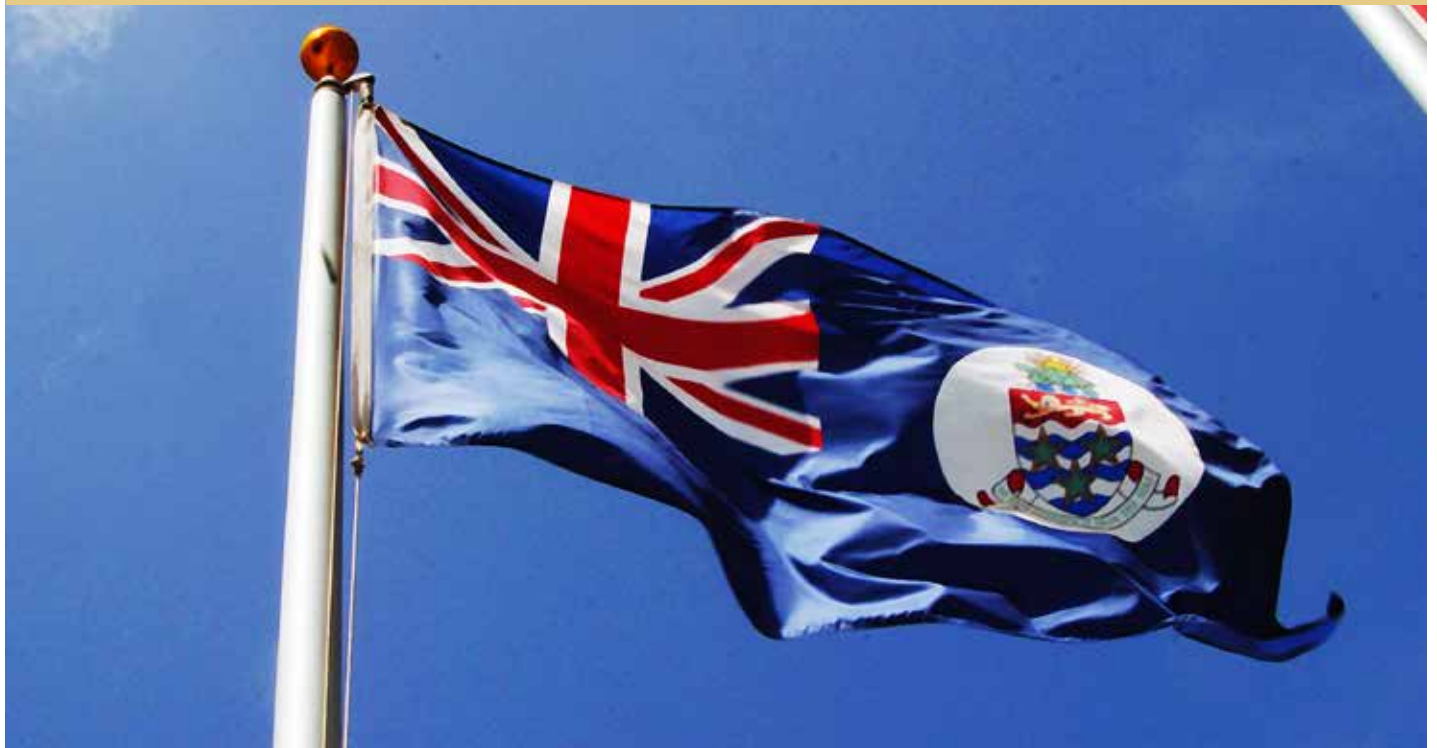


Project Future:

Creating a sustainable future for the Cayman Islands



PROGRAMME BRIEF

OCTOBER 2015



CAYMAN ISLANDS
GOVERNMENT

Foreword by the Premier

In September 2014, the Government received a report from EY entitled “Project Future: Creating a Sustainable Future for the Cayman Islands”. While it made over 80 recommendations, the report was clear that it only “provides indicative advice and analysis to support [the Government’s] consideration as to future action”.

In response to the EY report, the Government publicly stated its intention to consider the recommendations and to utilise the report as a key input to decision making. In doing so, the Government recognised that the EY report was only one source of potential projects and other ideas for reform should also be considered. Over the last year, the detailed work necessary to develop and to analyse candidate projects has been undertaken.

The result is the creation of the Project Future programme as set out in this booklet. However, this is not “just another report”. Project Future, for the first time, establishes a comprehensive and far-reaching programme of public sector reform that will drive efficiency and improve the effectiveness of public services. The programme will see the implementation in full or in modified form of the majority of EY’s recommendations and a number of other projects. It has also been possible to exclude from further consideration a number of recommendations made by EY on the basis that they do not make a significant contribution to the outcomes that the Government has committed to achieve.

I would like to take this opportunity to commend the Deputy Governor and the civil service for the work that has gone into developing this programme. I am also encouraged by the work already done to ensure civil servants are properly prepared to manage the programme in the robust manner it requires.

The hard work to implement Project Future has already begun and I am delighted by the progress being made on the projects already in flight. I do not underestimate the challenges involved in completing the programme over its expected five year lifetime. However, this Progressives- led Government is determined to implement these reforms successfully, just as we have implemented other commitments we have given.



Honourable Alden McLaughlin, MBE, JP
Premier and Minister for Home Affairs, Health and Culture



Foreword by the Deputy Governor

The people of these Islands deserve public services of the highest quality. As Deputy Governor, I am committed to leading the changes needed within Government that improve public services for the benefit of all who live and work here.

I congratulate the Hon Premier and his Government for their leadership and vision in identifying the potential projects that make up the Project Future programme. This is an important step forward in our public sector reform journey.

Now the focus shifts to implementation and the public service, under my leadership, will be responsible for ensuring we deliver on the mandate established by Cabinet. Ultimately, the success of Project Future will require the contributions of many individuals and leadership at all levels. I will be relying on the continued support of Cabinet; I will also be relying on the leadership and support of my Chief Officers, who will be responsible for delivering the projects assigned to their individual Ministries/Portfolios.

Project Future is potentially the largest change agenda in the history of the civil service. Change like this needs to be managed rigorously. I am determined that we will match international best practice in programme and project management, as we implement Project Future. We will also match the high expectations we set for our public servants with equally high levels of training, support and guidance. Although change brings uncertainty, public servants can be assured that we will keep their welfare of the forefront to our minds and ensure that employees who are directly impacted by change are treated equitably and fairly, helped to transition and empowered to succeed.

Multiple projects, led by multiple project managers, require guidance, coordination and oversight to ensure we have a consistent approach and achieve the desired benefits. Through the establishment of the Strategic Reforms Implementation Unit (SRIU), Cabinet has approved the first dedicated resources to assist us in this important work.

I would like to thank all those who have contributed to the work of Project Future to date. We look forward to the continued engagement of all stakeholders, as we work to deliver “a sustainable and effective public service that delivers essential services, in a customer-focused and efficient manner, to the people of the Cayman Islands”.



Hon. Franz Manderson, JP
Deputy Governor and Head of the Civil Service



Overview of the Project Future Implementation Strategy

Structure

As defined by Cabinet, the Project Future programme will be taken forward in three distinct project groupings:

- Project Group 1: Achieving Better Outcomes (ABO)**
- Project Group 2: Public Service Innovation (PSI)**
- Project Group 3: Civil Service Transformation (CST)**

Projects within the three groups vary in terms of focus and their governance arrangements, as explained in the diagram below.

<h2>Project Future Project Groupings</h2>		
Achieving Better Outcomes (ABO)	Public Service Innovation (PSI)	Civil Service Transformation (CST)
<ul style="list-style-type: none"> • These projects are usually large scale changes in the way major areas of public service operate. • Some flow from EY; others are Cabinet priorities. • They will require their own, bespoke project governance arrangements. • They will report directly in to Caucus and Cabinet. • Examples: capital projects, and ongoing projects such as the Airport development and potential new projects on generating local employment. 	<ul style="list-style-type: none"> • These projects aim to make government operations more effective and efficient, improving in-house delivery and considering greater private sector involvement in delivery. • Most flow from the EY report. • They are overseen by a Project Future Steering Committee. • Cabinet is the decision-maker. • Examples: To improve debt collection at the HSA; to reconfigure Government Security Services 	<ul style="list-style-type: none"> • These projects focus on changes to transform the way the civil service operates in areas that impact the entire civil service. • They flow from EY or the Deputy Governor’s priorities. • They are overseen by the Chief Officer Transformation Leadership Team. • Deputy Governor is the decision-maker. • Examples: Improving performance management; improving government procurement.

Roles and Responsibilities

As the principal policy-making body, **Cabinet** is responsible for selecting the potential projects that make up the Project Future programme, informed by the Government's political priorities. Cabinet is the key decision-maker. It defines the outcomes projects should seek to achieve and approves Outline Business Cases for ABO and PSI projects. For ABO projects, Cabinet will approve bespoke governance arrangements to oversee effective implementation. For PSI projects, Cabinet is supported by the **Project Future Steering Committee**.

The Deputy Governor is the sponsor and will be accountable overall for the successful delivery of the Project Future programme. He will provide Cabinet with monthly updates on progress so that any slippage can be identified promptly and handled appropriately. The Deputy Governor is the key decision-maker and approves Outline Business Cases for CST projects, supported in his decision-making by a Chief Officer **Transformation Leadership Team**.

Chief Officers are responsible for the successful delivery of projects assigned to their Ministry or Portfolio. As project sponsors, they will oversee, coach and mentor their project teams and will procure any external resources their Ministries need to support effective project delivery. Chief Officers will be responsible for ensuring the Government's standard project management methodology is followed and for the preparation of all the standard documentation required including proper business cases.

The role of **the Business Case Review Panel (BCRP)** is to review business case documents for robustness, quality and compliance with the requirements of the Project Future business case templates and processes. The Panel will work to established review criteria, developed by the Strategic Reforms Implementation Unit (SRIU), in order to provide written feedback to Chief Officers and their project teams. The BCRP, which includes private sector representation, will either recommend that a business case proceeds for consideration and approval by the key decision-makers or be returned for improvements.

The Strategic Reforms Implementation Unit (SRIU) is responsible for:

- Establishing the Framework and Methodology for implementation,
- Delivering tools and templates for Project Future,
- Facilitating capacity-building, and
- Monitoring and coordinating the production of progress reports on programme delivery.

Methodology

All Project Future projects require an **Outline Business Case (OBC)**, which must be approved before a project can be implemented. In working towards an OBC, some projects will require a **Strategic Assessment (SA)**. Strategic Assessments are particularly useful where the proposal is novel, complex, high-risk or with high potential costs. The SRIU has developed standardized SA and OBC templates and guidance for use by project teams. The templates have been externally validated. Civil Servants have been trained on how to use them effectively to develop robust business cases.

All projects are required to follow a defined best-practice project management methodology. The SRIU has developed a Project Future Lifecycle Map and project management tools and templates for use by project teams.

Resources and Capacity-Building

The SRIU's tools, templates and guidance documents are an important source of support for public servants. These resources also help to ensure consistency and rigour.

The SRIU will also work, in partnership with the Civil Service College, to facilitate training in priority areas. Already this year, 75 civil servants have participated in project management training. In addition, 88 civil servants have completed training as potential business case writers, while Chief Officers, Ministers, the Project Future Steering Committee and the Business Case Review Panel members have also completed workshops designed to support them in fulfilling their respective roles in the process.

Overview of the Project Future Programme

In drawing up the programme, Cabinet and the Deputy Governor (for Civil Service Transformation projects) have drawn on the content of last year's report from consultants EY which was entitled, "Project Future: Creating a Sustainable Future for the Cayman Islands". In addition, they have identified other potential projects not considered by EY.

Candidate projects have been analysed against a set of criteria created by the Government, based on its published 12 Broad Outcomes and successive Strategic Policy Statements, against which potential public sector reform projects could be measured. Those criteria are that projects should make a significant contribution in terms of:

1. Establishing and maintaining effective frameworks of governance and financial stability for Government
2. Supporting the growth of financial services and tourism as the key pillars of the Cayman economy
3. Developing required infrastructure through direct investment and by supporting the private sector
4. Fostering a positive business environment that incentivizes entrepreneurialism and minimizes the cost of doing business
5. Ensuring the benefits of growth are felt in all parts of society
6. Balancing economic growth with necessary environmental protection.

In total, there are 51 projects being taken forward under the Project Future programme. It should be recognised that in fact a number of the "projects" specified at this stage will in effect become sub-programmes in their own right as they are

developed, each comprising a number of distinct projects. This sub-programme approach would include, for example, the potential transformation of health provision and the work on implementing E-government.

The 51 projects in the programme cannot all be taken forward at the same time so they have been allocated to phases. The sections which follow outline the timing of each phase and summarise the particular projects that make up that phase.

In a dynamic, well-managed programme, both the content and the phasing will change. Projects currently in the programme will be excluded, for example if the business case does not justify taking them forward. Equally, new projects will be defined in response to changing circumstances. The programme as drafted is therefore only the starting point and not the final statement of the Government's ambition.

Sixteen recommendations made by EY in their report last year are not being pursued. The final section in this booklet lists those recommendations and explains their exclusion.

Phase One - Projects Already in Flight

Phase One of the Project Future programme consists of a total of seventeen projects that are already in flight. Either these were already started prior to the work carried out by EY or have been kicked off in response to their recommendations. Timescales for these projects have already been established and they are being allowed to run as they are at least as far as the next Lifecycle checkpoint.

One very minor project has already been completed.

Achieving Better Outcomes

Modernizing Facilities at Owen Roberts International Airport

Relevant EY Recommendations:

8.1 – Airports Authority, immediate improvements

8.2 – Sale or long term lease

OR 8.3 – IPO

OR 8.4 - PPP

The Government has committed to improvements at Owen Roberts International Airport largely in support of the tourism industry but there will be benefits to business more broadly and to residents as facilities are upgraded. There are further economic benefits in terms of construction and operational jobs associated with the project.

Short term improvements at the Airport have been put in place. The new temporary Departure Lounge has opened to accommodate more than 200 additional passengers and the facilities include additional restrooms. Further departure gates and segregated arrival arrangements for transit passengers to the USA have reduced queues and improved customer experience.

For the longer term, major infrastructure improvements are

on the way that will improve the airport for residents and visitors alike. The ground breaking ceremony has been held for the first phase of construction on the new \$55 million terminal expansion project and the works necessary to complete runway strengthening to accommodate the British Airways Boeing 777 will enable those aircraft to commence service to Cayman in March 2017.

Current Status: In Implementation

Development of Cruise Berthing Facilities

Relevant EY Recommendations:

7.1 - Sale or lease of existing port(s)

OR 7.2 - PPP to develop and operate terminal facility

The Government has announced its support in principle for the project and is finalising the business case for new cruise berth facilities in George Town. The improvements will make a significant contribution to supporting continued growth in the key tourism sector. The case is, therefore, largely economic since the new facilities would create new jobs and help to safeguard existing employment, principally in George Town but across Grand Cayman more generally. An Environmental Impact Assessment has been commissioned and appropriate environmental mitigation is under consideration as part of the development of the project.

Discussions with the cruise lines and others in respect of

financing the project are under way. Once those discussions are complete and the project is given the final go-ahead, any Government investment will be considered against the potential benefits.

Current Status: In Business Case development

Develop and Implement a new Sustainable Waste Strategy for the Cayman Islands

Relevant EY Recommendations:

9.2 - PPP Landfill

9.3 – Introduce and enforce waste fees

9.4 – Outsource Waste Collection

The Cayman Islands currently has an over-reliance on landfill which is both unsustainable and undesirable. The Government has commissioned work to create and implement a new national waste management policy. The Government has accepted the need for an integrated waste solution that adheres to the waste hierarchy and will encourage people and businesses to reduce, reuse and recycle more.

The full solution will require infrastructure investment to provide built waste facilities that reduce the need for landfill. The principle that the waste producer should meet the additional costs is guiding the work and funding strategies could include a Public Private Partnership (PPP). Dealing with the issues at current landfill sites, particularly in George Town, will be part of the solution proposed.

A Strategic Outline Case was agreed in April 2014. A draft National Solid Waste Management Policy has recently been subject to public consultation alongside an update on the work underway to create an integrated solid waste management system. The Policy will be finalized shortly and further work has progressed on the shortlisted options for the integrated solution which will result in the production of an Outline Business Case, due by the end of this year.

Current Status: In Business Case development

Merger of Schools in the Brac

Relevant EY Recommendations:

4.2 – Merger of Schools in the Brac

A Strategic Assessment has been prepared and agreed. The Assessment analysed options for the future configuration of primary education on Cayman Brac. A merger will deliver cost savings and should support the achievement of better educational outcomes for students.

The Strategic Assessment identifies a preferred option to merge the three primary level schools on the Brac into a single new school. The business case will consider the best option for siting the new school, either on one current site or on a completely new site on the Bluff. At the request of Cabinet, the option to relocate the Brac's secondary school to the new site as well is also being evaluated.

Current Status: In Business Case development

Implementing E- Government

Relevant EY Recommendations:

None

This initiative is about the development and implementation of an overarching E-Government strategy for the Cayman Islands that will improve the customer experience, reduce costs and improve the perception and competitiveness of the jurisdiction. The project will address the need to deliver an integrated solution that evolves towards joined up government with a catalogue of online services that provides competitive advantage or at a minimum parity with competing jurisdictions.

The project will develop and implement an E-Government portal to provide a cohesive view of the E-Government services from a customer transaction perspective, giving improved customer experience and convenience through self-service and progress tracking. That will be linked to access with the appropriate security and identity verification to online services.

Current Status: In Business Case development

Public Service Innovation

Move London Office to Cabinet Portfolio

Relevant EY Recommendations:

51 - Move London Office to Cabinet Portfolio

This move is an administrative exercise and delivers little tangible benefit in terms of meeting the Government's priorities. It is, though, a sensible change given the current responsibilities of the Cabinet Secretary and it is straightforward to do. The action necessary has been agreed and the formal transfer of the London Office to the Cabinet Secretary took place on 1st July.

Current Status: Completed and closed.

Creation of a Single Utilities Commission

Relevant EY Recommendations:

25.1 – Merging of ERA, ICTA and Water Regulation into Utilities Commission

The Government has accepted, in principle, the recommendation to create a single Utilities Commission. This will reduce the size of Government and will create a new entity that is more efficient and effective than its predecessors. It will ensure a sound regulatory regime for the benefit of business and household customers alike.

The project is necessarily very complex. It will require the creation of a new legislative framework and then the detailed arrangements for abolishing the existing regulators and establishing the new one will need to be carefully planned and executed to ensure continuity through the change. A consultant has been brought in to help develop the detail of the project.

Current Status: In Business Case development

Creation of an Office of the Ombudsman

Relevant EY Recommendations:

40 – Sharing of administrative staff between the Complaints Commission, Information Commissioner's Office and Auditor General

EY recommended a programme to share administrative support across the "regulators" of Government. More detailed analysis suggested that a better option was a complete merger of the Complaints Commission and Information Commissioner into the Office of the Ombudsman which would then also be able to take on the independent police complaints function which had not been established, despite being required by the Police Law, 2010.

As well as reducing the number of Government entities, this approach creates significant savings from the total costs of the current arrangements and therefore allows the police complaints functions to be added at no net cost. The increase in actual investigative resources will deliver more effective responses to customers and thus should yield additional customer benefits. Additional functions, such as data protection, can be added to the Office of the Ombudsman as appropriate.

Current Status: In Business Case development

Raise the Retirement Age for Civil Servants

Relevant EY Recommendations:

49 – Explore the impact of raising the retirement age for Government workers to 65

The Government has decided to give civil servants the option to retire at 65 rather than at 60 as at present. This will mirror legislation being brought forward to raise the retirement age for private sector workers. This will contribute to the maintenance of long term stability in Government finances by reducing the strain of public sector pension requirements and enable considerable knowledge and experience to be

retained within the civil service for the benefit of public services.

Current status: In Implementation

Rationalization of Property Holdings to Support Investment

Related EY Recommendations:

1.1 – Sale of Excess Property

The Government has considerable property holdings not currently required for operational reasons and unlikely to be required in the future. Disposal of such surplus assets can realise capital receipts which can be applied to help fund infrastructure and other major projects or pay down debt. An initial sifting process has taken place with Cabinet. This looked at issues such as marketability, community sensitivity and environmental constraints and has identified an initial tranche of parcels of land for disposal. The project will identify the best means by which the initial tranche of land sales might be taken to market and propose a re-review process to be applied once future investment plans are known. Sales of particular parcels of land will proceed if opportunistic disposals can take place while the project is being developed.

Current Status: In Business Case development

Explore the Potential Benefits of the Creation of a Single Cultural Entity

Related EY Recommendations:

32 – Merger of National Museum, Art Gallery and Cultural Foundation into one Cayman Cultural Entity

Currently, there are three separate entities dealing with aspects of Caymanian cultural heritage – the National Museum, the Art Gallery and the Cultural Foundation. The EY report recommends consideration of the merger of these three bodies into a single new cultural entity. The benefits

would include sharing of practice and expertise and reduction of costs through sharing of administrative and other overheads. While savings would be relatively low, there could also be benefits in terms of creating an integrated cultural offer and having a single entity to embody and promote the national cultural identity. The EY recommendation needs to be examined in the context of the new National Cultural Strategy which is currently being developed and so it is being taken forward as part of that project.

Current status: {National Cultural Strategy} In Project Planning Phase

Customs Efficiencies

Relevant EY Recommendations:

55 – Customs Efficiencies

An efficiency programme linked to the implementation of a new IT system will realise improvements in efficiency and customer service.

Further opportunities for improvement alongside other projects, notably the implementation of the E-Government programme, will be brought into this project as they are identified.

Current Status: In Implementation

Explore Options for the Future of the Tourism Attractions Board

Related EY Recommendations:

39 – Restructure Tourism Attractions Board

The Tourism Attractions Board oversees four attractions and the Pirates' Week National Festival. The Board has been active in developing the facilities and further enhancements and initiatives are included in plans and budgets for this year. That includes taking forward a number of the specific ideas for the future activities of the Board that were put forward in the EY report with the twin aims of developing the five tourism products in the most effective way and reducing the overall cost to Government.

The project is actively pursuing the use of private sector contracts and partnership arrangements. However, the sites themselves will be retained in public ownership. The role and function of the Board itself will be considered in due course.

Current Status: In Implementation

Options for the Future Regulation of Private Sector Pensions

Relevant EY Recommendations:

46 – Abolish National Pensions Board and move responsibilities into CIMA

The National Pensions Bill, 2012, set out the potential framework for reform of private sector pensions in the Cayman Islands. One of the key aspects of the proposals was to give responsibility for the regulation of pension plans and pension plan providers to the Cayman Islands Monetary Authority which is best placed to carry out such regulatory activities. The Government has committed itself to a major review of the legal and regulatory framework for private sector pensions which is due to complete next year. While the specific EY recommendation is not in scope for that review, the underlying issues will be addressed.

Current Status: In Project Planning phase

Civil Service Transformation

Communications Review

Relevant EY Recommendations:

29 - GIS to be devolved into the Ministries with a lean central functionality

12.1 - Sell Radio Cayman

Currently communications activities are split between activities carried out centrally by the Government Information

Service and various activities that take place within some (but not all) Ministries or other entities. GIS includes the CIGTV channel. Radio Cayman is a separate department.

Communication activity tends to be ad hoc across government as there is no single, clear and consistent structure for public sector communications. GIS lacks an overarching set of business objectives and particular campaigns tend to lack clear outcomes. Few communications activities are evaluated and little learning therefore takes place.

This project will explore potential options to improve Government Communication activities. The Government has sponsored a communications capability review undertaken by the UK Government Communications Service. The outcome of that review is guiding the creation and implementation of necessary changes. That includes consideration of the future of the key public service communication channels and resources. However, the EY recommended option to sell Radio Cayman is out of scope because of its strategic importance as an effective community communication channel, especially in time of national emergency.

Current Status: In Business Case development

Improve Government Procurement

Relevant EY Recommendations:

42 – Improve Government Procurement

In February 2015, the Government appointed a new Director of Procurement to manage this improvement project. This project covers three key areas of activity:

1. Establishing the necessary governance arrangements through a new legislative framework and the follow-on regulations, policies and procedures.
2. Identifying areas where there is savings potential from Government contracts through the use of category management approaches, supported by the necessary analytics.
3. Establishing a central procurement function to set Government standards, tools, and templates. The central procurement office will facilitate the establishment of

government-wide contracts where appropriate but the primary responsibility for procurement and contract management will remain in individual Ministries, using a consistent approach and process in accordance with the central standards.

Current Status: In Project Planning phase

Develop a Policy to Safeguard Staff Impacted by Organisational Rearrangements

Relevant EY Recommendations:

48 – Implement legislation to protect employees transitioning to the private sector in Cayman Islands

The Portfolio of the Civil Service is responsible for developing a set of standards and guidelines for the personnel arrangements to be followed when a project results organisational re-arrangements. These could range from some form of restructuring within the civil service to outsourcing (whether to a private sector, to a staff run mutual, charitable organisation or other legal entity). It is important that civil servants impacted by such organisational re-arrangements are treated fairly, and that transitions, if any, are smooth. This project is a key enabler for other parts of the overall programme and it is therefore underway as a high priority.

Current Status: In Project Planning Phase

Phases Two and Three

Nine projects have been allocated to the next two phases of the programme, based on their relative importance and the potential for relatively immediate delivery. These projects are challenged to move towards an Outline Business Case in the first quarter of 2016. This will allow the phasing to be refined. A small number of projects will become Phase Two and as far as possible they will be implemented by mid-2017. The remainder will progress at a slower pace as Phase Three with project planning taking place during 2016 so that they can be programmed for implementation during 2017-18. Where there is good reason, the outline Business Case may take longer to produce. In those circumstances, projects will be slotted into the relevant phase as the business cases become available.

Achieving Better Outcomes

Creation of a Policy Framework

Related EY Recommendations:

19.1 – Develop a long term vision for the Cayman Islands

22.1 – Simplify budgeting and financial reporting

1.2 – Creation of a REIT

There is no clearly articulated vision for the future of the Cayman Islands. Without such a vision, it is difficult for the Government to take decisions and make strategic choices between options for the future. The process required to create a vision could benefit from drawing on a range of sources that are readily available, each of which potentially contributes part of the overall picture.

The development of a vision in itself though is only helpful if there is a process to translate it into a programme of Government action. This would be resolved through the creation of a medium term Government Strategy and financial plan, indicating the particular actions which were being proposed and funded for the period which would contribute to the achievement of the long term vision.

There is a particular issue in respect of land-use planning and development decisions. The Government needs to manage development positively in the long term interests of the Islands rather than reacting to proposals brought forward by the private sector. There is a clear need (and a legislative requirement) for a more strategic approach which would see the creation of a new long term development plan for the Islands, informed by the vision.

It is envisaged that the work will be undertaken in four phases:

1. Development of the long term vision – internal work drawing together and building upon existing material should enable a “green paper” followed by appropriate public engagement before the vision is finalised.
2. Research, analysis and policy option development to underpin the production of the other framework documents in subsequent phases. This work would begin as the draft vision is concluded and run for as long as necessary to support the next two phases.
3. The successful progression of phase two would enable the Government to move quickly to produce a Government Strategy and an accompanying medium term financial strategy following the next election.
4. The National Development Plan will need to follow the vision and will necessarily involve further, specific research, analysis and consultation.

The policy framework then needs effective implementation.

Crucially, the service planning and budget setting processes need to be aligned so that they are focussed on the delivery of the Government Strategy not simply on rolling forward historic patterns of spending with marginal changes. The reporting arrangements could be simplified as EY suggest as part of the process redesign.

Suitable service plans with aligned budgets then need to be delivered effectively. There is therefore a crucial link to the Civil Service Transformation project which is designing and implementing a new performance management system.

Current Status: In Project Planning phase

Delivery of Services and Programmes to Address Unemployment

Related EY Recommendations:

50 – Move the Work Permit Board to Education, Employment and Gender Affairs

The labour market in the Cayman Islands reflects the need to import both skilled and unskilled labour to meet demand from employers. The total local labour force is increasing and unemployment among Caymanians has been falling. Yet despite high existing and future demand for labour there are barriers (real and perceived) which prevent Caymanians from getting jobs. The recent work of the Inter-Ministerial Committee on Employment has provided considerable insight into the current operation of the labour market and factors affecting Caymanian access to jobs.

This project will develop an overarching, Government-wide policy framework on employment and, in that context, review the effectiveness of existing activity designed to get Caymanians into employment. Among other things, it will investigate the current and future skills needs of employers and identify a strategic response capable of creating and maintaining suitable training and development programmes that could ensure Caymanians have those required skills now and in the future. It will identify specific interventions to overcome the social and economic barriers to Caymanian employment. It will consider whether any organisational change within Government would facilitate more effective

working, including potentially the best arrangements for the administration of work permits.

Current Status: In Business Case development

Transform Education Governance and Drive an Improvement in Standards

The framework for education in the Cayman Islands has remained largely unchanged for over 30 years. The Government has acted by bringing forward a new Education Bill which has the potential to modernise the education system, drive higher standards in schools and support young people to achieve their potential. The Bill was put out for public consultation over the Summer and responses received are helping to shape its final provisions.

In part, the Bill will give a legislative basis for matters that are already in place as a matter of policy. It will regularize and further develop the framework for important activity in respect of special educational needs; early childhood education; and technical and vocational education and training.

The Bill creates the ability for Cabinet to establish executive decision making authorities for government schools which allows for community partners, parents and other groups of persons to be responsible for prescribed decision making in relation to the conduct of schools. This project will develop a decision-making framework and implementation pathway that will facilitate the establishment of such authorities.

Current Status: In Business Case development

Public Service Innovation

Explore Options to Improve the Efficiency and Effectiveness of Parks, Recreation & Cemeteries

Related EY Recommendations:

13.1.13 – Outsourcing and employee mutuals, parks, recreation & cemeteries services

The Parks, Recreation & Cemeteries Unit is part of the Public Works Department. It carries out landscaping and other related maintenance activities on a range of publicly owned sites. Some similar work is provided by others also through Public Works and there are related landscaping and other services carried out through other government entities. There is a ready private sector market for this activity and appetite from the private sector to take on the work.

The project will focus on a review of the efficiency and effectiveness of current activity, including an evaluation of the current use of other contractors for this area of work. It will consider whether this unit could take on work for other government entities, either within Public Works or as a new business and the scope to increase the use of external contractors and how the work might be appropriately packaged.

Current Status: In Business Case development

Explore Options to Improve the Efficiency and Effectiveness of Planning and Building Inspection

Related EY Recommendations:

13.1.10 – Outsourcing and Employee Mutuals – Plan Examinations

13.1.12 – Outsourcing and Employee Mutuals – Building Inspections

36 – Incorporate Street Naming & Numbering into Central Planning Department

Planning and building control are important regulatory functions of Government. There are three distinct parts to the development process:

1. Planning applications are considered and then determined either directly by the planning service or, for major applications, referred to the central planning authority for decision.
2. Detailed plans are then subject to examination by the building control section who, if relevant codes are met, will grant a building permit
3. During the build out phase, inspections are carried out at key points to determine compliance with relevant codes and the original planning permission prior to the granting of a certificate of occupancy.

Staffing levels are relatively fixed and permanent while work volumes vary with levels of economic activity. The efficiency and effectiveness of these processes are crucial in supporting appropriate private sector investment which itself stimulates vital economic growth. There are currently no private sector providers in the market directly. However, there are private sector firms in related fields and measures could be put in place to develop a market for this work in the future.

The project will consider the scope for changes which reduce costs, improve efficiency and which deliver better, more timely services to customers. It will consider the use of private providers for some or all of these activities.

The EY recommendation to incorporate the street naming and numbering function within Planning can be considered as appropriate during the project.

Current Status: In Business Case development

Explore Potential to Improve Debt Collection

Related EY Recommendations:

2.2 – HSA, improve processes to reduce bad debts going forward

2.3 – HSA, pass very old debts on to debt collection agency for recovery

13.1.9 – Outsourcing and employee mutuals, debt collection

There is a significant problem with recovery of debts on services provided by the HSA. By the end of 2015/16, the provision for HSA bad debts is estimated to reach over \$80m, having risen from \$45m over a three year period. This position is not sustainable.

While all areas of Government activity should be addressed over time, action needs to be taken in respect of the HSA debt as a matter of high priority. First, the process needs to be redesigned so that new HSA charges are collected effectively and the debt provision does not continue to escalate. Secondly, action needs to be taken on the historic debt book.

The project will redesign the process for HSA income/debt collection going forward to ensure it is effective in recovering money owed and that bad debts do not accumulate. It will design a process to review all outstanding HSA debt. Finally, it will propose a programme of similar action for other parts of Government as necessary

Current Status: In Business Case development

Explore Options to Improve the Efficiency and Effectiveness of Government Catering Services

Related EY Recommendations:

13.1.2 – outsourcing and employee mutuals, prison catering

13.1.3 – outsourcing and employee mutuals, hospital catering and linen services

Currently, catering services at the hospital and prisons are provided in-house. It appears that costs are high and the quality of provision is open to improvement. The recent prison inspection included a review of prison catering that was highly critical of the service. There is an active market for catering on the Island and private sector contractors are used elsewhere in Government, notably in schools. Similarly, there is a very well developed market for linen services across the Islands which could readily be utilised by the hospital.

The project will review the efficiency and effectiveness of current catering in the hospital and prisons and linen

services at the hospital. It will consider the scope to increase the use of external contractors and how the work might be appropriately packaged.

Current Status: In Business Case development

Exploring Options to improve Effectiveness of Current Arrangements for Developing and Implementing Drugs Policy

Related EY Recommendations:

28 - National Drug Council to be abolished and moved within the HSY&C Portfolio

Concern over drug use and the relationship to crime and health problems is high in the community. The Government has a clear mandate to tackle the issue as a high priority and a clear role to play. The National Drug Council has been in existence for nearly 20 years and in recent months synergies have been identified and leveraged with a number of other departments under the remit of the Home Affairs Ministry including the RCIPS, the Prison Service & the Dept. of Community Rehabilitation. Current year business plans have been informed by this improved inter-agency collaboration. A legislative review has already commenced.

There are other agencies inside and outside of government which deliver functions related to the NDC's mandated activities.

The Project will determine whether the range of functions currently required of the NDC under its legislative mandate (for information and intervention) are actually desirable in terms of the potential impact on drug use and dependency. Building on recent work, it will investigate whether there are significant gaps or overlaps between the NDC and other agencies and how this might be rectified. It will also recommend a framework for on-going evaluation and review of the effectiveness of drug policy in the Islands

Current Status: In Business Case development

Civil Service Transformation

Modernising Terms and Conditions of Civil Servants Relevant EY Recommendations:

3.3- Re-Introduce the concept of co-pay and deductibles

Civil Service HR practices have been dictated by a decade of austerity measures. As Government's financial performance has improved and stabilised, there is a need to address the anomalies arising from overreliance on short-term strategies to cut costs. There is also a need to restructure civil service terms and conditions in a manner which embraces modern HR strategies, including cost-sharing for benefits. The project will explore potential options to update civil servants' terms and conditions.

Current Status: In Business Case development

Phase Four

Phase Four consists of eighteen projects. It is expected that the more straightforward projects will move to an Outline Business Case in the second quarter of 2016, with necessarily longer timeframes applying to more complex projects. As the business cases are considered, future scheduling of project planning activity and implementation will be carried out based on the strength of the business cases and available resources.

Achieving Better Outcomes

Modernisation of Social Assistance Programmes

Related EY Recommendations:
None

The Government operates a range of targeted social assistance programmes which together have a value of well in excess of \$50m. A recent report from the Auditor General concluded that there is little co-ordination of the individual programmes and there is a need to set out clearer, more consistent policy objectives. Individual programmes need specific objectives and performance should be fully measured and evaluated. Responses to individuals, families or target groups need to be timely, appropriate and effective.

The project will create a coherent, Government-wide policy towards social assistance programmes with clear objectives and underpinned by appropriate, up-to-date legislation. It will fully evaluate the effectiveness of current programmes against the proposed objectives and recommend any necessary changes.

Current Status: In Business Case development

Explore Options for Extending Support to the Financial Services Industry

Related EY Recommendations:

None

Financial Services is one of the two key, pillar industries for the Cayman Islands now and in the future. The Government is clear on its objective to create and sustain an environment in which the Financial Services Industry can remain internationally competitive with a fair, robust and efficient regulatory framework.

The 2015/16 budget includes a significant increase in budgets for activity that contributes to supporting the Financial Services Industry. This project will consider the business case for further extending Government support to the Financial Services Industry by weighing any increase in investment against the benefits that could be realised. It will determine the most appropriate means of achieving any proposed increase in investment.

Current Status: In Business Case development

Explore Potential to Transform Health Provision

Related EY Recommendations:

2.1 – Outsource whole hospital operations

The Cayman Islands Health Services Authority (HSA) provides care through the 124-bed Cayman Islands Hospital (104 inpatient and 20 observation beds) and the 18-bed Faith Hospital on Cayman Brac. Ancillary services are offered at district health centres, and clinics for dental and eye care. The HSA also provides a public health function.

HSA offers services for insured persons, principally through CINICO where customers are required to use HSA services and also for indigents and others whose costs are directly paid for by Government. In addition, where procedures for indigents, seamen and veterans are required overseas, these are directly funded by Government.

The system is complex and expensive. Health infrastructure needs some improvement and service provision is not uniformly of high quality.

The project will review the efficiency and effectiveness of HSA operations and consider alternative means of meeting the health needs of HSA customers either through a reformed HSA model, a wholly outsourced provider or some form of joint venture. It will review processes for overseas treatment procedures.

Current Status: In Business Case development

Explore Options for the Future Operation and Funding of CINICO

Related EY Recommendations:

- 3.1 – Enter in JV with a private firm to allow CINICO to become more commercial with the ultimate aim of moving CINICO into the private sector**
- 3.2 – Pooling of risks across the health insurance market**
- 3.3 – Introduce the concept of co-pay and deductibles**

The Cayman Islands National Insurance Company (CINICO) is a wholly-owned Government insurance company. It provides cover for the whole civil service and their dependents, for retirees and for seafarers and veterans. The entire cost of the premiums paid to CINICO in respect of those customers is currently met by Government. Other residents are able to buy policies from CINICO as they can from other providers.

CINICO is limited by the legal framework it operates within and is unable to spread risk effectively. The existence of CINICO and the products it offers potentially distorts the health insurance market. CINICO customers are limited to

HSA providers where they offer a service and therefore this project has a strong interdependency with that exploring the potential to transform health provision.

The current level of contributions is inadequate to meet future liabilities and a strategy is needed to bridge the gap. The Government has announced it will look at the issue of co-pay for some civil servants. The Deputy Governor has been asked to take the issue forward and is doing so linked to a project conducting a wider review of the terms and conditions of civil servants.

The project will review the operation of CINICO in the context of the wider health insurance market and consider the best means of providing health insurance to civil servants, seafarers and veterans. The project will also examine the scope for CINICO to diversify its range of products. Related to the wider health transformation project, it will explore the most appropriate relationship between CINICO and the HSA both from a Government and a customer viewpoint

Current Status: In Business Case development

Explore Potential to Improve Government Support to New Businesses

Related EY Recommendations:

- 17.2 - Recapitalize and Commercialize CIDB**
- OR 17.3 – Abolish CIDB**
- 31 – Abolish National Housing Trust and incorporate functions into CIDB**

The Government offers a range of incentives and support mechanisms to new businesses both directly and through mechanisms such as Cayman Enterprise City. These policies and programmes have tended to be developed in isolation and to meet a particular purpose rather than as an integrated approach to business support. There is little consistent targeting of identified growth sectors.

Other organisations provide support to new and growing businesses. The Government offer needs to be integrated with and not duplicate those services.

The project will seek to develop a better understanding of the needs of new and growing businesses and of the range of help and support already available. It will create a Government support and incentives offer that is appropriately targeted at the businesses Government wishes to support and properly integrated with other providers. In doing so, it will consider whether the Government itself is best placed to offer support or whether other providers could be commissioned to provide additional services alongside their own work.

The future of the Cayman Islands Development Bank needs to be considered as an integral part of this review and the project will determine the future role, structure and capitalization of the CIDB.

Current Status: In Business Case development

Explore Potential for a Comprehensive Approach to Incentivizing Business Behaviours

Related EY Recommendations:
None

The Cayman Islands has traditionally relied on systems of penalties in order to drive business behaviours, in particular in relation to the employment of Caymanians. More recently, it has considered approaches to incentivising business through proposals for an accreditation scheme which would assess the practices of business in respect of issues such as the employment, development and promotion of Caymanians and compliance with regulatory frameworks. The rewards for business would be in terms of easier paths through the work permit and immigration process.

There is potential to extend the Government’s approach into a more broadly based scheme – for example, it might look at the local sourcing of supply chain and other contracts. Similarly, rewards could be extended beyond easier access to immigration as the “score” could be used to determine access to things like Government contracts.

The project will review plans for the accreditation scheme

and consider the potential for a comprehensive framework to incentivise responsible business across key areas of business activity. It will examine how best such a scheme could be administered including through the use of private sector assessors.

Current Status: In Business Case development

Public Service Innovation

Explore Options for Improving the Efficiency and Effectiveness of Light Vehicle Maintenance

Related EY Recommendations:

13.1.17 - Outsourcing and Employee Mutuals – Light Vehicle Maintenance

This project will explore the potential to improve the efficiency and effectiveness of light vehicle maintenance which is currently carried out in-house by the Department of Vehicle and Equipment Services on behalf of nearly all other services. Vehicle maintenance is not a core government function and could readily be done by the private sector. There is an existing market on the Islands for this service.

RCIPS has bought in maintenance as part of its vehicle package and the practice could be extended. A new vehicle purchasing policy has just been agreed that will impact on demand for maintenance in the future. Demands from departments for vehicles may change as service delivery mechanisms change. For all of these reasons, a review looking at the future operation of this service will be timely.

The project will analyse and compare the current costs of provision from the in-house service, the RCIPS arrangements and other potential market solutions. It will consider approaches to improving in-house services or making greater use of private sector providers for all or part of the current operation.

Current Status: In Business Case development

Explore Options to Improve the Efficiency and Effectiveness of Public Works' Operations

Related EY Recommendations:

13.1.12 – Outsourcing and employee mutuals, operations and works services (PWD)

The project covers activities associated with Government property and asset management, including professional services such as architecture and quantity surveying as well as repair and maintenance. The Government already uses a mixed economy approach in looking at many of these services. The in-house provider is the Public Works Department.

This project will consider the scope to improve the efficiency and effectiveness of all these activities including the potential to increase private sector provision. Active local markets of private sector providers exist for most areas of PWD work.

Current Status: In Business Case development

Explore the Potential to Commercialize the National Mail Service

Related EY Recommendations:

11.1 – Postal Services; Commercialize then Exit

Government currently operates the National Mail Service which is its designated operator responsible for carrying out its international obligation to provide a mail service to all residents as per its membership in the Universal Postal Union. It therefore handles all aspects of mail collection and delivery of all domestic and international post, as well as managing relationships with international postal administrations in the network.

The National Mail Service operates retail outlets on all three islands which handle the sale of stamps and the full range of mail products; the rental of boxes for the delivery of mail; provision of other value-added services such as bill payments; and phone top-ups.

The net annual cost to Government is around \$1.5m as prices are subsidized and costs static. Letter mail volumes and therefore income are falling, but there is growth potential in the parcel sector. There are private sector operators in closely related logistics and retail markets though provision of services is limited to Grand Cayman.

The project will analyse the current and future markets in which the National Postal Service operates, forecast potential revenues and consider strategic responses including the potential for partnering (“worksharing”) arrangements with related private sector providers. It will explore the potential for extending mail services’ operations into related fields and consider options for revenue generation through extending retail operations in related markets. The potential for reducing cost through alternative means of delivery of existing retail operations including through on-line channels will be explored.

Current Status: In Business Case development

Explore Options for the Future of the NRA and its Operational Activities

Related EY Recommendations:

- 23.2 – Outsource NRA maintenance functions with NRA role as policy setter and contract manager
- 23.3 – Outsource NRA major capital works function
- 13.1.18 – Outsourcing and employee mutuals, Road maintenance

The National Roads Authority (NRA) was established to manage and maintain the country’s roads and related infrastructure. The NRA carries out both on-going, planned and reactive maintenance of highways and it plans and delivers improvement and construction schemes.

The project will examine opportunities to make the current in-house NRA operations more effective and efficient and consideration can also be given to extending the use of external contractors. Some construction projects are already carried out by contractors and there is scope to extend that approach. The market is currently limited but could be

readily developed if there was a pipeline of Government work available.

Current Status: In Business Case development

Explore Options to Reconfigure Government Security Services to Reduce Cost and Improve Effectiveness

Related EY Recommendations:

47 – Re-evaluate the need for the volume and scope of security services employed

13.1.4 – Security at Court, Governor’s House and police cells

13.1.5 – Outsourcing and employee mutual, warrants and summons

The Government currently contracts for a considerable number of security personnel across its estate. It is not clear that the volume and placement of security relates to a clearly identified risk.

The Police currently provide security at the Court, the Governor’s House and Police Cells. Similarly, the serving of warrants and summons in criminal cases is carried out by police (while the private sector already fulfils this function in civil cases). This means that approximately 15 uniformed officers are tied up in standing guard or process serving rather than front line policing.

The project will re-evaluate security risk across the Government estate in order to ensure that future security services and physical security measures are matched to the assessment of risk. It will then consider the potential to alter contracting arrangements with private sector security for some or all Government work and examine the potential to use redeployed Government security guards to take on some or all functions currently undertaken by uniformed police officers.

Current Status: In Business Case development

Explore Options to Improve the Efficiency and Effectiveness of Land Surveying Services

Related EY Recommendations:

13.1.14 – Outsourcing and employee mutuals, surveying services

There is currently an in-house team of land surveyors and field survey assistants undertaking survey work for Government, as well as reviewing / authenticating all land surveys submitted for Registration by the private sector Licenced Land Surveyors. There is an active market providing land surveying services on the Islands.

The project will review the size, function, efficiency and effectiveness of current in-house land surveying activity; consider the scope to develop the use of external contractors; and determine how the work might be appropriately packaged.

Current Status: In Business Case development

Explore Options to Improve the Efficiency and Effectiveness of Vehicle Safety Inspections

Related EY Recommendations:

13.1.15 – Outsourcing and employee mutuals, vehicles safety inspections and examiners

Vehicle inspection as required by the Traffic Law currently operates on a mixed economy model. The Government provides the service and there are 12 private sector providers certified to provide vehicle inspections.

The project will review the efficiency and effectiveness of current in house inspection activity and evaluate the current activity of private sector providers. If appropriate it will then examine the scope to increase the use of private providers and reduce the size of the Government operation.

Current Status: In Business Case development

Civil Service Transformation

Shared Services

Relevant EY Recommendations:

21.1- Introduce shared services for whole of Government for certain functions

22.3 – Reintroduce limited interagency transactions in financial reporting

22.2 Increase Oversight Powers of the Central Finance Function

22.3 – Reintroduce limited interagency transactions in financial reporting

26.1- Centralising/merging of tribunal administration

The Shared Services sub-programme includes a range of projects which will explore the potential to consolidate common administrative functions and processes.

It includes exploring:

- the potential to introduce a Shared Services Model for Government HR, Finance and Revenue Collection functions and services.
- options for increasing the level of oversight by the central finance function within the civil service.
- the potential case and options for reintroducing interagency charging, as part of the shared services targeted above, and for other suitable and appropriate support services.
- potential solutions to improve the efficiency and effectiveness of Tribunal Administration, to create a tribunal service that is integrated, professional, efficient and customer-focused.
- the potential to achieve synergies and learnings and enhance the quality of the Government's internal and HR audit services, through a merger of the HR Audit and Internal Audit functions.

Current Status: In Business Case development

IT Transformation

Relevant EY Recommendations:

24.1- IT Transformation

13.1.6- Outsourcing and employee mutuals, application services

13.1.7- Outsourcing and employee mutuals, technical services

13.1.8- Outsourcing and employee mutuals, printing/distribution services

The IT Transformation sub-programme will include some 13 potential projects. In summary, there has been no coherent IT strategy driving Government activity. The need to address this has been recognised, and Deloitte was commissioned to draft a proposed way forward during last year. The further development and implementation of their work is an essential component of the IT Transformation sub-programme.

The Government also needs to systematically address information ownership and dissemination. Decisions will need to be taken on the appropriate configuration for the delivery of IT services either in-house, using external providers or in combination.

The IT Transformation is a key enabler for the E-Government Programme and it may potentially link into a variety of other change projects.

Current Status: In Business Case development for key transformational projects though some other projects are already in Project Planning or Implementation phases

Improving Performance Management within the Civil Service

Relevant EY Recommendations:

20.1- Improve performance management of public service employees

The EY recommendation focuses on managing performance at the individual level. Recent hard work has resulted in near full compliance with the organizational requirements for individuals to have a performance agreement.

This project will explore options to make the performance management process and practice more effective for managing actual performance and using the process to drive performance improvements. It will explore how to link this better to training and development plans and to have the process underpin the development of succession plans and wider approaches to the identification and development of talented individuals as part of the Deputy Governor's wider strategy for the Civil Service. It will also seek to strengthen links between performance and reward and discipline.

Current status: In Project Planning Phase

Explore Potential Solutions to the Problem of Qualified Audit Opinions

Relevant EY Recommendations:

22.4 – Initiate project to find practical solutions to the issues of qualified audit opinions

There is a long-standing issue with very large numbers of Government departments and entities receiving qualified audit opinions year after year. There has been considerable improvement but the persistence of the problem potentially undermines the Government's reputation with both the public and business community. This project will seek to

identify the root causes, and to establish an overall drive to tackle the issues across Government. Cabinet has appointed the Public Management and Finance Law Committee to make recommendations for changes to the PMFL. This project will be significantly impacted by the changes as a result of the recommendations made by this Committee.

Current Status: In Business Case development

Improving Customer Service

Relevant EY Recommendations:

None

This project will explore options for a comprehensive programme to improve customer service with the Cayman Islands civil service, inclusive of:

- Strengthening customer service skills.
- Ensuring good customer service skills are demonstrated consistently.
- Improving customer interactions.
- Developing effective customer service organisational strategies.
- Improving employee engagement.
- Providing easily accessible ways for customers to provide feedback.

Current Status: Outline Business Cases in Preparation

Phase Five

Phase Five consists of seven projects that will be taken forward as resources allow. Typically these projects have fewer benefits or are complex and time consuming to deliver. Each has an indicative timescale which will be kept under review. The scope of the projects has been formally defined by Cabinet but in most cases the projects have been paused at that point, allowing Ministries to complete the work for subsequent stages as they have the opportunity to do so.

Achieving Better Outcomes

Explore Potential for a Comprehensive Approach to Early Intervention to Support Children and Young People at Risk of Criminality

Related EY Recommendations:
None

The placing of this project in Phase Five reflects the need to complete other work in order for this project to be taken forward effectively. In particular, work is already underway to improve risk assessment; better tailor interventions; and improve outcomes for vulnerable young people. The completion of this work during 2016 will provide the essential foundation for an early intervention approach.

Programmes exist at the population level to dissuade young people from crime and, if those fail, then offenders are punished. More can be done positively intervene to divert specific young people who are at risk away from crime.

The potential long term benefits of successful intervention are significant and there is a realistic “invest to save” proposition. The costs of failure in terms of prison costs, social assistance and health costs can run into hundreds of thousands of dollars per individual. The cost of a targeted intervention is very small in comparison. The potential payback to Government in terms of cost avoidance is therefore great and

the benefits to the life chances of the individuals concerned and their families are potentially even greater.

This project will evaluate existing activity which could form part of any early intervention programme and establish a suitable programme of risk-based early intervention based on established international practice. In considering how best such a programme might be implemented, the project should recognise the significant potential contribution of the non-Government sector.

Public Service Innovation

Explore Options for the Future of the Children and Youth Services Foundation

Related EY Recommendations:
43 – Bring CAYS back into the Department of Children and Family Services

The CAYS Foundation has been established as a Government Company/ not-for-profit organization. It operates three residential facilities (Frances Bodden Girls’ Home, Bonaventure Boys’ Home and Phoenix House) for children and young people at risk, running therapeutic and rehabilitative programmes. The Foundation attracts considerable non-government funding. The EY Report recommended bringing CAYS back into the Department of Children and Family Services and there are potential synergies with services provided directly through the Department of Counselling Services.

The project will determine the extent of any efficiency that would arise from reintegrating CAYS and examine whether this reintegration would enable more effective service delivery. It will identify any risks arising from reintegration, in particular to CAYS's access to non-governmental funding. It should consider the potential to revise the role of CAYS in light of any reform of Drugs Policy Implementation and any new approach to Early Intervention which are related projects in the Project Future programme.

Explore Options for the Future of the Turtle Farm

Related EY Recommendations: 5.3 – Turtle Farm, Sale or Joint Venture

The Turtle Farm was nationalised in 1983 after private sector operators had failed to make it a viable business even on a non-profit basis. The core purpose of the farm is to build the population of turtles to allow release back into the wild but also to meet local demand for food products. An expanded nature park/tourism attraction has been added. The Turtle Farm is the most popular land-based tourist attraction on the Islands. However, it costs the Government approximately \$9.5m per annum to keep it running. Most of that is taken to pay down historic debt but there is also an annual operating loss.

The potential for Government to exit has been considered in the past. Its multiple purposes as conservation facility, food producer and tourist attraction make it a difficult business or voluntary sector proposition and the previous history of loss making in the private sector coupled with high debt do not make it attractive.

There is, though, no compelling reason for Government to retain ownership if an alternative can be found. The project should examine all options for the future ownership and/or operation of the Turtle Farm as a whole or in parts. Consideration needs be given to ensuring that each of the three elements of the farm's current operations is

maintained. The project will be taken forward once the majority of debt has been repaid and that is reflected in positioning in Phase Five.

Explore the Potential to Commercialise the Stock Exchange

Related EY Recommendations: 18.2 – Stock Exchange, Improve commercial viability then sell in 3-5 years

The Stock Exchange is Government owned and operated. It has a modest book value and returns a dividend to Government annually. However, most major stock exchanges are privately owned and operated. This has enabled them to improve and diversify the range of services offered; make rational investment decisions including mergers and acquisitions; and reduce costs.

Moving the Cayman Islands Stock Exchange into the private sector would be a long term project. EY suggest it would need to commercialise its operations and then be fit for sale in 3-5 years' time. While the Government could see an increased return in the short term from the commercialisation process, there would also be a cost. The value of any sale would be entirely dependent on market appetite at the time.

The project will not commence until following the IMF assessment of CIMA since it is clear that the regulatory relationship between CIMA and the Stock Exchange will be an issue of concern during that assessment and the outcome could have a significant impact on this project. In the meantime, the Stock Exchange will continue to take opportunities to improve its commercial viability. The Stock Exchange Council is looking to increase its marketing budget and to drive successful take up of its trading platform by new members.

Explore Options for the Future of the Native Tree Nursery Outside of Government

Related EY Recommendations:

52 – Sale of Native Tree Nursery

The Native Tree Nursery is located at the Botanic Park. It was a Darwin Partners project and works to spread the use of 30 native species of tree and shrub.

As the EY report concludes, there is no need for the Government to be in the tree nursery business. However, there are factors that mitigate against a direct sale: the objectives of the Nursery are not simply commercial; situated in the Botanic Park it may be difficult to disaggregate; and the original funders of the Nursery may object to something they have given grants to being sold off.

While an alternative structure for the Nursery should be investigated, it may be difficult to find. Hence, the project will need to investigate a full range of options for the ownership and operation of the Nursery outside of Government while ensuring that the non-commercial aspects of the Nursery's remit are safeguarded in any new operational model. The attitude of original funding partners to options for disposal will need to be determined.

Explore Options for Improving the Efficiency and Effectiveness of Prisoner Transport

Related EY Recommendations:

13.1.2 – Outsourcing and employee mutual, custodial/prisoner transport

The recent introduction of a video link between the Court and the Prison has reduced the need for transport and hence has reduced costs. Where still necessary, prisoners are currently transported between the Court and Prison by Government

staff in Government vehicles. The recent changes mean that the overall costs of prisoner transport are not high so, while there is still scope for efficiencies, the value of savings would be relatively low. There could be public reputational concerns, particularly in the event of any service failure.

There is an active market for security services on the Islands though not directly comparable to prisoner transport. It could be expected that the market would respond should Government wish to contract for these services.

The project will review the efficiency and effectiveness of current prisoner and custodial transport activity; consider the scope to increase the use of external contractors; and determine how the work might be appropriately packaged

Explore Options to Improve the Efficiency and Effectiveness of Driving Tests

Related EY Recommendations:

13.1.16 – Outsourcing and employee mutuals, driving tests

The testing of drivers is a very small part of Government requiring only two employees. The scope for use of external providers may be limited as there could be no conflict of interest with driving instructors. This operation could lend itself to externalisation of the existing employees in some form but the benefits would be marginal. The positioning of this project in Phase Five reflects both the limited benefit and the potential risk.

Civil Service Transformation

No Phase Five Projects

Overview of EY Recommendations Not Being Pursued

Civil aviation registry fees

(EY rec. 54)

Reintroduce taxi licensing fees

(EY rec. 53)

Charge public auditors to establish Auditors Oversight Authority (EY rec. 44)

These recommendations conflict with the Government's stated policies and objectives.

As part of its Strategic Policy Statement and subsequently, the Government has stated that it will seek to reduce the burden of fees and duties on households and businesses and that it will not raise or impose new duties in this term. Hence it will not be progressing the recommendations for civil aviation registry or taxi licensing fees at this time. Clearly, that position can be reviewed should circumstances change.

The creation of the Auditors Oversight Authority (AOA) is an important step in underpinning access to overseas markets. Although a fee will be charged for inspections, the income received will not cover the costs of operating the AOA. In its initial phase, the Authority needs positive commitment from firms as it builds its credibility. Although the Government has accepted in establishing the AOA the principle that the beneficiaries of the AOA's activities should pay for it, the Government is not intending to move to that position at this time. The position can be reviewed annually as part of the budget considerations.

UCCI, Increase Private Sector Involvement (EY rec. 15.1)

Merging of the administrative functions of the Law School and UCCI (EY rec.27)

The University College of the Cayman Islands provides a range of tertiary and professional/vocational programmes as well as some continuing education courses. The institution costs the Government over \$4m pa. The presence of a local higher education institution, able to tailor its offer to the demands of local people and the needs of the Caymanian economy is important.

There is already some involvement of the private sector from representation on the Governing Body through to involvement in the development of programmes. The Government believes there is merit in extending private sector involvement as envisaged in the EY report. However, doing so is a matter for the Governing Body rather than the Government directly, though the Government will seek to encourage UCCI actively to consider EY's recommendations.

Whether or not to merge any or all of their back office functions is a decision for UCCI and the Law School.

Sale or long term lease of Water Company (EY rec. 6.1)

The Water Authority has a high net worth and its future sale could be useful in realizing capital to pay down debt or provide funds for future investment. However, the Authority is profitable and provides an annual return to Government which is utilized in maintaining on-going fiscal stability. If the Government were to sell this highly valued asset, it should do so at a time when realizing the value has a clear purpose and when the price can be maximised. It can only be sold once.

Moreover, water is a scarce commodity on the Islands and continued supply is vital. Public ownership is important in ensuring the Authority plays its part in time of national emergency. The creation of a private sector monopoly would require considerable oversight and regulation. The option to sell is neither necessary nor attractive given the current financial position and concerns over service continuity.

Abolish the Special Economic Zone Advisory Board and incorporate into the Trade and Business Licensing Board (in two years' time) (EY rec. 35)

EY's report acknowledges that the work of the Special Economic Zone Advisory Board (SEAZB) is not complete. The recommendation therefore simply seeks to impose a relatively arbitrary sunset resolution on the Board. Since the publication of EY's recommendations, further developments associated with Cayman Enterprise City such as the extension into maritime industries have demonstrated that there can be value in a longer term approach. The Government accepts the need to keep the position of the SEZAB under review and certainly it does not wish the Board to outlive its useful life. However, the Government is not minded to impose any end-point on the Board at this stage.

Abolish Cinematograph Board and integrate with Trade and Business Licensing Board (EY rec. 38)

This recommendation has become out of date with the passage through the Legislative Assembly of the Film Exhibition Control Law, 2015. This replaces the Cinematograph Law (2009 revision) under which the Cinematograph Board had been constituted. Instead, a new Film Control Board is to be established for the purposes of rating movies for public exhibition. Regulation and licensing of premises for the showing of movies will revert to the Department of Commerce and Investment.

Transition the Cadet Corps into the Non-Government Sector (EY rec. 41)

The Cayman Islands Cadet Corps is a National Youth Voluntary Organisation which has a mix a full time staff and volunteers. The Cadet Corps was established by Statute and has the Governor as its sponsor. The EY report argued that there is no rationale for the Cadet Corps continuing to be managed and funded through Government. However, the funding requirement is small compared to the benefits achieved and there is a clear risk in any change in status that a valuable organization would become unsustainable. On balance therefore, this recommendation does not justify being taken forward at this time.

Rationalise Health Councils (EY rec. 33)

The EY report considered the future of the four Health Councils charged with approving the registration of new practitioners. It concluded that there was scope to reduce from four to three by the merger of the Pharmacy Council with the Professions Allied to Medicine Council. While implementation would be in line with the objective to reduce the size of Government, the overall benefits are negligible while the proposal is likely to meet considerable opposition from the professions concerned.

Merge Animal Welfare Advisory Committee and Veterinary Board (EY rec 37)

The EY report recommends the merger to reduce the size of Government and because the two entities have similar interests and concerns. However, the report also recognizes that there would be very minimal benefits while legislation would be required at a time when Parliamentary drafting resources are scarce. Accordingly, the Government is not minded to implement the proposed merger at this time.

Consider Improvements or Restructuring of CIMA and the General Registry (EY rec 14.1)

The EY report suggests there is scope to create efficiencies in CIMA's operations which could free up resources to focus on the key regulatory functions which the Authority is responsible for. The Government is, however, concerned at the timing. CIMA is under considerable pressure and will remain so in the future under global spotlight and now is not the time to distract staff and deflect management time by introducing major change that could be avoided. The Government may undertake a review of CIMA in the future and on-going efficiencies can still be sought and achieved in the meantime.

Clarify the Role of the District Administration Department (EY rec 45)

A range of services on the Sister Islands are managed through the District Administration Department. Others are managed through the central, Government Departments. The pattern is largely historical and has not changed greatly even as methods of service delivery more generally have been updated. The Government recognizes that greater clarity is needed in some areas of activity. However, this will be tackled as 'business as usual' by the Deputy Governor rather than taken forward under the Project Future programme.

Merge the Hotel and Liquor Licensing Boards (EY rec 30)

While this merger would reduce the size of Government, the scope for any meaningful efficiencies is very small. Instead, the Government is proposing a more fundamental reform of Liquor Licensing which would make necessary amendments to the antiquated Liquor Licensing Law to level the playing field for businesses and to remove the ability to treat liquor licenses as a commodity for trade. Amendments to the Law are expected to be passed this year.

Commercialise MACI (EY rec 16.1)

The Maritime Authority of the Cayman Islands fulfills a number of functions. It has an interest in the registration and regulation of shipping but it also provides a range of commercial services, largely in maritime consultancy. While these commercial activities generate good income, they are not the core purpose of MACI and developing them could simply create inappropriate Government competition with private sector operators. The Government is seeking to develop the Maritime sector, including its partnership with CEC, and MACI should concentrate on its core functions while allowing its commercial arm to develop at its current trajectory.

Cayman Airways – Improve transparency of operations and strategic benefits (EY rec. 10.2)

It was recognized by EY that Cayman Airways provides a range of strategic and social benefits through its operations and that it is funded by the Government on that basis. Their report suggested the Government should ensure its approach was transparent. In fact, the benefits to be achieved by Cayman Airways' operations and the scale of funding are already made clear in the relevant purchase agreement and budget. There is no significant benefit from a restatement of the position.

Other EY Recommendations

In addition, while other EY recommendations are being progressed in some form, particular elements may have been determined as out of scope and therefore they will not be progressed. For example, the Communications Review will look at how to ensure value from and potentially develop Radio Cayman. However, the option to sell the station, which was specifically recommended by EY, has been ruled out.



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