Financial Transformation
EFFICIENT ◦ EFFECTIVE ◦ SUSTAINABLE

Briefing Paper: Quarterly PAC report (Q2 - April – June 2013)

12 September 2013

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 second report to be presented to the Public Accounts Committee (PAC) following the States Resolution. It details all annually recurring savings for projects signed off[i] in the months of April, May and June 2013 (Q2), 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 Q2 2013

2.1 Overall position of the Financial Transformation Programme against targeted £31 million at end of Q2 2013 is illustrated by Figure 1 below. Figure 1 also illustrates the position of the last quarter (Q1).

2.2 The amount of savings signed off during quarter 2 totals **£2,736,035**.

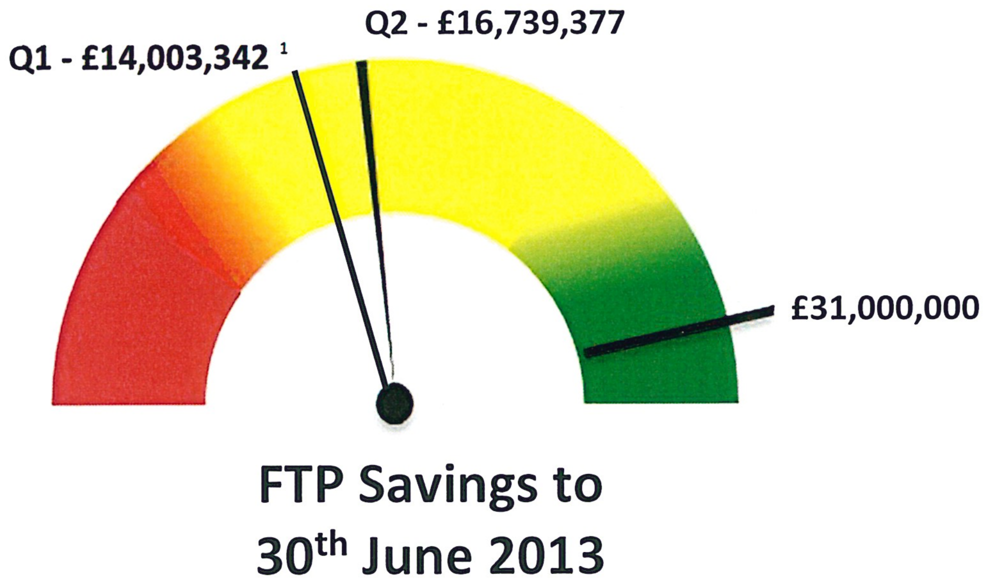

Figure 1: Total savings signed-off by FTP end of Q2 2013

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[1] Please note that the Q1 report showed the signed off figure in the speedometer (above) as £14,000,000 this was a rounded figure for illustrative purposes, for the purpose of this report we have put the exact signed off figure from Q1.

3. Summary of position pre-2013

3.1 The below table summarises the savings made pre-2013 by year and by the three categories outlined on the previous page.

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	3,207,500
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

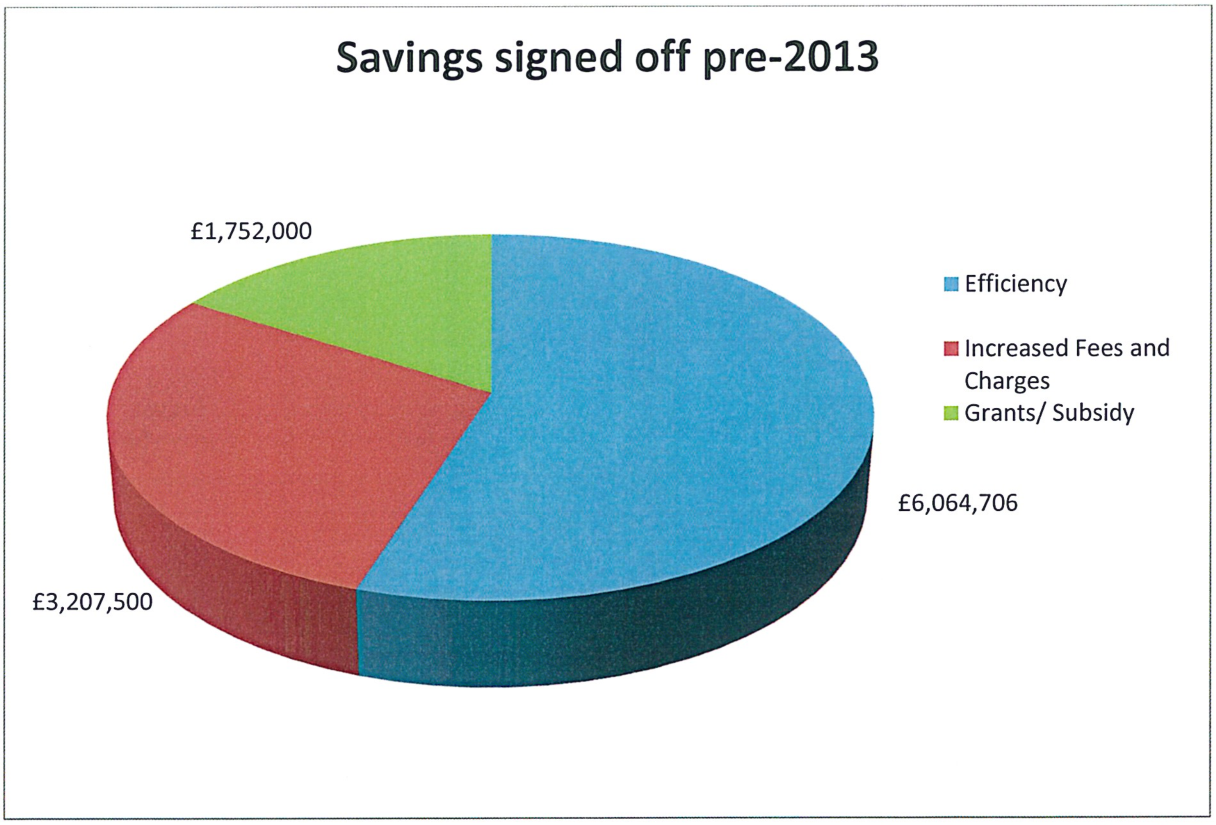

Figure 2: Savings signed off pre-2013

4. Overall summary of savings signed off in quarter 2

4.1 The amount of savings signed off during this quarter totals **£2,736,035**.

4.2 Figure 3 shows which Departments have delivered these savings whereas figure 4 shows a summary of the savings signed off by category. Table 2 shows the exact amounts that each Department has signed off, together with the associated category as per the resolution.

4.3 Please note that there is an extra efficiency saving which has not yet been attributed to departments. The 'SAP savings not yet allocated' is a signed off figure of SAP efficiency savings but has not yet been allocated to specific departments, therefore this figure has been included separately at this stage.

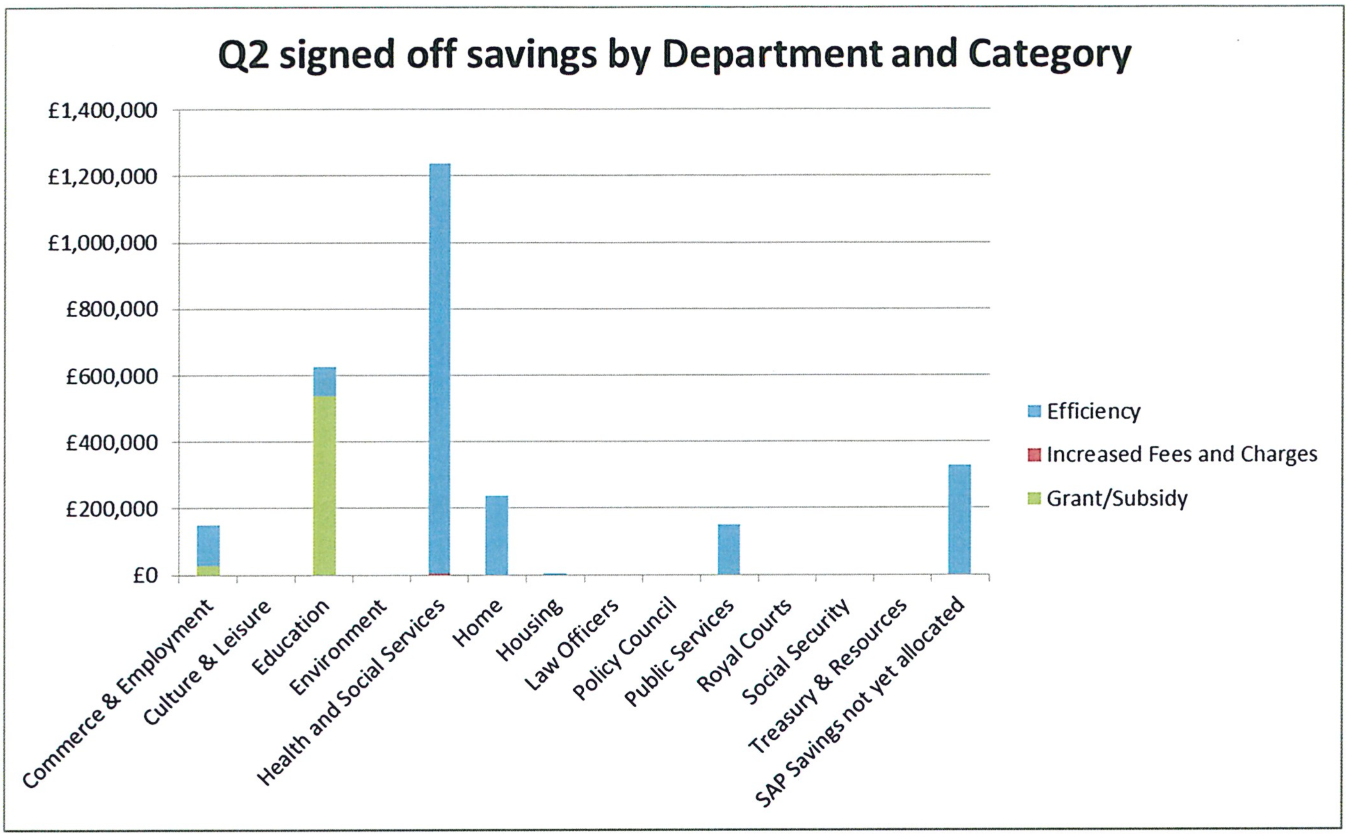

Figure 3: Savings signed off by department in Q2 2013

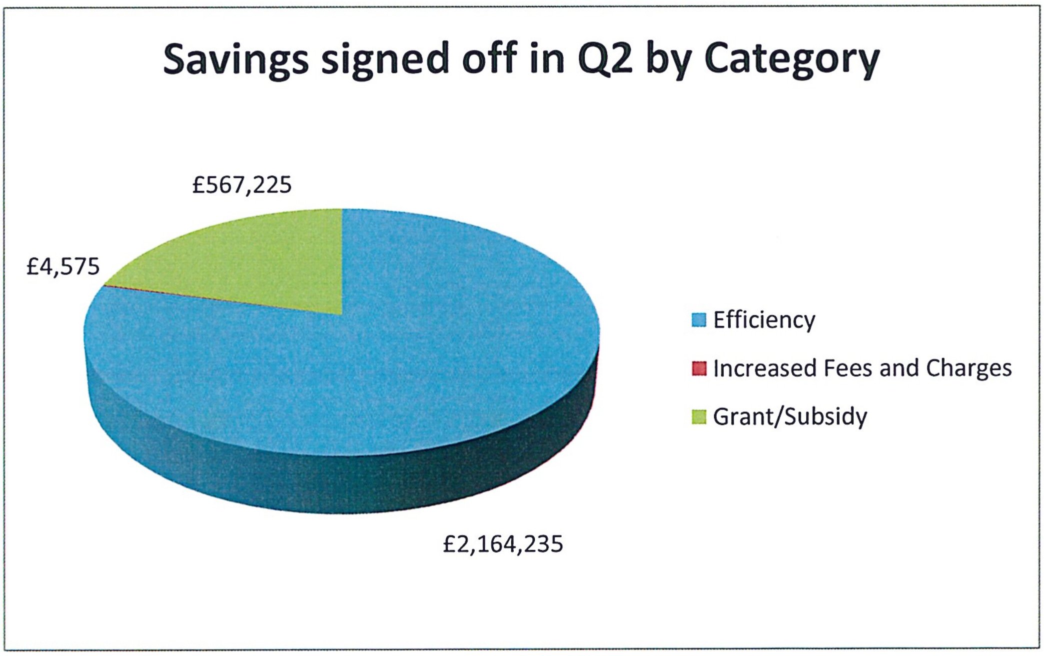

Figure 4: Savings signed off by category in Q2 2013

Department	Total savings made pre-2013	Q1 saved total (£)	Q2 Efficiency savings (£)	Q2 Increased Fees and Charges savings (£)	Q2 Grant/Subsidy savings (£)	Q2 saved total (£)	Q3 saved total (£)	Q4 saved total (£)	Total savings in 2013 (Q1 & Q2 £)	2013 target (£) *	Total savings (2010 –to date £)
Commerce & Employment	661,300	166,423	120,735	1,075	27,559	149,369	-	-	315,792	379,000	977,092
Culture & Leisure	118,700	137,000	-	-	-	-	-	-	137,000	603,000	255,700
Education	2,393,100	612,333	88,000	-	539,666	627,666	-	-	1,239,999	2,150,000	3,633,099
Environment	948,500	110,000	-	-	-	-	-	-	110,000	271,000	1,058,500
Health and Social Services	2,690,506	195,987	1,235,235	3,500	-	1,238,735	-	-	1,434,722	3,285,000	4,125,228
Home	653,400	8,514	237,037	-	-	237,037	-	-	245,551	1,325,000	898,951
Housing	67,600	142,000	5,000	-	-	5,000	-	-	147,000	142,000	214,600
Law Officers	39,500	51,500	-	-	-	-	-	-	51,500	48,000	91,000
Policy Council	66,400	233,450	-	-	-	-	-	-	233,450	455,000	299,850
Public Services	335,500	321,000	150,000	-	-	150,000	-	-	471,000	488,000	806,500
Royal Court	41,000	45,188	-	-	-	-	-	-	45,188	29,000	86,188
Social Security	1,700	450,000	-	-	-	-	-	-	450,000	72,000	451,700
Treasury & Resources	553,000	685,741	-	-	-	-	-	-	685,741	1,396,000	1,238,741
SAP Savings not yet attributed to departments	-	-	328,228	-	-	328,228	-	-	328,228	-	328,228
Registry[2]	2,274,000	-	-	-	-		-	-	-	-	2,274,000
Grand Total	**10,844,206**	**3,159,136**	**2,164,235**	**4,575**	**567,225**	**2,736,035**	**-**	**-**	**5,895,171**	**10,643,000**	**16,739,377**

* The targets shown above are the targets as published in the 2013 States of Guernsey Budget. The targets shown in the Q1 report were adjusted to reflect departments' over/under achievement compared with their 2012 target.

5. Summary List of Projects and signed off Savings by Department in Q2 2013

5.1 Table 3 shows a summary list of the projects signed off by each Department **during Q2**; the category this saving relates to, and the amount 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. The savings from Cross-Cutting projects are attributed directly to the total saved by the departments which are affected by the project's outcomes in proportion to the benefit gained.

Table 3: Individual Department projects and their associated savings by category in Q2 2013

Project	Category of Saving	Savings Value (£)
Commerce & Employment		
Efficiency Savings from new slaughter house (Part sign-off)	**Efficiency**	4,400
Operating income (Part sign-off)	**Increased Fees and Charges**	1,075
Reduction in Grants	**Grant/Subsidy**	27,559
Cross-cutting		
SAP Staff Savings	**Efficiency**	116,335
Efficiency Savings total		**120,735**
Increased Fees and Charges total		**1,075**
Changes to grants and subsidies total		**27,559**
Commerce & Employment total		**149,369**

Project	Category of Saving	Savings Value (£)
<u>Education</u>		
College Grants and Subsidies additional benefits	**Grant/Subsidy**	105,000
HE Parental Contributions (2nd Wave)	**Grant/Subsidy**	434,666
St Annes Rationalisation	**Efficiency**	88,000
Efficiency Savings total		**88,000**
Increased Fees and Charges total		**0**
Changes to grants and subsidies total		**539,666**
Education total		**627,666**
<u>Health and Social Services</u>		
Income - Pharmacy registration	**Increased Fees and Charges**	3,500
Reduce Utility Costs	**Efficiency**	22,000
[**Staff re-organisation – redacted 2.12**]	**Efficiency**	80,000
[**Staff re-organisation – redacted 2.12**]	**Efficiency**	16,750
[**Staff re-organisation – redacted 2.12**]	**Efficiency**	105,500
Catering Food Waste	**Efficiency**	13,235
TRP	**Efficiency**	11,100
[**Staff re-organisation – redacted 2.12**]	**Efficiency**	31,650
[**Staff re-organisation – redacted 2.12**]	**Efficiency**	265,000
[**Staff re-organisation – redacted 2.12**]	**Efficiency**	25,000
[**Staff re-organisation – redacted 2.12**]	**Efficiency**	10,000
Cross-cutting		
HSSD SAP Staff Savings	**Efficiency**	655,000

Efficiency Savings total		**1,235,235**
Increased Fees and Charges total		**3,500**
Changes to grants and subsidies total		**0**
Health and Social Services total		**1,238,735**
Home		
Prison Efficiency Savings	**Efficiency**	10,000
Bore Hole - Prison	**Efficiency**	5,400
Recycling - Prison	**Efficiency**	16,860
*[**Staff re-organisation – redacted 2.12**]*	**Efficiency**	32,000
Fleet Management - F&RS	**Efficiency**	25,000
Cross-cutting		
Home SAP Staff Savings	**Efficiency**	147,777
Efficiency Savings total		**237,037**
Increased Fees and Charges total		**0**
Changes to grants and subsidies total		**0**
Health and Social Services total		**237,037**
Housing		
Cross-cutting		
Housing SAP Staff Savings	**Efficiency**	5,000
Efficiency Savings total		**5,000**
Increased Fees and Charges total		**0**

Changes to grants and subsidies total		**0**
Housing total		**5,000**
Public Services		
Reduction of Breakwater contract work by 33%	**Efficiency**	150,000
Efficiency Savings total		**150,000**
Increased Fees and Charges total		**0**
Changes to grants and subsidies total		**0**
Public Services total		**150,000**
SAP Savings not yet attributed to departments		
SAP-STSC	**Efficiency**	**328,228**
Total Savings for Quarter 2 - 2013		**2,736,035**

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[i] 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.

If the value of a saving is significantly different to that originally forecasted by a Department, an 'Exception Report' is produced outlining the reason why this is the case.

This report is then escalated to the relevant reporting line within the Department and then issued to the Portfolio Leadership Team (PLT) for its information. The 'Exception Report' may also be considered by the Executive Leadership Team (ELT) and/or Policy Council, if outside of agreed tolerance levels.

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