



cutting through complexity

States of Guernsey Public Accounts Committee

May 2016

Addendum to the Financial Transformation
Programme: 'Cost/Benefit' Review Report dated
March 2015





Addendum

Update information based on the States of Guernsey Accounts 2014

Important notice

Our work commenced on 22 January 2016 and was completed on 28 January 2016. We have not undertaken to update this Addendum for events or circumstances arising after that date.

In preparing this Addendum to the Financial Transformation Programme: 'Cost/Benefit' Review Report ("the Report") dated March 2015, our primary source has been the States of Guernsey ("SoG") Accounts 2014 (Billet d'État, Wednesday 29th July 2015). We do not accept responsibility for such information ("Extracted Information") which remains the responsibility of the States of Guernsey. We have not performed any further procedures to verify the Extracted Information, nor have we referenced the Extracted Information to the Report.

This engagement is not an assurance engagement conducted in accordance with any generally accepted assurance standards and consequently no assurance opinion is expressed.

FTP Cost/Benefit Review

FSR Fund Financial Summary

Financial impact of the Programme on the FSR Fund	
	Fund movement (cumulative to 2014) £'000s
Financial Transformation Programme	
Cumulative FTP savings	53,768
Programme Delivery Costs	
Administration (a)	(2,422)
Programme Management Office and Executive Support (b)	(2,145)
Expenses (c)	(777)
	(5,344)
Project Delivery Costs	
Revenue Expenditure (d)	(1,076)
Reward Fee (e)	(1,742)
	(2,818)
Capital Projects	
Vale School Refurbishment	(343)
Consolidation of States Websites	(73)
Developing SAP and Shared Services	(6,587)
Other	(36)
	(7,039)
Net surplus/(deficit)	38,567

Note: The above amounts provide an update to page 14 of the Report to include the Extracted Information from the SoG Accounts 2014 as per Billet d'Etat, Wednesday 29th July 2015. The procedures performed do not constitute an audit and no procedures were performed to verify the Extracted Information.

Source: The SoG Accounts (2010 to 2014), audited

- (a) PMO expenses for SoG staff
- (b) PMO and executive support fees paid to the Consultant as per the Contract
- (c) Reimbursable expenses paid to the Consultant for travel, accommodation and other
- (d) One off expenses incurred in implementing specific FTP Projects
- (e) Reward fees paid to the Consultant

FSR Fund reconciliation until 31 December 2014 (£'000)	
* Opening balance at 1 January 2010	824
Net surplus/ (deficit)	38,567
Initial transfer from General Revenue	10,000
** Expenses relating to the Restructuring and reorganisation fund	(241)
Cumulative transfers to General Revenue	(48,333)
Transfer to Transformation and Transition Fund (Vote 31.10.14)	(817)
Net balance at 31 December 2014	-

* The FSR fund was previously called the Restructuring and Reorganizational Fund and was utilised for purposes other than the FTP. The opening balance was that carried forward from Restructuring and reorganizational fund

** Details of expenses which have been incurred, relating to the Restructuring and reorganisation fund are as follows:

Description	£'000
Environment Planning and Building IT System	(140)
Housing Control IT System	(61)
Other Expenditure	(40)
Total	(241)

Appendix 2 - FSR Fund Financial Summary

FUNDAMENTAL SPENDING REVIEW FUND						
	2010 Actual £'000s	2011 Actual £'000s	2012 Actual £'000s	2013 Actual £'000s	2014 Actual £'000s	Total Actual £'000s
Financial Transformation Programme						
Transfer from General Revenue - Net Revenue Benefits	134	3,942	8,816	15,720	25,156	53,768
Transfer to General Revenue - States Strategic Plan Projects and Deficit Reduction	-	(2,890)	(4,567)	(15,720)	(25,156)	(48,333)
Programme Delivery Costs						
Administration	(178)	(270)	(338)	(742)	(894)	(2,422)
Programme Management Office and Executive Support	(634)	(441)	(516)	(260)	(294)	(2,145)
Expenses	(271)	(113)	(218)	(104)	(71)	(777)
	(1,083)	(824)	(1,072)	(1,106)	(1,259)	(5,344)
Project Delivery Costs						
Revenue Expenditure	(16)	(228)	(168)	(408)	(256)	(1,076)
Reward Fee	62	(313)	(856)	(396)	(239)	(1,742)
	46	(541)	(1,024)	(804)	(495)	(2,818)
Other projects						
Environment Planning and Building IT System	(140)	-	-	-	-	(140)
Fundamental Spending Review Phase II	-	-	-	-	-	-
Housing Control IT System	(52)	(9)	-	-	-	(61)
Other Expenditure	(32)	(8)	-	-	-	(40)
	(224)	(17)	-	-	-	(241)
Net surplus / (deficit)	(1,127)	(330)	2,153	(1,910)	(1,754)	(2,968)
Capital Projects						
Vale School Refurbishment	-	-	-	-	(343)	(343)
Consolidation of States Websites	-	(26)	(47)	-	-	(73)
Developing SAP and Shared Services	-	(1,374)	(3,555)	(1,121)	(537)	(6,587)
Other Capital Expenditure	(36)	-	-	-	-	(36)
Capital expenditure	(36)	(1,400)	(3,602)	(1,121)	(880)	(7,039)
Balance at 1 January	824	9,661	7,931	6,482	3,451	
Transfer from General Revenue	10,000	-	-	-	-	
Net surplus / (deficit) for the year	(1,127)	(330)	2,153	(1,910)	(1,754)	
Capital expenditure for the year	(36)	(1,400)	(3,602)	(1,121)	(880)	
Transfer to Transformation and Transition Fund (Vote 31.10.14)	-	-	-	-	(817)	
Balance at 31 December	9,661	7,931	6,482	3,451	-	

Note: The above amounts provide an update to page 39 of the Report to include the Extracted Information from the SoG Accounts 2014 as per Billet d'État, Wednesday 29th July 2015. The procedures performed do not constitute an audit and no procedures were performed to verify the Extracted Information.

Source: The SoG of Guernsey Accounts (2009 to 2014), audited



cutting through complexity

© 2016 KPMG Channel Islands Limited, a Jersey Company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name, logo and "cutting through complexity" are registered trademarks or trademarks of KPMG International.