

States  
of Jersey



# **States of Jersey Finance Transformation**

# Finance Transformation

## Case for Change



# The case to modernise financial management has been well documented

Strong, transparent finances are key to excellent, good-value public services. The way in which finance professionals are organised and operate is critical to the financial integrity of the States of Jersey. This will support the wider organisation in ensuring that the financial responsibilities of public servants are properly discharged and that public service administration finances are well managed.

The Case for Change is well documented – there are several hundred recommendations made by the C&AG and PAC. These recommendations have been triangulated to ensure consistency and inform the programme road-map. They are, in many cases, co-dependant and cannot be addressed independently. The scale of change needed requires a properly structured, governed and resourced transformation programme. It is clear that the case for change has been made and the States must now move to modernise its' Finance function.

This view was acknowledged internally and re-enforced by the findings of due diligence work carried out on behalf of the new Chief Executive. That review considered the strengths and weaknesses of the structures, systems, governance and processes relating to financial management and control; and recognised that the weaknesses were limiting Finance teams' performance, and more importantly hindering the States of Jersey in delivering value to its citizens.

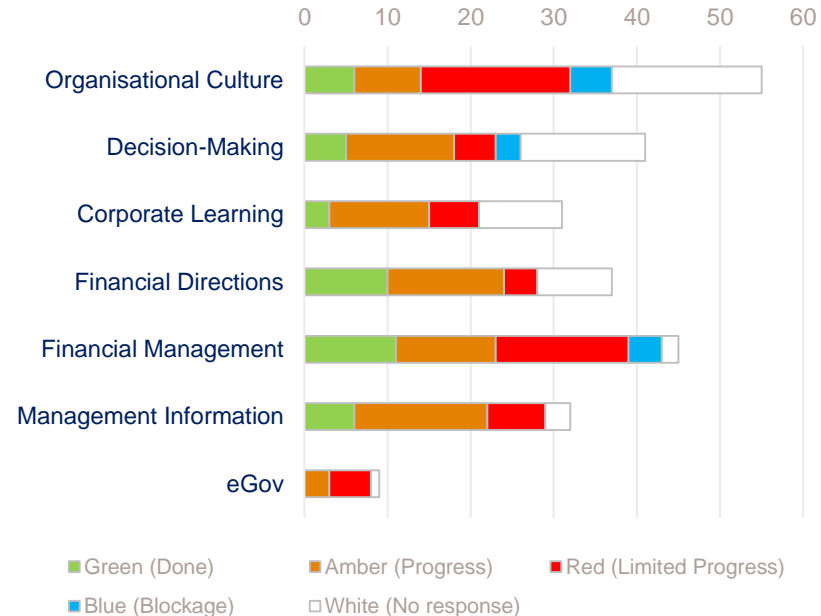
The review concluded that an efficient government needs a modern, strategic and influential Finance community supported by integrated systems, rigorous prioritisation and informed decision making through transparency and accountability. The new finance operating model needs to deliver this.

# The case to modernise financial management has been well documented by both PAC and the C&AG

C&AG and PAC have made a large number of recommendations over a number of years relating to Financial Management.

250 recommendations were mapped to themes identified by the PAC, and as at January 2018, 16% of recommendations had been completed

The Finance Transformation Programme is being shaped to deliver changes that will help address a number of these recommendations, more recent recommendations and other improvements – ensuring a co-ordinated approach



**Delivering the Change**

**The Finance Transformation  
Programme**



# The Finance Transformation Programme



A Finance Transformation Programme has been put in place to address the weaknesses in the Finance structures in the States and ensure that they act as an enabler rather than a limitation to the delivery of the best value to Islanders.

This will ensure the States has Finance infrastructure with the capacity and capability required by a £1.2 billion organisation. This cannot be done in isolation, and needs to be embedded throughout the States, and will also be an enabler to wider transformation change in the organisation.

The structure of Finance is being re-organised, to shift the role of Finance from transactional to more value-adding decision support, with a more strategic focus.

This will include prioritising investment decisions and linking Finance to policy, planning, performance and outcomes – enhancing accountability across the States.

To achieve short term improvement tactical changes must be made to existing systems, to both improve and standardise the quality of information and make processes more efficient, whilst making the case for a system replacement.

The change to Finance teams is only part of the transformation of Financial Management in the States of Jersey that will be brought about through the Finance Transformation Programme. The newly formed States Treasury and Exchequer department will champion the change across the States, working alongside the Team Jersey culture programme, to change the way that officers understand their finances, make decisions for the longer term and deliver value for Islanders.

## **Why this is different**

The transformation is only possible due to the real commitment to a One Government approach. Previous work to change financial management have that transformation cannot be delivered from the side of a desk. This has been recognised by securing resource to deliver it whilst maintaining self business as usual.

# The Finance Transformation Programme

The programme will specifically deliver:

- a more efficient and effective Finance function meeting the needs of its many stakeholders and aligned to the One Government agenda;
- better informed and transparent decision making;
- customer focussed delivery in better informed and able organisation;
- robust risk management through the implementation of enterprise risk management;
- the integration between, policy, planning, performance, outcomes and investment;
- a clear understanding of the costs of services and the drivers of those costs, allowing benchmarking to enable the organisation to drive for outstanding public services;
- modern technology removing duplication by bringing together Finance and other enabling functions;
- end user self-service;
- a key input to the strategic direction and long term sustainability of the States; and
- a shift in the culture of financial management, both within the Finance function and across the wider organisation

# The work streams within the programme (1 of 2)

The transformation of the Finance Function and the financial approach of the wider SoJ will take time to deliver - change of this scale and within such timelines will be a challenge for the States requiring strong leadership, a vision of the future and a delivery focus.

A programme comprising seven key work streams has been constructed to implement the changes and realise the benefits. In addition, there is one key independent project that sits outside of the Finance Transformation Programme but it is intrinsically linked. These are summarised below and on the next page.

Work Stream	Description
Consolidation of Finance function	As part of the reorganisation of the wider States, all Finance staff will be consolidated into a single Treasury & Exchequer department. New job descriptions will underpin the operating model and allow staff to move into the new structure and understand the new capabilities. We commenced consultation on our new structure on 11th July 2018
Review and redesign of key Finance processes	The Finance processes, such as, preparing monthly budget monitoring reports and paying invoices, will be reviewed across the States and redesigned to make them more efficient, effective and standardised. Where it is cost effective to do so, technology will be used to automate and reduce repetitive and low level tasks.
Production of a business case for the replacement of the financial system	Using the Treasury Green Book approach, options for the replacement of the existing Finance system (JD Edwards) will be developed. Any replacement system will act as an enabler to the wider transformation, providing the platform and infrastructure to transform finance across the SoJ and not just in the ST&E
Co-creation of the Government Plan	This work stream will redesign how the States of Jersey constructs its Government Plan. It will draw on the principles that will be set out in the new Finance Law, and bring analytical techniques to understand the financial position and innovation approaches to help departments develop proposals to ensure a sustainable financial position is maintained



# The work streams within the programme (2 of 2)

Work Stream	Description
Co-design and implementation of Enterprise wide Risk Management	Embedding a new approach to how risks are identified and managed across the SoJ – from strategic risks through to operational risks – will help make more informed decisions and allocate resources as appropriate. This will allow the agile identification, management and reporting of risks across the States in a structured and consistent way – from strategic risks through to risks to individual services and operations.
Information Driven Decision Making	The ability to collate and present financial and performance information in a powerful way has the potential to transform how our leaders and managers make informed decisions. As part of the new operating model for ST&E, we will create a team with the tools and people that can drive this transformation forward.
Coaching across the States & Treasury Department	Embedding successful transformational change is much more than completing a series of tasks and projects. We recognise that the long-term success of a transformation programme relies heavily on supporting staff through the change. In this work stream, we will provide coaching and support across the organisation to enable the cultural changes required.
Interdependency: Finance Law	The Transformation Programme is aligned to the ongoing work to rewrite the Finance Law. This is a key dependency to the programme – particularly the co-creation of the Government Plan.
Interdependency: Investment and Business Cases	A unified business case should help decision makers ensure proposed initiatives have value and relative priority compared to alternatives, based on costs, benefits and alignment to strategic priorities. A systematic approach to accessing funding will be developed, supported by building expertise initially in this area.

# How does it deliver previous recommendations?

The work streams of the programme are designed to deliver wide ranging improvements in Financial management, rather than addressing specific issues.

As such each work stream will address recommendations spanning several of the themes identified by PAC

The core 7 work streams address 110 recommendations, with a further 55 covered off by inter-dependant initiatives.

Many of the other recommendations will be addressed by the wider changes in the organisation, and the improvement programmes being put in place in the new departments.

	Corporate Learning	Decision-Making	Financial Directions	Financial Management	Management Information	Organisational Culture
<b>Workstreams</b>						
Coaching and Mentoring			1	1		1
Enterprise Risk Management	1	1		1	1	1
Finance Processes	1	1	1	1	1	
Finance System			1	1	1	
Finance TOM	1	1		1		1
Government Plan		1	1	1	1	1
Information Driven Decision Making	1	1	1	1	1	1
<b>Inter-dependencies</b>						
Review of Public Finances Law	1	1	1	1	1	1
Investment and Business Cases		1		1		1

# How we will manage and govern the programme

Underpinning the success of the programme are a number of components that will provide a strong foundation. These are important parts of any programme and we have made sure that these are in place from the start. In combination, these allow us to track the activities across the programme against a clear plan and report in a timely and informed way so that decisions can be made in a clear governance framework. Finally, the ultimate success of the programme will depend upon embedding and sustaining the changes across the SoJ. To facilitate this, we have adopted a structured stakeholder and communications approach so that we know who we want to engage with, how, and when.

## Programme and Project Plans

A programme plan has been constructed and is continuously updated using Microsoft Project. This is used to track activities and make sure that the progress and pace is on track. High Level milestones have been brought out to keep the focus on these important dates for each work stream

## Programme and Project Reporting

A structured weekly reporting approach has been implemented across all of the work streams. This provides the visibility of progress across the programme, highlighting risks that are developing so that they can be managed. A similar approach has been implemented for reporting to the programme board,

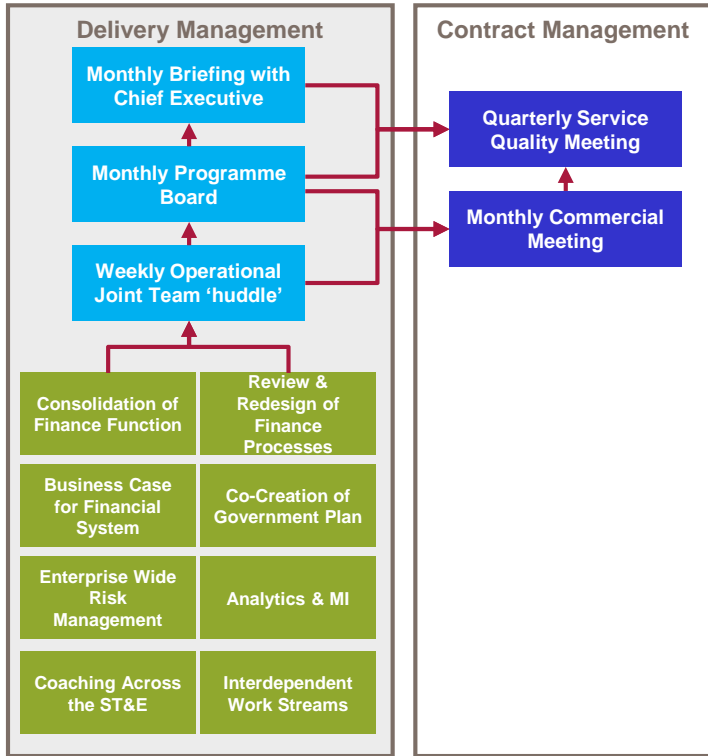
## Stakeholder and Communications Plan

Engaging with stakeholders of the programme is a critical factor in the overall success. We have taken a structured approach to understanding the interests of our stakeholders in the programme, and planning ways to communicate with, and keep them engaged and informed at the appropriate times.

## Programme Governance

Programme Governance has been established to manage both the programme and the contract with our partner effectively, Programme Boards have been set up with clear terms of reference and reporting so timely decisions can be made. This is set out on the next page.

# Governance Structure



Governance level	Details
1 Monthly Finance Transformation Programme Board	<ul style="list-style-type: none"> <li>Oversee all activity related to the Finance Transformation programme</li> <li>Ensure pace/ focus is maintained and that anticipated benefits are being realised</li> <li>Has the authority to call any area of the project in for discussions</li> <li>Challenge and hold Senior Responsible Officers (SROs) to account for the delivery of the planned benefits in the balanced scorecard.</li> </ul>
2 Weekly Operational Joint Team 'huddle'	<ul style="list-style-type: none"> <li>Focus on the day-to-day detail of driving value and change. It will be a joint team where challenges and updates will be discussed, and ideas and knowledge exchanged.</li> <li>This is where any issues with meeting deadlines will be discussed to enable mitigating actions to be put in place to rectify the situation.</li> </ul>
3 Weekly/ Monthly Work stream Governance	<ul style="list-style-type: none"> <li>Track activities against agreed timelines</li> <li>Escalate any risks/ issues to delivery</li> </ul>
4 Quarterly Service Quality Meeting	<ul style="list-style-type: none"> <li>Holds an initial Expectation of Service Quality (ESQ) meeting with the Chief Executive to discuss the wider objectives and expectations of the partnership.</li> <li>Highlight areas where the partnership is growing and any areas that should be improved.</li> </ul>
5 Monthly Commercial Meeting	<ul style="list-style-type: none"> <li>Focus on the contract between the delivery partner and SoJ</li> <li>Discussion to include: Finance, Resources, Risks, any proposed changes to scope.</li> </ul>

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# Key Risks facing the Programme

What is the risk?	What are we doing to mitigate this?
<p><b>Lack of Stakeholder commitment and buy-in</b> could result in the vision and ambition of the programme not being widely shared, understood and owned across the SoJ. This mean that leadership and staff will have insufficient impact in helping to drive and shape the planned change. This may result in ineffective decision making and the changes not being sustained as part of the move to the new operating model.</p>	<ul style="list-style-type: none"><li>• Regular communications and updates provided to key stakeholders to ensure continuous buy-in</li></ul>
<p><b>Maintaining Continuity of staff</b> could lead to staff relevant skills and knowledge leaving the organisation. Uncertainty over future prospects may prompt key staff to explore other opportunities. There is insufficient capacity from staff to support programme delivery and perform BAU activities, which may lead to programme delays</p>	<ul style="list-style-type: none"><li>• Roll out the finance coaching programme and build upon the work that will be delivered through Team Jersey</li><li>• Secondments to the programme</li></ul>
<p><b>Programme interdependencies (including those outside the programme)</b>, if not managed effectively could jeopardise or delay the seven key work streams that make up the programme. Missed deadlines will impact the reputation of the Programme and may lose support / commitment from key stakeholders.</p> <p>The elements of the transformation programme that are required to deliver change of this scale and complexity are not aligned with the wider changes programme. This creates inconsistent messages and priorities that are not aligned across the States of Jersey.</p>	<ul style="list-style-type: none"><li>• Ensure all programme dependencies (internal &amp; external) are tracked and monitored on a regular basis</li><li>• Programme level Risk Register is regularly maintained and a defined risk escalation process is in place</li></ul>
<p><b>Lack of effective measures to enable business readiness for change</b> – Change fatigue which may adversely impact staff morale and insufficient communication / training to 'up-skill' existing staff. Potential impact on staff performance and lack of critical skills and knowledge impacting business continuity and sustainability</p>	<ul style="list-style-type: none"><li>• Regular communications and staff engagement plan implemented</li><li>• Training &amp; development strategy are in place to ensure staff are appropriately equipped for service delivery</li></ul>

# Building a joint programme team between SoJ and our delivery partner

There is not sufficient resource and capability within the organisation to deliver the substantial change at the required pace, whilst maintaining safe business as usual.

Previous attempts to deliver change without suitable investment have not delivered. Using a **delivery partner** provides expertise and experience across a breadth of areas and introducing new capabilities to the Transformation Programme. It also provides established Programme and Risk Management, a Quality Assurance system and standard methodologies to deliver change.

We approached the market via a detailed Invitation To Tender, which set out our requirements and the key deliverables of the programme. Bids were assessed by a panel including representation for Finance, Procurement, Organisational Development and the wider organisation.

We recognise that **States of Jersey staff** have a central part to play in this transformation, and the delivery partner will be working as part of a blended team with staff that will be seconded into the programme

The benefits of this approach are summarised to the right, and are continued on the next page which sets out the ambition to support and coach staff through their period of change.

## Engagement with States Treasury & Exchequer Staff

Building a joint programme team will help create a series of change champions and increase the level of engagement between the ST&E department and the Transformation Programme. This will support creating ownership of the changes that will in turn help sustain them in the new operating model, long after the life of the programme

## Development of New Skills and Experiences in Treasury Staff

Individuals in the blended team will have the opportunity to develop new technical and wider change management skills through knowledge transfer from the wider team – but also through the experiences that they will have.

## Enhance the Capability and Knowledge within the Finance Transformation Team

The changes required are considerable, and having greater capacity and capability will allow the projects, changes and benefits to be realised quicker. As an example the larger processes team will allow the list of end-to-end processes to be mapped and the resultant benefits realised sooner.

# States of Jersey



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