



**STANDING COMMITTEE
OF
TYNWALD COURT
OFFICIAL REPORT**

**RECORTYS OIKOIL
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**PROCEEDINGS
DAALTYN**

PUBLIC ACCOUNTS

TRANSFORMING GOVERNMENT PROGRAMME

HANSARD

Douglas, Wednesday, 4th March 2015

PP2015/0050

PAC-TG, No. 2

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Members Present:

Chairman: Mr A L Cannan MHK
Mr D M W Butt
Mrs B J Cannell MHK
Mr M R Coleman MHK
Mr C G Corkish MBE MLC

Clerks:

Mr J D C King and Miss A Quinn

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Standing Committee of Tynwald on Public Accounts

Transforming Government Programme

*The Committee sat in public at 3.00 p.m.
in the Legislative Council Chamber,
Legislative Buildings, Douglas*

[MR CANNAN *in the Chair*]

Procedural

5 **The Chairman (Mr Cannan):** Welcome to this sitting of the Public Accounts Committee.

I am Alfred Cannan MHK, Chair of the Committee. The other members are Geoff Corkish MLC, Mike Coleman MLC, Dudley Butt and Brenda Cannell MHK.

10 Could I ask that you please turn your mobile phones off, they need to be off not just silent because otherwise they interfere with our recording equipment. Also for the purposes of *Hansard* I will be making sure we do not have more than one person speaking at once. This applies to the Committee and to the witnesses.

15 The Public Accounts Committee has a remit to consider any financial matter relating to a Government Department or statutory body as may seem fit to the Committee. Also to consider such matters as the Committee may think fit in order to scrutinise the efficiency and effectiveness of the implementation of Government policy.

20 About two years ago we received an Internal Audit report entitled 'Transforming Government Programme'. On 8th May 2013, we heard oral evidence about this programme from the Treasury Minister Mr Teare, the Chief Secretary and Mr Dan Davies. Today we will be hearing from Mr Davies again, but this time he is accompanying the Minister for Policy and Reform, Mr Shimmin.

Before we just go any further, Amelia Quinn, who is a Parliamentary Intern will be replacing Jonathan King in about 20 minutes or so, because Jonathon has to depart, but Amelia will be acting as the secretarial support, clerical support for this hearing.

25 Before we get into any detailed questions, I will just summarise the story so far. The Transforming Government Programme began in around 2008. A central team was established which at its peak had 13 posts. In May 2012, the Internal Audit Division of the Treasury produced a report which found there had been some considerable achievements, but also some significant costs in implementing the programme. Internal Audit recommended, amongst other things, that the central team be disbanded.

30 Although the Internal Audit report was issued in May 2012, it did not reach the Public Accounts Committee until January 2013, and we did not hear oral evidence until May 2013, a whole year after Internal Audit had completed its work. By May 2013, the central team had gone down to three. During the year 2013, the team transformed itself in a Scope of Government team and had gone up to five. The Scope of Government Review was completed by December 35 2013. At some time between December 2013 and January 2015, there appeared a Change and Reform Team, which now has five posts. This team is now part of the Cabinet Office.

EVIDENCE OF

Hon. J Shimmin MHK, Minister for Policy and Reform, and
Mr D Davies, Director of Change and Reform, Cabinet Office

40 **Q53. The Chairman:** Good afternoon and, for the record, could I ask you to each please state your name and job title and say how long you have been in your current role.

Mr Shimmin: Good afternoon, Chairman. My name is John Shimmin, I have been Minister for Policy and Reform for two and a half weeks.

45 **Mr Davies:** My name is Dan Davies, I am Director of Change and Reform in the Cabinet Office. I have been in this post since 1st April 2014.

50 **Q54. The Chairman:** Okay. So Mr Davies, obviously it is nearly two years since we last had the opportunity to speak to you. Can you just tell us where or when the name Change and Reform team was introduced and just tell us how the Transforming Government team transferred into the Change and Reform team please.

55 **Mr Davies:** Okay, at the last Public Accounts Committee meeting I told the Committee, I think, that the team was in the process of being wound down and by May/June 2013, we were actually midway through the review of the Scope of Government. As part of that the Chief Executive Officer, Colin Kniveton was brought in to head that programme up. I supported him in it. We had a member of staff on a part-time secondment from the Clerk of Tynwald's Office supporting us with that, and we had two officers who joined the team to focus on employee engagement and culture change.

60 So as the old team was wound down, I was probably the only remaining member of it by that time. I then took on the role of supporting Colin Kniveton in the Scope of Government Review and during that time we had the part-time resource and also the two members of staff who we brought in to help with culture change, which was a priority focus for the Chief Minister and the Council of Ministers. **(The Chairman:** Right.) The Change and Reform team came into its current form on 1st April 2014, when the Cabinet Office was created.

65 **Q55. The Chairman:** Right, so when the Cabinet Office was created then, or came into being, the Transforming Government team effectively finished and we got the Change and Reform team – and there was a change of leadership as well in terms of political leadership?

70 **Mr Davies:** Yes, the Minister for Policy and Reform was created as part of the Cabinet Office creation and the restructure of Government that took place at that time.

75 **Q56. The Chairman:** And did Minister Teare, who was leading the team, stay on the team or was it just a direct handover to Minister Robertshaw?

Mr Davies: It was a direct handover to Minister Robertshaw.

80 **Q57. The Chairman:** Okay. Now clearly, Minister Shimmin, you took over the reins two and a half weeks ago for this team. Were you sitting on the team when you... because you had initially joined the Cabinet Office as a departmental Member hadn't you? So were on this team at that stage or did you come two and a half weeks ago?

85 **Mr Shimmin:** If I can give you a little background and history on that – it should not take long. When I left the previous role in Government in June 2014, I did not serve in a Government Department or any role until December, just before Christmas. At that stage, having discussed

90 things with the Chief Minister, I felt, and he agreed, that there was an opportunity for a person to come in underneath Minister Robertshaw, who was doing some high level work on the Reform of Government, to actually look at the delivery side. So I had deliberately come in to try and look at an element of the delivery of some of the ambitions of the Reform and Scope of Government.

95 I was only just really getting into that in a few areas, working and getting to understand some of the departmental cross-working that was going on, particularly in Health and DED. At that time the Minister resigned and then I was offered the post so I have had very little to do with Dan and his team during that first six weeks, although it was working in the same area to see how we can make Government Departments work more closely together, with a concentration on delivery of the changes.

100 **Q58. The Chairman:** Okay, thank you. So, Mr Davies, let's get down to some of the successes or the figures here. I think we were told, the Treasury Minister told us in 2013, that savings of £5.6 million so far had been achieved by the Transforming Government Programme. What is the current figure in terms of the achievements for the Change and Reform team now?

105 **Mr Davies:** Okay. At the moment, I believe we are running at about £15 million in ongoing cash savings. In December 2013, we set a whole new series of projects off including further Shared Services and some other projects that arose from the Scope of Government Review and we believe that, by 2017-18, we will have an ongoing, a further ongoing, savings total of about £21million a year.

110 **Q59. The Chairman:** What is the target for the team?

115 **Mr Davies:** Well, the target for the team was originally set at £10 million by the Treasury Minister for Shared Services savings, which we believe that this year we have hit. And then we set a further £10 million in targets for savings arising from Scope of Government.

Q60. The Chairman: Sorry, and a further £10 million from where?

Mr Davies: Scope of Government.

120 **The Chairman:** from the Scope of Government. Right, okay. So £20 million in total yes?

Mr Davies: Yes.

125 **Q61. The Chairman:** Right, so just to be again clear, the first £10 million in savings, were those savings identified, I think, by the previous administration when they initially set up this programme? Is that right? Is that part of the Rebalancing Programme: £10 million –

Mr Davies: Yes, it is part of the original, yes.

130 **Q62. The Chairman:** – of efficiency savings, (**Mr Davies:** Yes.) basically? And then there is a further £10 million identified for the Scope of Government. (**Mr Davies:** Yes.) Can you clarify exactly how you differentiate between those efficiencies savings and the Scope of Government, what exactly do you mean when you say Scope of Government savings?

135 **Mr Davies:** Okay, so during the period 1st January 2013 and December 2013, we reviewed 144 services right across Government. (**The Chairman:** Yes.) And as the reviews went on, it became clear that there was still a lot of duplication of what we would call back office services,

so support functions in things like catering, fleet management, caretaking. We saw lots of duplicates, as people gave us the breakdown of their services.

140 In addition to that, we saw a number of other support functions so, for example, portering and caretaking in the hospital, we saw there were opportunities to make savings. Throughout the period we took a view, and this was supported politically, that it would be better to address savings from back office services rather than affecting front line services.

145 So the Scope of Government review highlighted that there were still areas of inefficiency and duplication in back office services and we put together, in December 2013, a programme that we believe will release £21 million in ongoing cash savings in three years. So when I talk about Scope of Government, I mean projects or savings that arose from the review of the Scope of Government.

150 **Q63. The Chairman:** Right. So, sorry, again just to be clear. We have the Scope of Government Review, which you say is saving us £10 million, yes?

Mr Davies: No, sorry. The Scope of Government review is a programme to save £21 million a year over the next three years.

155 **The Chairman:** Over the next three years? By 2018-19?

Mr Davies: Well, 2017-18, because we are already in year.

160 **Q64. The Chairman:** Okay, 2017-18, £21 million. So that is £63 million, yes? £21 million a year, you just told me.

Mr Davies: That would be the total amount of recurring savings by the end, cumulative savings.

165 **The Chairman:** Yes, £63 million.

Mr Davies: No.

170 **Mr Shimmin:** No.

The Chairman: £21 million, by that period.

Mr Davies: Total.

175 **The Chairman:** Okay.

Q65. The Clerk: I think, is Mr Davies saying that some of the savings will not happen in the first year? (**Mr Davies:** Exactly.) They happen in the third year, and from then on?

180 **Mr Davies:** So in Year One, this financial year we will save about £4.5 million, next year it is about £2.5 million and the year after that is about £2.8 million, so those savings add up. By the end of 2017-18, we will have accumulated savings of £21 million.

185 **The Chairman:** In total.

Mr Davies: In total. From the Scope of Government work.

The Chairman: Right. Okay.

190 **Mr Butt:** Can I just query that?

The Chairman: You can.

195 **Q66. Mr Butt:** That £21 million, does it recur every year after that? For 2018, it is not £21 million per year?

Mr Davies: Ongoing.

200 **Q67. Mr Butt:** It will be ongoing? Right.
And when you say about savings do you actually mean cost reduction?

Mr Davies: I mean cash savings that have been taken from a Department's budget.

205 **Q68. Mr Butt:** Is that mostly in terms of staffing costs?

Mr Davies: It will be, because about 80% of our costs overall are in headcount, yes. But in the case of GTS, for example, Government Technology Services, I know that there have been quite a lot of savings from consolidation of contracts and renegotiation of contracts, yes. So there is a degree...

210 **Q69. Mr Butt:** So from 2018 onwards there will be £21 million saved each year?

Mr Davies: Yes.

215 **Q70. Mr Butt:** Once you have built up to that figure, then it stays at £21 million.

Mr Shimmin: Can I say, Mr Chairman, like I would imagine some of the Committee, I am unclear about some aspects of these savings and I am aware that Internal Audit will be looking at this side of it. Dan has already contacted the team who did the initial one, because it is an identification of figures which we understand, but the group are trying to inform me £21 million recurring savings.

220 What it means in many ways is that it is £21 million of avoided costs that we would have traditionally expected to pay. So I want to get a mechanism where, externally validated, they can give us the figures which will then be able to be used for yourselves, myself and the public to
225 identify how many costs we have stripped out of Government. Rather than saying it as £21 million of savings which implies that that is money that is no longer needed year on year on year.

230 It is clarification that I am still looking for, but what Dan has outlined is that those are costs being stripped out each year which will not recur. In total that will be a £21 million saving that we would have predicted having to cost and pay out of taxpayers' money had we not done the work that has been going on in the last two or three years.

Mr Butt: That was the point I was trying to make, Chairman. This isn't savings; it is actually reduced costs which will recur year on year.

235 **Mr Shimmin:** Yes.

Q71. The Chairman: So this is just what I am trying to get clear on, Minister and Mr Davies. The overall accumulative effect of having – I know the programme started before you came into office, I think in March 2011, when you first joined Government...

240

Mr Davies: Sorry, I joined Government in 2008.

245 **The Chairman:** 2008. Okay when the programme started, sorry, you were appointed into heading a central team, that is right, in 2011. The accumulative saving overall from having a Transforming Government team, from having what is now the Change and Reform team, has been basically that you have driven from the centre an accumulated, by 2017-2018, £21 million worth of savings.

250 **Mr Davies:** Minimum.

Q72. The Chairman: Is that correct, a minimum?

255 **Mr Davies:** Yes.

The Chairman: Okay. Sorry?

260 **Mr Shimmin:** And if I can build on that. The difficulty that we have is that many of these savings, particularly going forward, are actually savings within Departments. The team in the centre can help and work with the Departments, but the Treasury will then strip out those savings from the next year's budget. Therefore that is why I think we need the external validation of Internal Audit to be able to actually quantify what we are saying are savings that no longer need to be spent. But it is very difficult for us at the centre because they are being taken out of numerous different Departments who each have complex revenue budgets of their own.

265 So some of this may actually be things that we are claiming and the Health Department would be claiming or Education would be claiming the savings driven by themselves. What I would hope is that we can get a unified agreed amount of money which people can understand that is because of the changed way of operating Government.

270 **Q73. The Chairman:** Okay. So Mr Davies, there were a number of objectives or areas identified for cost saving when you came in, and we talked about some of them two years ago: Shared Services, reduction in staff, improvements in IT. Where have, predominantly, as far as you are concerned, the savings been achieved from? What particular business aspects have meant that we are likely to have saved the accumulated £21 million or stripped out the

275 accumulated £21 million worth?

280 **Mr Davies:** The majority of savings have come out of Shared Services so improved efficiency and working by bringing teams together, not replacing posts and headcount. I know that the Procurement team have certainly saved money on contract renegotiations, that is running at about £4.3 million a year total savings now. So I would say probably about 70% has been staff costs, 30% on renegotiation of goods and services, contract costs.

285 **Q74. The Chairman:** Right. And how is all this information – I am accepting what Mr Shimmin has just said to us about needs to improve in terms of our understanding a bit more about the savings – but how is all this information at the moment being reported back to you, the person who is effectively heading up the whole Government Transformation process?

290 **Mr Davies:** When I created my team in 2014, I appointed a full-time programme manager and part of her role is to collect and aggregate this information. It gets reported to the Government Reform team which is chaired by the Minister for Policy and Reform, and it also gets reported by Chief Officers at a quarterly performance briefing.

Q75. Mr Corkish: So where do the policies come from?

295 **Mr Davies:** So the policies come from Council of Ministers. They get refined at the Government Reform team and then a recommendation goes to Council of Ministers so, in the case of the phase 3 of Shared Services, which came from Scope of Government, we went to the Council of Ministers with a paper that said these are the potential savings, these are the areas and Council of Ministers agreed that.

300 **Q76. Mr Corkish:** How, and this applies to the Minister as well – I know it is early days, congratulations on the appointment – how do you propose to carry out the job rolling goals and bring Government and Members along with you, having in mind your immediate predecessor, who very publicly said that Government has not worked quickly or perhaps encouraged you enough to do that? Perhaps you might share that and probably Dan may be able to answer, where does that feeling stem from?
305

Mr Shimmin: You are right, it is a more political question. I agree with much of what Mr Robertshaw said on his resignation. We have not worked quickly enough, we are not working together enough and I think that if he is honest, he would share part of that responsibility. He was driving forward significant changes and not carrying the teams with him.
310

I think there is a mechanism in place which I am hoping to utilise and learn from, which is the Council of Ministers' policy committees. You have Social Policy Committee, an Environment and Infrastructure and the National Strategic Group. They are made up of a collective of three or four Ministers along with their teams of officers and they should be the ones who would be driving policy towards the Council of Ministers for approval by Tynwald.
315

That has not really been an efficient use of the committee structure, in my opinion, although I have been outside of it for about eight months. The challenge we have is that there are still significant silos at political and at officer level, which we are struggling to get through. When you have an officer such as Dan going in and it is not in the personal interests or the professional judgement of some of those Departments, it is going to be a significant challenge.
320

What I have arranged is that myself and the Chief Secretary who heads up the Cabinet Office and the Civil Service to actually visit all of the Government Departments, Ministers, Chief Executives, to actually identify those areas where we can generally agree that the delivery of things could bring about improvements both in culture and savings.
325

I believe that in many areas 80% of us agree with 80% of the things we would like to do and civil servants, and indeed Government and politicians, spend much of our time arguing about the last 10% or 20%. As such we are arguing about the wrong things, we are waiting until we get a perfect resolution or proposal which almost never is achievable.
330

So I think there is a major responsibility on the Chief Officers and the Ministers to set the example of what is expected through policy. That will be guided by the away days coming forward with Members of Tynwald. I expect the Chief Minister to be in a position to make a statement towards the end of March into April about the final push for this administration, where much of that will be down to teamwork and delivery. But that will be, I hope, an unequivocal statement similar to some of the comments of my predecessor, Mr Robertshaw, that all parts of Government are expected to play their part and not be siloed or isolationist. That will not happen easily, but unless it comes from the Chief Minister down, I do not believe that Dan, his team and the ones that I serve with are going to have a real chance of delivering the changes necessary.
335

340 **Q77. Mr Corkish:** Thank you for that. You have answered some of the questions that I would have asked afterwards. (**Mr Shimmin:** I try.) So thank you for that.

Policy decisions are political but reform is a different matter. Can I ask what proven experience do we have collectively in the Cabinet Office regarding change management in organisations of this size and complexity?
345

Mr Shimmin: I think that is a really –

Mr Corkish: Are you content?

350 **Mr Shimmin:** No, I am not content, but that is the really difficult elephant in the room politically. Because we all understand the change in the culture is going to be difficult and is a skill that is not normally shared by many people within service.

355 You have a situation where we are looking to introduce practices which are alien to some of those very people in those positions. And we have a fighting fund of money, which we are able to work with Treasury to access, which means we will bring in people who have those skills in those areas where we need them. Now that can be controversial politically, but the alternative is to allow the physician to heal thyself and there is never the best confidence that they will be in the position to do things for the betterment of the people, rather than their silo.

360 So I think at times we will need to bring in skills that we do not have in service. That will be working with Treasury in order to access some of the monies for reform to bring in the very skills you are talking about.

Q78. Mr Corkish: And finally at this point, do you have a budget to work to?

365 **Mr Shimmin:** There is a budget within Treasury which I am still learning how I can get access to, but there are two budget areas. There is one which is going to be fundamental to what we do, which is the Digital Strategy of Government. If we are going to take out further costs of Government then we have make sure that Departments genuinely work electronically, rather than the talking about it we have done for the last 20 years. Therefore the Digital Strategy will drive a major part and that does cost money.

370 We have centralised the services into GTS now which means that we have a greater control over efficiencies and savings in the digital world, but we will also have to identify and utilise the money from Treasury which they will have a business team looking at the proposals, the business case is coming forward, and I would like to be able to fast track some of that money through Treasury into Reform to actually concentrate on delivery. That is one where the processes need to be clear, unequivocal and that is something which again Internal Audit, Treasury and ourselves will talk about as when appropriate and indeed yourselves can identify with, as possibly, in a month of two, how we intend to go about making sure that the drawdown of any monies for reform is done a way which is backed up by a resilient business case.

380

Mr Corkish: Thank you.

385 **Mr Davies:** Can I just build on the Minister's point regarding experience? I think we do have some extensive experience both within the Cabinet Office of delivering large scale major organisational change in complex organisations such as this. I think the challenge is actually resourcing delivery on the ground and – I said this I think at the last report, the last PAC – I think we need competent project managers, competent business analysts, people who are able to re-engineer processes and they need to work on the ground in Departments in delivery. I think that is something that we have to have, a blend of resource which is build our in-house capacity which we are beginning to do but also we do have to resource that. Any major change, when you are delivering the day job, takes time, money and resource. There has to be an acceptance of that.

390 **Mr Shimmin:** The last point I will make, because we have both talked too much, so we are fighting and learning about that, but I think the fundamental is the comment Dan just said there about the day job. Whenever the team, of which there are only five within Dan's small group, whenever they are working with colleagues in Departments, those colleagues will all have a day

400 job and they can be resistant to the change we expect or we are hoping to drive, because they
have still go to deliver that day job. What I believe has happened far too often is that when
telling Departments what to do, they have not made it a priority because they did not actually
believe it, they did not share the same vision of what was going to happen. Therefore the day
job is something which we are always up against, to make sure that the very people we require
to do things differently can still service the public in the same way. That I am afraid is the excuse
often given by senior officers and senior managers, that they cannot do it because they are too
405 busy, therefore they will put it in a pile. We have all seen what happens when it gets left in a
pile.

Q79. Mr Corkish: And sorry, finally Mr Chairman, does that sum up the pressures you are
experiencing at the moment?

410 **Mr Shimmin:** That is understandable and I do not think we have always in the centre given
due regard to the pressures that are going on in Government Departments because the public
choose to be doubtful as to the difference we have made over the last three years. But we have
lost hundreds of staff, therefore we are already expecting more from fewer people and
415 therefore those people are under significant pressure to deliver. That is deliver what they are
familiar with and also we are asking them to change to do things differently. So that is the
dilemma that fewer people are put under more pressure, we come along and we have got to be
seen as facilitators, not people who just instruct and tell them to do things better and different.
Because how arrogant of us would that be to say to schools, teachers, nurses and everybody,
420 that we know what is best for them in their professions. The same happens in the Civil Service
and professional areas of Government.

Mr Davies: That is why a fundamental part of our job in the Change and Reform team has to
be providing the tools to help those frontline staff.

425 **The Chairman:** Thanks very much. I am going to bring in... Mr Butt is coming in and then Mrs
Cannell.

Q80. Mr Butt: Thank you. It would appear from what you said before about the £20 million
430 cost reduction each year has been achieved mostly by centralisation of services, HR, finance,
procurement, estates and the Government's computer systems. So my question is; what is the
point of you continuing as a team when you have actually achieved these savings by centralising
those services? What else can you centralise? Is there much left to do?

435 **Mr Davies:** I think that is the first stage, that is the easy stage. If you talk to anybody in a
major change organisation where you are trying to do cost reduction, you pick off the stuff that
is relatively easy first. So absolutely, centralising services, we have reduced duplication with
minimal pain, we have delivered services that still meet the needs of the Departments and life
goes on. We now need to look at the next part, which is the hard part, which is transformation
440 of services.

Q81. Mr Butt: So what is the remit then of this newly named Change and Reform team?
What is your remit now? You have done the easy bits.

445 **Mr Davies:** Yes, I think there are three main areas. One is as the Minister said, digital
transformation of services. What that means is how can we deliver a service that is truly
transformed? It is not just an online form that spits out a piece of paper in the Government
Department that is then lovingly stapled into the same old paper folder in which it always used
to be stapled, but actually taking the service and fundamentally redesigning it to be more

450 efficient; ultimately to reduce the number, the costs of that service and to provide a better service to the customer.

And that is really hard, particularly from a central perspective because what you are doing is you are going to Departments and you are saying, 'We think there is a better way of doing this.' That is what the Minister was talking about before, when you start to get either kickback because people are comfortable in doing things in the way they have always done it or it seems too hard or they are worried about their job. So that is why I think that is going to be the next hard bit.

460 The other area of focus for us is culture change. Doing things differently. It is a constant refrain from ministers of governments right across the world, I think, is 'why can't the civil service be different, why can't the public service change their culture?' We have started a very successful employee engagement programme that looks at how we engage staff to deliver in difficult times, how they increase productivity and how we focus on things like value for money, trust and focus on the customer.

465 **Q82. Mr Butt:** This has been tried many times in the past though, hasn't it, within the Civil Service? There have been so many programmes over the last 30 years that I have heard of.

Mr Davies: And we have never had a central need for it before. We have never had a central body whose responsibility is to deliver against that, and I think we are starting to do that.

470 So we did the first staff survey last year for all parts of the public service: 9,500 people, asking them what they thought, as a collective group, as a body of Government. And we want to continue improving and we will do another survey this year, at the end of this year, to see how we have done so we have got empirical measurements for the first time which tell us how we are doing.

475 **Q83. The Chairman:** Just before I come to Mrs Cannell, this is where I am not entirely clear. I am trying to understand, for you going forward, for the next business year, what are you actually targeted to deliver against? Because a lot of the stuff you have talked about is the nice-to-haves, the fluffy stuff, 'we are going to go to the Departments, we are going to look at them' –

480 **Mr Davies:** Can I just challenge you on the – ?

The Chairman: – 'help them find the smarter ways to do things', but what are you actually...? What are the hard targets, the hard business targets, for your Department, Mr Davies?

485 **Mr Davies:** I just, if I could, raise issue with saying that employee engagement is fluffy stuff. We know for a fact that if you improve employee engagement, improve culture change, you get fewer days sick, you get better attendance, you get increased productivity. So I would certainly say that increasing employee engagement is not what I would say is soft and fluffy.

490 **The Chairman:** But we have got an HR Department.

Mr Davies: Well, but that is about process in lots of areas. Certainly parts of HR is about making sure that process and procedures are being followed. We work really closely with both the Office of Human Resources, we work with the Learning and Education Development Division within the Office of Human Resources, but engagement and culture change is a specific part of that.

500 **Q84. The Chairman:** But what is your, for the next year from 1st April – and I appreciate Mr Shimmin has only just come into the Department... (**Mr Davies:** Yes.) What are the core objectives for you in the next 12 months, in terms of what you are actually setting out

measurably to deliver? Or are you saying to us, 'Actually, we can see now, we have helped bring in the Shared Services, we don't really have a defined target, we are really there just to help Government transform and we'll do that Department by Department and really the Departments are the ones who are going to be accountable for how successful that has been'?

Mr Shimmin: If I can, because Dan will be tasked by myself and the Cabinet Office, the Chief Minister and Council of Ministers, therefore he will have more professional understanding how to answer your question, but as yet I do not believe I have had sufficient time to clarify with him how he would answer that, and I do not want to put him on the spot and say something I do not like.

Therefore the reality of what we are looking at is delivery. We now have 16 months, 18 months of this administration left. The amount of change that is required is going to be constant and ongoing, and we will be measured by delivery. Your question, quite rightly, is what does that look like? The opportunity of working with the Criminal Justice System, the Health Strategy, Welfare, Pensions, you have seen already that the Treasury Minister is out on roadshows at the moment as will be the Health Minister shortly. The Criminal Justice System has an enormous cost and there is a rigidity to it which is expensive and out of date. Health, we know we cannot continue to sustain the system as it is now therefore we have to change.

Back to the point I made with Mr Corkish, we cannot tell them everything that they must do because they will not understand or share that view, but we will work with and expect those delivery changes to happen. That is where the Social Policy Committee, the Infrastructure Committee and economic structures of the Council of Ministers have got a significant amount of work within the next month, prior to the Chief Minister making statements of intent and then our job will be to carry those out and make sure they are delivered, not by us necessarily, but I will be responsible as Head of the Cabinet Office to ensure that the policies of Council of Ministers are carried through at Minister, Chief Officer and departmental level. And if they are not, it will be my job to find out why they are not contributing to the team effort that is necessary.

The Chairman: Okay, one more question Mr Butt, then Mrs Cannell please.

Q85. Mr Butt: Can I just be a bit cynical here? I sat on a committee in the 1980s which was called Agenda for Change, when the HR Department was trying to change the culture of Government, change the culture, reduce sickness, bringing forward planning etc. That was going to be the panacea to make Government work well. Then we had the Corporate Leadership Group come in, and I was on the Civil Service Commission then and that was going to be the panacea to make Government work better. And then your own committee, Mr Davies, has gone through –

Mr Davies: Government and Reform team now.

Mr Butt: – three or four name changes already, different sort of concepts. How can we have any sort of confidence and certainty that this is actually going to make any difference in the future?

Mr Davies: Measure us.

Mr Butt: It has been tried several times in the past by the whole HR department, by Government, and it just seems to me a continuation of those sort of ideas.

Mr Davies: Are you suggesting we just shouldn't try?

555 **Q86. Mr Butt:** No, I am just asking what confidence we can have that you are going to make a difference this time?

560 **Mr Davies:** I think, as I said before, we started a staff survey for the first time so we will be able to get empirical measurement as to whether or not the culture has shifted, whether or not people feel more direct engagement with Government. I know that the Office of Human Resources have been looking at targeting sickness absence with some success over the past two years, and I think there is a difference now around the way the Chief Officer Group works. They work in a far more collegiate, collaborative manner than they did before. I do not believe that we would have got the phase 3 of Shared Services delivered without the corporate support of the Chief Officer Group.

565 So from a personal perspective I think it feels different in Government. There is a different approach, it is not as siloed as perhaps it was historically. I think we are able to measure success and I think we have got a dedicated team trying to deliver that, so I think you will see stuff. It is cyclical, you are right, if you are in Government long enough you see these initiatives come and go.

570 **Mr Shimmin:** If I can build on that though. The reality is: what is different? The whole of society and the Isle of Man, the economy of the Isle of Man is different. If there had not been the financial challenges necessary, I do not believe the ambitions we are talking about would have been achieved. I think everybody on the Isle of Man, whether in public service, private service, pensioners, children, understand that things are not as they were. The expectation of the public and indeed the officers of Government has changed dramatically in the last three years. I think that is the catalyst why this has to work, there is an understanding that this is not just playing and tinkering.

580 I attempted to introduce this from the Scope and Structure of Government report back in 2006. Why? There was no incentive to change at that time, things were rosy. That was clearly the time we could have done things. We chose not to at that time. Now we are doing it, and more successfully, because there is an imperative to deliver. **(The Chairman: Okay.)** I think that is the difference.

585 **The Chairman:** Thanks very much. Mrs Cannell.

Q87. Mrs Cannell: Thank you, Mr Chairman. *(Laughter)* Yes, patiently waiting for 40 minutes! Very interesting what both the Minister and Mr Davies are saying here today, but it does tend to strike me as we have heard it all before.

590 The Chairman was trying to push you and press you in terms of what are your hard targets. I am going to ask you the same sort of question, but I am going to put it in a different way. What are your operational objectives? Is it to operate and deliver what you are currently delivering but in a more efficient manner? Or is it that you have a target figure in mind in terms of the overall cost of Government as one that you have to head towards achieving year on year irrespective of the change in the economy, the change in demographics and everything else. Which is it? To me that is having a hard target. So where are we at the moment with that?

Mr Shimmin: Do you want to take it?

600 **Mr Davies:** Yes, I can certainly take that. I think part of that has to come from the Treasury. So the Treasury need to understand the parameters, they have got a far better idea of where the tensions are going to be over the next five years in terms of revenue receipts and other pressures on the budget including use of reserves.

605 I think a good example of that was in December 2013, where as part of the budget process, there was a discussion from Treasury which basically said, 'Look we have an issue in that,

because of certain other things that have happened, there is a shortfall in the budget and we can either progress the plan for Shared Services which we talked about, which arose from Scope of Government, or we can take further cuts from Departments.’ As a group, the Chief Officer Group sat down with the Treasury first of all and worked out a broad plan of action that then
610 went to Council of Ministers and said, ‘Rather than taking a haircut across all the other Departments, we believe we can accelerate the plan for Shared Services.’

Q88. Mrs Cannell: Yes, sorry, Mr Davies. If I can just ask you to pause there. That to me smacks of crisis management because Treasury have turned round and said, ‘We have a shortfall
615 of xyz in the budget, the one that we are accustomed to, so therefore we are going to have to target certain areas to make x amount of savings so that we can balance that situation.’ What I think the Chairman and I are more interested in is, what is the ultimate target in going forward rather than just try and manage and struggle as you are going along? What is it you want to achieve, what is the vision of this Government?

Mr Davies: Well, that is a matter for Treasury and Council of Ministers to determine the parameters...
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Q89. Mrs Cannell: No, it is not a matter for Treasury at all. Treasury are there just to look
625 after the coffers and to give advice on spending. It is not their... they are not in a position to deliver the vision and the policy. That has got to come from the politicians so perhaps I am asking the Minister here, what is the vision? Because it seems to primarily just focus and continues to focus on the delivery of services in a more efficient manner, reducing the workforce, reducing the costs without a vision of where you want to be at the end of that
630 because at the end of wherever you are there has to be the question of sustainability. It was quite clear you cannot sustain everything as it was because there is a shortfall in income. But in projecting forward, you need to be able to sustain the economy and services in some measure or form, at a cost level that you can sustain irrespective of what may happen with the VAT negotiations or with the shortfall of people moving and working here and so on and so forth.
635 There has to be that at least minimum level that you can fall back on, but do you know what that is?

Mr Shimmin: I think, in asking your question, you have partly answered the complexity of this: that is not one thing or another; it is all those things and more. The reality is that each of us
640 politically around this table will have a vision of where we think the Isle of Man should be, and that will vary in part but generally it is to do good things to good people, to help the society be better, to look after the vulnerable – all of the nice comments that we politically aspire to achieve for our Island. But ultimately they have got to be affordable.

Therefore there is an imperative which is we are still living beyond our means and therefore
645 we have to reduce the costs of Government, make it smarter, make it more efficient. They are words. That is partly the digital strategy whereby inevitably we will take people out of Government service by replacing it with a digitalised strategy.

We still need to identify what is core Government business and over the last three and a half,
650 four years I would argue that this Government, for the first time in our time in Tynwald, has taken on some of the sacred cows of pre-school, university tuition fees, pensions. We are actually making some difficult decisions because they are not sustainable medium and long-term.

Those areas we have not been able to really get the public or political support for in recent
655 years. However now there is necessity, so we are looking down at the core responsibilities of Government. What do we need to do? My view will differ from yours and other politicians here, but that is where Tynwald is there to work with us. I think the leadership comes from the Chief

Minister and the Council of Ministers. The approval for that, and the validation comes from Tynwald on behalf of the people we serve and once that policy is agreed, we carry it out.

660 At that moment I think we are still failing to take some of those difficult decisions because we
want to provide more services than we can afford to the people we represent. All of that vision
that I have has got to basically be moderated by that of my Council of Ministers' colleagues and
also by Tynwald, to see whether or not we are prepared to push the public any further with
increased charges, taxation. Are we prepared to reduce services? If so which ones? All of those
665 are matters which again, were I, or any Chief Minister, to turn around and make those
statements, it would be quite easily able to be attacked and say, 'We don't want it in that
direction; we want it over here.' That is where we are treading on eggshells, to try and take the
people with us. I think over the last three years we have done a reasonable job in very difficult
circumstances to avoid too much outrage from the people, but I think we have stretched their
patience pretty well to breaking point. That is why Dan says we have done the easy part, the
670 next bit is going to require more political buy-in.

Q90. Mrs Cannell: Okay, if I may, Mr Chairman, because I haven't finished yet? Going back to
what Mr Davies said initially, you said that you reviewed 24 back office services, that is how it all
started. You reviewed 24 back office services.

675

Mr Davies: We reviewed 144 services right across Government as part of...

Mrs Cannell: Well you said you started with 24, you actually didn't tell us how many you had
reviewed in total.

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Mr Davies: Sorry, no, I don't... I recall that I said the figure of 144. We reviewed 144 services
right across Government as part of the Scope of Government review.

Mrs Cannell: Sorry, and they were all back office services?

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Mr Davies: No, no – that was everything. So it went right across every single part of
Government. We reviewed 144 service functions and, as part of that review, we asked people to
give us detailed breakdowns of headcount, costs all of that information relating to all of the
services. As we began to disseminate and review that information, it was clear that there were
690 many duplications in the back office functions.

So, for example, catering is a good example. When we went through we saw there were costs
spent in catering in schools, on catering in the hospital, Ramsey Cottage Hospital. We surmised,
and did a bit more detailed information reviewing, that if we could start procuring the goods and
services as a whole, rather than in individual parts, and if we used a centralised management
695 structure we could de-layer it.

So we reviewed 144 services, which is everything that we do in Government.

Q91. Mrs Cannell: And out of that 144, how many were changed as a consequence?

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Mr Davies: So we did IT shared services, catering, fleet shared services, caretaking, media
and about six hospital projects arose out of that. Then we got a further... I think, in total we got
about 30 or 40 projects. I do not have exact figures in front of me but we had about 30 or 40
projects.

So, for example, the merger of the Manx Utilities, the creation of the Manx Utilities Authority
705 came out of the Scope of Government Review. We are looking at the moment at the General
Registry and the functions within the General Registry.

710 **Q92. Mrs Cannell:** So would it be fair then to say then that you are half way through? Having reviewed the 144 services, you are half way through making changes (**Mr Davies:** Correct.) that will deliver savings or avoided costs (**Mr Davies:** Yes, correct.) as the Minister said earlier on.

Mr Davies: Absolutely. So the first tranche.

715 **Mrs Cannell:** You are half way through, in answer to I think it was Mr Corkish's question or Mr Butt's, is why well carry on, you have delivered...?

Mr Davies: The first tranche of those savings have come out already (**Mrs Cannell:** Okay.) and we have a further raft of projects.

720 **Mrs Cannell:** Okay so you are half way through...

Mr Shimmin: Mrs Cannell.

725 **Mrs Cannell:** I will finish... Sorry, Minister.

Mr Shimmin: Just two things there. What I am trying to get my head around is that there are priorities in service delivery that make the greatest savings and there are easy wins that are easy to turn over quickly. I think what we have done with these is taken some of the bigger hits, where the easiest wins are. We have not really got into the culture change as much.

730 There are things that are going to go ahead within the second or third halves and quarters of what you have talked about with the 144. We have done maybe a quarter of them. They have shown some of the biggest elements of reduction in costs. Many of the other areas will be far more marginal and we will have to determine how critical they are to the benefit, rather than assuming we can quantify that level of saving again as we move forward.

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Q93. Mrs Cannell: Well if I might suggest, Minister, if that requires a change of policy in terms of delivery of service, and that will, you will have to include Members of the parliamentary assembly in that, so that they can debate it and debate these policy changes.

740 Just one more question, Mr Chairman. Going back to your predecessor who accused the Council of Ministers and also accused the backbenchers for having little idea and basically, we have all of us not come up to standard, according to the former Minister Robertshaw, he very much favoured single entity, didn't he? The Isle of Man becoming by law a single entity? Was that his answer to these, to making these changes happen more quickly, to address the so-called silo mentality, which Mr Davies said is not as bad now as it was at the very beginning? Is that view and the support for single entity, has that been adopted by the new Minister in his role as Cabinet Minister?

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The Chairman: Just as a point of fairness to the Minister, we do not expect you to speak of the thought processes on behalf of the former Minister, but certainly your own views on single legal entity would be appreciated.

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755 **Mr Shimmin:** When the consultant, one assumes from Scotland, came over, I was in discussion with him to try and understand what the real benefit was. I believe there are benefits but I do not understand the criticality of it. I think my predecessor had longer in this job and had come up against more resistance that would probably have convinced him, as it may well convince me in six months' time. At this stage I am not convinced that that is the only mechanism.

If I can make a comparison, one of the issues that is current and a bit controversial is the Post Office and the future. Should we corporatise the Post Office? The argument has always been

760 with former Chairmen like myself, what does that give us that we cannot do under the existing structure? That is what I need to analyse with the single legal entity.

I believe a majority of my colleagues in Council of Ministers have already been convinced that that is the appropriate way, but over the last nearly 12 months, I have not been engaging with them on that level. I certainly have not had the first-hand experience my predecessor had, to see
765 if that may actually be worth the price if the outcome is worth that political battle.

My answer is therefore I am likely to be persuaded that it is the best way forward, but not yet at that convinced point of my decision-making.

Mrs Cannell: Well, thank you for being open and honest in your answer to that, because it has been an absolute mystery to me what the Cabinet Office is all about and what the former
770 Minister was in charge of. Of course we still have this query about the legality of holding a Ministerial position as it does not feature in law, it is not covered by law but that is another subject. Thank you for being open and honest.

Thank you, Mr Chairman.

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Q94. The Chairman: Just going back for a final few questions from me anyway and then I shall ask the Committee.

Mr Davies, how many workstreams are going on in Government at the moment under this Change and Reform programme?

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Mr Davies: Great question. If I can tell you that right across Government, we have collected everything in, so we did an exercise that said what is going on, either capital projects, either ongoing technology projects, pieces of work in Department that we know about, policies that might be coming up to Council of Ministers. We identified that there are round about 1,200
785 separate pieces of work, which even for an organisation the size of ours is clearly too much.

When Minister Shimmin first took post, we shared this information with him and I think this takes us right back to the start, he was very keen to say, 'What are the priorities, the stuff we must do? What are the things that are actually distracting us from our purpose of where we want to get to? And what are the things we should do that are not even on the list at all?'

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And so I think the next couple of weeks will see a period of review and reflection, and hopefully after that, we are looking at how we put together a framework that starts to capture and prioritise some of these pieces of work better.

Mr Shimmin: It is possibly a poor analogy but I will use it anyway, Mr Chairman. I use it as a description, like trying to look at jigsaw pieces on a very large table, and not only are the jigsaw
795 pieces of our picture but also other pictures are there, confusing the issue even more.

I would like, and I have tasked Dan and his team, to try and identify those pieces of the jigsaw that add no value, do not help the picture and do not actually bring towards conclusion. Once we have actually cleared some of that from the table, we will be able to see what we can
800 achieve a bit more easily, but at the moment everybody is busy moving pieces around and many of those pieces do not add value, but they are busy being busy.

Now the real challenge will be something that has not happened in Government before, which is when an officer or indeed a politician seeks a piece of work to be done, but then it actually never goes anywhere, the amount of papers we have generated in those 1,200 work
805 streams that neither have the resource or the staff to deliver, or the imperative is no longer there, the political leadership changes, the officer moves on. So I will be tasking Dan and the team to come forward with those areas that we can actually remove from the table, because they add no value. If they are Tynwald commitments, clarify those, come back to Tynwald and say, does Tynwald agree that we now put these on hold or even dismiss them? Same in
810 Government and Council of Ministers, who from my 12 years there, we have constantly added more things on to that table, without taking anything off, so the picture becomes so blurred.

What I am hoping to try and do, if you will stick with the anecdote a little bit further, is remove the pieces that do not add value, try and see where the pictures start coming together and then to position them in the right place.

815 You will see in the Tynwald Order Paper for March that we are looking at saying that housing does not really best fit with Health, so let's look at putting it somewhere else. It does not mean that will be the final resting place, but it is getting the picture evolving and becoming clearer. At the same time as that, that is somebody else's picture that we are trying to put together.

820 I want to also try and see along the top – where will the Island be in the Health Strategy, Criminal Justice Strategy, the Digital Strategy? All of those areas that are bigger ticket issues that I could spend the next 16 to 18 months going round in circles and ignore what is happening on the table. So my priority at the moment will be delivering services better for the public whilst trying to keep a working eye on how the future strategies are required, and that is part of what the Treasury Minister and others are currently doing with the public, consulting with Members
825 of Tynwald to try and see what future we want for our Island.

Q95. The Chairman: So let me just try and get a bit more of a handle on this: 1,200 separate workstreams going on, across Government. (**Mr Davies:** Yes.) I am assuming, and you can correct me, that these are not necessarily workstreams that are being directed by Change and Reform, but workstreams that are being directed by Departments themselves, by Chief Executives and managers within the Departments and have simply been accumulated, you accumulated the material.
830

But, bearing in mind what you have just said Minister, in terms of trying to strip some of this away and identify what is of value, when you do not have any direct control over it, how are you going to do that? How are you going to get Departments to start focusing on what the centre might regard as the priorities?
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Mr Shimmin: I honestly, Mr Chairman, will not even allow the thought that that is difficult. Council of Ministers have collective responsibility. They have signed up to the Agenda for Change and all of these issues for the last three years in the majority of cases. Therefore it is our policy.
840

Officers of Government get away with not actually delivering that, because we do not make it clear enough to them. I think that it is actually rather straightforward for me to work with my ministerial colleagues and say these are the things we have agreed, these are the things you need to try and strip out, because they add no value, and your officers are there to actually put that into position.
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As far as I am concerned I do not believe that will be difficult. I think there will be resistance at certain levels of management in Departments, and I do not have a problem with that. They either accept the policy or they move out of the way. I do not think this is that difficult. I think we try and make it more difficult. If the policy coming down from Council of Ministers is clear, then Departments will be under an obligation to deliver it. If they do not, then that is a disciplinary matter.
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Q96. The Chairman: Clearly, your predecessor did find it difficult to deliver, because he resigned saying that the Council of Ministers was not in a position to change, but let's not get too much into that.
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This is a huge number of workstreams going on here. Is the Cabinet Office actually not just adding confusion to the picture? Would you not be better just stripping out the Cabinet Office, out of the picture entirely, and just removing that from the total picture and then using the Department's relationship with Treasury merely to get on and just achieve the savings?
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Just let them go and say, 'Actually, there is your budget, this is where we are at, that's all I can give you this year, you have just got to go and achieve the savings.' Are you actually bringing any benefit to the party by being in the centre or is it actually likely just to add yet another layer

of bureaucracy to a system that could arguably just be a simple relationship now between Treasury?

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Bear in mind that in the last report that we saw, in the draft report that I have got here from Internal Audit in 2012-13, the Chief Internal Auditor, or signed by the Chief Internal Auditor on behalf of whoever wrote the report, suggested that actually the job of that central team had come to an end.

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Mr Shimmin: Again I think this is more political. From Dan's point of view, he is an officer carrying out and has professional qualifications and training in these areas, but from a political direction...

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Q97. The Chairman: Just a minute, it is an operational issue. It is an issue you are qualified to answer, because I am saying to you, you are an experienced change manager: has your job come to an end? Are you now actually just creating an additional communications channel that is likely to add more confusion to the picture than if Departments simply got on and delivered, bearing in mind what you just told us that there are 1,200 different work streams going on throughout Government, a huge amount of work?

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Mr Davies: It is not focused work in lots of cases. It does not take us to the ultimate destination.

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In fact, I would say, first of all, I think it is a little bit of an unfair question asking me whether my job and my Department are redundant. However, the Internal Audit report itself said the central team in its current form for delivery was redundant, but what was required was a central team, a much smaller central team which focused on programme management, co-ordination, joining up best practice, and that is what we are doing.

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I think the very fact we have been out there and identified 1,200 projects and we are now using the Minister for Policy and Reform to try and bring those to a more manageable programme of work which takes us to where we want to be is absolutely the right thing. I think Mrs Cannell said before the role of the Treasury is not policy. The Council of Ministers is policy in accordance with the parameters set out in Tynwald. And so I think it is important that you have a direct link in the Cabinet Office, where we have the delivery arms of the Office of Human Resources, the Government Technology Services and my team to actually prioritise and support delivery of change in the right places, to take us to where we want to be.

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I would absolutely say that the role of the Cabinet Office is fundamental and if you go to any large organisation, they have a central resource for change and we are absolutely where we need to be with that.

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The Chairman: Sorry, the Minister.

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Mr Shimmin: Well, I was going to say it is a fair question because it is effectively the same question we are asking of every other Minister and every other Department. The service and the work they provide is what we will be challenging and whether that is the only or the best way of delivery, so I am glad Dan defended himself as robustly as he did.

I think the reality, as Mr Butt has said, is there needs to be something different, doing it the same old way would not work. This – is it guaranteed? No. Is it better than the best chance? I think the timing and the opportunity is now better than it has been for a lifetime in politics.

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The Chairman: Okay. Right. Mr Coleman, and then final questions please from Mr Butt. Mr Corkish, Mrs Cannell?

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Mrs Cannell: I just have one.

The Chairman: Okay. Mr Coleman.

Q98. Mr Coleman: Good afternoon, gentlemen.

I do have great sympathy for the gargantuan task that you have set yourself, and I have that
920 because in my past life, I was a consultant for business change. Going right down to workflows,
right the way through in to presenting every computer system on a similar-looking screen which
we found to be very important. But you mentioned that the staff survey was going to be possibly
a method of you assessing success. Now I have looked through the staff surveys in a certain part
of the Health Service and it seemed to me in that Department there was very little apathy... well
925 *empathy* – apathy *and* empathy. But there was little empathy at the Government level, very
little at the Department level and all of the empathy was at the local division or section.

Now that is a very difficult model to change, and I just wondered whether you have
considered any methods to do that type of change?

930 **Mr Davies:** That is an absolutely spot-on analysis and, in fact, in most parts of Government
that was a really clear pattern in that people felt very little engagement to the Isle of Man
Government, they felt some engagement to their Department and most of their engagement,
their allegiance or alliance, if you like, was to their section and department.

So we are doing a number of workstreams which have been initiated. There are four
935 workstreams and they are led from senior people across the organisation, but involve people
from right across the organisation. We did a number of focus groups and surveys across staff in
the organisation and the one thing that binds everybody in the public service together is a
phrase about making a difference. 'Why do you work in Government? Why do you work in the
public service in particular?' 'We work in Government because we want to make a difference to
940 the community we serve.'

So we are using that as almost a hook to start building that level of engagement with staff on
the front line, like you say people in a specific service area. We are looking at better
communication, we are looking at better leadership and management throughout the
organisation and we are looking at how we create and foster a sense of improved engagement
945 through the use of things like videos and corporate communications. So we have got a very
specific piece of work and I would be more than happy to share more detail on that with you
offline, if you like.

Mr Coleman: Another couple of things. I have an observation and that is that you have to
950 have a separate unit to do this role. You cannot do it from internal, it just does not work. And
believe me I have done it right and I have done it wrong. And it does not work unless you have
another unit sitting outside that is not subject to the local politics of the Department or anything
like that. You have to do it from outside.

I think that is about it really.

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Mr Shimmin: Good point to stop. Oh, sorry! *(Laughter)*

The Chairman: Mrs Cannell.

960 **Q99. Mrs Cannell:** Yes I have just one question. What is your budget?

Mr Davies: We have a staff budget including National Insurance of £297,000, and we have a
very small budget of about £10,000 for travel, other bits and pieces.

965 **Mrs Cannell:** Okay. That's your team.

Mr Davies: Yes.

Q100. Mrs Cannell: Now a question for the Minister, if he knows. What is the budget for the Cabinet Office?

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Mr Shimmin: I had that on Tuesday.

Mr Davies: Can he phone a friend? *(Laughter)*

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Mr Shimmin: It is an answer in a Keys Question, but Dan is saying £26.8 million (**Mr Davies:** Give or take.) which I assume is in the ballpark. There are some 113 staff in GTS, you have got a range of areas but there will be supplementaries next Tuesday.

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Q101. Mrs Cannell: So if we had not created a Cabinet Office, we would have had avoided costs of £26.8 million?

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Mr Shimmin: I think what you have got to accept, and it goes back to Mr Coleman's point, is you have centralised budgets from elsewhere, which is why quantifying the value we have brought is going to be almost impossible because we have taken significant chunks out of other Departments' budgets.

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But the expectation is that GTS savings, which used to be in my old Department of Economic Development, saves us £2 million this year and therefore those safeguards of bringing them together, if we accept we were not perfect before, we are moving towards getting better. We are a long way from perfect but I take some solace from Mr Coleman and others that we have to do better. If it is not driven, then it is not going to happen on its own. Those changes are ones that are driven by my staff and the staff of Government and at the moment there is a lot to do to try and motivate our staff to make the difference.

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Q102. Mrs Cannell: So we are at a point then, because of the newness, because of the newness of the Cabinet Office, the newness of the initiatives, because they are relatively new, it is going to be some time, is it not, before we actually say, or the Government can actually say, it has been a cost effective and worthwhile exercise because that is where we were 10 years ago, that was the cost of delivery of services? This is where we are now after the creation of the Cabinet Office and centralisation of services, and the level of service we are delivering is better or equal to but the savings are xyz. That is going to take about 10 years, is it not?

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Mr Shimmin: It is a never-ending challenge. I think the comment Dan made before is 'measure us'. I think the Internal Audit opportunity is something which should be ongoing to actually justify if there is a point in time, when I was back to look at the Scope and Structure I gave it a five-year period for that Department of corporate change, and at the end of that time I was expecting that to have morphed into something different or to have collapsed. It is going to take a long time but we are not starting on day one, my predecessor and indeed Dan's previous existences have been making changes, the staff position is significantly different but I do not think there will ever be a time you will finish, but I think there will be a time when the Cabinet Office evolves.

Mr Davies: And just for the record, could I just add that Minister is new so please do give him some slack. It is £2 million saved by GTS over three years.

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Q103. Mrs Cannell: Well, the Minister is new but he is a very well-seasoned politician, as are a number of us around the table.

Just one final question in terms of this. When do you think you will be in a position to be able to demonstrate that all of this has been worthwhile?

1020 **Mr Shimmin:** I would expect, at an arrogant personal level, that if there is not a momentum
by July Tynwald that the Cabinet Office is serving a purpose politically, I will be surprised. By the
time it comes towards the next general election, I think we will be in a different place for the
1025 delivery of services to the public and therefore those of us in the Keys who go for re-election will
be in a position where they will be held to account, and that goes for myself along with all the
other Department Members and Ministers. So as far as I am concerned the people will expect to
have seen changes in that timescale. I think that is what my predecessor said and was striving to
achieve. In some ways I hope he will reflect back and say he had done a lot of work which had he
stayed in the position would have started bearing fruit. I will piggyback on much of that good
work and take all the glory.

1030 **Q104. Mrs Cannell:** I welcome your keenness to have Internal Audit check you regularly, but
can I ask that this project that they are going to do an inspection, is it going to be the whole of
the Cabinet Office or just be one aspect in terms of what Mr Davies and his team does?

1035 **Mr Davies:** Shared Services.

Mrs Cannell. Yes, so it is just Shared Services.

1040 **Mr Davies:** Yes.

Mrs Cannell: It is not going to look at –

Mr Davies: The Assurance Advisory Division will look –

1045 **Mrs Cannell:** – the effectiveness –

Mr Davies: The effectiveness –

1050 **Mrs Cannell:** – of the whole of the Cabinet Office?

Mr Davies: – of the Shared Services function. So within the Cabinet Office, we have three
Shared Services. We have Government Technology Services, the Office of Human Resources, and
the Press and PR Service, which were all centralised.

1055 **Q105. Mrs Cannell:** But Internal Audit are only going to look at a third, then, of the operation
of the Cabinet Office?

1060 **Mr Shimmin:** I am sure they could be directed, Mr Chairman. And, again, it is something that
from my point of view the Cabinet Office is new, it is appropriate that it gets revised, reviewed
and therefore whether that is by your Committee, another body or the Internal Audit is a matter
for others.

The Chairman: Okay. Thank you. Mr Corkish.

1065 **Q106. Mr Corkish:** Thank you, Chairman.

I asked you very early on, how you propose to bring Government and Members along with
you. You did say, quite rightly, that there is an imperative to deliver and that we are living in
different times now and we need more political buy-in.

1070 In 2013, Mr Teare, when we interviewed him here, said some Departments are more co-
operative than others. I am not going to ask you go through the Departments now, but you may
also be finding that. He also said that the Department had no teeth. Do you think now, not only

with your appointment to the role, the Department has got teeth to go forwards and that people, the Departments and Members, are accepting that we are living in different times?

1075 **Mr Shimmin:** I think more than my Department or my position having teeth, I think the Council of Ministers is united in actually saying now is the time we have do better.

Q107. Mr Corkish: And you need their support?

1080 **Mr Shimmin:** And I would say – but I would say this – that actually what I think has been achieved in the last nearly three and a half, four years has been underestimated by some. The fact that we are still in a growth situation where we are managing the budget, but it is work in progress. I think Council of Ministers fully understand that. It will not be me with teeth. However I would expect always to carry around a stick which is effectively the authority of the Chief
1085 Minister: that if Ministers or officers are not performing, then the Cabinet Office is ultimately headed by the Chief Minister, Council of Ministers is headed by the Chief Minister and I would expect his authority to be persuasive.

The Chairman: Mr Coleman.

1090 **Q108. Mr Coleman:** One just final point. There has been a lot of emphasis placed on financial savings in this exercise. Can I just caution, if I may, that one of the other things that you can gain from this sort of exercise is the ability to react quicker if you get it right. And the way the world is changing, you have to be able to react quicker and if your systems are such that – and I mean
1095 systems everything, people systems, workflow systems, computer systems – if they are made more flexible to be able to react to sudden changes, then naturally you give a better service to the people of the Isle of Man, quicker.

Mr Shimmin: I would agree with you but the difficulty to that is that both governance and
1100 governments have a democratic requirement to ensure that is done in a way that carries people with them. We serve the people, so all the points you make in the private sector, absolutely spot on. Speed of change, I would like the Isle of Man Government to react quicker to certain things but, quite rightly, others will say that Tynwald needs to authorise and validate some of those things.

1105 **Mr Coleman:** There is no implied criticism in this –

Mr Shimmin: No, I am sensitive.

1110 **Mr Coleman:** – but it is simply that you have to set your systems, you have to get it... Okay, let the political thing slow things down, but do not let your systems and your mechanisms and your workflows be the inhibitor.

Mr Shimmin: There is almost no reason why the Digital Strategy should cause any problems
1115 to slow things down. People slow it down, not the technology. The technology is there and tested in most situations. It is the people involved that we have the difficulty with.

Mr Davies: And we are developing an Agile methodology at the moment which looks to implement change.

1120 **Mr Coleman:** You mean capital A or little a? Agile?

Mr Davies: As in the methodology.

Q109. Mr Coleman: Which basically means suck it and see until we get it right?

1125

Mr Davies: An iterative process.

Mr Coleman: That's right – which is suck it and see until we get it right.

1130

Mr Davies: Yes. Within a specific governance framework I think Agile can deliver some good results as we have seen in the UK, for example, in the government digital service over there. Northern Ireland digital service are using Agile to good effect.

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Mr Coleman: I think it would be inappropriate to develop a computer system that does the accounts for Government using Agile.

Mr Davies: I think the computer system for Government is an entirely... The accounts system was developed in a traditional waterfall methodology, and I think it could be better, so I think there are pros and cons on both sides.

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Mr Shimmin: Shall we leave these two to it?

The Chairman: Thank you.

1145

Mr Davies: Have a nerd off!

Q110. Mr Butt: Yes, one final thing from me please. I wish you well in trying to get the culture change to happen, I think that is the main thing you have to do that is remaining. I know it is not very easy and I know experience has shown over the previous decade that it has not been achieved to any great extent so far.

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In terms of the 1,200 workstreams which you are looking at, I presume some of those are quite minor and not significant, but I would just give a word of warning. In the Department which I have had a long connection with until recently, we are currently going through a process of a vision, a blueprint, a strategy – a lot of work is going into it which will have absolutely no, well not absolutely no, but very little effect on the people actually providing the work at the very lower ends. Coming back to Mr Coleman's point, the people at the lower end need to be engaged.

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When you do your culture change for Changing Government, can you make sure that you do not have a vision and a strategy; you actually have some practical workstreams which actually affect the people who are going to change it? Some A to Z things about how you need to do things, rather than this vision idea because I can imagine some of these 1,200 work streams will be up there in the sky which will not make a scrap of difference to the actual people doing the job. So can you concentrate on, maybe, with your change in culture, making it a practical change?

1165

Mr Davies: With pleasure. Absolutely. We have already worked with the Department of Health and Social Care, both at the senior level to start bringing their leadership team together, but we have actually been working at a ground level as well. So with the people on the ground, listening to what they are saying and trying to feed some of that back up and reflecting some of the values from, absolutely, the front line staff who see the true picture of an organisation on a daily basis.

1170

So I absolutely agree and that is an area we are working on.

Mr Butt: Good, thank you.

1175

The Chairman: Okay.

Mrs Cannell: No, thank you, Mr Chairman. Just to thank them for attending today.

1180 **The Chairman:** So thank you very much, Minister. Thank you very much, Mr Davies, for coming along. The hearing is now concluded and the Committee will now sit in private. Thank you.

1185 **Mr Shimmin:** Thank you all very much.

Mr Davies: Thank you all.

Members: Good luck.

The Committee sat in private at 4.20 p.m.