



BILLET D'ÉTAT

WEDNESDAY, 27th MAY, 2015

IX
2015

LEGISLATIVE BUSINESS

1. Social Security (Reciprocal Agreement with the Republic of Chile) Ordinance, 2015, p. 974

STATUTORY INSTRUMENTS LAID BEFORE THE STATES

The Land Planning And Development (Fees) (Amendment) Regulations, 2015, p. 974
The Driving Tests (Fees) Regulations, 2015, p. 975

APPOINTMENT LAID BEFORE THE STATES

Commerce and Employment Department - Appointment of Chairman of the Board of the Office of the Financial Services Ombudsman, p. 976

ALL OTHER PARLIAMENTARY BUSINESS

2. Administrative Decisions (Review) (Guernsey) Law, 1986 – New Chairman and Deputy Chairman of Panel of Members, p. 977
3. Ladies' College Board of Governors – New Members, p. 979
4. Policy Council - Financial Transformation Programme – End of Programme Report, p. 981
5. Treasury and Resources Department - Taxation Of Real Property Appeals Panel – Appointment Of A New Chairman And A New Deputy Chairman, p. 1044
6. Commerce and Employment Department – Utilities – Laying and Maintaining Services in Private Land, p. 1049

BILLET D'ÉTAT

TO THE MEMBERS OF THE STATES OF THE ISLAND OF GUERNSEY

I hereby give notice that a Meeting of the States of Deliberation will be held at **THE ROYAL COURT HOUSE**, on **WEDNESDAY**, the **27th MAY, 2015** at **9.30 a.m.**, to consider the items contained in this Billet d'État which have been submitted for debate.

R. J. COLLAS
Bailiff and Presiding Officer

The Royal Court House
Guernsey

17th April 2015

**THE SOCIAL SECURITY (RECIPROCAL AGREEMENT WITH THE
REPUBLIC OF CHILE) ORDINANCE, 2015**

The States are asked to decide:-

I.- Whether they are of the opinion to approve the draft Ordinance entitled “The Social Security (Reciprocal Agreement With The Republic Of Chile) Ordinance, 2015”, and direct that the same shall have effect as an Ordinance of the States.

EXPLANATORY MEMORANDUM

This Ordinance brings into effect in Guernsey and Alderney the Convention on Social Security between the Government of the UK and the Government of the Republic of Chile, signed at Santiago on the 13th March, 2012 and provides for the Social Insurance (Guernsey) Law, 1978 to have effect subject to any necessary modifications to allow the Convention to have effect. The Convention avoids the potential for simultaneous liability for social security in both Chile and Guernsey and Alderney when Guernsey or Alderney employers sent their employees to Chile or vice versa. An employee will only be liable to pay contributions to his home social security scheme provided that the period of work abroad is no longer than five years. The Ordinance enters into force on 1st June, 2015 which is the date the Convention enters into force.

STATUTORY INSTRUMENTS LAID BEFORE THE STATES

The States of Deliberation have the power to annul any of the Statutory Instruments detailed below.

**THE LAND PLANNING AND DEVELOPMENT (FEES)
(AMENDMENT) REGULATIONS, 2015**

In pursuance of Section 89 of the Land Planning and Development (Guernsey) Law, 2005 and section 12 of the Land Planning and Development (Fees and Commencement) Ordinance, 2008, The Land Planning and Development (Fees) Regulations, 2015, made by the Environment Department on 10th March 2015, are laid before the States.

EXPLANATORY NOTE

These Regulations amend the Land Planning and Development (Fees and Commencement) Ordinance, 2008 ("the 2008 Ordinance").

They replace the Tables of Fees in Part I of Schedules 1 and 2 of the 2008 Ordinance with the Tables of Fees set out in Schedules 1 and 2 to these Regulations. The Schedules to these Regulations set out new fees to accompany an application for planning permission or an application for approval of reserved matters under a planning application (the new Table of Fees in Schedule 1) and new fees to accompany a deposit of full plans made under building regulations (the new Table of Fees in Schedule 2).

The new fees will apply to -

- an application for planning permission or an application for approval of reserved matters; or
- a deposit of full plans made under building regulations,

made on or after 1st April, 2015 (see regulation 3(1) of these Regulations).

In accordance with section 4B and 4C of the 2008 Ordinance, the new fees also apply in relation to an appeal -

- to the Planning Tribunal; or
- an Adjudicator in respect against a rejection of full plans under building regulations,

for which a fee is payable under the 2008 Ordinance.

They will apply where the appeal fee is required to be calculated, under section 4B(2) or 4C(2) of the 2008 Ordinance, as if the appeal were made on or after 1st April, 2015 (see regulation 3(2) of these Regulations).

These Regulations come into force on the 1st April, 2015.

THE DRIVING TESTS (FEES) REGULATIONS, 2015

In pursuance of Sections 2A(b) and 2B of the Motor Taxation and Licensing (Guernsey) Law, 1987, as amended, The Driving Tests (Fees) Regulations, 2015, made by the Environment Department on 12th March 2015, are laid before the States.

EXPLANATORY NOTE

These Regulations amend the current fees that are chargeable for tests of competence which take place, on or after the 20th April 2015.

These Regulations come into force on the 23rd March 2015.

COMMERCE AND EMPLOYMENT DEPARTMENT

APPOINTMENT OF CHAIRMAN OF THE BOARD OF THE OFFICE OF THE FINANCIAL SERVICES OMBUDSMAN

In pursuance of paragraph 2(2) of Schedule 1 to the Financial Services Ombudsman (Bailiwick of Guernsey) Law, 2014, the appointment of Mr. David Thomas as Chairman of the Board of the Office of the Financial Services Ombudsman with effect from 31 January 2015 is laid before the States. The States of Deliberation have the power to annul the appointment.

The Office of the Financial Services Ombudsman was established by section 1 of the Financial Services Ombudsman (Bailiwick of Guernsey) Law, 2014. Following the conclusion of a recruitment exercise in conjunction with the States of Jersey, the Department has appointed Mr. David Thomas, as a person appearing to the Department to be suitable for the position, to be the Chairman of the Board of the Office of the Financial Services Ombudsman for three years with effect from 31 January 2015.

A summary of Mr. Thomas' curriculum vitae is attached for information:

Mr. David Thomas

David Thomas qualified as a lawyer in England and Wales (1969) and Ireland (1991).

Mr. Thomas became:

- managing partner of a firm of lawyers with offices in Liverpool and London;
- a Council member of The Law Society (regulator for solicitors in England & Wales);
- a Committee member of the City of London Law Society; and
- President of Liverpool Law Society.

In 1997 he was appointed as the UK Banking Ombudsman. In 1998 he became a member of the small steering group that designed the unified statutory UK Financial Ombudsman Service, which acquired its legal powers in 2001.

On establishment of the UK Financial Ombudsman Service, Mr. Thomas became Principal Ombudsman. From 2009 to 2010 he was Chief Ombudsman. Following his scheduled retirement from the Service, he continued until 2014 as a part-time strategy adviser (and also led an efficiency review).

Mr. Thomas is now:

- chairman of the board of the Office of the Financial Services Ombudsman (Jersey), which will operate jointly with the Office of the Financial Services Ombudsman (Guernsey);
- a non-executive director of the statutory Legal Ombudsman (covering all lawyers

and claims management companies in England and Wales) which he helped to design; and

- a member of the Regulatory Board of the Association of Chartered Certified Accountants (covering 154,000 accountants in 170 countries worldwide).

Mr. Thomas has advised and/or given seminars on financial consumer protection in more than 30 countries, and has acted regularly as a consultant – including for the:

- World Bank;
- European Commission;
- Organisation for Economic Cooperation and Development; and
- US Agency for International Development.

Previously, he:

- was a founder member (2001-09) of the UK Accountancy and Actuarial Discipline Board (part of the Financial Reporting Council);
- was a founder member of FIN-NET (the European Union network of financial ombudsmen) and a member of its steering committee (2006-11);
- was a Council member (2006-14), and chairman of the Audit and Risk Committee (2009-14), of Queen Mary University of London (with a budget of £350 million);
- was a member of the Audit Advisory Committee (2007-2011) and then service delivery complaints reviewer (2011-14) for the Scottish Public Services Ombudsman;
- was a member (2009-14) of the steering committee (chairman 2011-12) of the worldwide International Network of Financial Ombudsmen; and
- conducted an inquiry (2013-14) for the Chief Minister of Jersey into an alleged supervisory failure by the Jersey Financial Services Commission.

ADMINISTRATIVE DECISIONS (REVIEW) (GUERNSEY) LAW, 1986

NEW CHAIRMAN AND DEPUTY CHAIRMAN OF PANEL OF MEMBERS

II.- To elect, in accordance with the provisions of section 4 (2) of the Administrative Decisions (Review) (Guernsey) Law, 1986:-

1. a Chairman of the Panel of Members, who shall be a sitting member of the States of Deliberation and who has held a seat in the States for a period of three years or more, to fill the vacancy which will arise on 1st June, 2015, by reason of the expiry of the term of office of Deputy M. J. Fallaize, who is eligible for re-election.
2. a Deputy Chairman of that Panel, who shall be one of the Deans of the Douzaines but who shall not have a seat in the States, to fill the vacancy which will arise on 1st June, 2015, by reason of the expiry of the term of office of Douzenier R L Heaume, M.B.E, who is eligible for re-election.

(N.B. The Deans of the Douzaines are Douzeniers R L Heaume, MBE, J E Foster, M A Ozanne, N N Duquemin, P I Le Tocq, N M Dorey, J V Brache, and G Guilbert, C E Goodlass (Mrs) and B E Gregg.)

THE LADIES' COLLEGE BOARD OF GOVERNORS

NEW MEMBERS

The States are asked:-

III.- To elect:-

1. as a member of the Ladies' College Board of Governors with effect from 1st June, 2015, Mr. John Marren who has been nominated in that behalf by the Education Department for election by the States.
2. as a member of that Board of Governors with effect from 1st June, 2015, Mrs. Stephanie Ann Nickolls who has been nominated in that behalf by the States appointed Governors and the Education Department nominated Governors for election by the States.

(N.B. The Education Department has provided the following profile of Mr. Marren and the Governors have provided that of Mrs. Nickolls:

John Marren

Mr. Marren is a Director of Northern Trust International Fund Administration Services (Guernsey) Limited with responsibility for client servicing. He is a non-executive director of a number of fund management companies and a variety of listed and unlisted investment funds. He is a Fellow of the Institute of Chartered Accountants in Ireland, a Member of the Institute of Bankers in Ireland and has a Bachelor of Commerce Degree from University College Galway, Ireland. He is a past executive committee member of Guernsey Investment Fund Association, Guernsey Society for Chartered and Certified Accountants and has been an Adviser to the Young Enterprise programme in Guernsey.

Mr. Marren has lived in Guernsey since 1989, is married to Fiona and has a daughter, Isabella, who attends Melrose at the Ladies' College. He has been a Governor since 2012 and since 2013 has been the Link Governor for ICT.

Stephanie Ann Nickolls

Mrs. Nickolls was born in Guernsey and educated at Castel Primary School, Melrose and the Ladies' College, leaving in 1961. Following appointments at the Pharmacy Department of the Princess Elizabeth Hospital and as a secretary/receptionist at Tektronix she successfully undertook General Nurses Training in London 1964 to 1967 and moved back to Guernsey to marry Mr. Richard Nickolls in 1968. She was then employed for 12 years as a

Nurse/Receptionist/Dispenser for Drs. Cambridge, Kellett Smith and Razzak leaving to assist her husband in their own successful retail business, Design Ltd, that they ran for 32 years. In 1991 she qualified as a Reflexologist and had her own practice for 14 years. During the years that their daughter attended Melrose and the Ladies' College Mrs. Nickolls was Chairman of the Melrose Parent Teachers Association and followed on as chairman of the Ladies' College Parents Association. She has been a Governor of the Ladies' College since June 2000. Since 2013 she has been the Link Governor for the Pre-school (EYFS).)

POLICY COUNCIL
FINANCIAL TRANSFORMATION PROGRAMME
END OF PROGRAMME REPORT

1. Executive Summary

This report constitutes the Annual Report from the Policy Council on the States Financial Transformation Programme and covers the period 1st November 2013 to 31st December 2014. In addition this report provides the overall summary for the whole Programme.

The Programme was initiated in 2009 and aimed to reduce the baseline net expenditure of the States by at least £31m per annum by the end of 2014. This was a key contributor to enable the States to achieve a balanced and sustainable budget position.

The Report covers:

- a reminder of the circumstances that gave rise to the original proposals;
- an update on the delivery of benefits during the period November 2013 - December 2014;
- a review of the Financial Transformation Programme 2009 - 2014 including:
 - the Programme Performance – Financial Benefits¹
 - the Programme Performance – Non - Financial Benefits
 - the FSR (Fundamental Spending Review) Fund – Management Accounts
 - Programme Closure
 - Lessons Learned;
- Conclusions;
- Recommendations.

Whilst the Royal Court, Law Officers and Alderney are not departments of the States, for the purpose of this report only they are included within that definition.

The last annual report covered the period up to the end of October 2013, by which time a total of £20.1m had been secured. In the final fourteen months of the programme this total increased by £8.6m, making the final total **£28.7m of annually recurring reductions** in general revenue expenditure. The cumulative value of these savings, since the start of the programme in 2009 is already in excess of **£55m**.

In addition to this, a number of “live” projects, initiated as part of the Programme, are yet to be concluded. If these initiatives are completed as planned they have the potential to deliver between **£3m** and **£6m** of additional annually recurring reductions in general revenue expenditure.

¹ Throughout this report, the terms “*financial benefit(s)*” and “*savings*” refer to the annually recurring, net reduction in general revenue expenditure resulting from an FTP project or initiative.

As well as these reductions in baseline expenditure, the Programme has also secured a variety of other non-financial benefits for the States. These include increasing the focus on evidence based decision making, the use of multi-criteria analysis and the value of business cases. It has also seen a significant increase in the internal programme and project management capability with over 120 States employees receiving training in this area.

Ultimately the programme has transformed the way in which the States views its finances and has embedded an improved culture of cost consciousness across the Public Service. It has been pivotal to enabling the States to achieve a balanced budget and provides an excellent foundation from which to build as we seek to secure the long term financial sustainability of public services.

2. Background to the Financial Transformation Programme

In July 2009, the Fundamental Spending Review Phase 2 report, commissioned by the Treasury and Resources Department, made three wide ranging recommendations:

- to establish a States Transformation Programme;
- to articulate and communicate a vision for the States; and
- to embed a sustainable way of working.

The Policy Council recognises that at that time, a conscious decision was made that these three recommendations should not be progressed in the short term and that instead a financial change programme should be established immediately to take forward the opportunities identified as part of the Fundamental Spending Review process, and specifically to deliver sustainable savings in line with the original brief.

Therefore, in October 2009, the States of Deliberation debated a States Report from the Treasury and Resources Department (Billet D'État XXV 2009) which reported back on the findings of the Fundamental Spending Review and proposed the establishment of a Financial Transformation Programme as a means of delivering recurring revenue savings of at least £31m per annum by the end of 2014.

The States approved the Report and resolved as follows:

- to endorse and support the principal findings and recommendations proposed by Tribal Consulting Limited in its Fundamental Spending Review: Phase 2 report;
- that the States' principles for the Financial Transformation Programme, on a long-term and sustainable basis, would be as articulated in section 6 of that Report² ;
- to direct the Policy Council to establish a States Financial Transformation Programme and adopt the proposed governance structure as set out in section 8 of that Report;

² Tribal Consulting Ltd, Unbeatable Services, Efficiently Delivered – Fundamental Spending Review Phase 2 Report, July 2009.

- to direct the Policy Council to submit annual reports to the States on the progress being made, together with other relevant information in connection with the delivery of efficiency savings identified by Tribal Consulting Limited;
- to note that those efficiency opportunities involving major costs or policy considerations will be referred to the States, by the appropriate Department or the Policy Council, for a decision;
- to direct the Treasury and Resources Department to rename the *Restructuring and Reorganisation Fund* as the *Fundamental Spending Review Fund* with a sum of £10 million to be transferred from the General Revenue cash pool to be used solely in connection with the delivery of opportunities in connection with Phase 3 of the Fundamental Spending Review, as set out in section 11 of that Report; and
- to endorse the decision of the Treasury and Resources Department to retain the services of Tribal Consulting Ltd, on a risk and reward basis, to assist with the delivery of the outputs from the Fundamental Spending Review, as set out in section 8 of that Report.

The Treasury and Resources Department emphasised to States Members at the time that ‘unless they are prepared to embrace and support the implementation of Tribal’s findings and recommendations, and accept that this will, without doubt, involve very difficult political decisions in the months and years ahead, then the anticipated benefits and financial savings that have been identified will not be realised.’

Further, the Department went on to outline a set of principles which it believed the States should endorse in accepting the proposals³:

- Reinforce their commitment to the delivery of savings through the FSR in order to ensure that public sector expenditure is controlled and waste and inefficiency reduced;
- Accept that difficult political decisions lie ahead in advance of the realisation of the benefits;
- Acknowledge the need for a fundamental shift towards more corporate working which will facilitate the delivery of the majority of the potential savings identified by the FSR;
- Accept that investment is vital in key areas to unlock the savings potential and provide a platform for sustainable delivery of savings;
- Accept the necessary diversion of staff resources away from routine work in order to deliver change;
- Acknowledge the risk that not all of the proposals will deliver the anticipated change or savings;
- Recognise the need to prioritise and resource long term corporate initiatives over short term Departmental issues’; and
- Agree to commit to delivering this vision and underpinning decisions through the ratification of this Report.

³ Billet D’État XXV 2009, page 2249.

Following the debate on the 2013 Policy Council Annual Report on the Financial Transformation Programme (Billet D'État I 2013) the Assembly re-committed to these original principles and accepted three new principles detailed below⁴:

- Acknowledge that a large and complex programme such as the Financial Transformation Programme is constantly evolving such that opportunities originally identified may no longer be feasible while new opportunities may arise;
- Recognise that the Financial Transformation Programme is part of a transformational journey for the States and plans for delivery should be incorporated into Departmental transformation programmes; and
- Recognise that changing the way the States thinks and acts is a continuous process that will not end with the completion of the Financial Transformation Programme.

3. Review of the period November 2013 - December 2014

The last annual report covered the period up to the end of October 2013, by which time the Financial Transformation Programme had saved £20.1m, or 65% of the overall target of £31m. In order to simplify the detail contained in this report, the savings achieved in the final two months of 2013 have been reported separately and 2014 will be reviewed as a full calendar year.

2013 Final Position

In the final two months of 2013 the Financial Transformation Programme total increased by £3.5m bringing the total for the year to £13m, and increasing the overall programme total to £23.6m, just over 75% of the overall target. The final Departmental totals for 2013 are shown in the table below:

Table 1 - 2013 Final Savings Total

Department	2013 Savings (£000s)
C&E	435,053
C&L	659,700
Education	2,758,708
Environment	255,558
HSSD	3,256,836
Home	1,137,420
Housing	210,530
Law Officers	51,500

(continued below)

⁴ Billet D'État I 2013 page 39, paragraph 3.17

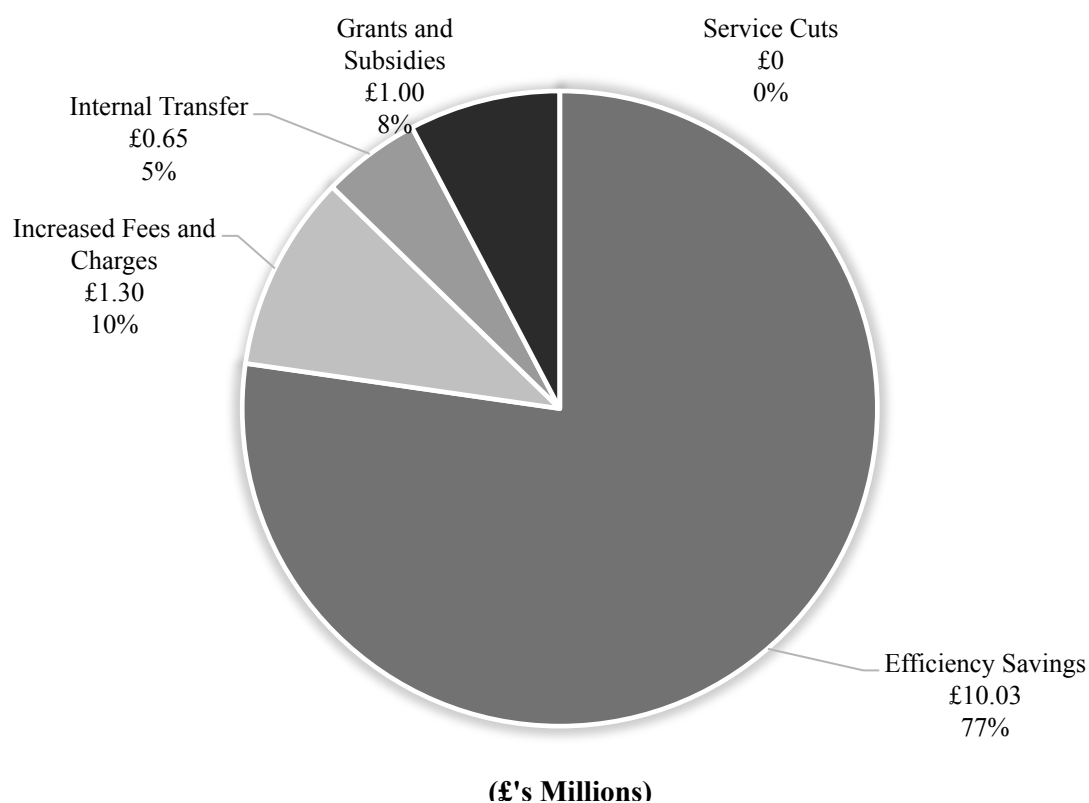
Policy Council	608,600
PSD	705,150
Royal Courts	72,702
SSD	609,829
T&R	1,798,059
Vacancy Factor	1,646,000
Net Off for Retained Costs	(1,219,070)
Total	12,986,575

Resolution 2A(a) from item 8 of Billet D'État I of 2013 requires that all savings are categorised into one of the following categories for presentation in the annual report:

- Efficiency Savings;
- Service Cuts;
- Increased Fees and Charges;
- Transferring costs to non-government bodies through the reduction in grants or subsidies;
- Internal Financial transfer.

Figure 1 below shows the final distribution of the savings secured during 2013 across these categories.

Figure 1 Savings by category 2013 final position.



As in previous years the majority of these recurring savings, some £10.03m or 77%, have resulted from 189 initiatives that enabled the sustainable reduction of budgets without adversely impacting service standards and are classified as “Efficiency Savings”.

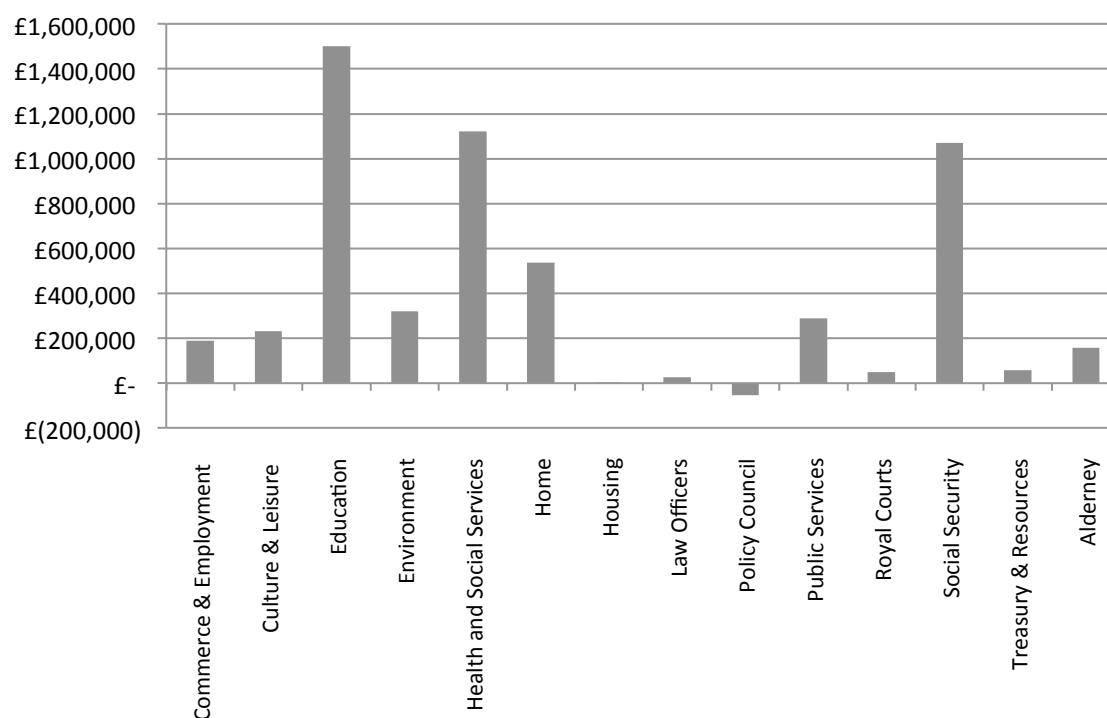
Of the remaining £3m of savings signed off during 2013 £1.3m came from sixteen projects in which fees or charges were adjusted and £1m came from eight projects which resulted in a reduction in grant or subsidy payments. Increased fees and charges have formed part of the majority of department’s portfolios in 2013, with the exception of Social Security, Education and Policy Council. Commerce and Employment and Education have all reduced the cost of grant and subsidy payments during 2014.

One instance of a saving to General Revenue, that for the purposes of this report is categorised as an internal financial transfer, occurred during the final 2 months of 2013. A reduction in General Revenue expenditure of £650k per year was achieved by ensuring the cost of Visiting Consultants, previously paid for from the HSSD general revenue budget, was more appropriately charged to the Guernsey Heath Service Fund. Whilst this saving in General Revenue expenditure has been included in the overall Programme total, the Policy Council wishes to confirm no reward fee was paid to Capita in respect of this initiative.

None of the savings signed off during 2013 have been categorised as “Service Cuts” as none resulted in a reduction in the range of services provided by the States. However, the Policy Council also acknowledges that the categorisation of projects is, to some degree, subjective.

2014 Performance

During 2014, £5.1m of annually recurring savings were secured from some 120 initiatives. The split of these savings across States Departments and Functions is shown in figure 2 below.

Figure 2 - 2014 Savings by Department

A number of cross cutting initiatives have delivered sustainable, annually recurring savings for Departments during 2014. The Voluntary Severance scheme, which operated at the end of 2013, released £1.62m of recurring savings which were removed from 2014 budgets. The first phase of the Managed Print Service roll out, that has been led by the Corporate Procurement Services team, has delivered £73k of annually recurring savings. A number of departments are in the process of having the new printing equipment installed and so these savings will increase in 2015. The first phase of the Strategic Asset Management Programme also delivered £50k of savings, by reducing the number of properties leased by the Home Department.

A full list of the savings signed off by each Department, in each year of the programme including 2014, can be found in Annex 1.

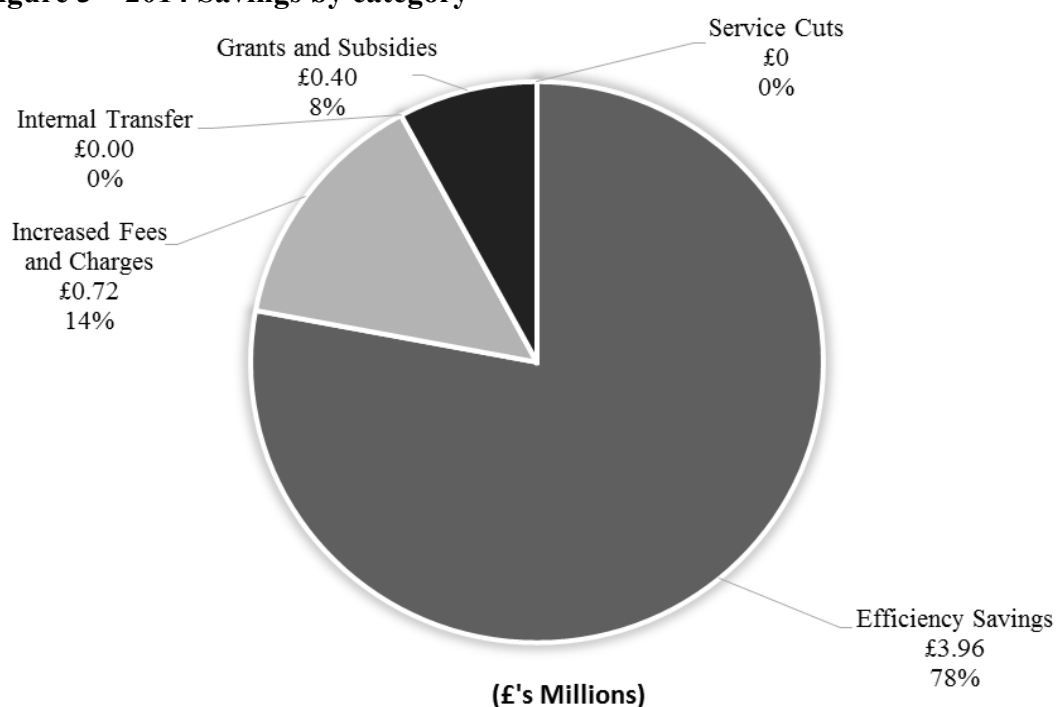
As with previous years, all States Departments and Functions had a clearly defined savings target for 2014. Performance against these targets is illustrated in Table 2 below.

Table 2 - Departmental performance against 2014 targets

Department	2014 FTP Target (£)	2014 FTP Savings (£)	Variance (£)
Commerce and Employment	163,647	188,227	24,580
Culture and Leisure	221,650	230,784	9,134
Education	2,162,890	1,501,321	(661,569)
Environment	55,942	320,000	264,058
Health and Social Care	4,693,764	1,120,904	(3,572,860)
Home	849,230	536,062	(313,168)
Housing	1,870	1,870	0
Law Officers	20,000	25,625	5,625
Policy Council	65,000	(54,528)	(119,528)
Public Services	314,350	324,000	9,650
Royal Courts	(24,702)	48,332	73,034
Social Security	923,368	1,071,258	147,890
Treasury and Resources	133,041	57,000	(76,041)
Alderney	0	157,699	157,699

Figure 3 below shows the distribution of these savings across the prescribed categories;

- Efficiency Savings;
- Service Cuts;
- Increased Fees and Charges;
- Transferring costs to non-government bodies through the reduction in grants or subsidies;
- Internal Financial transfer.

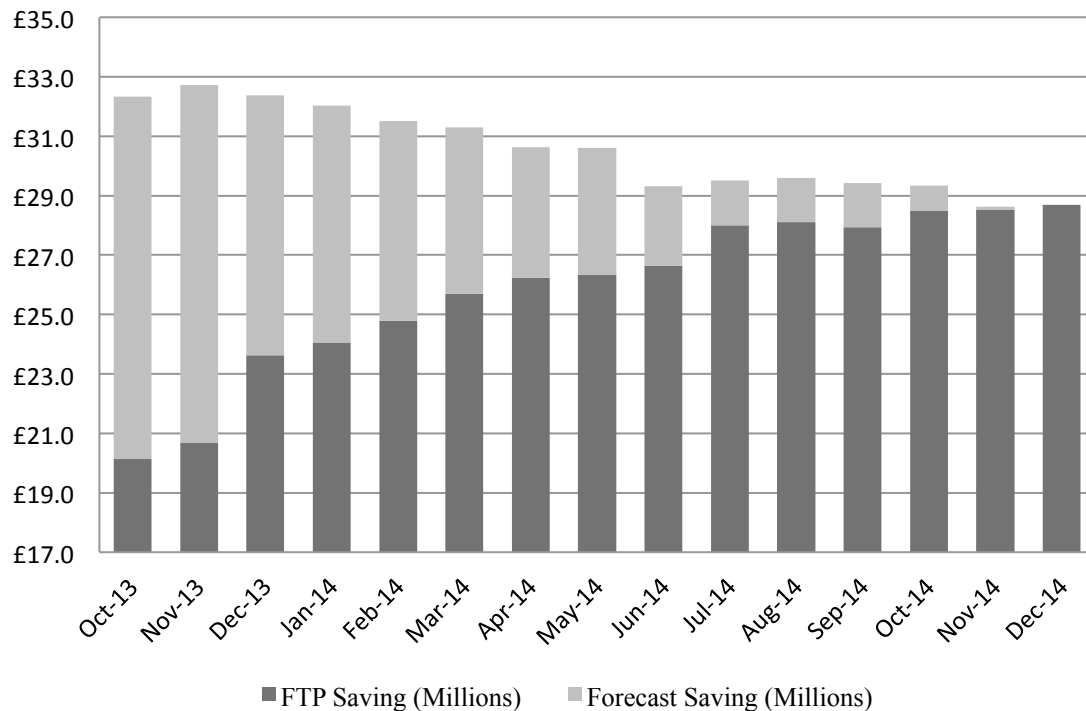
Figure 3 – 2014 Savings by category

As in previous reports the majority of these recurring savings, some £3.96m or 78%, have resulted from initiatives that have enabled the sustainable reduction of budgets without adversely impacting service standards and are classified as “Efficiency Savings”. Of the remaining £1.12m of savings signed off during this final period of the programme £720k has come from seventeen projects in which fees or charges were adjusted and £403k came from five projects which resulted in a reduction in grant or subsidy payments. Increased fees and charges have formed part of the majority of department’s portfolios in 2014, with the exception of Education and Policy Council. Commerce and Employment, HSSD and Education have all reduced the cost of grant and subsidy payments during 2014.

Once again, none of the savings signed off during the final 12 months of the programme have been categorised as “Service Cuts” as none resulted in a reduction in the range of services provided by the States. However, as previously stated the Policy Council acknowledges that the categorisation of projects is, to some degree, subjective.

As shown in Figure 4 below, the overall forecast value of the programme in November 2013 was £32.7m after which it fell steadily with an overall net reduction in value of c£4.1m over the final 13 months of the programme. The actual value of benefits lost to the Programme is closer to £4.5m but is masked by the addition of savings that were not forecast, such as Voluntary Severance savings in Alderney (c£158k), staff reorganisation at the Royal Court (c£48k) and additional savings from the Social Security Departments Progress to Work project (c£283k).

Figure 4 - Reduction in forecast benefit since the last report



These “lost” benefits will be considered in Section 7 of this report, but it is important to note that in many cases it is not that these benefits are unavailable or that they cannot be released, but that they could not be signed off before the end of 2014 and therefore could not count towards the Financial Transformation Programme total.

4. Overall Programme Performance (2009 – 2014) – Financial Benefits

The core objective of the programme, and its primary measure of success, is that *baseline budgets* are reduced by at least £31.1m per year.

In order to qualify for inclusion in the Financial Transformation Programme, a saving had to satisfy the following criteria:

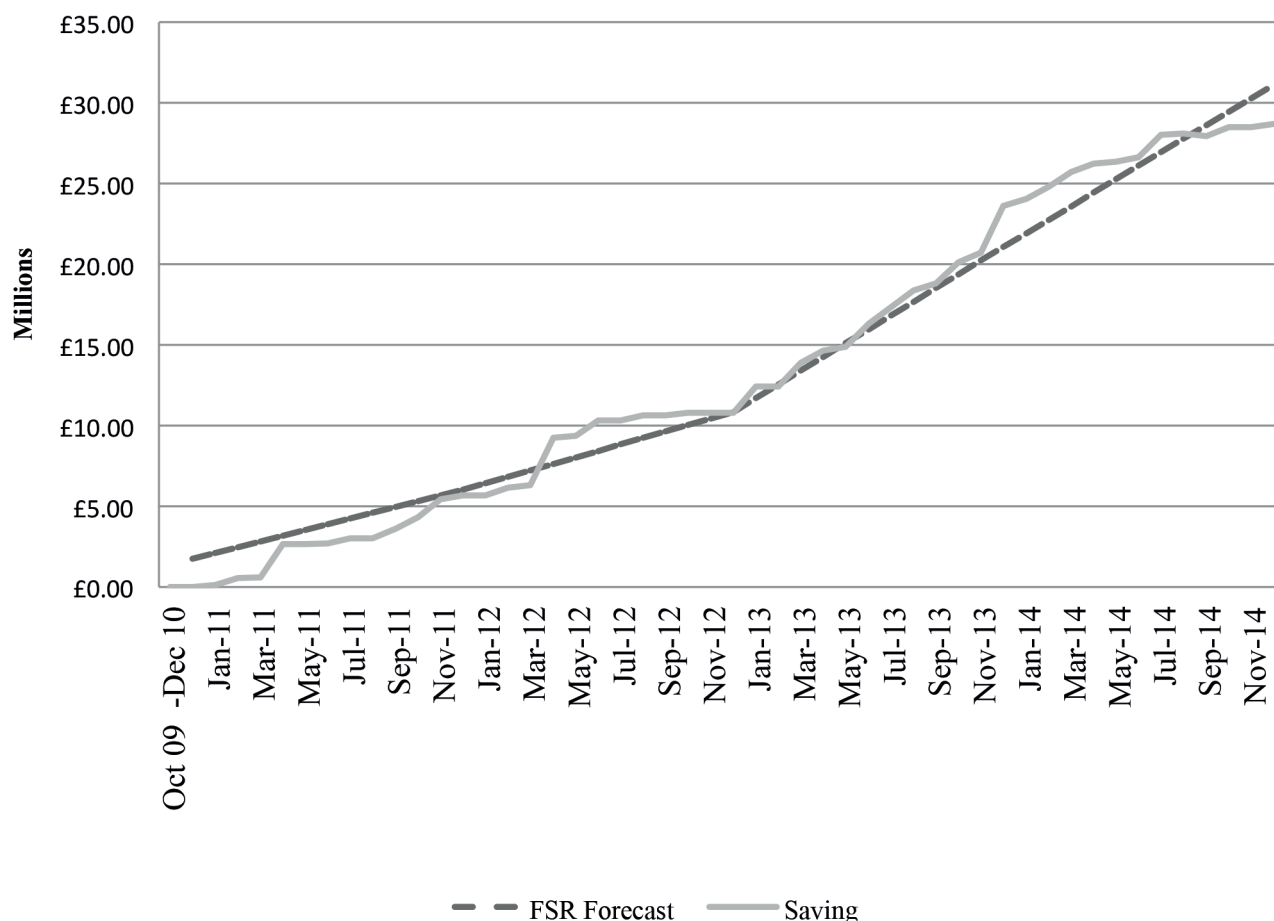
- It must enable a reduction in a general revenue budget;
- It must be an annually recurring benefit, not a one off saving;
- It must be calculated net of any associated ongoing costs.

If any of these criteria are not satisfied, then savings have not contributed to the Financial Transformation Programme total.

These rules have been applied for the duration of the programme to ensure a consistent approach has been taken with all departments and across all projects and programmes.

Figure 5 below shows the programme progress from inception through to closure against the original forecast contained in the Fundamental Spending Review (FSR) Phase 2 Report.

This shows that after slow initial progress the programme has performed roughly in line with expectation until late 2014, when the savings forecast fell below £31m.

Figure 5 - Programme Savings: Actual versus 2009 FSR Forecast

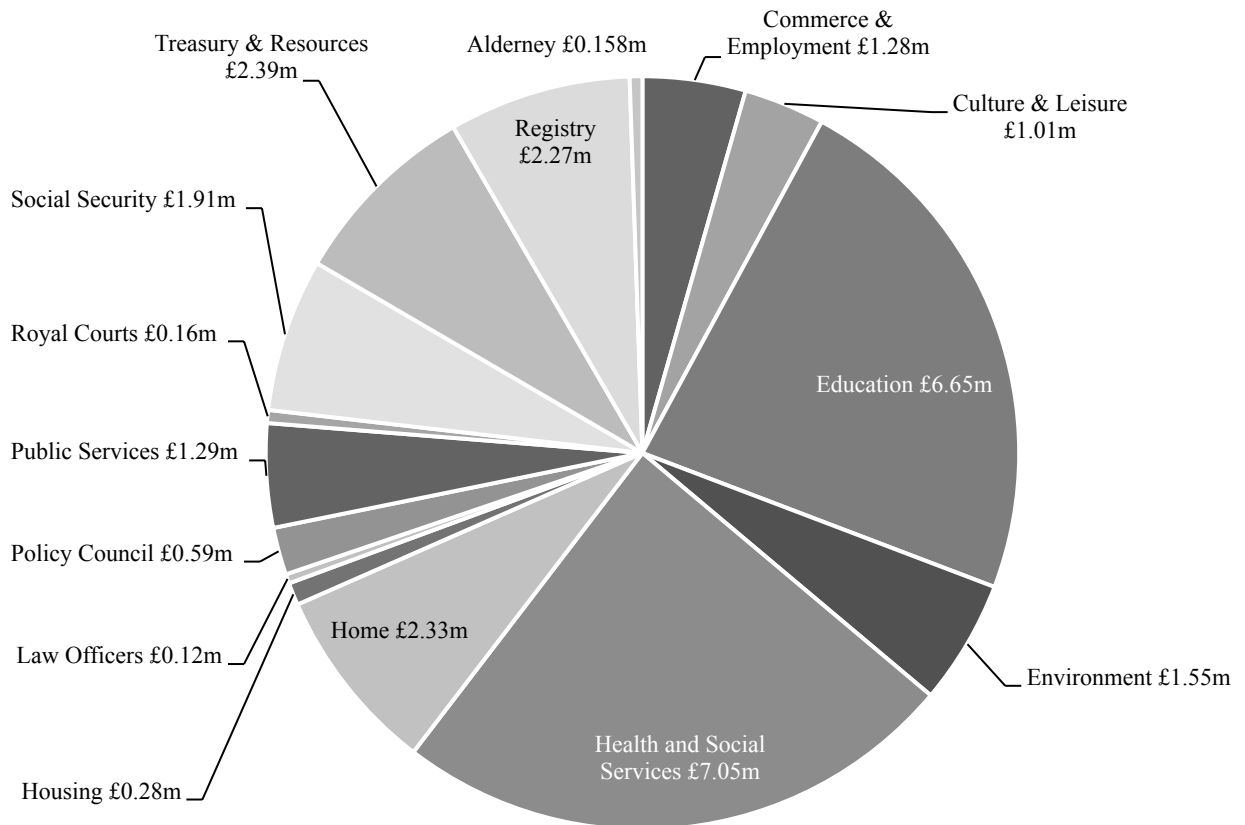
At the end of 2014 **£28.7m** of annually recurring savings have been locked into Departmental Budgets as a direct result of initiatives included in the Financial Transformation Programme.

Whilst it is acknowledged this is **£2.4m** short of the Programme's £31.1m target, this is still a significant achievement.

In addition to the savings signed off by the end of 2014, there remains a considerable value of residual benefits that can still be delivered after the closure of the programme, which could serve to close this gap and even exceed the original target. This will be dealt with in Section 7 of the report.

The distribution of the overall programme benefits across States Departments is shown in Figure 6 below.

Figure 6 - Programme savings to date by Department (which for this purpose includes the Royal Court, Law Officers and Alderney)



A review of the programme in spring 2011 highlighted the lack of empowerment that the original structure gave to Chief Officers to deliver efficiencies within their departments. It was also felt that the structure denied departments control over projects that directly impacted upon them. To rectify this, the governance of the programme was changed to give Chief Officers more ownership and flexibility to deliver projects that they felt were of value and the best use of their available resources. As part of the change in governance structure, and in line with the original recommendations contained in the Tribal report, departments were set savings targets for 2012 – 2014. These targets were set in line with the Department's overall target share of the Financial Transformation Programme financial benefits. These were calculated using the original 107 projects and their projected impact, had they been delivered.

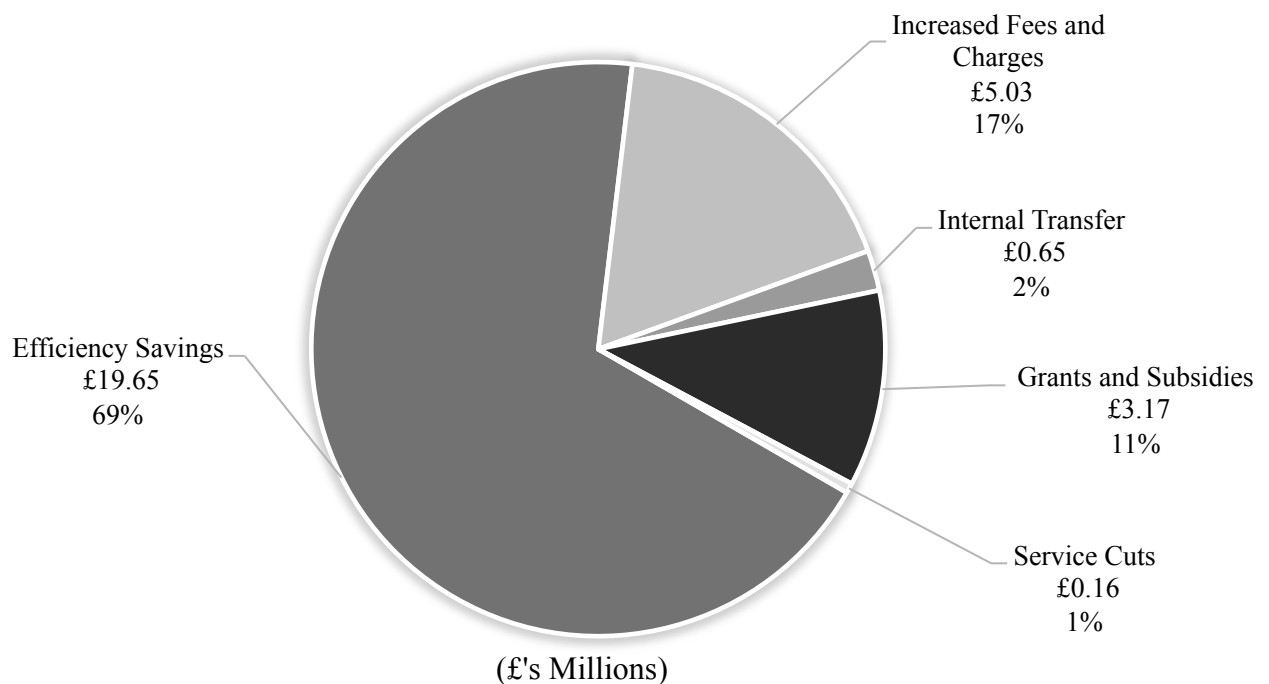
The table below shows the details of Department's Financial Transformation Programme targets and their performance against them over the past three years.

Table 3 - Departmental performance against targets⁵

Department	2009 - 2011 Savings (£)	12-14 Target (£)	2012 - 2014 Department Savings (£)	2012 - 2014 Cross Cutting Savings	12 - 14 Total Savings (£)	Variance to target (£)	Total Savings 2009 - 2014 (£)
C&E	8,800	1,251,200	1,103,836	171,944	1,275,780	24,580	1,284,580
C&L	62,250	937,750	771,584	175,300	946,884	9,134	1,009,134
Edu	191,000	7,119,000	5,645,949	811,482	6,457,431	(661,569)	6,648,431
Environment	678,300	607,700	726,200	145,558	871,758	264,058	1,550,058
HSSD	1,288,400	9,335,600	4,699,920	1,062,820	5,762,740	(3,572,860)	7,051,140
Home	33,350	2,606,650	1,579,312	714,170	2,293,482	(313,168)	2,326,832
Housing	7,600	272,400	270,530	1,870	272,400	-	280,000
Law Officers	9,500	101,500	107,125	-	107,125	5,625	116,625
Policy Council	1,400	708,600	446,426	142,646	589,072	(119,528)	590,472
PSD	28,500	1,291,500	1,212,000	89,150	1,301,150	9,650	1,329,650
Royal Courts	31,000	58,000	103,520	27,514	131,034	73,034	162,034
SSD	41,700	1,720,197	1,844,890	23,197	1,868,087	147,890	1,909,787
T&R	298,000	2,167,100	1,432,100	658,959	2,091,059	(76,041)	2,389,059
Alderney	-	-	157,699	-	157,699	157,699	157,699
Registry	2,274,000	-	-	-	-	-	2,274,000
Departmental Totals	4,953,800	28,177,197	19,943,392	4,024,610	24,125,701	(4,051,496)	29,079,501
Vacancy Factor	-	-		1,646,000	1,646,000	-	1,646,000
Net off for retained costs	-	-		(1,998,380)	(1,998,380)	-	(1,998,380)
FTP Saving Total	4,953,800	28,177,197	19,943,392	3,672,230	23,773,321	(4,051,496)	28,727,121

The distribution of these savings across the prescribed categories is shown in figure 7 below.

⁵ The 2014 savings values included in the table are subject to the completion of the year end audit and closure of the 2014 accounts.

Figure 7: FTP whole programme savings by category

A breakdown of the savings attributed to each of the prescribed categories by individual Departments, over the whole Programme is provided at Annex 2.

In the FSR Phase 2 report there was an expectation that the programme, in addition to enabling the **£31.1m** by the end of 2014, would deliver cumulative savings of **£70m**. The cumulative value of the savings signed off by the Programme is in excess of **£55m**. This shortfall against the expected level of cumulative savings is due in part to the current underachievement against the recurring savings target, but is primarily due to the slow start to the Programme which saw benefits well below forecast for the first 2 ½ years.

The Programme's activities have also resulted in significant additional financial benefits that could not be counted towards the Financial Transformation Programme total as savings were either not from a General Revenue budget or were not annually recurring. For example, projects initiated as part of the Social Security Department's contribution to the Financial Transformation Programme have resulted in an annually recurring reduction in expenditure from the Social Insurance Funds managed estimated at **£750k** per year.

At a lower level the re-negotiation or re-tendering of contracts as part of the Programme's procurement workstream has enabled savings in a number of areas, including the purchase of IT equipment and the cost of travel, that could not be counted towards the Programme total as they related to one off purchases, or were funded from non-General Revenue budgets. The trading bodies have also benefited from the work

undertaken by the Programme's Procurement, workstream either through an increase in their share of the expenditure by other States departments on areas such as vehicle maintenance, or from a reduction in the cost of goods and services that they are able to secure through States contracts. Again, any benefits realised by the trading bodies have not directly benefited the Financial Transformation Programme as they will impact on the trading accounts, not General Revenue.

Finally, a number of Financial Transformation Programme initiatives resulted in "cost avoidance" benefits for States Departments. As an example, the "cross-cutting" project to consolidate States web-sites identified the serious security threat that existed at the time, posed by a lack of "penetration testing" on many of the individual States websites. The saving on the cost of penetration testing for the consolidated website, compared to introducing testing across the multiple sites that existed previously, was estimated at £30k. However, where no testing had been taking place, no budget had been allocated and therefore there was no budget against which to offset any savings. In instances such as this, whilst Departments received the benefit of cost avoidance, no saving was attributed to the Financial Transformation Programme, as no General Revenue budget was reduced.

5. Programme Performance – Non-Financial Benefits

Whilst from the outset the primary objective of the Financial Transformation Programme was to achieve cashable savings resulting in baseline budget reductions, the programme has also delivered a range of softer benefits, associated with its other objectives, namely:

- Ensuring service standards are appropriate;
- Establishing a value for money baseline, and;
- Embedding a cycle of business planning and performance review.

These non-financial benefits include:

- Increasing the focus on evidence based decision making in departments, using tools such as business cases and multi-criteria analysis, combined with an improved culture of cost consciousness, to ensure that tax-payers' money is spent more efficiently;
- Demonstrating the art of the possible; there are several examples of successfully delivering projects that most had said would never be approved and/or achieved such as the reduction in college subsidies, the rationalisation of Primary Schools and the creation of the Hub;
- An increase in cross departmental working to deliver projects. This is best demonstrated within the SAP/STSC, SAMP and Procurement projects, which have drawn staff from across the States to help both define and deliver the project outcomes;

- Senior Officers from across the States taking corporate roles to deliver programmes outside their respective departments with Chief Officers holding leadership roles in all the “cross-cutting” initiatives;
- The development, introduction and refinement of the first truly States wide integrated approach to programme and project management, including the associated toolkits, governance and reporting arrangements;
- Improving the management and delivery of programmes and projects across the States by providing significant training in all aspects of project, programme and benefits management. Over 120 staff have received training specific to the project or programme roles that they were undertaking or due to fulfil;
- The introduction of alternative methods for identifying and delivering change projects in the HSSD Corporate Services where the Catering Team have, in conjunction with Housekeeping, Dieticians and the Nursing Staff, devised, designed and delivered a new healthy patient menu initiative that has reduced waste, improved stock control and increased the availability of food items on the wards.

6. The Fundamental Spending Review Fund

The Fundamental Spending Review Fund (FSRF) was established with a transfer of £10million from the General Revenue cash pool to be used solely in connection with the delivery of opportunities associated with the Financial Transformation Programme. In addition the balance and outstanding commitments of the Restructuring and Reorganisation fund were transferred into the FSRF.

Payments from the Fund include capital funding for projects such as the SAP/STSC initiative and the revenue costs associated with the contract with Capita, the States own programme team and any one off project costs. The total value of fees paid to Consultants (Tribal/Capita) in connection with the Programme between November 2009 and December 2014 is £5.5m. This is comprised of £2.5m fees for programme support, £1.8m of reward fees (6.5% of £28.7m) and £1.65m in expenses.

All net revenue benefits arising from the Programme were credited to the Fund. Annual transfers were made from the Fund to General Revenue which, prior to 2013, were used solely to fund States Strategic Plan approved projects. The balance of the net revenue benefits arising from the Programme remained in the Fund, along with the original £10million, to fund the five year programme and project delivery costs.

Fundamental Spending Review Fund: 2009 to 2014

	£000's	£000's
Income		
Transfer from General Revenue	10,000	
Transfer from Restructuring and Reorganisation Fund	1,999	
		11,999
Net revenue benefits		53,752
		65,751
Expenditure		
Programme Delivery Costs	(6,580)	
Capital Expenditure	(7,039)	
Reward Fees	(1,813)	
Restructuring and Reorganisation Fund projects	(1,169)	
		(16,601)
		49,150
Transfers to General Revenue – Repayment of initial transfer, States Strategic Plan Projects and Deficit Reduction		(48,333)
Balance at 31/12/14 transferred to the Transformation and Transition Fund		817

For 2013 and 2014, the total net revenue benefits before any programme and project delivery costs were transferred to General Revenue in order to fund States Strategic Plan approved projects, repay the £10million transfer and reduce the deficit (i.e. reduce the draw-down from the Contingency Reserve). Therefore, the £10million transferred to the Fundamental Spending Review Fund from General Revenue was repaid in full during 2013 and 2014.

As approved as part of the 2015 Budget Report, the Fundamental Spending Review Fund was cleared with effect from the 31st December 2014 with the balance and any outstanding commitments transferred to the Transformation and Transition Fund.

7. Management and monitoring of Residual Benefits and shortfalls

The Financial Transformation Programme was designed with a “hard stop” closure at the end of 2014. Throughout its 5 year life span and particularly in its final 18 months, a number of initiatives were removed from the Programme because whilst the benefits were available, they could not be delivered before this deadline.

These projects, and their forecast values, have been captured as part of the programme closure process and form the basis for the residual value of the Financial Transformation Programme. These “residual” initiatives and responsibility for the release of the benefits associated with them is being handed over to departments or service areas for delivery in 2015 and beyond.

The table below captures the significant projects removed from the Financial Transformation Programme forecast during the final 18 months because the benefits could not be released before the end of the Programme:

Table 4 - Residual Benefits

Department/ Programme	Project	Value (£000s)
Education	Secondary Transformation - Phase 2	350
Education	College of Further Education Restructure	300
Education	College of Further Education Property Rationalisation	210
Education	Education Department Review	80
Home	Joint Emergency Services Control Room	50
Law Officers	Website Project	10
SSD	GP Medical Orders	160
Procurement	Facilities Management	350
Procurement	IT Procurement	100
Procurement	Managed Print Service	100
Procurement	Professional Services Procurement	300
Property	Strategic Asset Management	850
Support Services	Sickness Absence	150
Support Services	Hub Charging	150
Total		3,160

In addition to those benefits listed above, Property (**£1.25m**) and Procurement (**£1.5m**) benefits were removed from the portfolio during the first half of 2013; as by this point it was already felt the associated benefits could be delivered within the programme timeframes.

The combined total of Residual Benefits that are available to the States of Guernsey is therefore currently estimated at **£5.9m**.

The introduction of Departmental savings targets (in line with the original recommendations from the Fundamental Spending Review Phase 2 Report⁶) was approved by the States as part of the 2012 Budget.

These targets were set in line with the Department's overall target share of the Financial Transformation Programme's financial benefits and removed from budgets at the beginning of 2012 in the first instance.

Further targets were included and approved as part of the 2013 & 2014 Budget Reports, with Departments asked to submit and deliver sustainable projects yielding recurring savings to contribute towards the overall FTP target.

Importantly, these targets acted as a means of reducing the drawdown from the Contingency Reserve – Tax Strategy by requiring Departments to deliver net expenditure within their reduced budget in year even if that meant making one off savings while sustainable projects were being developed or implemented.

With the programme complete, there are a number of departments who have been unable to meet the targets allocated to them through this process and are left with a shortfall. The departments, the shortfall and the actions they are already taking to reduce them, are set out below.

The 2015 Budget, approved by the States in October 2014, acknowledged that these shortfalls were anticipated and set out measures to mitigate their impact on Departmental cash limits and allow Departments to deliver these outstanding savings over future years.

The breakdown of these shortfalls across individual Departments, and the future savings profiles built into each Department's cash limit, is shown in Table 5 below.

⁶ Tribal Consulting Ltd, Unbeatable Services, Efficiently Delivered – Fundamental Spending Review Phase 2 Report, July 2009.

Table 5 - Departmental shortfalls against FTP targets and future delivery profiles

	Current	2015	2016	2017
Education				
Short Fall	£ 661,569			
In year savings profile		£ 261,569	£ 661,569	£ 661,569
Temporary cash limit uplift to allow for benefit delivery timings		£ 400,000		
Health & Social Services				
Shortfall	£ 3,572,860			
Savings		£ 322,860	£ 1,072,860	£ 2,572,860
Temporary cash limit uplift to allow for benefit delivery timings		£ 3,250,000	£ 2,500,000	£ 1,000,000
Home				
Shortfall	£ 313,168		£ -	£ -
Savings		£ 113,168	£ 313,168	£ 313,168
Temporary cash limit uplift to allow for benefit delivery timings		£ 200,000	£ -	£ -
Treasury & Resources				
Shortfall	£ 76,041	£ -	£ -	£ -
Savings		£ 76,041	£ 76,041	£ 76,041
Temporary cash limit uplift to allow for benefit delivery timings		£ -	£ -	£ -
Policy Council				
Shortfall	£ 119,528	£ -	£ -	£ -
Savings		£ 119,528	£ 119,528	£ 119,528
Temporary cash limit uplift to allow for benefit delivery timings		£ -	£ -	£ -

The Health and Social Services Department achieved £7m of annually recurring savings under the Programme, with £5.7m of the total being delivered in the final 3 years. This means the Department finished 2014 with a **£3.6m** shortfall against its target. The Health and Social Services Department and the Treasury and Resources Department are working closely together on a number of initiatives including a benchmarking exercise to test the appropriateness of current levels of funding. Both Departments are committed to the development of an HSSD led programme capable of delivering the outstanding savings through improved efficiency over the next 3 years.

The Education Department achieved £6.7m of Programme savings with £6.5m signed off in the final three years. As a result the Department ended the programme with a shortfall against its target of **£660k**. The department already has a plan in place to deliver the savings that make up this gap with live projects capable of delivering annually recurring benefits estimated by the Department at **£940k**. The sources and estimated timings for these savings are set out in Table 6 below.

Table 6 - Education post 2014 savings plan

Project	Savings Source	Annually Recurring Savings Forecast	By When
Secondary Transformation	Further development of the Federation and collaborative organisational structure.	£350k	Q3 2016
Education Department Review	Move from La Couperderie to alternative location(s)	£80k	Q3 2016
College of FE - Organisational Restructure	Phase 2 of organisational structure implementation, including impact on structure, following rationalisation from 3 sites to 2	£300k	Q3 2016
College of FE - Property Rationalisation	Maintenance costs reduction, following rationalisation of buildings	£210k	Q3 2017

The Home Department secured £2.3m of Programme savings, but was unable to meet its target due to the removal of a large initiative in the latter stages of the programme. This left insufficient time to find replacement projects within the lifetime of the programme. The department shortfall is c£313k and the department is now attempting to develop plans to close this gap.

Treasury and Resources has a shortfall against its £2.16m target of c£76k. The department has well developed plans in place to deliver initiatives to close this gap and will have addressed its shortfall by the end of 2015.

Policy Council has a shortfall of c£120k in order to meet its Financial Transformation Programme target. This target is acknowledged and Policy Council is continuing to review how it will meet this obligation.

The Treasury and Resources Department now considers it is essential that support is provided to ensure the successful delivery of these outstanding benefits. There is a requirement for Departments and the “cross-cutting” workstreams to be assisted in executing their plans for delivery of the remaining projects in a timely manner. It is also critical that delivery of benefits continues to be monitored and reported. This reporting and monitoring will be undertaken as part of the normal system of budget reporting between the departments and Treasury and Resources.

8. Financial Transformation Programmes Lessons Learned

Programme Initiation

The Financial Transformation Programme was initiated against the back drop of a deficit budget, overwhelming public pressure for financial restraint and the wide ranging opportunities for efficiency improvement and cost reduction highlighted by the Treasury and Resources Departments 2009 Fundamental Spending Review. There are a number of key learning points that come from this early period of the programme and these are set out below.

Firstly, the case for change made at the time, focused on the numbers; the impact of ‘Zero – 10’, the deficit position, the need to control costs, etc. Whilst all of this was broadly accepted and recognised in reality, at a Departmental and Service Area level, many individuals had a strongly held belief that the services and functions for which they were responsible were already very efficient. As a result, the perception within the States tended to be that the Programme was necessary in other Departments or service areas but “not in my bit”. The case for change as presented, did not acknowledge this paradigm. As a result it did not engage and motivate people at a personal level and therefore failed to create the shared sense of urgency within the States required to build momentum behind the programme.

This lack of a sense of urgency was compounded by a lack of clear political leadership at the start of the programme and a failure to engage effectively with senior Civil Servants across the States and empower them to identify and deliver the necessary changes for themselves. For many, the pursuit of 107 opportunities collated by external consultants and led by the newly formed Transformation Executive felt both imposed and disenfranchising. The revised programme structure and approach, introduced in November 2011, was specifically designed to address this and, combined with renewed Political ownership and strengthened Political leadership, was in many ways successful. However, there can be no doubt that the failure to effectively engage, energise and empower senior Civil Servants in Departments is a significant factor in the slow start to the programme and ultimately in the shortfall against the £31m target by the end of 2014.

Secondly, whilst the “rules” relating to the eligibility of savings for inclusion in the FTP total and for calculating their value were clearly understood by those involved in programme initiation, they were not effectively communicated to the States. Initially the impact of this was masked by the original approach and the focus on 107 “pre-approved” projects. However, with the introduction of the revised approach in 2011, this mitigation was reduced and the potential for confusion around the “rules” increased. In the vast majority of cases the value and eligibility of savings was clear cut, but in a small number of cases, most significantly perhaps in the case of the eligibility of the savings claimed by HSSD from the Visiting Consultants project, this lack of clarity became a significant issue.

It is therefore recognised that to increase their potential for success, future organisational change programmes should:

- Provide clarity about the outcomes the programme will achieve, articulate how the changed organisation will be better for different groups than the current one and use this knowledge to create and communicate a compelling vision for the future with which staff can connect and commit to emotionally as well as intellectually;
- Ensure early involvement with senior Civil Servants across the States to develop a “coalition of the willing” that is engaged with the change initiative, energised by the desired outcomes and the approach to their delivery and empowered to take the necessary steps to deliver them;
- Ensure the “rules” associated with the eligibility and calculation of programme benefits are clearly defined at the outset of any future change initiative and effectively communicated to the organisation throughout the programme’s life time.

Programme Delivery

The Financial Transformation Programme was the first truly pan-organisational change programme initiated by the States. At the time of its inception, the infrastructure, systems and processes for such a Programme did not exist within the States and had to be established quickly and rolled out rapidly. As a result, the project and programme environment initially created was largely based on the standard models and templates associated with successful public sector programmes and projects in the UK.

In reality, many of these “vanilla” imports, particularly around project and programme governance proved to be a poor fit with the structure, culture and “business as usual” operating models of the Public Service. As a result, the initial programme environment was considered too bureaucratic and cumbersome by many and was seen to hinder, rather than help, progress in achieving goals.

Programme and project management methodologies, governance, tools and templates have been continuously adapted and developed throughout the Programme’s 5 year existence. Significant progress has been made in streamlining processes and procedures and increasing synergies with “Business as Usual” operations and reporting that have materially improved the programme and project management environment. However, the initial disconnect between the programme environment and the “business as usual” environment of the organisation was a source of significant friction and undoubtedly a contributing factor to the slow start to the programme.

Another key learning point relating to Programme and Project Management is the need to ensure that the organisation’s internal capability to effectively identify, develop and deliver change projects and programmes continues to be developed and maintained. In the early years of the programme these skills were provided primarily by the consultants contracted to support its delivery. As planned, by the end of 2012 a programme of training and knowledge transfer delivered by the consultants meant that the Programme

Office and the majority of programme and project management roles were being staffed by States of Guernsey staff. This arrangement worked well with the consultants' support more focused on capabilities such as benefits management, business analysis, business process mapping and service re-design as well as the provision of subject matter expertise for a number of projects.

Given the level of residual benefits available from the Programme and the clear requirement for continuing efforts to seek improvements in the efficiency and value for money of public services, the demand for the skills previously provided by the consultants through the Financial Transformation Programme contract remains. Whilst a requirement for some form of support to deliver future change and transformation programmes and projects is almost inevitable there is an opportunity to mitigate future dependence on external consultants, and the associated costs, by continuing to develop and maintain the internal capability to successfully identify, design and deliver both incremental change and future transformational projects and programmes.

Throughout the 5 years of the Programme, the lack of consistency in management information and weaknesses in financial management and budgeting practice within Departments frequently made benefits identification, quantification and realisation extremely difficult. As a result, the ability to effectively prioritise projects and allocate scarce resources to those that offered the greatest benefit was severely debilitated. Whilst improvements have been made in this area over the life of the programme, further progress in these areas will be essential for the effective identification, quantification and management of the benefits associated with any future change or transformational programmes.

A significant milestone for the programme was the introduction of Departmental targets for the first time in the 2012 States budget. The introduction of targets combined with the re-organisation of the programme had an immediate and positive impact on the rate of benefits sign off and was probably the single biggest factor in the acceleration of the programme over the final three years and ultimately to the final programme savings total of £28.6m. However, it is important to acknowledge that the introduction of Departmental targets may have also had unintended consequences in terms of the behaviour it encouraged.

The introduction of annual targets moved the emphasis away from the intended focus of "how do we ensure we are continuously improving our efficiency and the value for money of our services" to one of "how do we hit the target this year". This change of emphasis and the focus on meeting annual targets rather than pursuing opportunities with a longer development time undoubtedly contributed to some of the more transformational opportunities being lost to the programme at the expense of "tinkering around the edge" for quick wins.

The final issue of note, in terms of areas of learning from the Financial Transformation Programme, is the significant shortfall in benefits stemming from cross organisational working against the original forecasts contained in the Phase 2 FSR report. That report stated:

“The FSR has demonstrated that the States of Guernsey does not function as a single corporate entity. Policies set at the corporate centre are not uniformly or consistently applied across all departments, resulting in a number of distinct operational silos. As a consequence operational best practice is not captured or adopted by all departments, and economies of scale are forfeited. Additionally, in some instances, departmental actions in pursuit of local departmental gain run contrary to best practice.”⁷

The report went on to suggest that c70% of the opportunities identified in 2009 resulted, in one way or another, from the existence of these operational silos. Of particular concern at that time was the impact of this silo based culture on the ability to leverage benefits from areas that had become universally accepted as prime sources for efficiency savings and cost reduction in the both the public and private sector across the world. These included achieving greater value from procurement and commissioning, the rationalisation of property assets and the integration and sharing of support services.

The original estimates suggested c.50% of the Financial Transformation Programme benefits, some £15m of recurring savings, could be leveraged through improvements in these areas which became known collectively as the “cross cutting” savings. In reality, the total savings attributed to these areas fell well short of this forecast, with a maximum of **£3.1m** being attributed to these themes over the 5 years of the programme.

This shortfall has been mitigated to a large extent by the fact that the savings delivered through the completion of department specific projects, including reviews of fees and charges, proved to be significantly higher than predicted by the outcomes of the Fundamental Spending Review. Through the Financial Transformation Programme, the States has clearly demonstrated that at a Departmental level there is both the capability and the will to deliver truly transformational initiatives. Examples of this would include the rationalisation of primary schools and the creation of the Guernsey Federation of Schools by the Education Department, the Restructuring of Law Enforcement within the Home Department and the Progress to Work initiative within SSD.

At the same time, the States has repeatedly struggled to progress projects and to deliver benefits from any initiatives that required multiple departments to work collaboratively. Examples of this include the poor returns from the investments in cross departmental procurement and property initiatives and the difficulties encountered throughout the design and delivery of the SAP/STSC project that led to the creation of the Hub.

To some extent, the poor performance on these so called “cross cutting” projects can be seen as a culmination of all the issues cited in the preceding paragraphs. The lack of clear political leadership at the start of the programme, the lack of an engaging and clearly articulated “vision” for the transformed Public Service, the failure to sufficiently engage and energise senior officers from across the States to build support for the initiatives within Departments, the reliance on external support for the development of business cases, the lack of quality management information and analysis on which to

⁷ Tribal Consulting Ltd – Fundamental Spending Review Phase 2 Report, July 2009, page 8.

base benefit forecasts and the focus on short term departmental targets rather than longer term pan organisational projects, all ultimately contributed to the poor performance of these initiatives.

The potential savings from these “cross cutting” areas of property, procurement and support services make up £4.75m or some 80% of the residual benefits believed to be still available from projects commenced under the Financial Transformation Programme. However, without a renewed effort to breakdown the operational silos and create a “one organisation” mindset within the Public Service these benefits will undoubtedly remain beyond reach.

It is therefore recognised in order to increase the potential for success of any future organisational change or transformation programmes it would be beneficial to:

- Ensure that any best practice programme, project or portfolio methodologies imported for use by the States are sufficiently tailored to ensure they can be used effectively within the Public Service’s organisational culture and environment.
- Continue to develop and brigade the internal capability in key competencies such as programme and project management, change management, business analysis, business process re-engineering etc.
- Continue to promote the development of high quality management information and reporting in all areas of the public service in order to support the baselining of performance, the identification of potential opportunities for improvement and improve the accuracy of benefits forecasting.
- Develop the use of comparative measures and key performance indicators to drive continuous improvements in value for money and efficiency as an alternative to enforced budget reductions.
- Adopt a “one organisation” mindset, accepting the public service is a single complex entity, and seeking to ensure its combined value is greater than the sum of its individual parts.

9. Conclusions

The programme has delivered over £28.7m of recurring savings, a significant achievement, particularly given its relatively slow progress in the early years. Combined with the considerable scope to deliver the residual benefits, there is potential over achieve against the original financial expectations over the next 1 – 3 years. Delivering these benefits, however, will require the continued support of all States Members and strong leadership in the Public Service and politically to finally address the issue of operational silos.

The change exhibited over the past 5 years by the States as a whole, by departments and by individuals has been notable. It has resulted in the transformation of the way in which the States views its finances and an improved culture of cost consciousness across the Public Service. The Programme has been pivotal to enabling the States to achieve a balanced budget, a key objective for the States, and provides an excellent

foundation from which to build as we face the longer term challenge of ensuring the ongoing financial sustainability of public services.

10. Recommendations

The Policy Council recommends the States to:

- Note the Final Report on the States Financial Transformation Programme.

J P Le Tocq
Chief Minister

30th March 2015

AH Langlois
Deputy Chief Minister

Y Burford
P L Gillson
S J Ogier

R W Sillars
M G O'Hara
K A Stewart

P A Luxon
D B Jones
G A St Pier

Annex 1 – Individual Savings Initiatives by Department, by Year

Department	Projects Description	Saving Value (£)	Category of Saving
2009 - 2011 Projects			
Policy Council	Energy Efficiency	1,400	Efficiency Savings
Treasury and Resources	Public Conveniences	25,000	Efficiency Savings
Treasury and Resources	Public Conveniences	16,000	Service Cuts
Treasury and Resources	Public Conveniences	74,000	Grants and Subsidies
Treasury and Resources	Energy Efficiency	28,300	Efficiency Savings
Treasury and Resources	States Self Insurance Project	120,000	Efficiency Savings
Treasury and Resources	States Website project	34,700	Efficiency Savings
Commerce and Employment	Energy Efficiency	5,500	Efficiency savings
Commerce and Employment	States Website project	3,300	Efficiency savings
Culture and Leisure	Energy Efficiency	34,850	Efficiency Savings
Culture and Leisure	States Website project	400	Efficiency Savings
Culture and Leisure	Review of Beau Sejour	27,000	Efficiency Savings
Education	Energy Efficiency	127,000	Efficiency Savings
Education	College Grants	58,000	Grants and Subsidies
Education	States Website project	1,200	Efficiency Savings
Education	Procurement Savings	4,800	Efficiency Savings
Environment	Bus Fares Review	363,000	Increased Fees and Charges
Environment	Energy Efficiency	1,300	Efficiency Savings
Environment	Review of the Planning Team structure	64,000	Efficiency Savings
Environment	Bus Contract Review	250,000	Efficiency Savings
Health and Social Services	Off Island Complex Needs review	400,000	Efficiency Savings
Health and Social Services	Off Island Acute Needs Review	410,000	Efficiency Savings
Health and Social Services	Procurement Savings	303,500	Efficiency Savings
Health and Social Services	Energy Efficiency	170,000	Efficiency Savings
Health and Social Services	States Website project	4,900	Efficiency Savings
Home	Energy Efficiency	33,350	Efficiency Savings
Housing	Energy Efficiency	7,600	Efficiency Savings

Department	Projects Description	Saving Value (£)	Category of Saving
Public Services	Energy Efficiency	28,500	Efficiency Savings
Social Security	Energy Efficiency	1,700	Efficiency Savings
Social Security	Value for Money Project savings	40,000	Efficiency Savings
Royal Courts	Bar Fees Review	7,000	Increased Fees and Charges
Royal Courts	Royal Court Fees Review	24,000	Increased Fees and Charges
Law Officers	States Website project	9,500	Efficiency Savings
Registry	Company Registrations	2,274,000	Increased Fees and Charges
2012 Projects			
Policy Council	Reduce medical assistance	3,000	Efficiency Savings
Policy Council	Advertising	4,000	Efficiency Savings
Policy Council	Consultants - job evaluations etc.	4,000	Efficiency Savings
Policy Council	Fiscal Policy Panel	5,000	Efficiency Savings
Policy Council	Reduce Tax Tribunal Provision	3,000	Efficiency Savings
Policy Council	British & Irish Council Standing Secretariat	5,000	Efficiency Savings
Policy Council	US Advisory Monitoring	4,000	Efficiency Savings
Policy Council	EU Advisory Monitoring	4,500	Efficiency Savings
Policy Council	Hospitality to Visitors	2,500	Efficiency Savings
Treasury and Resources	States Self Insurance Project	165,000	Efficiency Savings
Treasury and Resources	IT - new contract saving	65,000	Efficiency Savings
Treasury and Resources	Rent Review	6,000	Increased Fees and charges
Commerce and Employment	Net budget reduction in Management and Administration budget (increase in training, reduction in software development)	2,200	Service Cuts
Commerce and Employment	Strategic Marketing Supplies and Services (net budget reductions in market research increase in industry awards budget)	13,500	Efficiency Savings
Commerce and Employment	Strategic Marketing Project 13 Passenger Survey budget reduction in contracted out work	6,000	Service Cuts
Commerce and Employment	Marketing Communications budget reductions in supplies and services (exhibitions, postage, promo material, brochures and web)	55,000	Service Cuts

Department	Projects Description	Saving Value (£)	Category of Saving
Commerce and Employment	Net budget increase in Trade and Media Relations	-89,500	Efficiency Savings
Commerce and Employment	Net budget decrease Grants and Support Schemes (Events Group Grant)	5,000	Grants and Subsidies
Commerce and Employment	Net budget increase for Agriculture and Rural Env Services Supplies and Services (software purchases)	-500	Efficiency Savings
Commerce and Employment	Net budget decrease for Client Services - exhibitions	1,000	Grants and Subsidies
Commerce and Employment	Net budget increase for Farm Service supplies and services	-5,000	Efficiency Savings
Commerce and Employment	Net budget reduction for HSE supplies and services (publicity and promotion)	2,000	Service Cuts
Commerce and Employment	Net budget reduction for Employment Relations Services - Supplies and Services Printing, training and expenses	11,000	Service Cuts
Commerce and Employment	Net budget reduction for Plant protection and trading standards services supplies and services	2,000	Service Cuts
Commerce and Employment	Net budget reduction in Strategic Projects - Fuel Supply risk assessment consultancy fees	25,000	Service Cuts
Commerce and Employment	Net budget decrease for Finance Sector Development supplies and services - promotion and conferences	54,800	Efficiency Savings
Commerce and Employment	Net budget decrease for Grants and Support schemes (Air Route Subsidy),	500,000	Grants and Subsidies
Commerce and Employment	Office of Utility Regulation, Competitions Office and Route Development	70,000	Efficiency Savings
Culture and Leisure	Vacancy Management - Outdoor Sports Operations Manager Vacancy	8,400	Efficiency Savings
Culture and Leisure	Beau Sejour Receptionists	30,000	Efficiency Savings
Culture and Leisure	Landline savings	3,000	Efficiency Savings
Culture and Leisure	Telephone Museum operating	4,000	Efficiency Savings

Department	Projects Description	Saving Value (£)	Category of Saving
	costs		
Culture and Leisure	Beau Sejour mast rental income	11,000	Increased Fees and Charges
Education	Budget reduction for the Curriculum Development /Training	50,000	Efficiency Savings
Education	School Staffing Arrangements - reduced staffing requirement following lower pupil numbers	300,000	Efficiency Savings
Education	Apprenticeships - Reduction in Grants paid to employers.	60,000	Grants and Subsidies
Education	Transport - budget reduction through reduced usage (controlled budget limits)	30,000	Efficiency Savings
Education	Special Educational Needs - rationalisation of individual support provision and staff reductions	75,000	Efficiency Savings
Education	Education Technology - discontinue and merge post.	20,000	Efficiency Savings
Education	Procurement Savings	8,400	Efficiency Savings
Education	Colleges of Further Education - reduction in courses to meet demand	600,000	Efficiency Savings
Education	College Grants	1,054,000	Grants and Subsidies
Environment	Raising Additional Revenue to budget- for Car Registration No sales	20,000	Increased Fees and Charges
Environment	Recruitment at lower grade	8,700	Efficiency Savings
Environment	Team restructure following a staff retirement	15,000	Efficiency Savings
Environment	End of staff short term contract - no renewal	51,000	Efficiency Savings
Environment	Raising Revenue - Driving Licence fees to be increased Q3/Q4.	28,500	Increased Fees and Charges
Environment	Team restructure following a staff retirement	33,000	Efficiency Savings
Environment	Raising Revenue - DC and BC Planning application fees increase from Q3/Q4	90,000	Increased Fees and Charges
Environment	Planning Team restructure	50,000	Efficiency Savings

Department	Projects Description	Saving Value (£)	Category of Saving
Health and Social Services	Private Patient Activity	50,000	Efficiency Savings
Health and Social Services	Mignot Memorial Utilities - bottled gas	7,500	Efficiency Savings
Health and Social Services	Advertising & Promotions - Promotion	14,000	Efficiency Savings
Health and Social Services	Advertising & Promotions - Promotions & Exhibitions	2,350	Efficiency Savings
Health and Social Services	Property - rates & taxes	15,000	Efficiency Savings
Health and Social Services	Housekeeping Utilities - Window Cleaning	10,000	Efficiency Savings
Health and Social Services	Housekeeping Op Cost - Materials	9,000	Efficiency Savings
Health and Social Services	Housekeeping Staff - Training charge	10,000	Efficiency Savings
Health and Social Services	Housekeeping Domestics Overtime	60,000	Efficiency Savings
Health and Social Services	Housekeeping Cleaners Standby -	9,000	Efficiency Savings
Health and Social Services	Housekeeping Domestics Standby	3,000	Efficiency Savings
Health and Social Services	Estates Utilities - water	5,000	Efficiency Savings
Health and Social Services	Duchess of Kent -Window Cleaning	2,000	Efficiency Savings
Health and Social Services	Estates Utilities - electric	50,000	Efficiency Savings
Health and Social Services	Public Health Grants and Scholarships	67,675	Efficiency Savings
Health and Social Services	Public Health Consultants - Scientific	1,800	Efficiency Savings
Health and Social Services	Public Health - Other ad hoc	4,200	Efficiency Savings
Health and Social Services	Public Health - Additional	11,000	Efficiency Savings
Health and Social Services	Fleet Vehicles - Various	50,000	Efficiency Savings
Health and Social Services	Castel Catering & Refreshments	15,000	Efficiency Savings
Health and Social Services	KEVII Catering & Refreshment	25,000	Efficiency Savings
Health and Social Services	Estates - Training charges/expenses	5,000	Efficiency Savings

Department	Projects Description	Saving Value (£)	Category of Saving
Health and Social Services	Scientific Training - Training charges/expenses	5,000	Efficiency Savings
Health and Social Services	Secure Services - Training charges/expenses	5,000	Efficiency Savings
Health and Social Services	Radiology - Training charges/expenses	4,000	Efficiency Savings
Health and Social Services	Psychology - Training charges/expenses	4,000	Efficiency Savings
Health and Social Services	Occupational Therapy - Training charges/expenses	4,000	Efficiency Savings
Health and Social Services	Pharmacy - Training charges/expenses	3,000	Efficiency Savings
Health and Social Services	Speech and Lang Therapy - Training charges/expenses	2,000	Efficiency Savings
Health and Social Services	Performance Support - Training charges/expenses	2,000	Efficiency Savings
Health and Social Services	Performance Support - Training travel/accommodation	2,000	Efficiency Savings
Health and Social Services	Catering PEH - Training charges/expenses	3,000	Efficiency Savings
Health and Social Services	Health Promotion Unit - Training charges/expenses	1,500	Efficiency Savings
Health and Social Services	Porters PEH - Training charges/expenses	2,000	Efficiency Savings
Health and Social Services	Stores Services - Training charges/expenses	2,000	Efficiency Savings
Health and Social Services	Training charges/expenses	45,000	Efficiency Savings
Health and Social Services	Increased Income from various income streams: private patients, catering, training, other services	200,000	Increased Fees and Charges
Health and Social Services	Off Island Acute Needs - Outreach & Liaison	90,000	Efficiency Savings
Health and Social Services	Postage, stationery and printing	35,000	Efficiency Savings
Health and Social Services	Health and Social Care	25,290	Efficiency Savings
Health and Social Services	Gen Recruitment Advertising & Promotion	100,000	Efficiency Savings
Health and Social Services	Administration - General expenses	55,975	Efficiency Savings
Health and Social Services	Procurement - Theatres	40,000	Efficiency Savings
Health and Social Services	Catering - staff	5,000	Efficiency Savings

Department	Projects Description	Saving Value (£)	Category of Saving
Health and Social Services	Health and Social Care - Operations Mgr - reinstated	-32,000	Efficiency Savings
Health and Social Services	Health and Social Care - Operations Mgr - reinstated	-4,300	Efficiency Savings
Health and Social Services	Health and Social Care - Administration - reinstated	-39,047	Efficiency Savings
Health and Social Services	Health and Social Care - Administration - reinstated	-5,300	Efficiency Savings
Health and Social Services	Admin & Mgt Band 7	23,457	Efficiency Savings
Health and Social Services	Admin & Mgt Band 7	3,105	Efficiency Savings
Health and Social Services	Mignot Memorial Utilities - bottled gas - reinstated	-7,500	Efficiency Savings
Health and Social Services	Mignot Memorial Furniture and equipment budget	7,500	Efficiency Savings
Health and Social Services	Orthopaedics medical supplies budget reduced	10,000	Efficiency Savings
Health and Social Services	Day Patient Endoscopy medical supplies budget reduced	30,000	Efficiency Savings
Health and Social Services	Gen Surgery medical supplies budget reduced	15,000	Efficiency Savings
Health and Social Services	Victoria Wing medical supplies budget reduced	10,000	Efficiency Savings
Health and Social Services	Sterile Services medical supplies budget reduced	20,000	Efficiency Savings
Health and Social Services	Gynaecological medical supplies budget reduced	15,000	Efficiency Savings
Health and Social Services	Stores Services medical supplies budget reduced	5,000	Efficiency Savings
Health and Social Services	Stores Services write off budget reduced	10,000	Efficiency Savings
Health and Social Services	Albecq Ward - Agency Nurses Band 5 reduced budget	108,000	Efficiency Savings
Health and Social Services	Albecq Ward - Agency Nurses Band 5 reduced budget	15,000	Efficiency Savings
Health and Social Services	Fougere Ward - Agency Nurses Band 5 reduced budget	25,000	Efficiency Savings
Health and Social Services	Fougere Ward - Agency Nurses Band 5 reduced budget	3,000	Efficiency Savings
Health and Social Services	Divette Ward - Agency Nurses Band 5 reduced budget	17,000	Efficiency Savings
Health and Social Services	Divette Ward - Agency Nurses Band 5 reduced budget	2,000	Efficiency Savings

Department	Projects Description	Saving Value (£)	Category of Saving
Health and Social Services	Casquets - Agency Nurses Band 5 reduced budget	9,000	Efficiency Savings
Health and Social Services	Casquets - Agency Nurses Band 5 reduced budget	1,000	Efficiency Savings
Health and Social Services	Theatre - Agency Nurses Band 5 reduced budget	9,000	Efficiency Savings
Health and Social Services	Theatre - Agency Nurses Band 5 reduced budget	1,000	Efficiency Savings
Health and Social Services	Chief Officer - conference expenses	3,000	Efficiency Savings
Health and Social Services	Administration - conference expenses	2,000	Efficiency Savings
Health and Social Services	Administration - Ins Other	3,000	Efficiency Savings
Health and Social Services	Off-Island Visiting Consultants	4,000	Efficiency Savings
Health and Social Services	Off-Island Royal Devon & Exeter	40,000	Efficiency Savings
Health and Social Services	SPI Communication Alt & Upgrades	10,000	Efficiency Savings
Health and Social Services	Reprographics /Equip Maintenance	10,000	Efficiency Savings
Home	Guernsey Border Agency - Staff Cost Reduction	172,537	Efficiency Savings
Home	Guernsey Police - Staff Cost Reduction	208,108	Efficiency Savings
Home	Guernsey Border Agency - Supplies & Services Savings	35,500	Efficiency Savings
Home	Guernsey Border Agency - Training & Travel Savings	20,925	Efficiency Savings
Home	Guernsey Police - Supplies & Services Savings	131,500	Efficiency Savings
Home	Broadcasting - Suspension of local TV sub-titling	32,000	Service Cuts
Home	Central Services - Staff Cost Savings	19,430	Efficiency Savings
Housing	Reduction of Housing Control printing budget	1,500	Efficiency Savings
Housing	Residential Homes - cease use of Graphic Designer	1,000	Efficiency Savings
Housing	Housing Control Vehicle - mileage budget reduction	500	Efficiency Savings
Housing	Permanent cost reduction at Dept level - Legal costs	25,000	Efficiency Savings

Department	Projects Description	Saving Value (£)	Category of Saving
Housing	Residential Homes Op costs - cleaning materials	2,000	Efficiency Savings
Housing	Housing Control Op costs - Room Hire	1,000	Efficiency Savings
Housing	Housing Control Advertising & Promotion	1,000	Efficiency Savings
Housing	Housing Control Furniture & Equipment	1,000	Efficiency Savings
Housing	Permanent cost reduction at Dept level - Insurance other	5,000	Efficiency Savings
Housing	Cost reduction - PSE Enhancements	10,000	Efficiency Savings
Housing	Housing - Cost reduction - PSE Pensions - Residential Home staff	12,000	Efficiency Savings
Public Services	Reduce Road Cleansing SLA	25,000	Efficiency Savings
Public Services	Cease weekend work on road resurfacing, avoiding overtime	40,000	Efficiency Savings
Public Services	Cease green waste skips at Le Friquet	10,000	Service Cuts
Public Services	Fridge degassing	25,000	Efficiency Savings
Public Services	Negotiate savings through solid waste SLA and equipment purchase	95,000	Efficiency Savings
Public Services	Waive the wastewater collection charge from Guernsey Water	25,000	Efficiency Savings
Public Services	Employ a sewerage technician rather than using term contractor	20,000	Efficiency Savings
Public Services	Cease grant to Airport to finance visitor desk	67,000	Efficiency Savings
Social Security	Value for Money – Phase 2	187,000	Efficiency Savings
Royal Courts	Salary and SI cost savings following deletion of part-time post	8,830	Efficiency Savings
Royal Courts	Superannuation cost savings following deletion of part-time post	1,170	Efficiency Savings
Law Officers	Review of Law Officer Charges and internal procedures on cost recovery	30,000	Increased Fees and Charges

Department	Projects Description	Saving Value (£)	Category of Saving
2013 Projects			
Policy Council	Admin Library & reference	1,000	Efficiency Savings
Policy Council	APPCIG	3,500	Efficiency Savings
Policy Council	British & Irish Council Summit Meetings	1,250	Efficiency Savings
Policy Council	CIB0	40,000	Efficiency Savings
Policy Council	Conference budget	1,000	Efficiency Savings
Policy Council	Electronic Publication of Billets	50,000	Efficiency Savings
Policy Council	Fiscal Policy Panel	16,000	Efficiency Savings
Policy Council	General expenses	1,000	Efficiency Savings
Policy Council	Insurance	5,000	Efficiency Savings
Policy Council	International reputation work	25,500	Efficiency Savings
Policy Council	International agreements	10,800	Efficiency Savings
Policy Council	Non-staff travel	1,000	Efficiency Savings
Policy Council	Reduction in hospitality budget	22,500	Efficiency Savings
Policy Council	Reduction in UK Advisory service budget	11,400	Efficiency Savings
Policy Council	Reduction in US Advisory services budget	6,000	Efficiency Savings
Policy Council	Staffing Efficiencies - 2013	15,000	Efficiency Savings
Policy Council	Strategic & Corporate Admin general	10,000	Efficiency Savings
Policy Council	SAP Savings	142,517	Efficiency Savings
Policy Council	Consultants Scientific, research & technical	10,000	Efficiency Savings
Policy Council	Consultants Scientific, Research & Technical	10,000	Efficiency Savings
Policy Council	Consultants Scientific, Research & Technical	2,600	Efficiency Savings
Policy Council	Consultants Scientific, Research and Technical	5,500	Efficiency Savings
Policy Council	Consultants Scientific, Research and Technical	12,000	Efficiency Savings
Policy Council	Learning and Development - Established Staff	27,500	Efficiency Savings
Policy Council	Non Staff - fees	28,000	Efficiency Savings
Policy Council	Operating cost - other	50	Efficiency Savings
Policy Council	Printing & Printed Materials	10,000	Efficiency Savings
Policy Council	Salaries and wages - established	129,483	Efficiency Savings

Department	Projects Description	Saving Value (£)	Category of Saving
	staff		
Policy Council	Software	1,000	Efficiency Savings
Policy Council	Staff Sponsorship	5,000	Efficiency Savings
Policy Council	Stationary	1,000	Efficiency Savings
Policy Council	Subsistence & Incidental Expenses	3,000	Efficiency Savings
Treasury and Resources	Digimap Scanning Re-investment	15,000	Efficiency Savings
Treasury and Resources	Guernsey Digimap – reduction in contracted out work budget	7,000	Efficiency Savings
Treasury and Resources	Headcount reduction 2 posts	67,000	Efficiency Savings
Treasury and Resources	Income Tax Office - 50% of forecast Postage & printing savings arising from online returns becoming the default option	15,000	Efficiency Savings
Treasury and Resources	Increased Rental Income Phase 1	212,000	Increased Fees and charges
Treasury and Resources	States Digital Map Royalties	40,000	Increased Fees and charges
Treasury and Resources	Increased Rental Income Phase 2	329,741	Increased Fees and charges
Treasury and Resources	SAP savings	300,000	Efficiency Savings
Treasury and Resources	Admin - Salary Allocation	38,000	Efficiency Savings
Treasury and Resources	Admin - TRP Panel - Budget Reduction	2,000	Efficiency Savings
Treasury and Resources	Watermarked Paper	18,000	Efficiency Savings
Treasury and Resources	Income Tax Office - Facilities management	3,000	Efficiency Savings
Treasury and Resources	Income Tax Office - Tax Inspector	16,000	Efficiency Savings
Treasury and Resources	Income Tax Office - Training Budget	5,000	Efficiency Savings
Treasury and Resources	ITU - Disaster Recovery	10,000	Efficiency Savings
Treasury and Resources	ITU - Laptop Encryption	4,000	Efficiency Savings
Treasury and Resources	ITU - WAN Telephony Phase 1	161,478	Efficiency Savings
Treasury and Resources	SAP Phase 2	90,000	Efficiency Savings
Treasury and Resources	States Property Services - Car Parking - Rental Income - 2013	15,000	Increased Fees and charges
Treasury and Resources	States Property Services - Maintenance Budget	10,000	Efficiency Savings
Treasury and Resources	States Property Services - Training Budget	2,000	Efficiency Savings
Treasury and Resources	On Line Services	50,000	Efficiency Savings

Department	Projects Description	Saving Value (£)	Category of Saving
Treasury and Resources	Income Tax Office - Tax Inspector	16,000	Efficiency Savings
Treasury and Resources	ITU - general efficiencies	34,522	Efficiency Savings
Treasury and Resources	States Property Services - Car Parking - Rental Income - 2014	24,000	Increased Fees and charges
Treasury and Resources	Hub - IT Helpdesk	46,000	Efficiency Savings
Treasury and Resources	Staff Reorganisation	49,521	Efficiency Savings
Treasury and Resources	Hub - renegotiation of contract	210,000	Efficiency Savings
Treasury and Resources	Managed Print	8,438	Efficiency Savings
Commerce and Employment	Air routes subsidy Phase 2	73,000	Grants and subsidies
Commerce and Employment	CAA Operating Costs	9,184	Increased Fees and Charges
Commerce and Employment	Reduce Events & Activities Grant	30,000	Grants and subsidies
Commerce and Employment	Staff Savings - reorganisation	3,000	Efficiency savings
Commerce and Employment	Staff savings and reappointments	47,839	Efficiency savings
Commerce and Employment	Various efficiencies across supplies and services codes	3,400	Efficiency savings
Commerce and Employment	Efficiency Savings from new slaughter house	4,400	Efficiency savings
Commerce and Employment	Operating income	1,075	Efficiency savings
Commerce and Employment	Reduction in Grants	27,559	Grants and subsidies
Commerce and Employment	SAP Staff Savings	116,332	Efficiency savings
Commerce and Employment	Air Routes Phase 2	50,000	Grants and subsidies
Commerce and Employment	CAA Operating Costs	9,184	Increased Fees and Charges
Commerce and Employment	Training - Includes general, mandatory and statutory training.	7,500	Efficiency savings
Commerce and Employment	Staff Reorganisation	52,612	Efficiency savings
Culture and Leisure	Staff savings - reorganisation	56,000	Efficiency Savings
Culture and Leisure	Reduce Administrative support in Events & Information.	29,000	Efficiency Savings
Culture and Leisure	Staff savings - reorganisation.	49,700	Efficiency Savings
Culture and Leisure	Reduce Admin support in events and information	10,000	Efficiency Savings

Department	Projects Description	Saving Value (£)	Category of Saving
Culture and Leisure	SAP/STSC Savings	172,300	Efficiency Savings
Culture and Leisure	Administration Staff re-organisation	35,000	Efficiency Savings
Culture and Leisure	Carpenter vacancy part saving	20,000	Efficiency Savings
Culture and Leisure	Central Services - IT Hardware	3,700	Efficiency Savings
Culture and Leisure	Info Centre Team Leader post	34,500	Efficiency Savings
Culture and Leisure	Info Service Manager Retirement	24,500	Efficiency Savings
Culture and Leisure	Recognise scratch card proceeds due to increased sales performance.	225,000	Increased Fees and Charges
Education	English Speaking Board	40,000	Efficiency Savings
Education	Abridged Electronic Report	10,000	Efficiency Savings
Education	Retirements, and deletion of vacant posts	83,000	Efficiency Savings
Education	Refocused Youth Service	75,000	Efficiency Savings
Education	Supply Teacher	25,000	Efficiency Savings
Education	Primary Rationalisation	30,000	Efficiency Savings
Education	HE Parental Contribution	216,000	Grants and Subsidies
Education	St Anne's School	88,000	Efficiency Savings
Education	College Subsidies phase 2	105,000	Grants and Subsidies
Education	HE Parental Grants	434,666	Grants and Subsidies
Education	Careers overtime budget saving	3,000	Efficiency Savings
Education	Careers - stationery budget saving	1,500	Efficiency Savings
Education	Careers - other budget reductions	3,000	Efficiency Savings
Education	Careers Service vacant post	46,400	Efficiency Savings
Education	Music Service Fee Increase	28,000	Efficiency Savings
Education	Vale Merger	66,000	Efficiency Savings
Education	Apprenticeships	65,000	Efficiency Savings
Education	Secondary Rationalisation	54,300	Efficiency Savings
Education	Secondary Rationalisation	27,800	Efficiency Savings
Education	Secondary Rationalisation	37,100	Efficiency Savings
Education	PGCE reduction in grant	80,790	Grants and Subsidies
Education	Secondary Rationalisation	51,820	Efficiency Savings
Education	SEBD	81,000	Efficiency Savings
Education	Reduction in overtime	80,000	Efficiency Savings
Education	Swimming Pools	63,000	Efficiency Savings

Department	Projects Description	Saving Value (£)	Category of Saving
Education	Budget Analysis savings	70,000	Efficiency Savings
Education	SAP Staff Savings	260,386	Efficiency Savings
Education	Staff Reorganisation	467,546	Efficiency Savings
Education	Guernsey Integrated Learning Environment Savings	132,000	Efficiency Savings
Education	Lunchtime Supervision	25,000	Efficiency Savings
Education	Corporate Procurement savings	8,400	Efficiency Savings
Environment	Water Sampling - change in EU monitoring regime	10,000	Efficiency Savings
Environment	Fees & Charges - existing	100,000	Increased Fees and Charges
Environment	Environment SAP Savings	128,000	Efficiency Savings
Environment	Additional SAP Savings	17,558	Efficiency Savings
Health and Social Services	Procurement Savings	185,000	Efficiency Savings
Health and Social Services	Procurement Savings	10,987	Efficiency Savings
Health and Social Services	Staff reorganisation -facilities	80,000	Efficiency Savings
Health and Social Services	Staff reorganisation -facilities	16,750	Efficiency Savings
Health and Social Services	Staff reorganisation - Housekeeping	105,500	Efficiency Savings
Health and Social Services	Catering Food Waste	13,235	Efficiency Savings
Health and Social Services	Income - Pharmacy registration	3,500	Increased Fees and Charges
Health and Social Services	Reduce Utility Costs	22,000	Efficiency Savings
Health and Social Services	TRP	11,100	Efficiency Savings
Health and Social Services	Staff reorganisation -Catering	31,650	Efficiency Savings
Health and Social Services	KE VII Closure	265,000	Efficiency Savings
Health and Social Services	Staff reorganisation -Estates	25,000	Efficiency Savings
Health and Social Services	SAP Staff Savings	655,000	Efficiency Savings
Health and Social Services	Staff reorganisation –off island	10,000	Efficiency Savings

Department	Projects Description	Saving Value (£)	Category of Saving
Health and Social Services	Reduce Utilities Cost (Part Sign Off)	2,000	Efficiency Savings
Health and Social Services	Review of Corporate Services' training budgets	6,000	Efficiency Savings
Health and Social Services	Staff reorganisation –Performance Management	61,000	Efficiency Savings
Health and Social Services	Alderney MMH - Nursing post	40,000	Efficiency Savings
Health and Social Services	Admin review	44,000	Efficiency Savings
Health and Social Services	KE VII Closure	190,000	Efficiency Savings
Health and Social Services	Family Group Conference pilot	15,000	Efficiency Savings
Health and Social Services	SAP-STSC savings	6,500	Efficiency Savings
Health and Social Services	Corporate Services Arts post	6,000	Efficiency Savings
Health and Social Services	Reduced GP Cover Corbinerie/KE VII	133,460	Efficiency Savings
Health and Social Services	Staff reorganisation -Catering	11,940	Efficiency Savings
Health and Social Services	Reduce choice of food for staff	4,684	Efficiency Savings
Health and Social Services	Band 7 Nursing post	65,500	Efficiency Savings
Health and Social Services	Staff reduction	52,200	Efficiency Savings
Health and Social Services	Re-schedule immunisations	6,000	Efficiency Savings
Health and Social Services	Procurement and Commercial Services restructure	91,535	Efficiency Savings
Health and Social Services	Restructure	69,898	Efficiency Savings
Health and Social Services	Visiting Consultants charged to Health Insurance Fund	650,000	Internal Transfer
Health and Social Services	Staffing reduction	24,700	Efficiency Savings
Health and Social Services	Manage out laundry	12,800	Efficiency Savings
Health and Social Services	Staff Reorganisation	328,897	Efficiency Savings
Home	Re-grading of Stores Prison Officer to civilian post	2,698	Efficiency Savings

Department	Projects Description	Saving Value (£)	Category of Saving
Home	Corporate Procurement Savings	5,816	Efficiency Savings
Home	Bore Hole - Prisons	5,400	Efficiency Savings
Home	Fleet Management – Fire & Rescue Service	25,000	Efficiency Savings
Home	Officer Plumber - Prisons	32,000	Efficiency Savings
Home	Prison Efficiency Savings	10,000	Efficiency Savings
Home	Recycling - Prison	16,860	Efficiency Savings
Home	Home Prison Efficiency	8,722	Efficiency Savings
Home	SAP Savings	147,777	Efficiency Savings
Home	Phase I - Restructure of Law Enforcement and Support Services	115,615	Efficiency Savings
Home	Data Protection Commissioner - sharing of salary costs	50,000	Efficiency Savings
Home	Retained Fire-fighters Review	63,000	Efficiency Savings
Home	Healthcare Review	55,701	Efficiency Savings
Home	Restructuring of Law Enforcement - Training Teams	102,000	Efficiency Savings
Home	Increase Fixed Penalties income	2,000	Increased Fees and Charges
Home	Staff Reorganisation	203,480	Efficiency Savings
Home	Review of Equipment Levels - F&RS	1,940	Efficiency Savings
Home	Staff Reorganisation	247,573	Efficiency Savings
Home	Staff Reorganisation	41,889	Efficiency Savings
Housing	Furniture & equipment	5,000	Efficiency Savings
Housing	Housing Control fees increase	22,000	Increased Fees and Charges
Housing	IT hardware	3,000	Efficiency Savings
Housing	Night shift changes	24,000	Efficiency Savings
Housing	Public Sector Employees salary budget	45,000	Efficiency Savings
Housing	Reduction in contract staff	8,000	Efficiency Savings
Housing	Repairs & maintenance	12,000	Efficiency Savings
Housing	Retirements, non-replacements 2013	23,000	Efficiency Savings
Housing	Domestic staff	19,190	Efficiency Savings
Housing	Housing Control fees increase 2014	23,000	Efficiency Savings
Housing	Repairs & maintenance 2014	10,000	Efficiency Savings

Department	Projects Description	Saving Value (£)	Category of Saving
Housing	Retirements, non-replacements 2014	16,340	Efficiency Savings
Public Services	Bulk Refuse contracts	190,000	Efficiency Savings
Public Services	Increase in tipping charges by RPIX + 5%	168,000	Increased Fees and Charges
Public Services	Site preparation	6,000	Efficiency Savings
Public Services	Training expenditure	7,000	Efficiency Savings
Public Services	Reduction of Breakwater contract work by 33%	150,000	Efficiency Savings
Public Services	SAP Savings	89,150	Efficiency Savings
Public Services	Implement a management charge for Head Office	60,000	Increased Fees and Charges
Social Security	SSD - Claims Management	450,000	Efficiency Savings
Social Security	SAP Savings	23,197	Efficiency Savings
Social Security	Claims Management	115,000	Efficiency Savings
Social Security	Voucher to BACS	21,632	Efficiency Savings
Royal Courts	Court Building - Cleaning	5,000	Efficiency Savings
Royal Courts	Court Fees	13,000	Increased Fees and charges
Royal Courts	Greffé - Consultancy Fees	8,000	Efficiency Savings
Royal Courts	Greffé - Overtime	5,000	Efficiency Savings
Royal Courts	Greffé - Transcript Costs	5,000	Efficiency Savings
Royal Courts	HM Sheriff - Audit Fees	2,000	Efficiency Savings
Royal Courts	Staff Salaries (employment of post at lower grade)	7,188	Efficiency Savings
Royal Courts	Staff Reorganisation	27,514	Efficiency Savings
Law Officers	Cleaning contract, laundry and window cleaning	1,500	Efficiency Savings
Law Officers	Discontinue consultant agreement with contract children lawyer	15,000	Efficiency Savings
Law Officers	Reduce contracted hours with consultant who is preparing consolidations	10,000	Efficiency Savings
Law Officers	Remove online resources, reduction in bound volumes of local legislation (also removing duplication of hard copy where there is online resource)	15,000	Efficiency Savings
Law Officers	Review of main client charges	10,000	Increased Fees and

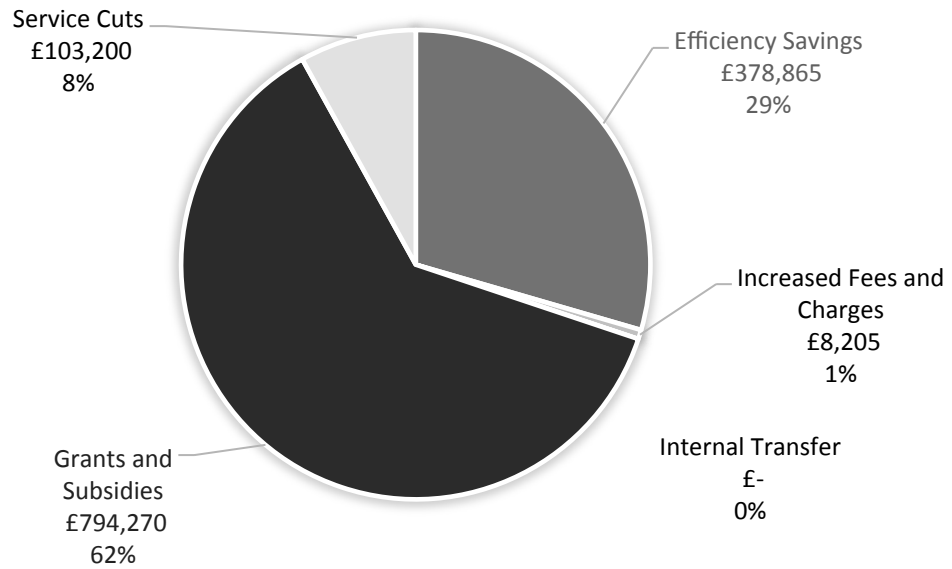
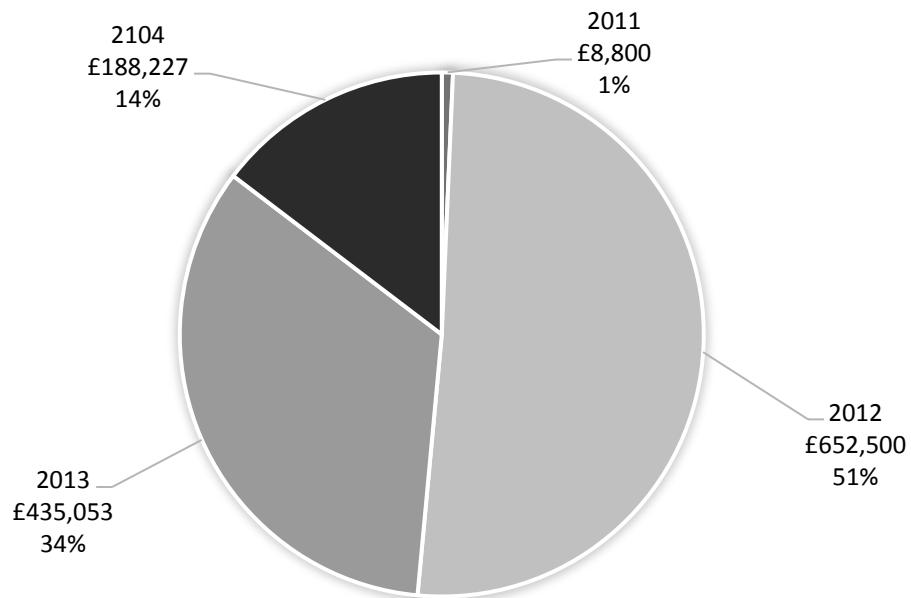
Department	Projects Description	Saving Value (£)	Category of Saving
	arrangements		Charges
2014 Projects			
Policy Council	Departmental Efficiency Savings - Legal Aid Team	9,325	Efficiency Savings
Policy Council	Learning and Development - Reduction in savings	-27,500	Efficiency Savings
Policy Council	Salaries and Wages saving reductions	-36,483	Efficiency Savings
Policy Council	Managed Print	130	Efficiency Savings
Treasury and Resources	Cadastre - Administrative Assistant	22,000	Efficiency Savings
Treasury and Resources	Income tax - staffing - delete one counter post	34,000	Efficiency Savings
Treasury and Resources	PI Tool Support Budget	1,000	Efficiency Savings
Commerce and Employment	Air Routes Phase 2 Part Sign-off	23,000	Grants and Subsidies
Commerce and Employment	Air Routes Phase 3	95,000	Grants and Subsidies
Commerce and Employment	General efficiencies	35,295	Efficiency Savings
Commerce and Employment	Review of Staffing Levels and Operations	20,000	Efficiency Savings
Commerce and Employment	Additional efficiencies	700	Efficiency Savings
Commerce and Employment	Air Routes - Reduction in benefits	-10,289	Grants and Subsidies
Commerce and Employment	CAA Reduction in benefits	-9,184	Increased Fees and Charges
Commerce and Employment	Farm Services	1,205	Increased Fees and Charges
Commerce and Employment	H&S Licences	3,500	Increased Fees and Charges
Commerce and Employment	Slaughter fees	3,500	Increased Fees and Charges
Commerce and Employment	Training Benefit Reduction	-7,500	Efficiency Savings
Commerce and Employment	Managed Print Savings	3,000	Efficiency Savings
Commerce and Employment	Cease Cull Cattle Scheme	30,000	Efficiency Savings
Culture and Leisure	States Works Ground Maintenance	2,934	Efficiency Savings
Culture and Leisure	Reduction in staff non pay cost budget	5,000	Efficiency Savings

Department	Projects Description	Saving Value (£)	Category of Saving
Culture and Leisure	Restructuring of senior Museum posts.	36,000	Efficiency Savings
Culture and Leisure	Automation of water controls	2,200	Efficiency Savings
Culture and Leisure	Beau Sejour - Crèche New Membership	30,000	Increased Fees and charges
Culture and Leisure	Staff restructuring	26,000	Efficiency Savings
Culture and Leisure	Electrical efficiencies	2,350	Efficiency Savings
Culture and Leisure	Equipment hire charge savings	3,200	Efficiency Savings
Culture and Leisure	Fort Grey rationalisation	11,000	Efficiency Savings
Culture and Leisure	New charge - non-user parking	8,000	Increased Fees and charges
Culture and Leisure	Reduction in part-time cleaning staff hours	2,560	Efficiency Savings
Culture and Leisure	Removal of bottled oxygen	1,260	Efficiency Savings
Culture and Leisure	Renegotiation of various contracts	20,580	Efficiency Savings
Culture and Leisure	Consolidation of Guernsey Information Centre cleaning contracts	5,200	Efficiency Savings
Culture and Leisure	CCTV Cooler Replacement	3,000	Efficiency Savings
Culture and Leisure	Non User Parking	2,000	Increased Fees and charges
Culture and Leisure	Pool Chemical Dosing System	7,500	Efficiency Savings
Culture and Leisure	Reintroduce the Cinema to Theatre	8,000	Increased Fees and charges
Culture and Leisure	Combined Heat and Power Unit at Beau Sejour	40,000	Efficiency Savings
Culture and Leisure	Health and Fitness Staff Restructure	4,000	Efficiency Savings
Culture and Leisure	Guernsey Information Centre Facilities Budget reduction	10,000	Efficiency Savings
Education	Property Rentals	50,000	Efficiency Savings
Education	Staff Efficiencies - Additional savings	14,762	Efficiency Savings
Education	HE Parental Contributions (3rd Wave)	260,000	Grants and Subsidies
Education	Primary Transformation	835,072	Efficiency Savings
Education	Secondary Transformation	197,700	Efficiency Savings
Education	Schools Library Service	25,000	Efficiency Savings
Education	Managed Print Phase 1	68,788	Efficiency Savings
Education	Supply Teacher Review	£50,000	Efficiency Savings
Environment	Fees and Charges - existing	20,000	Increased Fees and Charges
Environment	Traffic Charges Income	250,000	Increased Fees and Charges

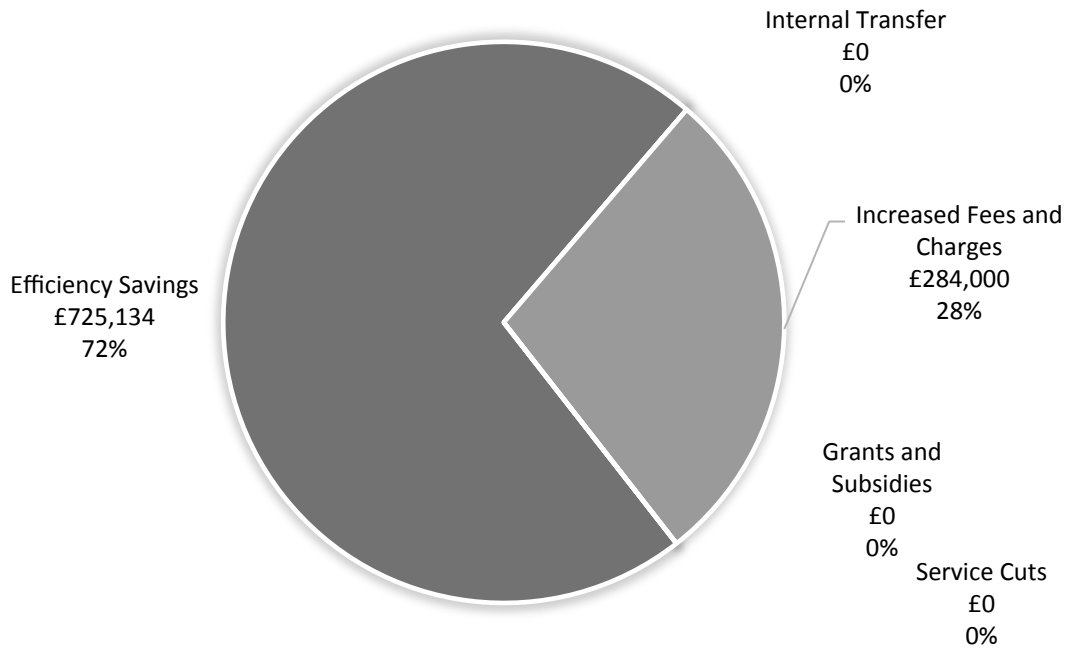
Department	Projects Description	Saving Value (£)	Category of Saving
Environment	Traffic Charges Income Part 2	50,000	Increased Fees and Charges
Health and Social Services	Strategy and Policy post	51,564	Efficiency Savings
Health and Social Services	Procurement - Pathology analysers	79,510	Efficiency Savings
Health and Social Services	Off-Island Complex Care placement rates	77,520	Efficiency Savings
Health and Social Services	Porters post	20,126	Efficiency Savings
Health and Social Services	King Edward VII closure	559,287	Efficiency Savings
Health and Social Services	Reduce staffing -	1,300	Efficiency Savings
Health and Social Services	Catering - change in production shift patterns	29,033	Efficiency Savings
Health and Social Services	Tranquil Room - Loveridge ward	1,800	Increased Fees and Charges
Health and Social Services	Corp HQ reception changes	3,719	Efficiency Savings
Health and Social Services	Annual Grant to Guernsey Society for the Physically Disabled	35,920	Grants and Subsidies
Health and Social Services	Maintenance Budget Saving - Energy Efficiency	5,000	Efficiency Savings
Health and Social Services	Fix-set thermostats in John Henry Court accommodation	1,000	Efficiency Savings
Health and Social Services	Staff Reorganisation	3,924	Efficiency Savings
Health and Social Services	Chaplaincy Vacancy	2,963	Efficiency Savings
Health and Social Services	Introduce Age Related Macular Degeneration (ARMD) service	60,500	Efficiency Savings
Health and Social Services	Closure of KEVII phase 3	67,602	Efficiency Savings
Health and Social Services	Grounds maintenance	30,000	Efficiency Savings
Health and Social Services	Reduce hospitality costs	7,558	Efficiency Savings
Health and Social Services	Manage out Laundry	22,578	Efficiency Savings
Health and Social Services	Reprioritisation of Low impact drugs and therapies	60,000	Efficiency Savings
Home	Offender Management (Prison)Phase 2	4,108	Efficiency Savings

Department	Projects Description	Saving Value (£)	Category of Saving
Home	Staff Efficiencies	5,323	Efficiency Savings
Home	Staff Reorganisation	12,358	Efficiency Savings
Home	Staff Efficiencies	-4,272	Efficiency Savings
Home	Restructuring of Law Enforcement - Alderney	88,425	Efficiency Savings
Home	Restructuring of Law Enforcement - Criminal Justice Unit	36,000	Efficiency Savings
Home	Restructuring of Law Enforcement - DogTeams	3,500	Efficiency Savings
Home	Restructuring of Law Enforcement - Interpreters	7,410	Efficiency Savings
Home	Restructuring of Law Enforcement - Scenes of Crime	66,992	Efficiency Savings
Home	Restructuring of Law Enforcement - Corporate Services Function	69,909	Efficiency Savings
Home	Restructuring of Law Enforcement - Single Custody	15,570	Efficiency Savings
Home	Savings on Property Leases	50,118	Efficiency Savings
Home	Restructuring of Law Enforcement - Scenes of Crime Part 2	9,225	Efficiency Savings
Home	Restructuring of Law Enforcement - Single Governance Structure	73,695	Efficiency Savings
Home	E_Manifest	15,800	Efficiency Savings
Home	F&RS Charging for Services	12,914	Increased Fees and Charges
Home	Proactive Crime Team Reorganisation	34,000	Efficiency Savings
Home	Tactical Support Unit Reorganisation	34,986	Efficiency Savings
Housing	PSE Salary savings	1,870	Efficiency Savings
Public Services	Implement a Management Charge for Head Office	285,000	Increased Fees and Charges
Public Services	Increase charges at Alderney Airport	39,000	Increased Fees and Charges
Social Security	Incapacity Case Management	261,000	Efficiency Savings
Social Security	Work Incentivisation	527,000	Efficiency Savings
Social Security	SSD - Progress to Work	283,258	Efficiency Savings
Royal Courts	2013 Court Fees Increase - Additional Income	13,000	Increased Fees and charges
Royal Courts	Removal of Deputy Sherriff Post	35,332	Efficiency Savings
Law Officers	Change in contracted hours	15,000	Efficiency Savings

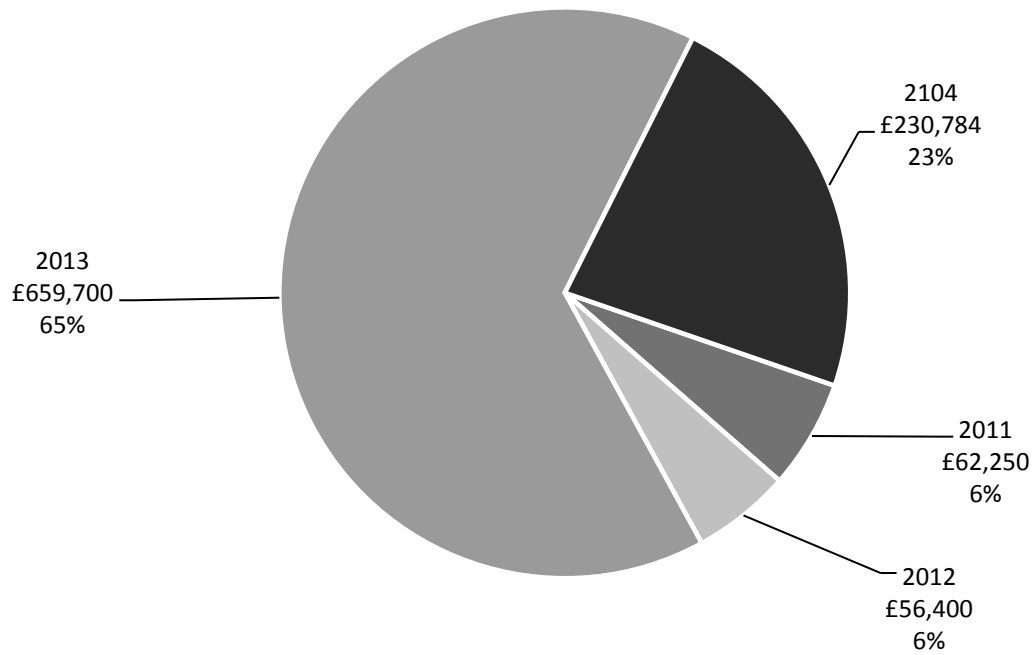
Department	Projects Description	Saving Value (£)	Category of Saving
Law Officers	Review of charges (or possible further legal fee income generation)	1,900	Increased Fees and Charges
Law Officers	Review of online and hardcopy subscriptions	8,725	Efficiency Savings
Alderney	Staff Reorganisation	157,699	Efficiency Savings

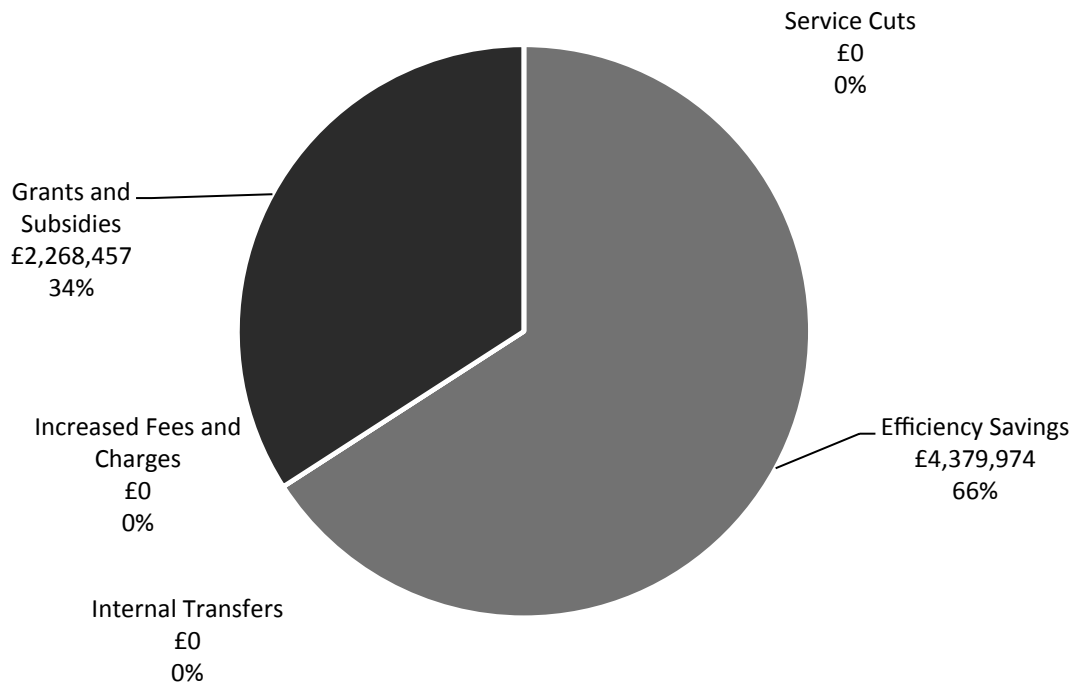
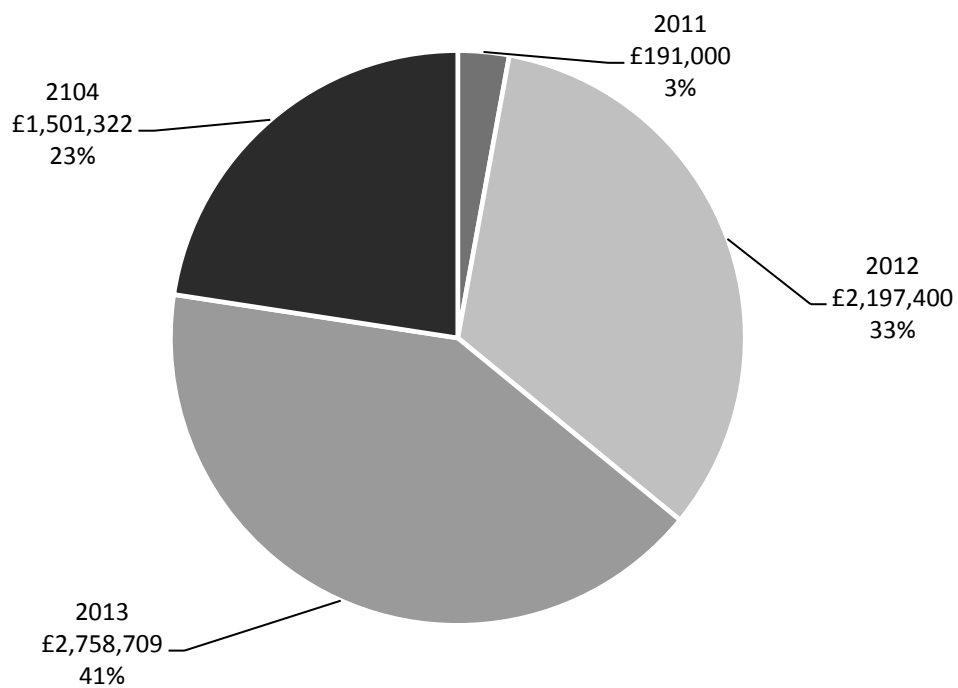
Annex 2 – Total Savings by Department by Category and by Year**COMMERCE & EMPLOYMENT SAVINGS BY CATEGORY****COMMERCE & EMPLOYMENT FTP SAVINGS BY YEAR**

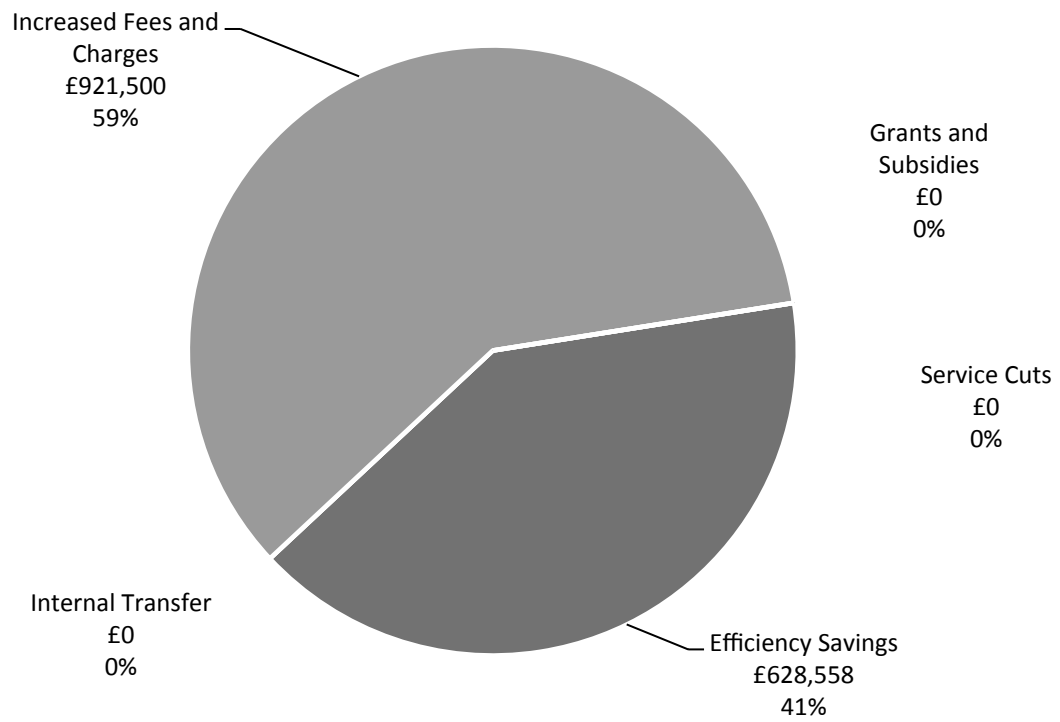
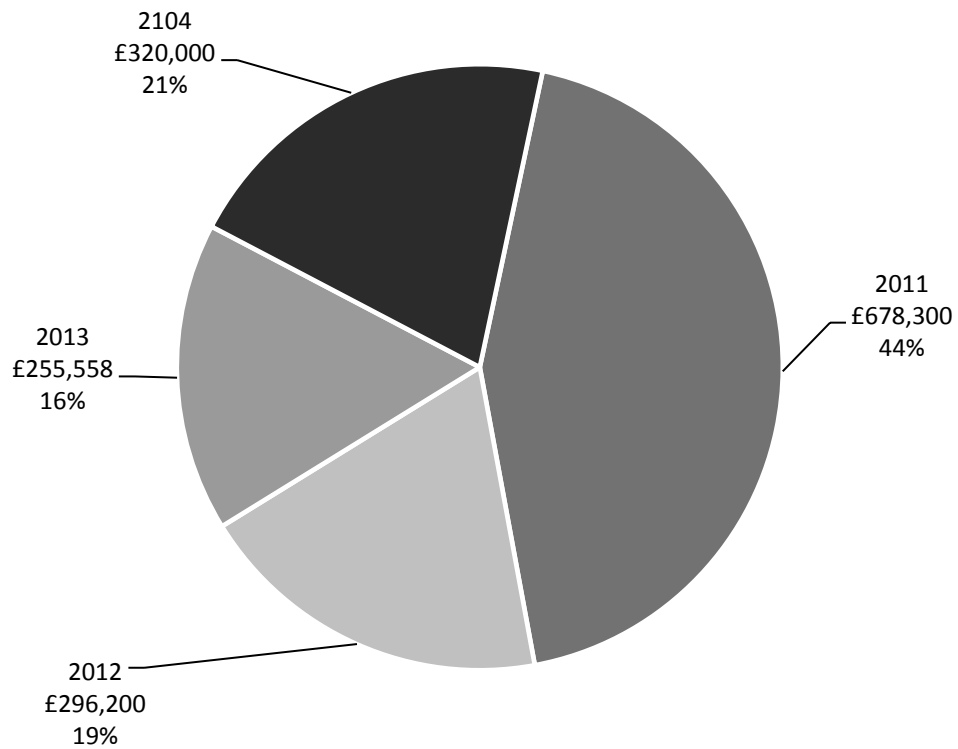
CULTURE & LEISURE FTP SAVINGS BY CATEGORY

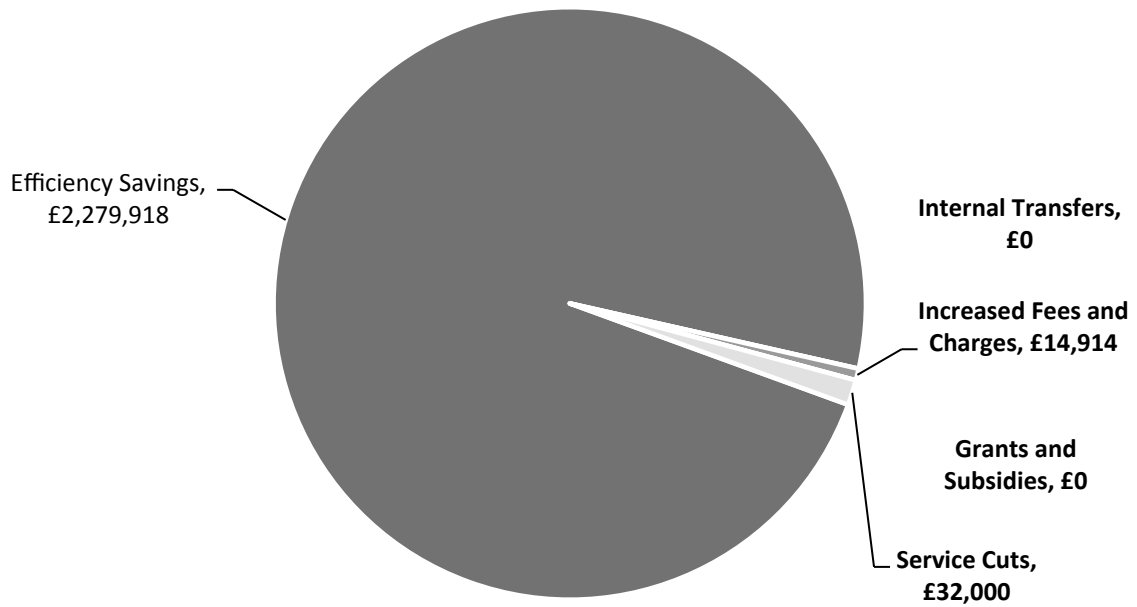
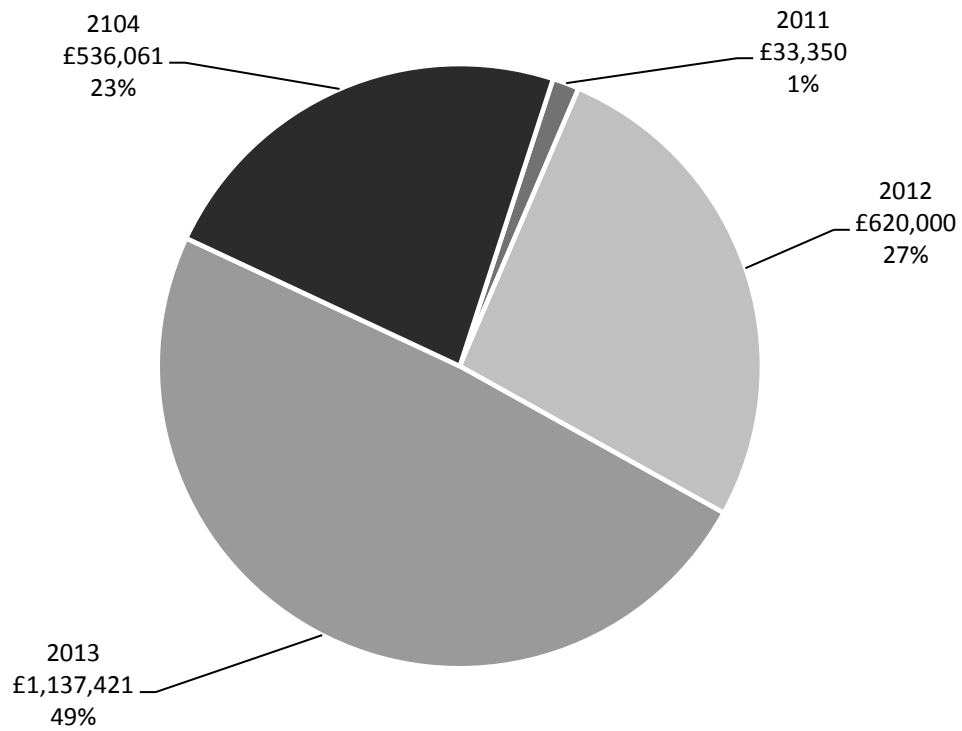


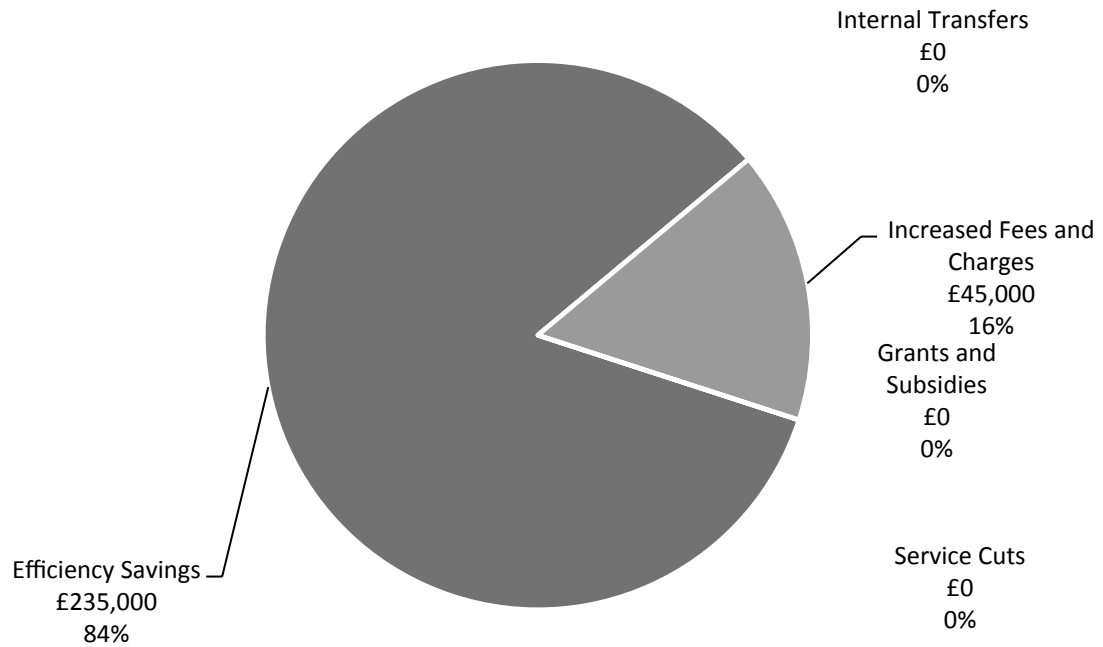
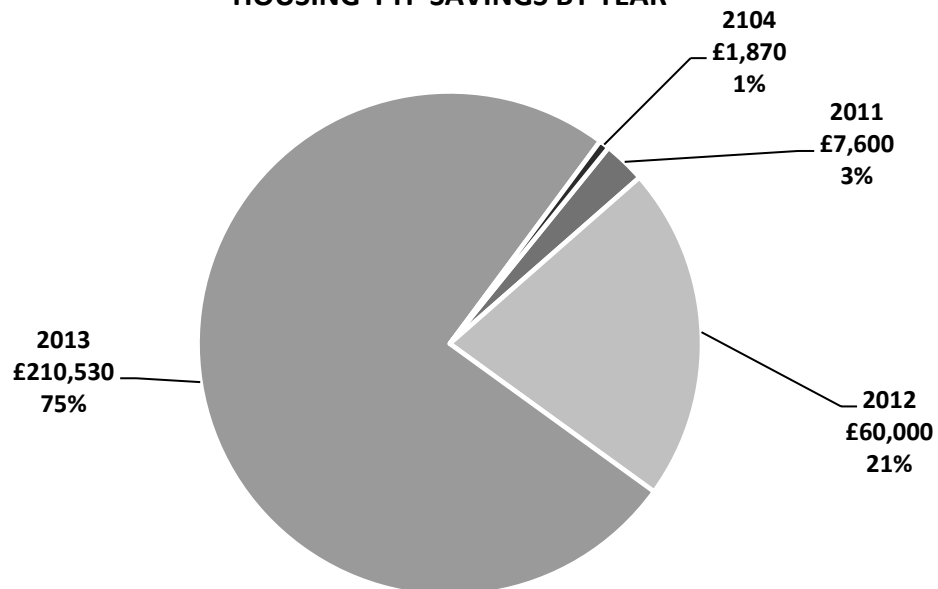
CULTURE & LEISURE FTP SAVINGS BY YEAR

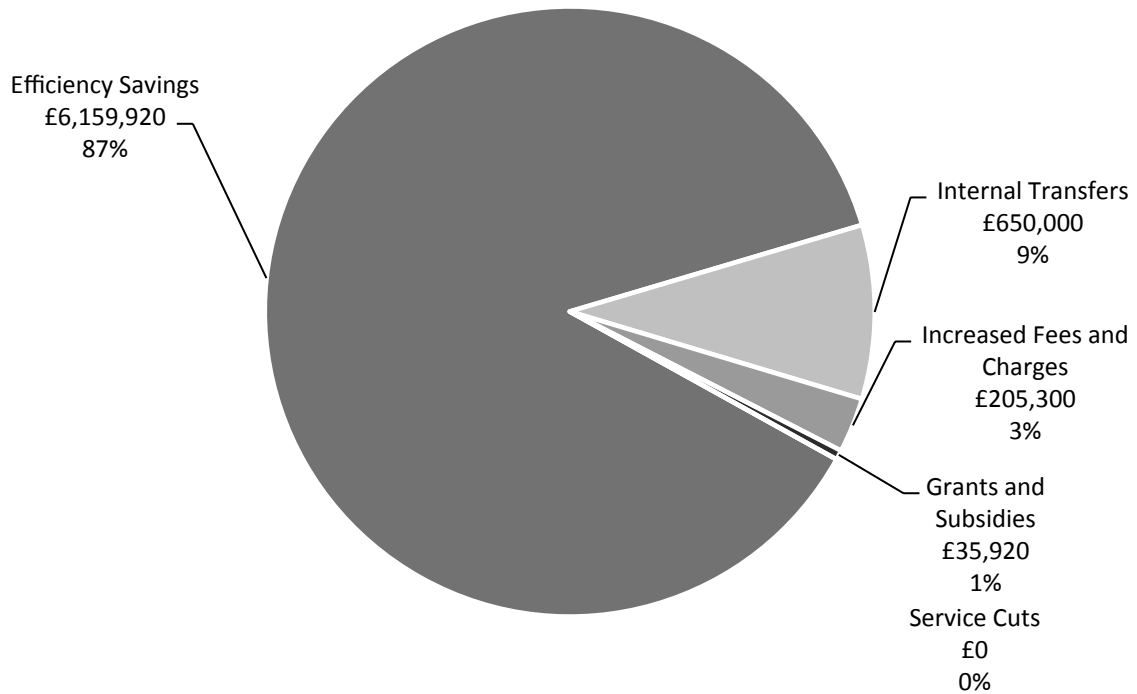
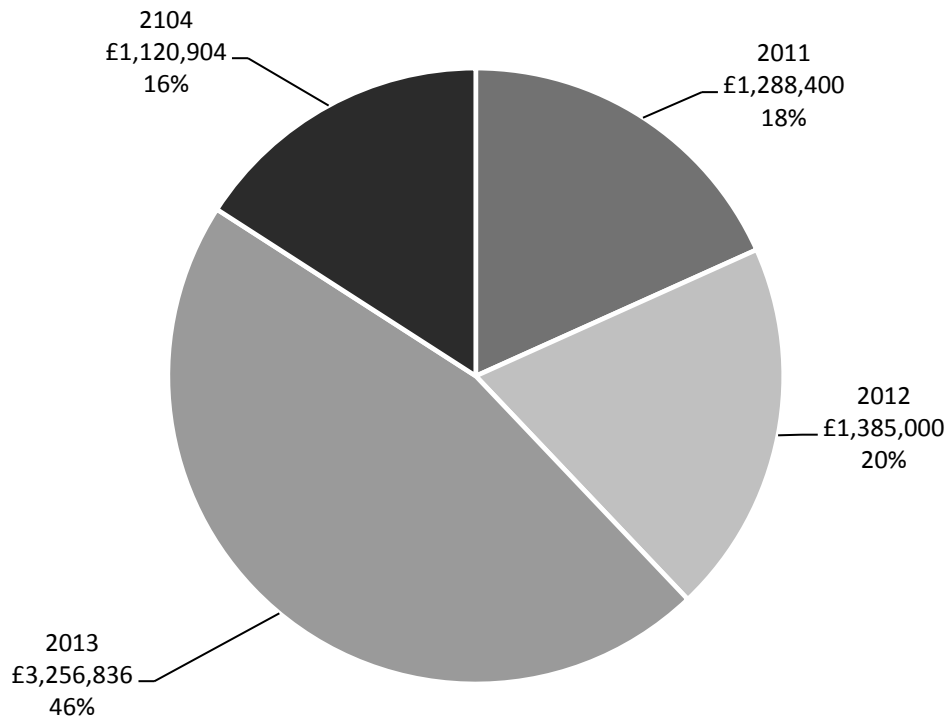


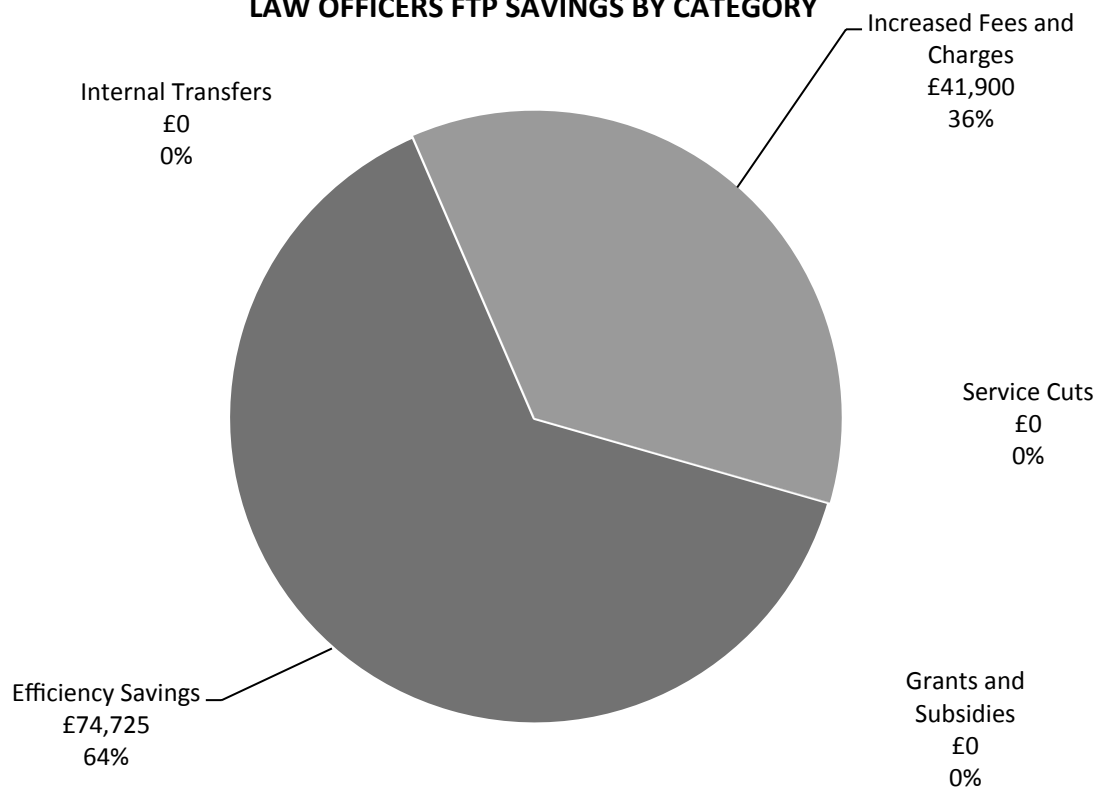
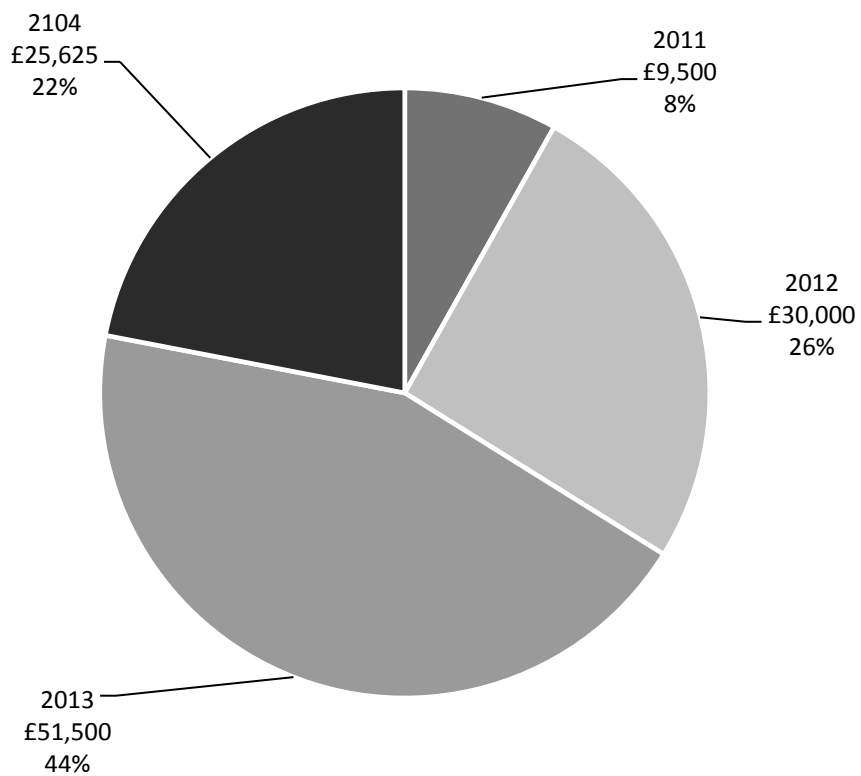
EDUCATION FTP SAVINGS BY CATEGORY**EDUCATION FTP SAVINGS BY YEAR**

ENVIRONMENT FTP SAVINGS BY CATEGORY**ENVIRONMENT FTP SAVINGS BY YEAR**

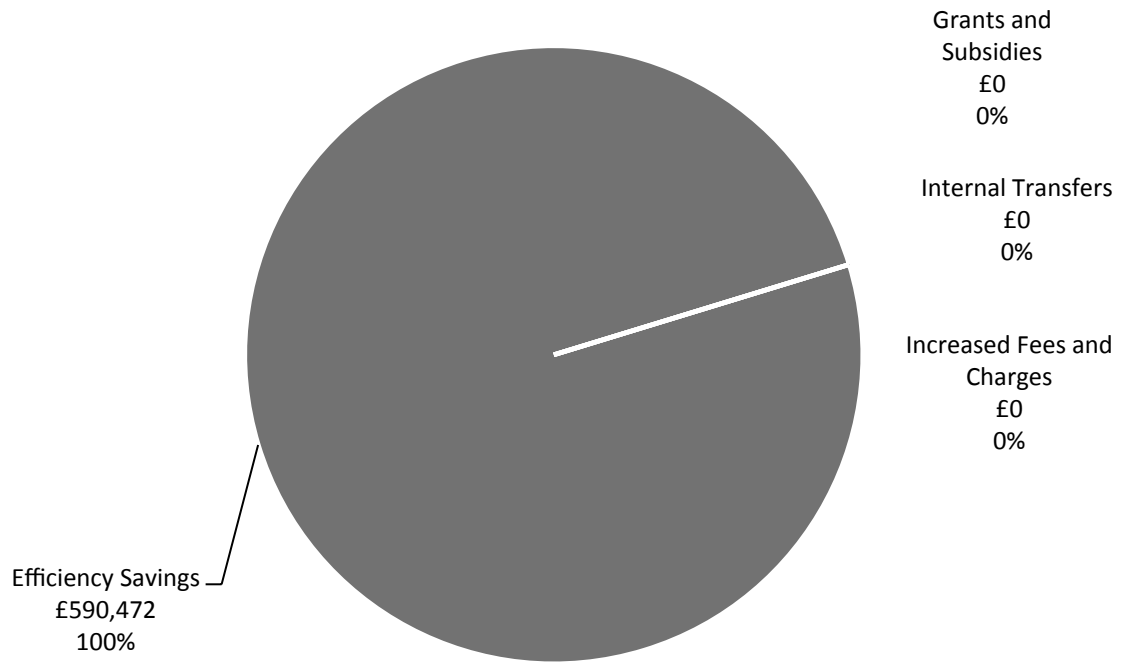
HOME FTP SAVINGS BY CATEGORY**HOME FTP SAVINGS BY YEAR**

HOUSING FTP SAVINGS BY CATEGORY**HOUSING FTP SAVINGS BY YEAR**

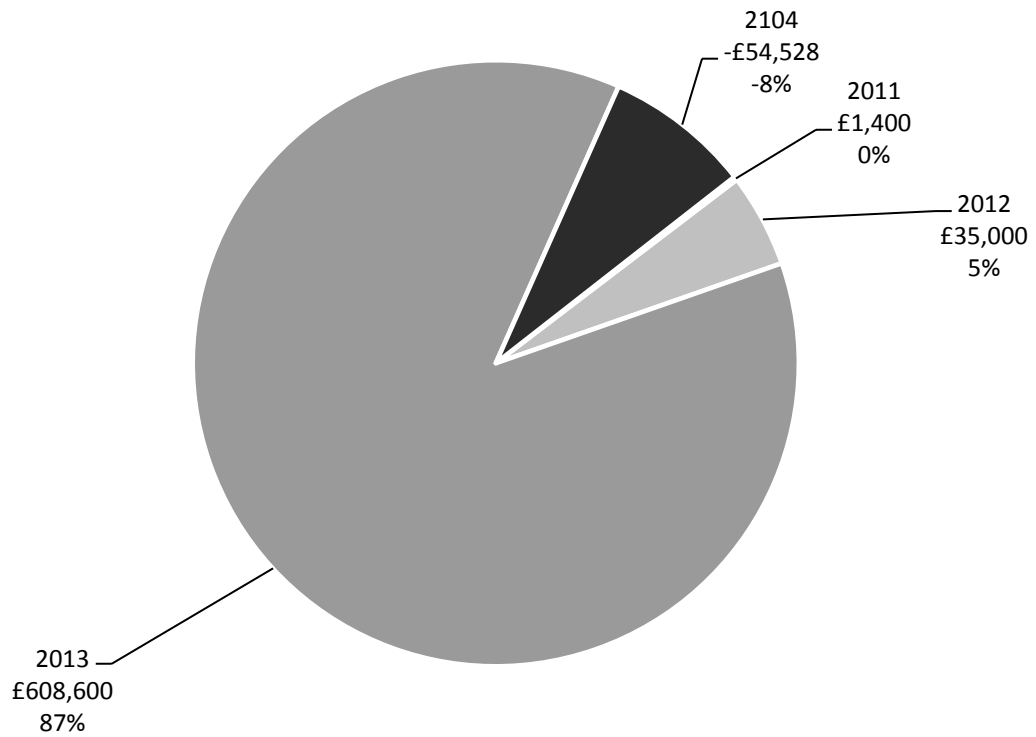
HEALTH & SOCIAL SERVICES FTP SAVINGS BY CATEGORY**HEALTH & SOCIAL SERVICES FTP SAVINGS BY YEAR**

LAW OFFICERS FTP SAVINGS BY CATEGORY**LAW OFFICERS FTP SAVINGS BY YEAR**

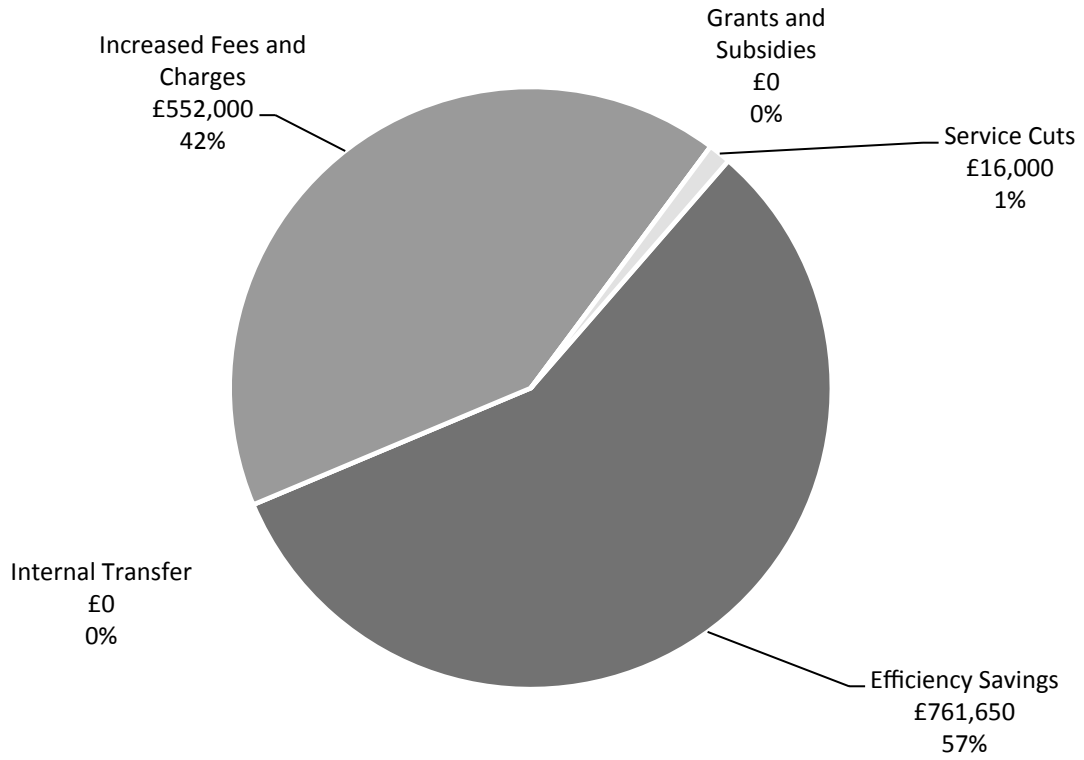
POLICY COUNCIL FTP SAVINGS BY CATEGORY



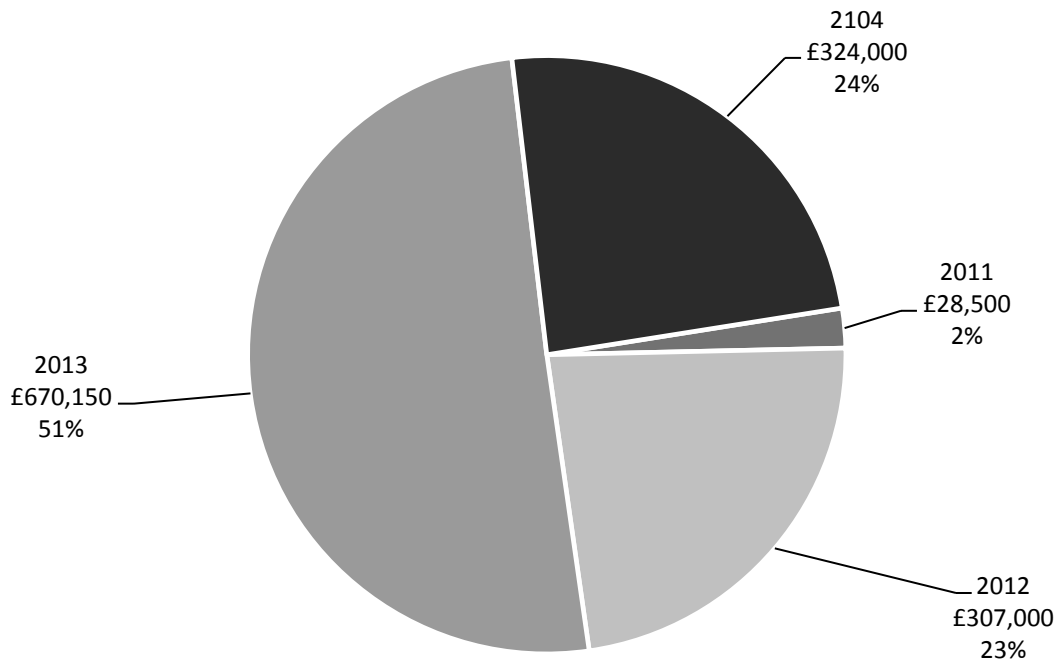
POLICY COUNCIL FTP SAVINGS BY YEAR

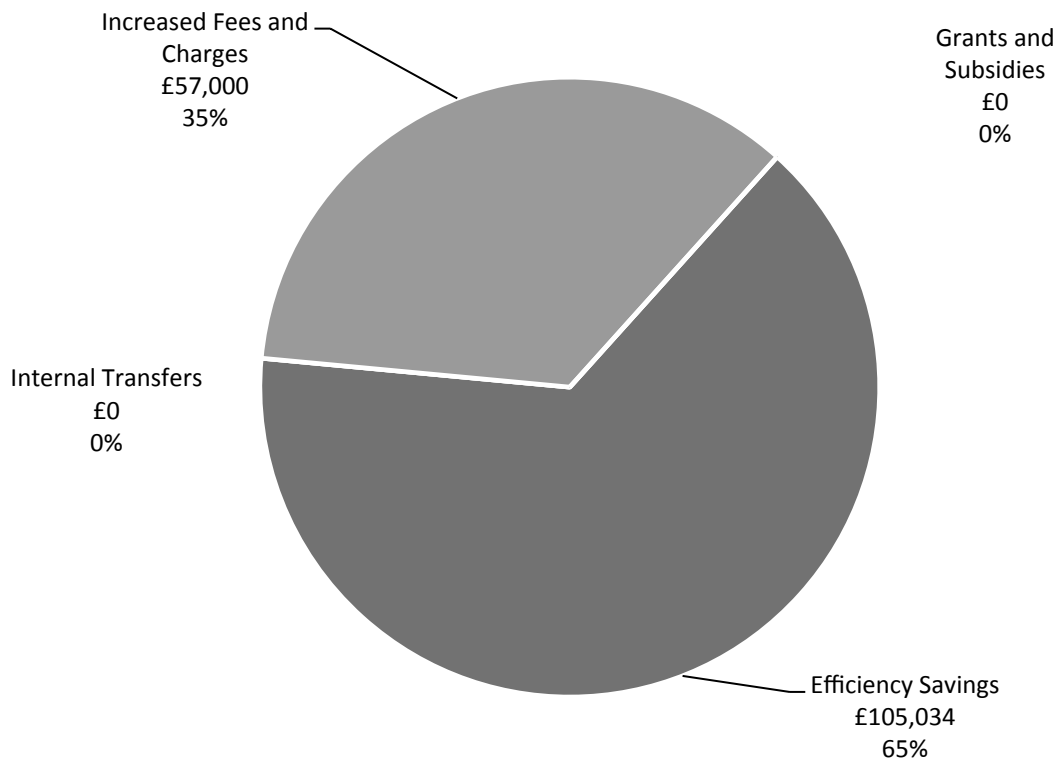
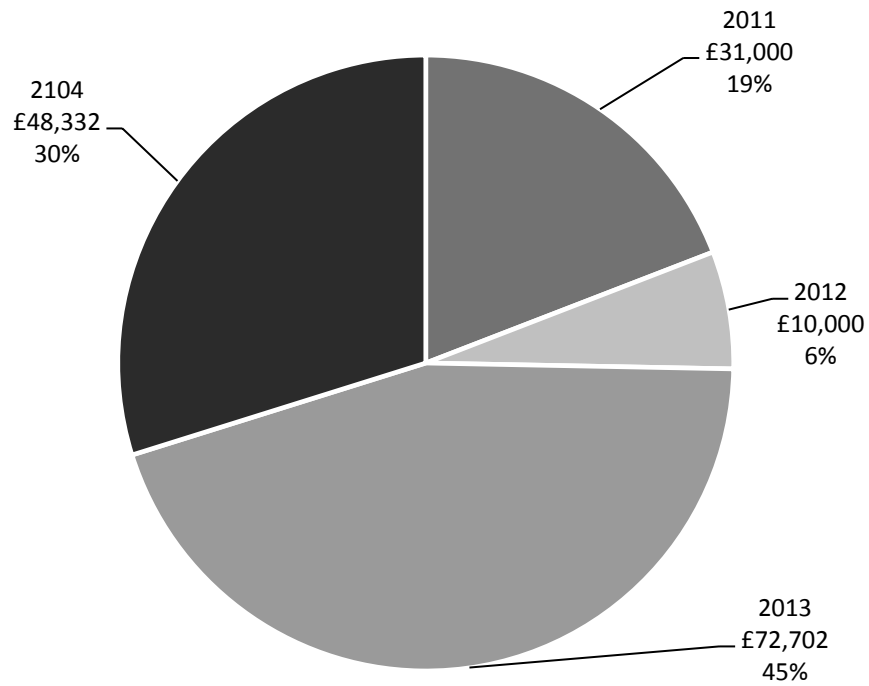


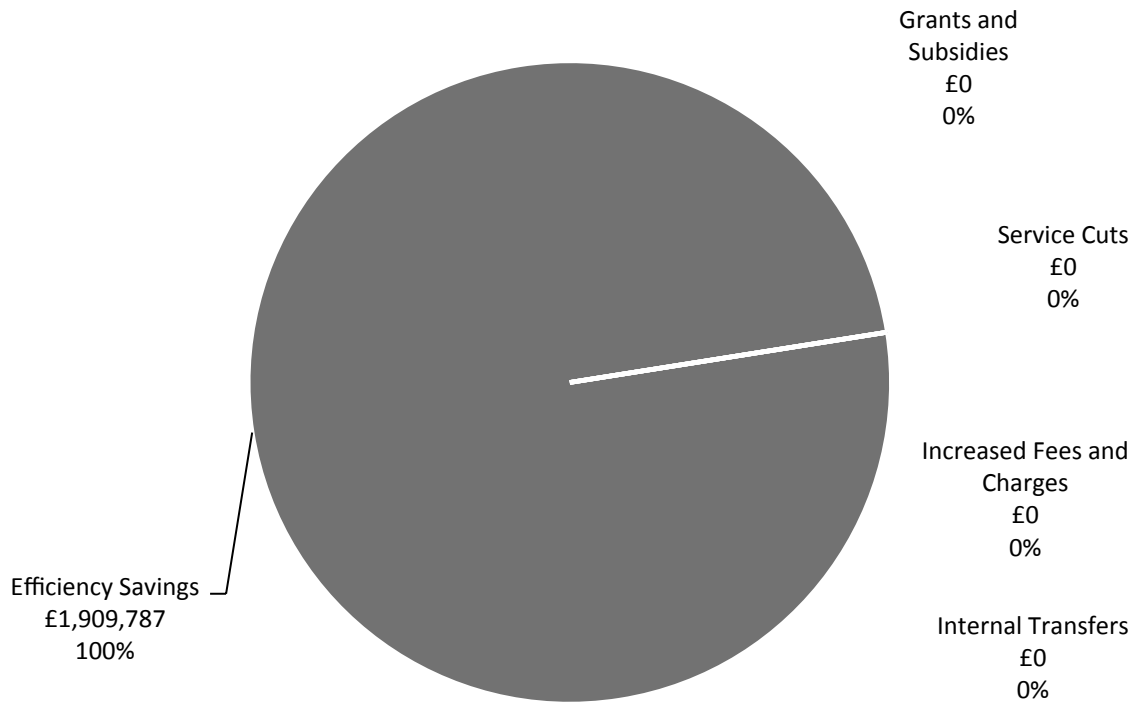
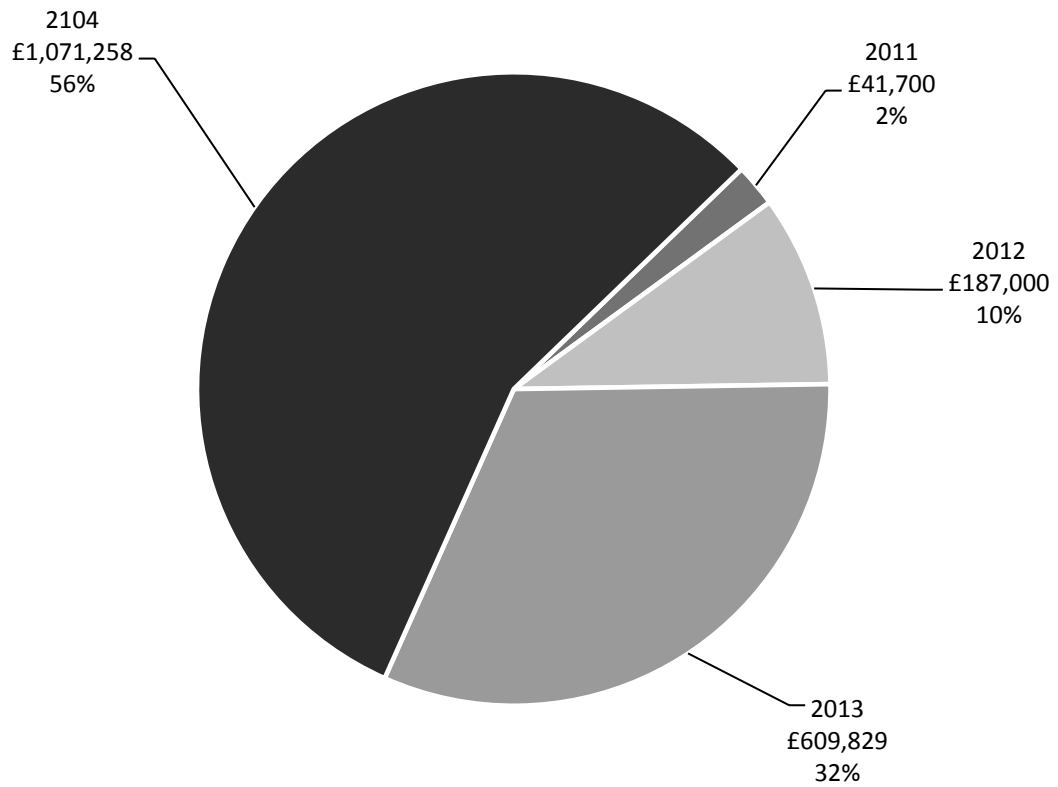
PSD FTP SAVINGS BY CATEGORY

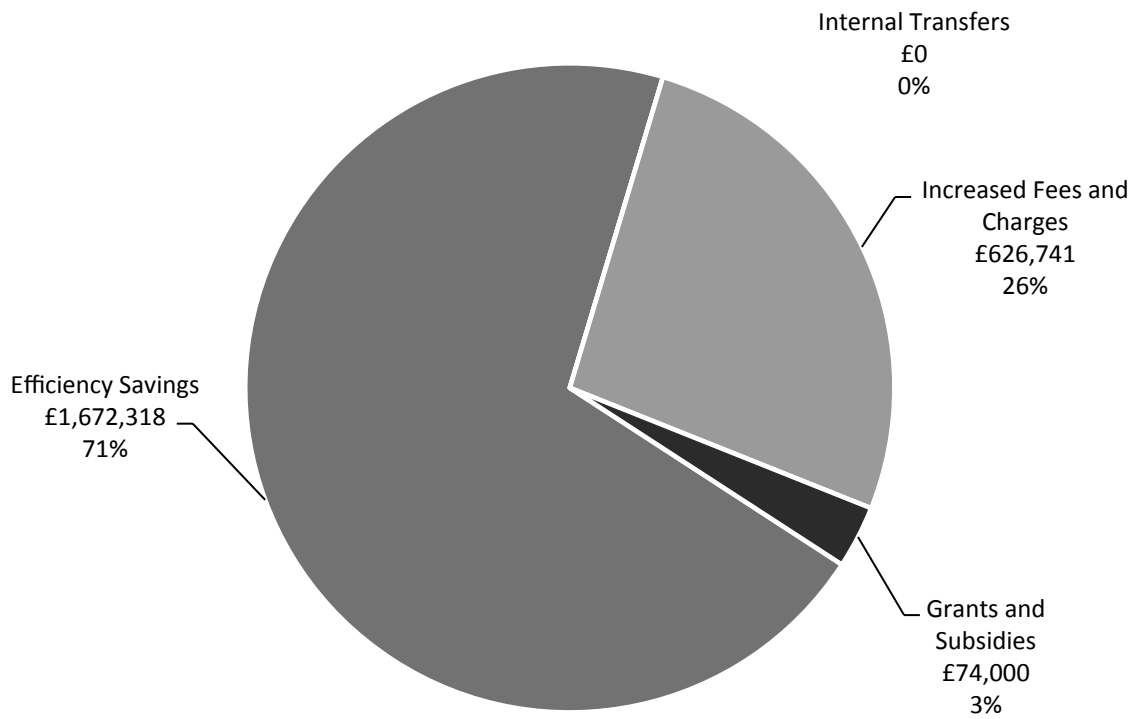
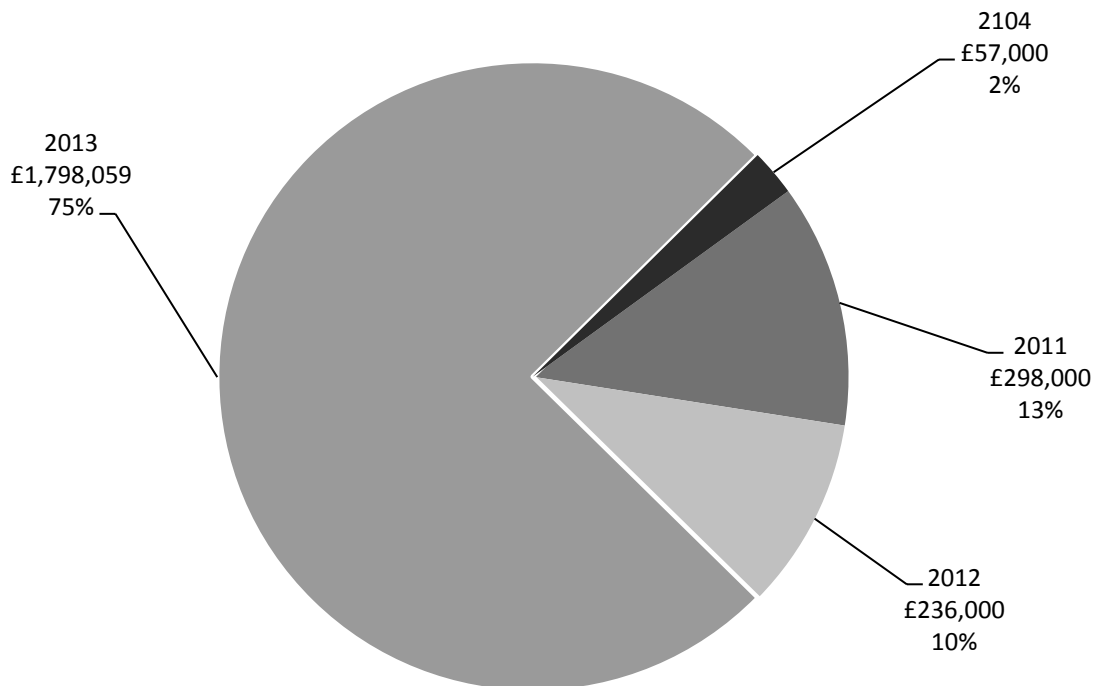


PSD FTP SAVINGS BY YEAR



ROYAL COURTS FTP SAVINGS BY CATEGORY**ROYAL COURTS FTP SAVINGS BY YEAR**

SOCIAL SECURITY FTP SAVINGS BY CATEGORY**SOCIAL SECURITY FTP SAVINGS BY YEAR**

TREASURY & RESOURCES FTP SAVINGS BY CATEGORY**TREASURY & RESOURCES FTP SAVINGS BY YEAR**

(N.B. The Treasury and Resources Department welcomes that the Financial Transformation Programme has delivered an ongoing reduction in General Revenue expenditure of £28.7million per annum which has been a key contributor in returning to a balanced budget. The Department notes that there is the potential for this to increase by a further £3-6million per annum arising from the savings forecast from projects in progress and planned. As set out in the 2015 Budget Report, the Treasury and Resources Department will continue to monitor and report progress to the States on the delivery of these residual benefits.

In order to fund the increased social and demographic demand for existing services and the introduction of new high-priority services, further sustainable financial benefits will need to be made either through more efficient working or by redirecting resources from low-priority services. Therefore there is a need for the continued transformation of the delivery of public services, with support for the Chief Executive's programme to reform the public sector and Service Guernsey initiative. This need must also include a greater focus on timely, evidence based decision making and an evolution to a culture which is both value driven and cost conscious.)

The States are asked to decide:-

IV.- Whether, after consideration of the Report dated 30th March, 2015, of the Policy Council, they are of the opinion:-

1. To note the Final Report on the States Financial Transformation Programme.

TREASURY AND RESOURCES DEPARTMENT

TAXATION OF REAL PROPERTY APPEALS PANEL – APPOINTMENT OF A NEW CHAIRMAN AND A NEW DEPUTY CHAIRMAN

The Chief Minister
Policy Council
Sir Charles Frossard House
La Charroterie
St Peter Port

19th March 2015

Dear Sir

1. Executive Summary

The purpose of this States Report is to ask the States to:

- Consider the appointment of Mrs. Caroline Latham FRICS as the Chairman of the Taxation of Real Property Appeals Panel (“the Panel”);
- Consider the appointment of Mr. John Weir FRICS as the Deputy Chairman of the Panel; and
- Note the resignations of Mr. Stuart Le Maitre and Advocate Mark Dunster from the Panel.

2. Background

- 2.1 The Tax on Real Property (Guernsey and Alderney) Ordinance, 2007 (“the Ordinance”) came into force on 1 January, 2008. Part II of the Ordinance explains the requirements for establishing a Taxation of Real Property Appeals Panel and the appointment of a Chairman and Deputy Chairman thereof. Such appointments must be made by the States upon the recommendation of the Treasury and Resources Department.
- 2.2 At its meeting in June, 2008, the States approved the appointment of Mr. Stuart Le Maitre as Chairman of the Panel and Mrs. Caroline Latham FRICS as Deputy Chairman.
- 2.3 Under the provisions of Section 22(4) of the Ordinance, the following individuals are precluded from serving as a member of the Panel: Members of the States of Deliberation and the States of Election; Members of the States of Alderney; any Constable or Douzenier; any Procureur or Overseer of the Poor or

member of a parochial outdoor assistance board; and, any Member of the Judiciary of the Islands.

- 2.4 In November, 2014, Mr. Le Maitre tendered his resignation from the Panel following his election to the position of Constable of the Vale Parish, this being one of the positions which precludes him from serving as an active member of the Panel.
- 2.5 In December, 2014, Advocate Dunster tendered his resignation from the Panel following a lengthy period of ineligibility to serve as an active member due to his appointment as a Constable of the St Pierre du Bois Parish and latterly his position as a Douzenier of that Parish.
- 2.6 The Treasury and Resources Department would like to express its thanks to Advocate Dunster for his work with the Panel and to Mr. Le Maitre for his substantial contribution as Chairman of the Panel as it was both originally established and during its subsequent development.

3. Appointment of a new Chairman and Deputy Chairman

- 3.1 The Treasury and Resources Department invited expressions of interest from the remaining Panel members regarding the vacant Chairman's position and subsequently for the position of Deputy Chairman.
- 3.2 After careful consideration of the expressions of interest received, the Department is recommending that Mrs. Caroline Latham should be appointed to the role of Chairman. Mrs. Latham has served as Deputy Chairman of the Panel since it was established in 2008 and has sat on 9 Tribunal hearings. The Department is recommending that Mr. John Weir, who has been an ordinary member of the Panel since its inception in 2008, should be appointed to the role of Deputy Chairman vacated by Mrs. Latham. Mr. Weir has sat on 8 Tribunal hearings.
- 3.3 A brief summary of these individuals' curriculum vitae is appended to this Report.

4. Other Matters

- 4.1 The Taxation of Real Property system is now in its eighth year and the Department would like to note that it intends to undertake a review of the associated legislation, principally around the associated appeals processes, in consultation with the Panel during 2015.
- 4.2 The proposals set out in this States Report will not have any impact on the resources of the States. The Department considers that it has complied with the six principles of good governance in the preparation of this States Report.

5. Recommendations

5.1 The Treasury and Resources Department therefore recommends the States:

- (a) To designate Mrs. Caroline Latham FRICS as Chairman of the Panel and Mr. John Weir FRICS as Deputy Chairman of the Panel; and
- (b) To note the resignations of Mr. Le Maitre and Advocate Dunster from the Panel with immediate effect.

Yours faithfully

G A St Pier
Minister

J Kuttelwascher
Deputy Minister

A H Adam
R A Perrot
A Spruce

J Hollis
Non-States Member

APPENDIX**TAX ON REAL PROPERTY
APPEALS PANEL****CANDIDATE PROFILES****Mrs. Caroline Latham**

Mrs. Latham is a Fellow of the Royal Institution of Chartered Surveyors. Her career has covered all aspects of commercial and residential property in the public and private sectors as well as advising on human resources, training and education within the real estate and construction industry. She is currently Joint Managing Director of Bailiwick Estates Limited, which is a property management and real estate company based in Guernsey. Prior to this she was European Director of Human Resources with a major international firm of real estate consultants, with responsibility for strategy and implementation of policy for European staff as well as advising major private and local government clients regarding the structure and employment practices within property services teams.

Mrs. Latham is an original member of the Taxation of Real Property Appeals Panel, having been appointed in June 2008. She has also served as the Panel's Deputy Chairman since its inception.

Mrs. Latham is also a member of the Employment and Discrimination Tribunal Panel.

Mr. John Weir

Mr. Weir qualified as a Fellow of the Royal Institute of Chartered Surveyors. His career has included running a property company with worldwide interests as well as managing a UK property department. Mr. Weir resides in Alderney and is currently the Manager and Company Secretary of the Alderney Housing Association, which he set up in 2011. Before moving to Alderney he held the position of Real Estate Executive at BP, based in London, with responsibility for providing advice on strategy and implementation on global real estate assets.

Mr. Weir is an original member of the Taxation of Real Property Appeals Panel, having been appointed in June 2008.

Mr. Weir is also a member of the Planning Appeals Panel.

(N.B. The Policy Council supports the proposals in this States Report and confirms that the Report complies with the Principles of Good Governance as defined in Billet d'État IV of 2011.)

The States are asked to decide:-

V.- Whether, after consideration of the Report dated 19th March, 2015, of the Treasury and Resources Department, they are of the opinion:-

1. To designate Mrs. Caroline Latham FRICS as Chairman of the Panel and Mr. John Weir FRICS as Deputy Chairman of the Panel.
2. To note the resignations of Mr. Le Maitre and Advocate Dunster from the Panel with immediate effect.

COMMERCE AND EMPLOYMENT DEPARTMENT

UTILITIES – LAYING AND MAINTAINING SERVICES IN PRIVATE LAND

The Chief Minister
Policy Council
Sir Charles Frossard House
La Charroterie
St Peter Port
Guernsey

5th March 2015

Dear Sir,

1. Executive Summary

- 1.1 In May 2014 the States of Guernsey considered a report from the Policy Council on access by private individuals to neighbouring land. The propositions were amended as follows:

3. To direct the Commerce and Employment Department, after consultation with the Treasury and Resources, Public Services and Environment Departments and any other States Departments or other parties interested in this matter, to submit a report to the States regarding improved statutory rights for the Island's utility companies for the laying and maintenance of services in private land, not later than May 2015

- 1.2 In accordance with this Resolution, the Department has consulted the relevant parties and it has concluded that:

- a) generally, the preferred course of action is to negotiate access to and other rights over private land,
- b) rights of access to and to install and maintain equipment on private land already exist for licensed telecommunication and electricity service providers where the conditions of their licences so provide and no additional powers are required,
- c) rights of access to and to install and maintain equipment on private land for water and sewerage service providers, based on the same principles as the rights, powers, duties and obligations that apply in respect of relevant telecommunications and electricity providers, should be explored with the Public Services Department and the Law Officers of the Crown, and

- d) Guernsey Gas Limited does not require any additional rights of access to or other associated rights over private land.

- 1.3 The consultation highlighted an anomaly relating to the right of Guernsey Electricity Limited to excavate in and to place and maintain equipment under public highways and the Department proposes that this is resolved by amending the Public Thoroughfares (Guernsey) Law, 1958.

2. Background

- 2.1 In May 2014 the States of Guernsey considered a report from the Policy Council on access by private individuals to neighbouring land. The propositions were amended as follows:

3. To direct the Commerce and Employment Department, after consultation with the Treasury and Resources, Public Services and Environment Departments and any other States Departments or other parties interested in this matter, to submit a report to the States regarding improved statutory rights for the Island's utility companies for the laying and maintenance of services in private land, not later than May 2015

- 2.2 In accordance with the Resolution, the Department has consulted the relevant Departments, the Law Officers of the Crown, the Guernsey Competition and Regulatory Authority (CICRA) and the organisations that provide the various utility services. A summary of the outcome of that consultation is set out below.

3. Existing Statutory Powers

- 3.1 There are a number of existing statutory provisions that create rights of access to and in some instances rights to install and maintain equipment on both public and private land, which may be exercised by utility providers. However, the arrangements vary from one utility provider to another, in some cases, in order to take into account the specific circumstances of the service which is provided. A brief summary of these provisions is set out in Appendix 1.
- 3.2 In the cases of both the Electricity (Guernsey) Law, 2001 and Telecommunications (Bailiwick of Guernsey) Law, 2001, there is a Schedule that sets out a Code of rights which may be exercised to gain access to and to install and maintain equipment on **any** land. These legislative provisions were introduced when electricity and telecommunications services were made subject to independent regulation (originally by the Office of Utility Regulation and subsequently by the Guernsey Competition and Regulatory Authority).
- 3.3 The Codes vary slightly for electricity and telecommunications services, but the principles that underlie the various rights, powers, duties and obligations are the

same. The utilities that provide the services only have the relevant rights if the relevant licence granted to them by the GCRA applies the rights under the appropriate Code by way of an express licence condition. A summary of the rights, powers, duties and obligations under the Codes is set out in Appendix 2.

- 3.4 There is therefore already statutory provision for licensed telecommunication and electricity utilities to exercise a variety of rights in relation to private land. Those rights engage under the relevant Codes in the circumstances and for the specific purposes provided for in the Codes.
- 3.5 For the avoidance of doubt, the licence granted to GEL does not entitle it to exercise any of the rights under the relevant Code, although this could be changed by inclusion of a suitable condition in its licence. The Company does not require such an amendment to the conditions of its licence at the present time.
- 3.6 In the case of the other utility providers, subject to one exception, they only have rights to excavate and place and maintain equipment or services in the public roads/highway. The exception relates to the construction of public sewers in private land which may be authorised by Resolution of the States under the Sewerage (Guernsey) Law, 1974. It should be noted that the exercise of this power is subject to rights of compensation and appeal on the part of landowners.

4. Outcome of the Consultation

- 4.1 A general theme of the responses of the utility providers is a preference to negotiate access to and other necessary rights over private land, regardless of whether or not statutory rights may be used.
- 4.2 Negotiated rights of access and other rights can take time and involve cost, however, it was pointed out by one respondent that this approach results in a clear legal agreement freely negotiated between the parties and that the exercise of any statutory rights was likely to be viewed negatively and to be considered somewhat draconian if used on a regular basis. Notwithstanding that, where statutory rights exist (in the Codes described above, for example), they are balanced by appropriate duties and obligations which themselves can take time to fulfil and which may incur costs.
- 4.3 It was generally considered that the “value” of any statutory rights was therefore that such rights provided a solution of last resort, rather than a mechanism for regular use. Existing statutory rights have only been exercised on a few occasions and in most cases simply drawing attention to the existence of the rights had resolved matters.
- 4.4 It should be noted in passing here that, as a matter of generally accepted principle, the exercise of statutory rights of access to, and to install and maintain equipment in, privately owned land should only properly be considered in

circumstances where it has not been possible to negotiate and agree upon the exercise of rights of access etc.. Indeed one of the restrictions on works under the Codes is that, except in cases of emergency, a licensee shall try to enter into an arrangement with the owner or occupier of any relevant land as to the terms of entry upon that land, before exercising any Code powers.

- 4.5 It was also pointed out by some consultees that laying services in private land is not always the most practical or lowest cost solution. This is likely to be the case where there are properties in both sides of a road, in which case a single service installed in the road may be a better option than laying a service on adjacent private land, either down one side (in which case services must still be taken across the road to properties on the other side) or down both sides.
- 4.6 Furthermore any works carried out in the curtilage of a private property are likely to involve the disturbance of established gardens and garden features, potentially the roots of mature trees and other features such as driveways. The time required, and cost involved, in making good such disturbance could be greater than that which would be required to carry out those works in the public road.
- 4.7 GEL also pointed out that the Loi relative à la fourniture de l'Électricité par les Etats, 1933 provided the power to lay cables etc. and install equipment above and below ground in and on public thoroughfares. This Law was repealed by the Electricity (Guernsey) Law, 2001 during implementation of the programme for commercialisation of the then Electricity Board.
- 4.8 In 2001, the Public Thoroughfares (Guernsey) Law, 1958 was amended to provide that telecommunication businesses (those licensed by the GCRA) could, subject to certain conditions, carry out various works in any public highway. This arrangement does not appear to have been duplicated for GEL.
- 4.9 A number of respondents also expressed the view that the creation of statutory rights of access and associated rights would be of assistance to them, however, the creation of any such rights would have to be considered in the context of the rights of landowners. This is discussed in the next section.

5. Improved Statutory Rights

- 5.1 As a very broad statement, Guernsey customary law does not enable anyone to acquire rights over someone else's land, other than with that other person's consent or by virtue of statute.
- 5.2 In this context, the 2014 States Report on access to neighbouring land included the following statements:

“Our coutume is historically assiduous in its protection of property rights.....”

and

“More recent influences such as the Human Rights Convention and Law tend in this context to be more explicitly rooted in protecting peaceful enjoyment of, but also respect for, people’s property...”

- 5.3 The creation of any statutory rights of access to, or to install and maintain equipment or services on, land exercisable without the consent of the relevant land owner or occupier must therefore be consistent with the rights of private landowners to the peaceful enjoyment to their land. In addition those rights must be consistent with other relevant provisions of the European Convention on Human Rights. Interference with those rights by statute can only lawfully be achieved in the circumstances set out in the Bailiwick's Human Rights Law. Furthermore, in practice, any such statutory powers should only be used rarely and in exceptional circumstances, for example, where it is in the public interest to do so.
- 5.4 The Codes described above already provide, or have the potential to provide, licensed telecommunications and electricity utilities with suitable rights of access to and over private land. The rights and powers in the Codes are balanced by duties and obligations that include a requirement to make good any damage and the obligation to pay compensation for diminution in the value of land where appropriate. A landowner also has a right of appeal on certain grounds.
- 5.5 The scope of works that can be carried out by these utilities is also broad and can encompass both above and below ground installations.
- 5.6 The Codes are established, comprehensive and balanced packages and there are significant limitations upon how any "improvement" can be achieved. In particular, if it were possible to create enhanced rights and powers, it would be necessary to create appropriately corresponding duties and obligations. The net effect, in terms of practical application, would probably be little different to the current arrangements.
- 5.7 Given that the relevant utilities have indicated that their preferred practice is to negotiate rights over private land in the first instance and to only rely on statutory rights when all other options have been exhausted, the Department does not consider that any amendment of the existing Codes is required.
- 5.8 Guernsey Water (including Waste Water), expressed an interest in having available to them certain statutory rights over private land as some suitable such rights would assist it in its duty to maintain both potable water and sewerage facilities.
- 5.9 Relevant rights might include the following: the right to enter land for the purposes of inspection, the right to install in or under the land equipment and

plant and the right to operate, maintain and repair any such equipment and plant. The exercise of those rights would be subject to appropriate protection and rights exercisable by landowners, including the right to notice and the right to appeal and obligations to make good and pay compensation where appropriate

- 5.10 Given that acceptable statutory arrangements already exist in the form of the Codes for telecommunications and electricity utilities, the Department considers that the rights, powers, duties and obligations under those Codes might be created for water and sewerage utility providers.
- 5.11 As indicated above the existing Codes vary slightly to reflect differences in nature of the provision of telecommunications and electricity services. If the principles relating to rights, powers, duties and obligations in the Codes are extended to the provision of water and sewerage services, bespoke Codes will need to be drafted for these utilities.
- 5.12 The Department therefore proposes to discuss this matter further with the Public Services Department and the Law Officers of the Crown and, if necessary, it will submit a further report to the States with recommendations for appropriate Codes and any amendments to legislation that would be required to bring them into effect.
- 5.13 Guernsey Gas Limited indicated its preference for its apparatus to be in the public highway and there did not consider any statutory rights of access to private land to be necessary.

6. Conclusions

- 6.1 Generally speaking the preferred option appears to be to negotiate access to and other rights over private land and that recourse to legal powers created by statute (where they exist) is seen as a measure of last resort (and where they are available, they have only been used infrequently).
- 6.2 The Codes that already exist in legislation are relatively modern provisions and provide an appropriate means for licensed telecommunication and electricity service providers to exercise rights and powers over private land where necessary. The provisions in the Codes provide rights and powers of access and these are balanced by duties and obligations in order to protect landowners.
- 6.3 Given that the preferred course of action appears to be to negotiate the acquisition of rights and powers in the first instance, that statutory rights and powers (where they exist) have been used infrequently and that the provisions in the Codes are relatively modern, the Department does not consider that additional rights and powers are necessary in relation to the telecommunications and electricity utilities.

- 6.4 Statutory rights of access to and to install and maintain equipment and services in private land do not exist for water and sewerage services, subject to the exception in relation to public sewers referred to in paragraph 3.6. In the circumstances the Department believes that there is merit in exploring the possibility of drafting appropriate legislation for these utilities which will enable them to exercise relevant statutory rights and powers subject to suitable duties and obligations (see paragraph 5.9). It therefore proposes to discuss and review this matter further with the Public Services Department and the Law Officers and, if necessary, to report back to the States with proposals for such legislation.
- 6.5 Guernsey Gas Limited has expressed no wish for any additional rights of access to any land.
- 6.6 The Department proposes that the consequential issue set out in paragraphs 4.7 and 4.8 in relation to the right of GEL to excavate in the public highway should also be addressed by means of an appropriate amendment to the Public Thoroughfares (Guernsey) Law, 1958. The amendment would place GEL in the same position, insofar as the exercise of rights over and in public highways are concerned, as a licensed telecommunications service provider.

7. Consultation

- 7.1 The Department has consulted the parties set out in paragraph 2.2.
- 7.2 The Department can confirm that the Law Officers of the Crown have been consulted on the contents of this Report. Amongst other issues, they have emphasised that any interference (whether by legislation or otherwise) with the rights of private landowners engages and potentially engages a number of fundamental human rights issues. The Department has noted their advice and, if the recommendation of this Report set out in paragraph 10.1 a) is approved, it will consult closely with the Law Officers in order to ensure that any proposed legislation is compatible with human rights requirements.
- 7.3 The Department has also consulted the Public Services Department on the proposals in this report and it has no objection to further discussion on the possibility of the creation of appropriate statutory rights over private land in respect of water and sewerage services or to the amendment of the Public Thoroughfares (Guernsey) Law, 1958 as proposed.

8. Resources

- 8.1 There are no additional financial or staff resource implications for the States associated with the proposals and recommendations set out in this Report.

9. Corporate Governance

- 9.1 The Department believes that it has fully complied with the six principles of good governance in the public services in the preparation of this Report (set out in Billet d'État IV, 2011 and approved by the States).

10. Recommendation

- 10.1 The Department recommends the States:

- a) To note the intention of the Department to discuss and review with the Public Services Department and the Law Officers the possibility of the creation of appropriate statutory rights over private land that may be exercised by water and sewerage services utility providers and, if necessary, to submit a further report to the States with proposals for the enactment of relevant legislation,
- b) To approve the amendment of the Public Thoroughfares (Guernsey) Law, 1958 as set out in paragraph 6.6, and
- c) To direct the preparation of such legislation that may be necessary so as to give effect to the above decisions.

Yours faithfully

K A Stewart
Minister

A H Brouard
Deputy Minister

D de G De Lisle
G Collins
L Trott

Advocate T Carey
Non-States Member

APPENDIX 1

The Sewerage (Guernsey) Law, 1974 (Section 2)

If the Public Services Department is satisfied that it is expedient to the carrying out any of its duties under the Law, it may construct a public sewer:

- a) in, under or over any public highway,
- b) in, on or over any land not forming part of a public highway with the approval of the States signified in that behalf by Resolution of the States.

In the case of b), the Department has to make a recommendation to the States. It also has to notify anybody who will be affected and there are provisions for appeals and compensation in the law.

Compulsory Acquisition of Land (Guernsey) Law, 1949

Temporary Possession (section 4).

Subject to certain procedures, where T&R is satisfied that it is expedient for the carrying out of any public purpose that the States should temporarily take possession of any land, it may by means of a temporary possession order so declare.

It is then lawful for the States and for any person authorised by them to enter and take possession of the relevant land for such period as specified in the temporary possession order in order to carry out the work required for the public purpose.

"Public purposes" includes any purpose of public utility and any purpose that will result in the physical, economic or social well-being of the community, and in particular includes any naval, military or air force purpose, or any civil defence purpose, and any educational or other charitable purpose, whether or not such purpose is or is intended to be carried out by a public authority.

Control of use of and access to land (section 5).

Subject to certain procedures, where T&R satisfied that it is expedient for the carrying out of any public purpose that the use of or the right of access to or over any land should be controlled by the States, it may by means of a control of use order so declare. Compensation is also payable in relation to the exercise of these powers.

Electricity (Guernsey) Law, 2001 and Telecommunications (Bailiwick of Guernsey) Law, 2001

Both laws contain a Schedule that sets out a code in relation to access to any land. The code sets out various powers, duties and obligations, but they only available to a utility

that is licenced by the GCRA and if the relevant provisions of the law are applied as a condition of its licence.

There are certain caveats and restrictions on the use of these powers and there are also provisions for appeals and compensation.

Water Supply Laws – Date from 1927

S.6 Right to install on public roads etc.

S.7 No right to install on private land without the consent of the owner or occupier (other than to repair or replace or alter an existing service).

Public Thoroughfares (Guernsey) Law, 1958 (in relation to Telcos and Gas)

The Telcos and the Gas Company may, from time to time, subject to such conditions as Public Services Department may require, open, break up, tunnel or bore into any public highway for the purpose of placing, constructing, inspecting, maintaining, adjusting, repairing, altering, renewing, removing or changing the position of any mains or service pipes, or any apparatus etc. in or under any public highway.

APPENDIX 2

The Code

Both the Telecommunications (Bailiwick of Guernsey Law, 2001 and the Electricity (Guernsey) Law, 2001 contain a Schedule that sets out a code of rights, powers, duties and obligations relating to works on any land where necessary or expedient for certain purposes. However the rights etc are only available in the case of a utility that is licenced by the GCRA and if the relevant provisions of the Law are applied as a condition of its licence.

In summary, the Code provides the following rights, powers, duties and obligations :

1. **Power to undertake works** – on any land, including establishing, operating, maintaining, enhancing and improving or protecting a network and providing services (this includes installing, maintaining and repairing etc. equipment, ancillary and subsequent works and the ability to enter land with personnel, materials and equipment). Works must be necessary or expedient.
2. **Work must be carried out quickly** – in order to cause the least possible inconvenience and damage must be made good.
3. **Restriction on works** – other than in an emergency, a licensee must endeavour to enter land by arrangement. Installed equipment cannot interfere with entry or exit to the land without the consent of the landowner. Equipment must be installed at least 6 feet above a residential dwelling. Equipment must be moved if the landowner proposes to construct, alter or extend a building.
4. **Compensation** – must be paid for any diminution in the value of land or any other loss, injury or damage. Any enhancement in the value of land is taken into account. If there is disagreement the compensation is determined by a single arbiter.
5. **Appeals** – must be made within 21 days on the grounds that the exercise of powers under the Code would be ultra vires or unreasonable.
6. **Proof of identity** – must be provided on request.
7. **Notice to be served before works are carried out** – not less than 28 days beforehand (other than in an emergency).
8. **Private agreements not affected** – the code does not prevent private agreements between a licensee and a landowner.
9. **Offences** – obstruction.
10. **Services of notices** – in accordance with the relevant Law.

(N.B. As there are no resource implications in this report, the Treasury and Resources Department has no comments to make.)

(N.B. The Policy Council supports the proposals in this States Report and confirms that the Report complies with the Principles of Good Governance as defined in Billet d'État IV of 2011.)

The States are asked to decide:-

VI- Whether, after consideration of the Report dated 5th March, 2015, of the Commerce and Employment Department, they are of the opinion:-

1. To note the intention of the Department to discuss and review with the Public Services Department and the Law Officers the possibility of the creation of appropriate statutory rights over private land that may be exercised by water and sewerage services utility providers and, if necessary, to submit a further report to the States with proposals for the enactment of relevant legislation.
2. To approve the amendment of the Public Thoroughfares (Guernsey) Law, 1958 as set out in paragraph 6.6 of that Report.
3. To direct the preparation of such legislation that may be necessary so as to give effect to the above decisions.