Financial Transformation
EFFICIENT ◦ EFFECTIVE ◦ SUSTAINABLE

Briefing Paper: Quarterly PAC report

(Q4 – October - December 2013)

4 February 2014

1. Executive Summary

1.1 On the 31st January 2013, the States resolved:

> *"6. To direct the Policy Council to provide the Public Accounts Committee with copies of Financial Transformation Programme Office reports on a quarterly basis which details projects signed off as having been successfully delivered along with the agreed annual recurring savings categorised in the following manner:*
>
> *1. efficiency savings*
> *2. increased fees and charges*
> *3. changes to grants and subsidies"*

1.2 This is the fourth report to be presented to the Public Accounts Committee (PAC) following the States Resolution. It details all annually recurring savings for projects signed off in the months of October, November, December 2013 (Q4), and provides high level analysis of the savings made by Departments. This report also provides a summary of the signed off savings pre-2013.

2. Summary of FTP Position at the end of Q4 2013

2.1 The FTP has a minimum target of releasing £31m of annually recurring revenue savings by the end of 2014. The overall position of the Programme against this minimum target at the end of Q4 2013 is set out in Figure 1 below. Figure 1 also illustrates the position at the end of the last quarter (Q3).

2.2 The total value of programme savings signed off during Quarter 4 was **£6,468,042 (please refer to table 2 on page 3).** This included savings from the introduction of a 5% vacancy factor which was applied to established staff budgets, having been approved by the States as part of the 2014 budget setting process. The savings achieved from this corporate initiative contribute towards the overall FTP programme total but are not reflected in the department totals and do not contribute towards departments achieving their FTP targets.

Figure 1: Total savings signed-off by the FTP at the end of Q4 2013

3. Summary of position pre-2013

3.1 The table below summarises the savings made pre-2013 by year and by the three categories outlined in paragraph 1.1.

Categories	Savings pre-2013		
	Savings signed off in 2011 (£)	Savings signed off in 2012 (£)	Total savings to Dec 31st 2012 (£)
Efficiency Savings	1,837,500	4,227,206	6,064,706
Increased Fees & Charges	2,642,000	385,500	3,027,500
Grants & Subsidies	1,186,000	566,000	1,752,000
Total	**5,665,500**	**5,178,706**	**10,844,206**

Table 1: Savings signed off pre-2013

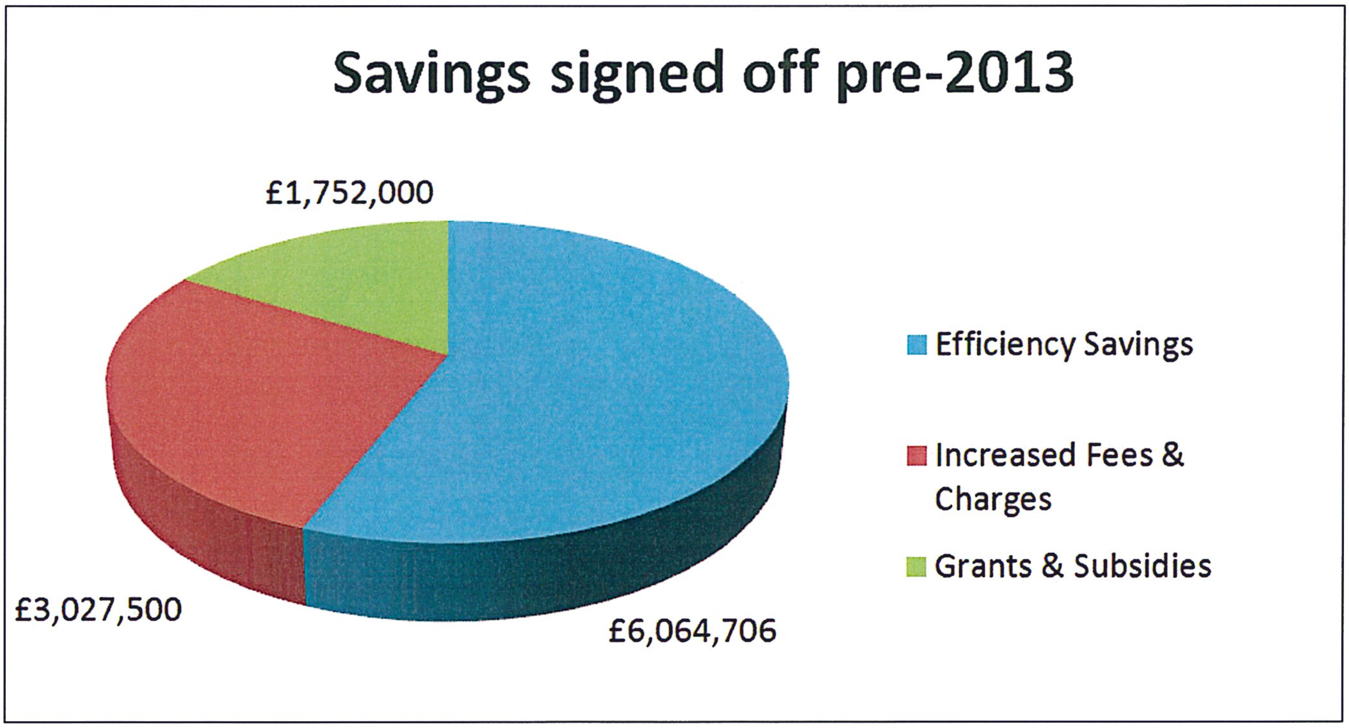

Figure 2: Savings signed off pre-2013

4. Overall summary of Q4 savings

4.1 The value of programme savings signed off during Q4 of 2013 totals **£6,468,042**.

Department	Total Savings made pre-2013 (£)	Q1 Saved Total (£)	Q2 Saved Total (£)	Q3 Saved Total (£)	Q4 Efficiency Savings (£)	Q4 Increased Fees and Charges Savings (£)	Q4 Grant/ Subsidy (£)	Q4 Saved Total (£)	Total Savings in 2013 (£)
Commerce & Employment	661,300	166,423	33,034	-	119,296	-	-	119,296	318,753
Culture & Leisure	118,700	137,000	-	2,200	340,400	-	-	340,400	479,600
Education	2,393,100	612,333	627,666	464,710	786,546	-	-	786,546	2,491,255
Environment	948,500	110,000	-	-	-	-	-	-	110,000
Health and Social Services	2,690,506	195,987	583,735	586,084	1,234,729	-	-	1,234,729	2,600,535
Home	653,400	8,514	89,260	237,336	652,583	2,000	-	654,583	989,693
Housing	67,600	142,000	-	-	68,530	-	-	68,530	210,530
Law Officers	39,500	51,500	-	-	-	-	-	-	51,500
Policy Council	66,400	233,450	-	(42,500)	245,133	-	-	245,133	436,083
Public Services	335,500	321,000	150,000	-	60,000	-	-	60,000	531,000
Royal Courts	41,000	45,188	-	-	27,514	-	-	27,514	72,702
Social Security	1,700	450,000	-	-	136,632	-	-	136,632	586,632
Treasury & Resources	553,000	685,741	-	-	462,521	39,000	-	501,521	1,187,262
Registry	2,274,000	-	-	-	-	-	-	-	-
SAP Savings	-	-	-	421,759	693,158	-	-	693,158	1,114,917
Vacancy Factor	-	-	-	-	1,600,000	-	-	1,600,000	1,600,000
Totals	**10,844,206**	**3,159,136**	**1,483,695**	**1,669,589**	**6,427,042**	**41,000**	-	**6,468,042**	**12,780,462**
Programme Totals	**10,844,206**	**14,003,342**	**15,487,037**	**17,156,626**	-	-	-	**23,624,668**[1]	**23,624,668**

Table 2: Financial Transformation Programme Total

[1] *This is the programme total that is adjusted to reflect the current cost to the programme of The Hub.*

Department	Total Savings made pre-2013 (£)	Q1 Saved Total (£)	Q2 Saved Total (£)	Q3 Saved Total (£)	Q4 Saved Total (£)	Total Savings in 2013	2013 Published Target (£)	2013 Variance (£)	Total Savings (2010 to date £)
Commerce & Employment	661,300	166,423	149,369	-	119,296	435,088	379,000	56,088	1,096,388
Culture & Leisure	118,700	137,000	-	174,500	340,400	651,900	603,000	48,900	770,600
Education	2,393,100	612,333	627,666	725,096	786,546	2,751,641	2,150,000	601,641	5,144,741
Environment	948,500	110,000	-	128,000	17,558	255,558	271,000	**(15,442)**	1,204,058
Health and Social Services	2,690,506	195,987	1,238,735	586,084	1,234,729	3,255,535	3,285,000	**(29,465)**	5,946,041
Home	653,400	8,514	237,037	237,336	654,583	1,137,470	1,325,000	**(187,530)**	1,790,870
Housing	67,600	142,000	5,000	**(5,000)**	68,530	210,530	142,000	68,530	278,130
Law Officers	39,500	51,500	-	-	-	51,500	48,000	3,500	91,000
Policy Council	66,400	233,450	-	100,017	245,133	578,600	455,000	123,600	645,000
Public Services	335,500	321,000	150,000	89,150	60,000	620,150	488,000	132,150	955,650
Royal Courts	41,000	45,188	-	-	27,514	72,702	29,000	43,702	113,702
Social Security	1,700	450,000	-	23,197	136,632	609,829	72,000	537,829	611,529
Treasury & Resources	553,000	685,741	-	300,000	591,521	1,577,262	1,396,000	181,262	2,130,262
Registry	2,274,000	-	-	-	-	-	-	-	2,274,000
Department Totals	10,844,206	3,159,136	2,407,807	2,358,380	4,282,442	12,207,765	10,643,000	1,564,765	23,051,971[2]
Corporate Vacancy Factor Savings	-	-	-	-	-	-	-	-	1,600,000
Total	-	-	-	-	-	-	-	-	24,651,971
Less net off for costs retained centrally	-	-	-	-	-	-	-	-	**(1,027,303)**
Programme Total	-	-	-	-	-	-	-	-	**23,624,668**

Table 3: Department totals to date

2 *The Department total shows the gross savings attributed to departments for the SAP project and does not reflect the current cost to the programme of The Hub or Corporate savings that are not attributed to departments (5%Vacancy Factor savings).*

5. Summary List of Projects and signed off Savings by Department in Q4 2013

5.1 Table 3 shows a summary list of the projects signed off by each Department **during Q4**; the category this saving relates to, and the value of the annually recurring savings. Cross-Cutting Projects can be defined as projects with outcomes which affect multiple departments. There are three Cross-Cutting programmes within the FTP – Building Business Excellence (BBE), Transforming Support Services (TSS) and Income, Property & Procurement (IPP). There are various projects (i.e. SAP/STSC) which sit under these programmes.

5.2 Project savings must be confirmed by the respective Department's appointed Management of Benefits (MoB) lead before proposed "sign off" can be confirmed. The MoB lead acts as the single point of contact for the Department. This ensures the appropriate authorisation and approval at Department level is obtained before sign off. This can be at Project Board, Political Board, or Senior Management Team level.

5.3 Following approval, the relevant budget codes are provided by the Department, to the central PMO office to allow the necessary adjustments to be made by Treasury.

Project	Category of Saving	Savings Value (£)
Commerce & Employment		
C & E_D (Air Routes) Wave 2	**Grants and Subsidies**	50,000
CAA Operating Costs	**Efficiency**	9,184
Training - Includes general, mandatory and statutory training	**Efficiency**	7,500
Staff Savings (net)	**Efficiency**	52,612
Department total		**119,296**
Efficiency savings total		69,296
Increased fees and charges total		0
Changes to grant and subsidies total		50,000
Commerce & Employment total		**119,296**

Project	Category of Saving	Savings Value (£)
Public Services		
Management Head Office Charge to the Trading Entities	**Increased Fees or Charges**	60,000
Department total		**60,000**
Efficiency savings total		60,000
Increased fees and charges total		0
Changes to grant and subsidies total		0
Public Services total		**60,000**
Culture & Leisure		
Administration staff re-organisation	**Efficiency**	35,000
*[**Staff re-organisation – redacted 2.12**]*	**Efficiency**	20,000
Central Services – IT Hardware	**Efficiency**	3,700
*[**Staff re-organisation – redacted 2.12**]*	**Efficiency**	24,500
Scratch cards	**Increased Fees or Charges**	225,000
*[**Staff re-organisation – redacted 2.12**]*	**Efficiency**	34,500
*[**Staff re-organisation – redacted 2.12**]*	**Efficiency**	**(2,300)**[3]
Department total		**340,400**
Efficiency savings total		115,400
Increased fees and charges total		225,000
Changes to grant and subsidies total		0
Culture & Leisure total		**340,400**

[3] *Negative figure owing to an over estimation of predicted savings by the Department when it submitted its original budget transfer.*

Project	Category of Saving	Savings Value (£)
Environment		
Cross-cutting		
SAP Staff Savings	**Efficiency**	17,558
Efficiency savings total		17,558
Increased fees and charges total		0
Changes to grant and subsidies total		0
Environment total		**17,558**
Housing		
Domestic staff	**Efficiency**	19,190
Housing Control fees increase 2014	**Fees and Charges**	23,000
Repairs & maintenance 2014	**Efficiency**	10,000
Retirements, non-replacements 2014	**Efficiency**	16,340
Department total		**68,530**
Efficiency savings total		45,530
Increased fees and charges total		23,000
Changes to grant and subsidies total		0
Housing total		**68,530**

Project	Category of Saving	Savings Value (£)
Education		
SEBD Service Review	**Efficiency**	81,000
Reduction in Overtime budget (following introduction of new overtime policy)	**Efficiency**	80,000
Education Budget Review savings	**Efficiency**	70,000
Swimming Training	**Efficiency**	(44,000)[4]
GILE 2 Servers	**Efficiency**	132,000
CoFE	**Efficiency**	72,474
Education Department Review	**Efficiency**	140,948
Primary	**Efficiency**	29,194
Secondary Project	**Efficiency**	106,075
St Annes	**Efficiency**	56,770
Vale	**Efficiency**	62,085
Department total		**786,546**
Efficiency savings total		786,546
Increased fees and charges total		0
Changes to grant and subsidies total		0
Education total		**786,546**

[4] *Predicted savings not achieved through revised processes within Department. The Department has established an alternative project saving to cover this shortfall.*

Project	Category of Saving	Savings Value (£)
Health & Social Services		
Visiting Consultants charged to Health Insurance Fund	**Efficiency**	650,000
Staffing reduction	**Efficiency**	24,700
Manage out laundry	**Efficiency**	11,500
Staff Savings	**Efficiency**	328,896
*[**Staff re-organisation – redacted 2.12**]*	**Efficiency**	52,200
Finance & Performance restructure	**Efficiency**	69,898
Procurement and Commercial Services restructure	**Efficiency**	91,535
Rescheduling Immunisations	**Efficiency**	6,000
Department total		**1,234,729**
Efficiency savings total		1,234,729
Increased fees and charges total		0
Changes to grant and subsidies total		0
Health & Social Services total		**1,234,729**

Project	Category of Saving	Savings Value (£)
Home		
Offender Management - Prisons	**Efficiency**	203,480
Review of Equipment Levels - F&RS	**Efficiency**	1,940
Review of Law Enforcement (RoLE)	**Efficiency**	247,573
Probation Service	**Efficiency**	41,889
RoLE- Review of training requirements in light of more in-house training, collaboration with Jersey and prioritisation	**Efficiency**	102,000
Home Healthcare project	**Efficiency**	55,701
Increased fixed penalties	**Increased fees and charges**	2,000
Department total		**654,583**
Efficiency savings total		652,583
Increased fees and charges total		2,000
Changes to grant and subsidies total		0
Home total		**654,583**
Royal Courts		
Staff Savings	**Efficiency**	27,514
Department total		**27,514**
Efficiency savings total		27,514
Increased fees and charges total		0
Changes to grant and subsidies total		0
Royal Courts total		**27,514**

Project	Category of Saving	Savings Value (£)
Policy Council		
*[**Staff re-organisation – redacted 2.12**]*	**Efficiency**	40,100
*[**Staff re-organisation – redacted 2.12**]*	**Efficiency**	27,500
Non Staff - fees	**Efficiency**	28,000
Operating cost - other	**Efficiency**	50
Printing & Printed Materials	**Efficiency**	10,000
Salaries and wages - established staff	**Efficiency**	129,483
Software	**Efficiency**	1,000
Staff Sponsorship Scheme	**Efficiency**	5,000
Stationery	**Efficiency**	1,000
Subsistence & Incidental Expenses	**Efficiency**	3,000
Department total		**245,133**
Efficiency savings total		245,133
Increased fees and charges total		0
Changes to grant and subsidies total		0
Policy Council total		**245,133**
Social Security		
Voucher to BACS	**Efficiency**	21,632
Claims Management Additional Savings	**Efficiency**	115,000
Department total		**136,632**
Efficiency savings total		136,632
Increased fees and charges total		0
Changes to grant and subsidies total		0
Social Security total		**136,632**

Project	Category of Saving	Savings Value (£)
Treasury & Resources		
Watermarked Paper	**Efficiency**	18,000
Facilities Management	**Efficiency**	13,000
Training	**Efficiency**	7,000
IT Service Savings	**Efficiency**	14,000
Rental Income	**Increased fees and charges**	39,000
WAN	**Efficiency**	161,478
SAP Savings	**Efficiency**	90,000[5]
Staff Savings	**Efficiency**	164,521
On-Line Services Income Generation	**Increased fees and charges**	50,000
IT – General Efficiencies	**Efficiency**	34,522
Department total		**591,521**
Efficiency savings total		502,521
Increased fees and charges total		89,000
Changes to grant and subsidies total		0
Treasury & Resources total		**591,521**

Table 4: Individual Department projects and their associated savings by category in Q4 2013

[5] *T&R have been credited with n additional £90,000 of savings due to the budget adjustments that were made during the creation of the Hub budget*