

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

6th November, 2018

Proposition No. P.2018/108

POLICY & RESOURCES COMMITTEE

THE STATES OF GUERNSEY ANNUAL BUDGET FOR 2019

AMENDMENT

Proposed by: Deputy J P Le Tocq
Seconded by: Deputy T J Stephens

To insert after Proposition 36:

“36A. In relation to the Transformation and Transition Fund:

- a) To note the opinion of the States that the Transformation and Transition Fund must be used to support the development and implementation of agreed transformation programmes.
- b) To note that where internal resources are shared amongst Committees or bodies and their time or use is recharged to projects funded from the Transformation and Transition Fund or any other funding source, such recharges are made at the full cost of employing that person (including any direct on-costs) and recognise that all staff members have annual leave, training and development requirements and some administration time.
- c) To direct the Policy & Resources Committee to disclose the costs associated with the administration of the Transformation and Transition Fund and the governance and administration of Public Service Reform in separate lines in the Transformation and Transition Fund annual performance report included within the Policy & Resource Plan update, along with all other expenditure of Committees and Funds.”

Explanatory Note

THE POLICY & RESOURCES COMMITTEE INTENDS TO SUPPORT THIS AMENDMENT

The new propositions 36 A, B and C seek to provide the same assurances as the amendment (number 23) submitted by Deputies Tindall and Soulsby on this subject. However, the wording has been revised to reflect the current position.

In 36A, the revised wording reflects the fact that the Fund can only be used to provide funding to projects and not assure effective implementation. In addition, it recognises that the Fund is also used to develop transformation programmes ahead of their implementation.

36B seeks to give assurance that no element of overheads is applied to the staff time charged to transformation (or any other projects). The recharges of staff to the programmes are based on the full cost of employing that person and recognise that no staff members can be charged out for every working day of the year due to annual leave, training and development, and a very small amount of office admin. The example below shows how the recharges for the Change and Transformation Resource Team are calculated in an attempt to provide more clarity and therefore better governance:

Project Manager:

Pay grade Mid-Point EGIV	£45,606
Pension and Social Security Contribution	£9,395
Direct costs e.g. IT equipment and licences, mobile phones, training, subscriptions,	£3,800
Total cost of employment	£58,501
Number of weekdays in 2018	261
Less bank holidays	9
Less annual leave	25
Total available days	227
Utilisation target for allowing for non-rechargeable time for training and development, team meetings, admin and sickness etc	85%
Total "Billable days"	193
Day rate	£305
Forecast Recovery	£58,865

36C directs the Policy & Resources Committee to transparently reflect the costs associated with the administration of the Fund in line with other financial narratives in the annual Policy & Resource Plan update. However, the current cost of administering the Fund is £0 since this work is picked up by Treasury as part of its

routine work. Therefore, a separate commitment is given to disclosing the costs associated with the administration and governance of Public Service Reform which are currently contained within the £1.595million approved for Public Service Reform. The current annual cost of administering Public Service Reform is under £0.1million and the governance costs total approximately £0.3million per annum.

This amendment seeks to retain proposition 36 since this is an important piece of work which will support longer term planning for the transformation and ensure that the States invest in future phases of the transformation understanding what the overall costs and benefits are likely to be. This work will need to be done in collaboration with the programmes and will need their full support. The reason for funding it separately is to allow it to run concurrently with the important work the programmes already have in hand rather than before or instead of it.

Working with the existing transformation programmes, the project will:

- Model the baseline – i.e. what will happen if we do nothing;
- Better understand the overall likely cost of the transformation over the medium term in order to ensure that funding can be made available;
- Set out the benefits likely to be delivered (both financial and non-financial) from the various programmes; and
- Enable a more holistic view to be taken to the transformation of public services.

Without this piece of work, or commissioning something similar, it will not be possible for the Policy & Resources Committee to consider what steps are required to ensure the sustainability of funding for health and care services since there is currently no detailed analysis of what will happen to the cost base without the transformation; what benefits the transformation is likely to deliver; and therefore what the gap that the Policy & Resources Committee needs to plan for is likely to be

Given the current rate of drawdown on the Fund, it is clear that if we do not plan for its future use, it will almost certainly be exhausted before the work on the transformation is complete and it may not be possible to evidence what has been delivered for the £26million expended