our services in a way that makes sense to our customers. It does not play to our strengths. The current operating model of the Public Service has evolved organically over time and is now made up of hundreds of relatively small teams. Each of these teams has their own management structure and often their own bespoke systems and processes. Every service area boundary that a customer journey and its supporting processes have to cross, creates a hand-off point and every hand-off takes effort to manage and increases the risk of delay, duplication or error.

On top of this, the compartmentalised nature of the current model, with large numbers of small teams, means that our ratio of managers to staff is relatively high. Whilst it is acknowledged that our relative lack of scale means achieving ratios comparable to many UK public sector organisations is likely to be unrealistic, there is no doubt our current public service operating model is not helping us to improve this ratio and ensure we make the most of our managerial roles.

As we re-shape the organisation, we must do so without compromising the support given to Committees and our absolute focus of better serving the public.

During Q1 of 2019 a new Strategic Leadership team was appointed into designate positions. A priority of their role is to bring together these different pieces of work into **a new operating model for the organisation** to be shared with the political body and the organisation during Q3.

During Q2 of 2019 the new Committee Secretary roles and Operations Director roles will be established, supporting the political body and its Committees, and supporting the development of the new target operating model.

The **Committee Secretaries** will directly support each of the Committees in the parliamentary and committee business, working closely with policy leads. There will be **Operations Directors**, supporting service areas that may fall under the mandates of different Committees and reporting on the performance on a regular basis of those service areas to the Committees who have political oversight of those different areas. **These**

officers, and their working relationship, will increase Committees' support on government matters, and also enhance their overview of the delivery of services.

In addition, the Committee Secretaries and the Operations Directors will work closely with the Strategic Leadership team. This will provide **further support to the Committees and to the organisation on long-term policy and service planning.**

This new leadership structure will enhance the Civil Service's ability to offer quality objective advice to Committees. The role of Chief Secretary will be removed, and support for Principal Committees will be strengthened in the following ways:

- The Strategic Lead for People Policy will provide high-level cross-Committee policy advice and support for the Committee *for* Health & Social Care, Committee *for* Education, Sport & Culture, the Committee *for* Employment & Social Security and the Committee *for* Home Affairs
- The Strategic Lead for Place Policy will provide high-level cross-Committee policy advice and support for the Committee *for* Economic Development, and the Committee *for* the Environment & Infrastructure
- A Committee secretary, with responsibility for day-to-day Committee business and governance
- A specific and accountable operational lead(s)

This combination of roles, with clear lines of accountability, will ensure Committees receive well-rounded support from the senior Civil Service, while better joining up the development of strategy and policy across Government.

Now the new leadership team is in place, albeit in designate roles until later this year, it will lead a fundamental redesign of the entire civil service.

The next phase of public service reform includes the two initiatives of civil service restructuring and the re-design and digitisation of services. It is important to emphasise here that any resultant reduction of roles from this specific element of the reform programme does not include teachers, nurses, law enforcement officers, social workers or other public sector workers. The restructuring and re-design of operational services in these areas will be achieved through operational transformation programmes such a Transforming Health and Social Care Services and Transforming Education Services.

Whenever considering staff numbers it's important to ensure that the States of Guernsey has no more or less staff than we need. We currently have in the region of 1,600 civil servants. A reduction of more than 200 posts is significant, but achievable. If the organisation re-design is carried out in the right way - by truly redesigning how we deliver services, by maximising technology and by delayering the senior civil service - then the benefits will be felt by us, by our customers, in the public purse, by the political body and by the wider economy. We will do this by:

- fundamentally changing the way we think about services and how we deliver them;
- breaking down the barriers and silos that can exist in our current structure;
- focusing on what service users are trying to access and enabling them to do so as easily and painlessly as possible; and
- automating processes and moving services on-line wherever it is practical to do so.

Future Digital Services

The procurement phase of the Future Digital Services Project reached a critical phase in April 2019 with Agilisys Limited, a leading UK based technology and transformation company, being appointed as the Preferred Bidder for the digital transformation and future delivery of States' IT services.

Securing a deal of this nature, which will play a key role in enabling the States to meet many of its strategic objectives, came about as the result of a lengthy and detailed procurement process that generated two high quality and appointable bids.

The decision to appoint Agilisys as the Preferred Bidder was taken following a full evaluation process that included detailed scoring, two cycles of moderation and formal validation by the Strategic Leadership Team and the FDS Project Board, before consideration by the Policy & Resources Committee.

The States will debate the Future Digital Service Policy letter in June 2019. Subject to States approval, Agilisys Limited will be contracted to deliver the Future Digital Services Contract as well as be confirmed as 'Preferred Supplier' to support the IT changes needed for transformation initiatives, such as the Partnership of Purpose, the Revenue Service Programme and the Education Digital Road map.

Agilisys will deliver the transformation of, and solutions for, the future delivery of IT services including the move to new generation ICT such as cloud computing, enhanced security, upgraded network infrastructure and a rationalisation of, and delivery of new, applications.

The Future Digital Services delivery model specifically recognises that simply bringing new technology online and making it available to the organisation will not, in of itself, deliver the full transformation or the wider business benefits required for Public Service Reform.

These can only be achieved by combining the availability of new technology with the capability to re-design our services and their supporting processes and manage the transition to a new model of service delivery. It is this combination of, **service design** and **business change** enabled by **technology** that is collectively known as **Digital Transformation** and establishing and scaling-up these capabilities during the second half of 2019 is a key component of the strategy for accelerating public service reform. Digital Transformation will invest in and transform both front of house engagement with customers and the middle and

back office. In part it will invest in large system upgrades, such as SAP, but more crucially it will be the re-design of services to put the customer first.

In re-designing our services we will be aiming to:

- Improve sign-posting: ensure customers have easy access to the information they need to access the right services for them, at the right time and through the right channel
- Reduce avoidable contact: minimise the proportion of contact that is of little or no value to the customer to ensure that time, effort and money are not wasted on these unnecessary communications reduce workload for staff ensuring they are providing only value-adding activity
- Reduce failure demand and make “right first time” and “digital by default” core design principles
- Reduce manual data entry (from either paper forms or data given in customer contacts); photocopying and filing paper documents that we currently require customers to provide
- Increase automation by introducing digital services and make our processes more efficient with less room for human error
- Reduce or eliminate duplication: removing the double-handling of information and duplication of effort wherever possible
- Continue to improve data quality and accuracy

Finally an exciting element of this new partnership is significant investment in the local digital sector. Agilisys, working alongside States staff, has identified multiple initiatives through which it will deliver this commitment. Examples of these are:

- Establishing MedTech (Medical Technology) and FinTech (Financial Technology) innovation hubs in the Island in order to stimulate and nurture local business development
- Developing skills and apprenticeships
- Infrastructure improvements to support a digital learning platform
- Island promotion including the provision of a States of Guernsey Economic Development office within the Blenheim Chalcot innovation hub on the new Imperial College London White City campus.
- A Guernsey-based ‘cloud’ for system hosting and data storage, which could be made available to businesses, building on Guernsey’s unique selling point of being a safe and secure place to store data.

Supporting Government

The Supporting Government programme is a set of projects that are aligned to provide enhanced civil service support to the political body. During 2018 the programme has been developed in a number of areas, and the recognised importance of this work is demonstrated by the establishment of the role of the Strategic Lead for Supporting Government. This new member of the civil service's Senior Leadership team will lead on the programme of work to support government, ensuring that the ongoing organisational changes will also enhance the support for the political body.

The outcomes of this work will be:

- Increased quality and reliability of the support provided to government, resulting in improved working relations with deputies and increased customer satisfaction;
- Greater flexibility and increased productivity from a skilled and professional civil service, focused on work which is a priority to delivering the policy priorities set by government;
- States' Members and civil servants understand their roles including their authority and accountability for decision-making. There is a clear separation of policy development and operational delivery of services;
- Increased efficiency in the administration of Committees as issues are dealt with at the correct level;
- Common understanding and approach towards policy development based on best practice, including stakeholder engagement and consultation, will ensure that all policy work is based on robust evidence and demonstrates value for money; and
- Effective and appropriate governance processes are in place to support clear and transparent decision-making. The community are confident that the decisions the States make are fair and evidence based regardless of whether they agree with that decision.

A number of important steps have now been taken:

- **Enhanced governance and accountability** - Professor Catherine Staite has been commissioned to work with Committees and officers to take forward the work on strengthened governance. Professor Staite is the former Director of Organisational Development at the Institute of Local Government Studies (INLOGOV) at the University of Birmingham. She has previously worked with the Audit Commission, the Legal Services Commission and in the National Health Service in the UK. To date she has set out findings and recommendations in relation to Health & Social Care and Home Affairs, working with the Committees, officers and service leads. It is proposed that she will work with each of the Principal Committees in order to provide a wide-ranging set of practical recommendations to enhance governance and accountability;
- **Stronger policy development** - a States-wide policy development team is in the process of being established with recruitment ongoing. Members of this team will be

deployed to provide support to Committees and officers on areas prioritised in the Policy & Resource Plan and cross-Committee working;

- **Support for Deputies** – the role of a ‘Parliamentary Clerk’ is being established- a recommendation of the review of the relationship between the States of Guernsey and St James’s Chamber commissioned by the Policy & Resources Committee; likewise consideration of support for Deputies in areas such as data protection, and the continuing professional development needs of Deputies after the 2020 general election;
- **Arm’s length bodies** – an independent review commissioned by the Policy & Resources Committee on the governance and accountability of arm’s length bodies will report back later in 2019; and
- **Commissioning** – working with the third sector and community groups through a 2018 ‘commissioning academy’ to set out clear principles through which the States and the third sector can work together on the co-design and delivery of services.

Building on the work already completed we will see the following outcomes in 2019/20:

- Increased quality and reliability of the support provided to government, resulting in improved working relations and customer satisfaction
- Greater flexibility and increased productivity from a skilled and professional civil service, focused on work which is a priority to delivering the policy priorities set by government
- States’ Members and civil servants clear understanding of their roles including their authority and accountability for decision-making. There is a clear separation of policy development and operational delivery of services
- Increased efficiency in the administration of Committees as issues are dealt with at the correct level
- Common understanding and approach towards policy development based on best practice, including stakeholder engagement and consultation, will ensure that all policy work is based on robust evidence and demonstrates value for money; and
- Effective and appropriate governance processes in place to support clear and transparent decision-making. The community can be confident that the decisions the States make are fair and evidence based regardless of whether they agree with that decision

The launch of the Revenue Service

The programme to integrate social security contributions and income tax collection services (now known as the Revenue Service) launched in October 2018. The service remains under continuous review as systems and processes develop.

The results of a Customer Satisfaction survey were published in April 2019. Whilst some areas received negative responses in terms of customer advice and support provided, this

wasn't unexpected and the responses help to baseline and shape our plans for improvement. This will provide the service with an evidence base on which to quantify the impact of customer service improvements through future surveys of this kind.

A new digital service for employees to request a coding notice online when changing employer will shortly be launched, one of the first steps towards creating a more efficient and cost-effective Revenue Service. The next focus is on designing the substance requirements within the online corporate tax return and automated risk assessment. The programme is working closely with ISS and the FDS team to ensure alignment.

Opportunities to improve the customer experience of Revenue Services will continue to be exploited in 2019/20.

Property Rationalisation

Following on from the successful relocation of two service areas into Sir Charles Frossard House, further rationalisation of States Property and Land has continued.

During this reporting period a number of properties have been sold, Rue Marguerite, next to the courts building, Platte Fougere in the North of the island near Beaucette marina and a number of other smaller tracks of land which have raised more than £1.8M for the capital reserve.

The process of property rationalisation continues and the 'key enabling' services; Property Services, Human Resources and ISS are working with the Transformation Programmes to maximise the benefits of flexible and modern ways of working.

In June 2018 the States of Deliberation considered and supported the resolutions of the policy letter titled "Optimising the Use of States Land & property Portfolio". This will be achieved through greater definition and clarity of the roles and responsibilities with regard to the estate, the alignment of the estates objectives with the States of Guernsey's vision, objectives, policies and strategies set out in the Estates Plan.

Work continues with Committees to identify their overall service need and will be focused on:

- Better working locations
- Improved professional practices
- Improved Value and Return from the Estate
- Better Public Amenities

Our People

One of the opportunities of re-designing our services under Public Service Reform is to empower people to be more flexible, innovative and entrepreneurial.

The People Plan has evolved during 2018/19 with a focus on engagement, learning and policy development. The strategic vision of this plan is to help the States of Guernsey be an organisation with the right people, in the right place with the right skills now and in the future.

To ensure that the organisation has the capabilities to enable wider transformation programmes, we have completed a strategic review of the organisation's future workforce requirements, launched the future leaders training and development programme for high performing staff, and begun the phased roll out of a corporate Learning and Development Strategy, supported by a digital Learning Management System and increased online training materials.

In addition, a specific aim over the last 12 months has been to focus on the headline concerns raised in the 2017 staff survey, which were as follows:

- Understanding Service Guernsey – 'Service Guernsey on a page' was created as a result and circulated through senior leaders and line managers
- Dealing with poor performance – The Personal Impact Plan (individual performance assessments) has been rolled out to all established staff and Disciplinary and Capability policies are in the final stages of being re-drafted, in consultation with our staff and Union representatives, to harmonise and make easier to implement.
- Employee engagement – the frequency of the staff magazine 'The Issue' was increased to monthly, the Senior Leadership Forum format was reviewed, Service Guernsey Events continued to be held, pulse surveys were trialled, and the format of the organisation wide staff survey reviewed ahead of the planned rerun in 2019.
- Stress and morale – the 'Be a well-being' campaign was rolled out across the organisation, providing staff with resources, initiatives and newsletters to support them to be happy and healthy whilst in work. The focus for 2019/20 will be the launch of the new Employee Assistance Programme, which will give all staff easy access to free and confidential counselling and advice, and dedicated training to help managers promote wellbeing within their teams.

As we have said, and many have said before us, our people are our greatest asset. We began the journey of Public Service Reform by listening to those at the 'coal face' and engaging with the workforce remains essential.

The Service Guernsey event where we bring our people together from across the services to cement 'One Organisation with One Purpose and One Focus' remains an annual commitment. This year we will also use this event to launch our 2019 staff survey.

Finding ways of effectively listening to an organisation with a staff make-up as diverse as the Public Service is a challenge and we continue to explore the most effective ways of receiving feedback and ensuring we are act upon that.

Further discussions have taken place this month with service area leads as part of the continued research into pay, terms and conditions. One of the key aims of this research is to explore the possibilities of creating greater commonality between pay, terms and conditions

wherever practically possible, to reflect one employer and promote greater equality. Current pay, terms and conditions have evolved over time, largely in isolation of one another, which has generated unnecessary complexity and ambiguity for colleagues and our support services.

We have been examining how we could bring better equality to the working week, annual leave entitlement, as well as other payments received for working shifts or unsocial hours, overtime and standby also what changes could be made to other organisation wide policies such as maternity, paternity and adoption leave and sickness leave.

One additional area of focus is Job Evaluation which provides the basis for grading jobs in a pay structure. Currently, within the States of Guernsey there are multiple grading and pay structures some of which are associated to one of four separate job evaluation schemes. Trade Union and service area representatives will soon be invited to engage in the process of reviewing these.

Our HR function has successfully been brought together, based now in a hub in Sir Charles Frossard House and the HR improvement plan will ensure that our HR function has the capabilities, tools and systems to support and enable the transformation of the organisation.

There has been significant effort invested in improving the recruitment process. Recruitment strategies now include a marketing plan to help us recruit directly and reduce reliance on agencies.

Improvements are also being made to the on-line recruitment portal 'Success Factors' as digital submission of applications becomes the norm.

Updated relocation material now provides a single source of information for those coming to live and work on the Island. In addition, a new lump sum relocation directive provides these key workers with greater flexibility.

A consequence of these improved efficiencies means that a more personalised service can be provided for relocating candidates.

Population Management

A service improvement plan for the Population Management Office has been developed and successfully implemented. This has resulted in a better level of customer service for the community with demonstrably improved response and processing times. Digital services continue to be improved and streamlined wherever possible and information available to the public is continuously reviewed to ensure its accessibility and clarity.

The Population Management Office is successfully discharging its responsibilities under the Population Management Law and continues to adopt a culture of continuous improvement. A programme of further enhancements to service delivery have been scheduled based on customer feedback.

Channel Islands Public Service Board

The Channel Islands Public Service Board has been established, with officers meeting formally every quarter and political oversight board meetings held every six months to set priorities and assess progress.

The lead officer for the Channel Islands Public Service Board in Guernsey and Jersey is the Chief Executive; the lead politician is the President of the Policy & Resources Committee in Guernsey and the Chief Minister in Jersey. In addition an officer employed jointly by the States of Guernsey and the States of Jersey provides the secretariat for the work.

During 2018-19 further work has been undertaken by political and service leads on health and care in both Islands. At the most recent political oversight meeting in March 2019, Guernsey's Committee *for* Health & Social Care and Jersey's Department of Health and Community Services and signed a Memorandum of Understanding which formalised the islands' agreement to work together on health issues. A Channel Islands Strategic Partnership Board for Health and Care is now being established to maximise opportunities to support common aims and ambitions.

The two health authorities are already working together on procurement & resource management, regulation and professional liaison & mutual support. This has involved meetings involving the Chief Nurses, Medical Directors, safeguarding teams, digital teams, procurement teams, hospital modernisation teams and public health teams.

In addition to this the Channel Islands Public Service Board has considered *inter alia* the Islands' preparations for Brexit, cross-Channel Island working on provision of digital technology and opportunities for joint working on the marine environment.

The role of the Channel Islands Public Service Board has been to identify and explore new opportunities for joint working that will increase operational efficiencies and value for money. A pipeline of potential opportunities for joint working on policy and operational matters has been established, with barriers identified (for example different legislation, differing stages of implementation) so that they can be dealt with in due course.

Other areas of work for the Channel Islands Public Service Board during 2018-19 and which are ongoing include:

- Organisational transformation and public service reform;
- The provision of digital technology in public services;
- The marine environment and fisheries;
- Policy development and reporting on implementation of policies;
- Procurement and the opportunities for a joint approach; and
- The Channel Islands Electricity Grid.

In April 2019, the Chief Executives of Guernsey and Jersey agreed that, while there had been some progress in identifying opportunities and establishing stronger joint work, greater priority should be given to this work given the potential benefits.

For that reason the Senior Leadership Team in Guernsey will lead on the co-ordination of joint working with Jersey and will prioritise resources where there are opportunities for unlocking benefits.

Value for money

Value for money is about getting the right balance between the needs of customers, the quality of the services they receive and the cost to the public purse of delivering them. That means striving to find solutions that optimise the use of scarce resources to achieve the intended outcomes.

The States' Medium Term Financial Plan (MTFP) set out a strategy to achieve and maintain a balanced budget before moving to a sustainable surplus. A key element in achieving this objective is the delivery of a £26m per annum ongoing reform dividend by the end of 2021. The MTFP said that "the States must reinforce their commitment to change the way that services are delivered as well as where they are delivered from. Through thinking differently about how public services meet the community's needs, there is an opportunity to improve those services and, at the same time, make savings and improve value for money. There is evidence that this is already starting to happen through numerous initiatives under the banner of public service reform. This Plan sets out a strategy for delivering such savings – the reform dividend - which could, if opportunities are seized and internal barriers dismantled, deliver a £26million improvement to the financial position over the period."

The value for money focus of the public service throughout the preceding year and into the next remains on seeking to deliver against this objective. The 2019 Budget Report set out, in section 7, an updated analysis of the approach being taken to the delivery of savings through a series of themes including procurement, property and organisational and service design. This report re-emphasises the work underway to deliver the changes in the way services are delivered which will enable the release of the reform dividend. We recognise that the delivery of the reform dividend is vital to enabling investment in service developments and other pressures. Further detail on progress with the delivery of savings can be found in the Policy & Resources Plan: 2018 Review and 2019 Update Report (Section 3 Sustainable Public Finances).

Performance Monitoring and Management

It is a mandated responsibility of the Policy & Resource Committee to monitor the performance of the organisation. Alongside the Quarterly Performance Report, which has been submitted to the Committee since the third Quarter of 2017, this year quarterly updates on the Capital Portfolio have also been presented.

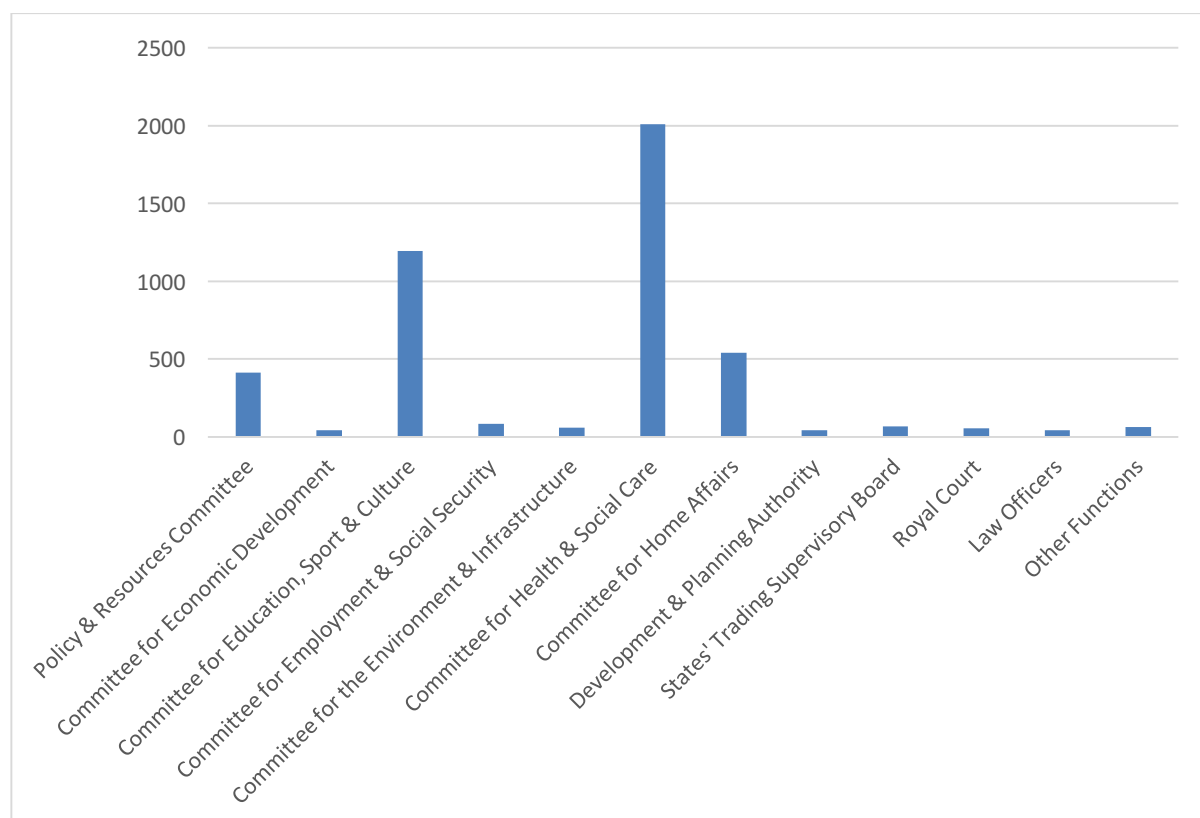
Staffing public services

The structure of the public service and staffing levels are monitored regularly to ensure that services are provided in an effective and efficient manner.

The total number of people employed by the public service, referred to as headcount, increased from 5,319 at the end of December 2017 to 5,332 in December 2018. We continue to have staff on reduced hours contracts, part-time posts, short-term contracts and a number of staff who, by mutual agreement, have opted for flexible contracts to provide *ad hoc* support for some service areas, so the number of full time posts this equates to is lower.

The number of full time equivalents (FTEs) was 4,550 in 2017 compared with 4,599 in 2018. This includes all States of Guernsey employees (including those associated with specific funds, programmes and capital projects), but not States Members. Tactical recruiting has been necessary to respond to GDPR and BREXIT, for example.

The average distribution of FTEs across the organisation in 2018 is shown below:



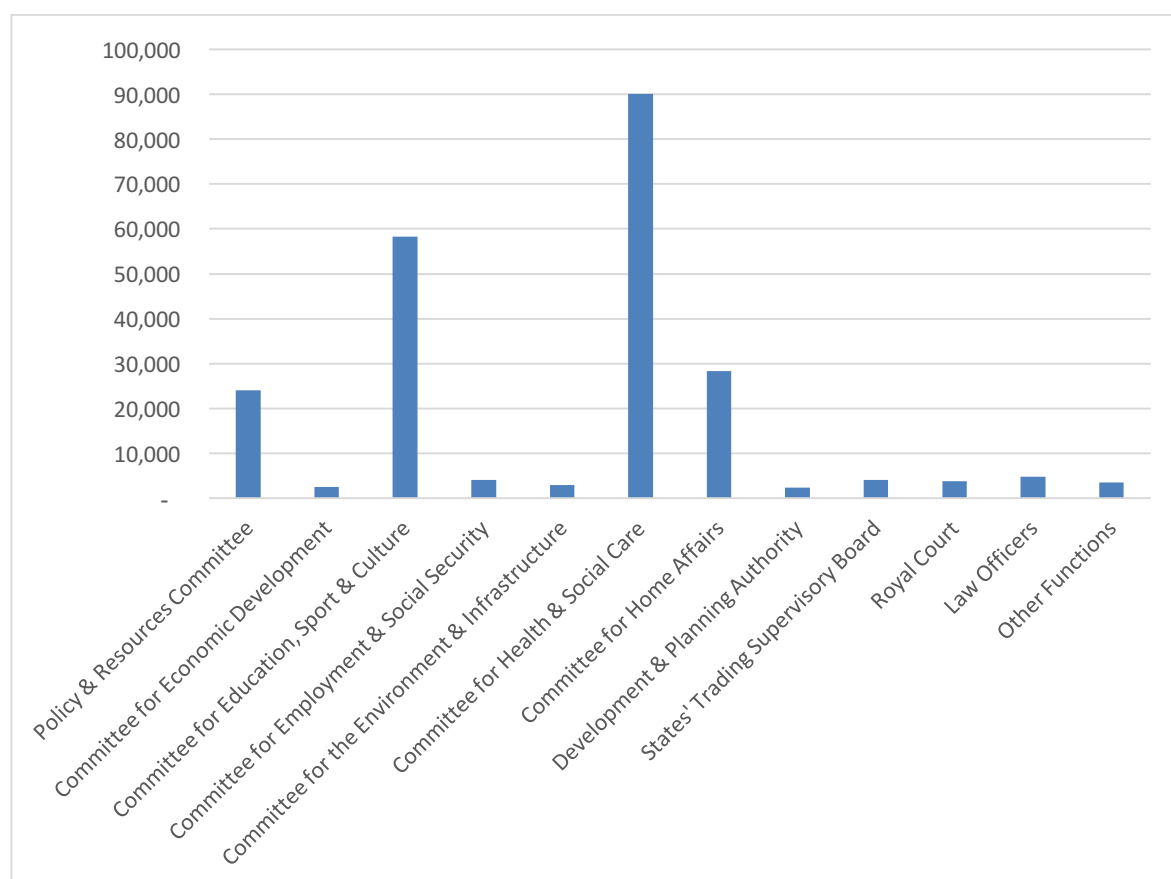
Public sector pay costs

The public sector pay bill for 2018 was £229m, compared with £221m in 2017. This includes all pay costs for States of Guernsey employees and costs of agency staff (including those

associated with specific funds, programmes and capital projects), but not States Members remuneration.

As would be expected, the distribution of pay across the organisation broadly mirrors the distribution of staff with the majority of staff costs related to the provision of operational services such as health care, schools, and law enforcement.

A breakdown of total staffing costs in £000s across the organisation is shown below:



Further details are available in the States Accounts, see www.gov.gg/accounts.

Agency costs

The agency costs in 2018 equated to £6.2m of the total pay costs, which compares to £3.2m in 2017 and £5.7m in 2016. Just over 70% of this cost (£4.3m) was accumulated by the Committee for Health & Social Care.

Overtime costs

The cost of overtime in 2018 contributed £6.3m of the of the total pay costs. This included staff in Law Enforcement, Health & Social Care and Education. Within the last year, the method for recording overtime has been reviewed and amended in order to allow for the

data to be recorded and monitored in a more accurate and efficient manner, so this figure is not comparable with the figure for 2017.

Managing sickness

As with any organisation, there is a level of sickness absence within the organisation. The States of Guernsey takes the health and wellbeing of all of its employees very seriously and has commenced a piece of work in the last year with this focus. The reporting interface that line managers use to report sickness absence has been reviewed and updated, which allows for more efficient and accurate reporting. Within the Public Sector, the average amount of sickness absence per person, per annum, in 2018 was 9.6 days which remains lower than the UK at 9.9 days.

SUMMARY

This update details headline achievements over the last 12 months and our prioritised objectives for the next 12.

As detailed in last year's annual report, the States of Guernsey has committed to a programme of reform in the knowledge that it would be a long-term commitment. The only way the organisation will be fit for the future is through real transformational change in the way we provide services.

The States needs to benefit from, and take advantage of, new technologies and proactively use the data we have to challenge our processes and decision making. The Future Digital Service Programme will kick-start this process in the second half of 2019.

We will continue to review our policies and modernise our approach to the provision of our services ensuring that we continue to focus on the key transformation areas that have been prioritised.

While Public Service Reform remains a long-term commitment, we see continuous improvement in how we are delivering our services on a day to day basis.