

£35 million cost reductions  
2008



COMPTROLLER &  
AUDITOR GENERAL

## SECTION 1 - INTRODUCTION

1. On 11 December 2007, I announced that I would be undertaking a review of the efficiency and effectiveness of States' expenditure comprising three principal components:
  - (1) a review of the £35 million annual reductions of expenditure which the States will have achieved by the end of 2008 and which were the subject of a press release by the Chief Minister's Department on 6 November 2007;
  - (2) a review of States-wide spending; and
  - (3) a review of the effectiveness of the process (including the provisions of the Public Finance Law) for the control of expenditure.
2. This report sets out the results of the first element of this review. The terms of reference for the examination of the annual reductions of expenditure that have been achieved are set out in Appendix One.
3. In a report that I am publishing at the same time as this report, 'Setting the scene', I examine the evidence for the way in which States' expenditure has grown in recent years. I observe that the evidence is consistent with increasing control of public expenditure having reduced the extent to which public expenditure increases faster than the Retail Prices Index.
4. In this report, by examining the spending reductions that have been achieved in recent years, the intention is to seek evidence that would indicate how successful the States have been in managing expenditure. As the press release issued on 6 November 2007 stated:

*"States departments have worked hard to make these efficiency cuts . . . The report shows that out of the £35M we have already made, £15M come from efficiencies and we plan to make £5M more by 2009. This has not been an easy task and cuts have been felt in every department of the public service."*
5. A document setting out the reductions that had been made was appended to the press release. The press release is reproduced in Appendix Two. The detailed document can be inspected by way of the website of the Chief Minister's Department.
6. My review consisted of an analysis of the documents supporting the press release, together with an examination of the supporting evidence.
7. The background to the savings that have been achieved is set out in section three of this report. In section four, I set out the definitions of various terms that I have used and in section five I set out the outcome of the review. But, first, a summary of my findings is set out in the following section.

## SECTION TWO - SUMMARY OF FINDINGS

### *Summary of the 'savings'*

8. The total amount of the annually recurring savings forecast to have been achieved by the end of 2008 (£35.832 million) consists of three principal items:
- (1) savings made as a result of the Fundamental Spending Review process (£20.132 million);
  - (2) corporate savings made as a result of the proposals which resulted from a visioning process (£7.307 million); and
  - (3) departmental efficiency savings (£8.393 million)<sup>1</sup>.
9. My conclusions in respect of the evidence for each of these three principal items are summarised below, and are set out in detail in section five of this report.

### *Conclusions – FSR savings*

10. Of the total annual recurring savings said to have arisen from the FSR process (£20.132 million), there is some doubt whether 'savings' amounting to £4.064 million (i.e. 20%) can be said to have arisen. These amounts were:
- (1) transferred to other funds (and so did not represent cuts in expenditure in any way);
  - (2) resulted from factors that were not within the control of the States and thus would have occurred whatever action the States may or may not have taken; or
  - (3) could not be achieved in practice.
11. Further reductions in Net Revenue Expenditure amounting to £2.512 million were achieved by increasing departmental income rather than by reducing expenditure.
12. Of the remaining total reduction of £13.556 million whilst the departments concerned have 'lived within' their reduced budgets (i.e. reduced by the agreed FSR reductions), and to this extent this total represents an actual reduction in expenditure.

### *Conclusions – Corporate Savings*

13. There is substantial evidence that the claimed Corporate Efficiency Savings (£7.307 million) have been achieved. However, there is considerable doubt over whether the reductions in cost achieved by Jersey Property Holdings (JPH) represent sustainable savings (£1.5 million). It appears more probable that these reductions are at best deferrals of expenditure and create the prospect of increased maintenance expenditure when interruptions to a normal maintenance programme fall to be corrected.

### *Conclusions – Departmental Efficiencies*

14. The programme to achieve Departmental Efficiencies concentrated upon achieving the cuts in expenditure rather than upon recording the savings and their effects. In this context, it is difficult to describe the nature of the cost reductions that have been achieved (£8.393 million) save to note that budgets have been reduced and departments have largely lived within their budgets. In this sense, however it has been achieved, there has been a reduction in spending.

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<sup>1</sup> These savings were originally targeted to amount to £8.693 million by the end of 2009.

### SECTION THREE - BACKGROUND

#### Introduction

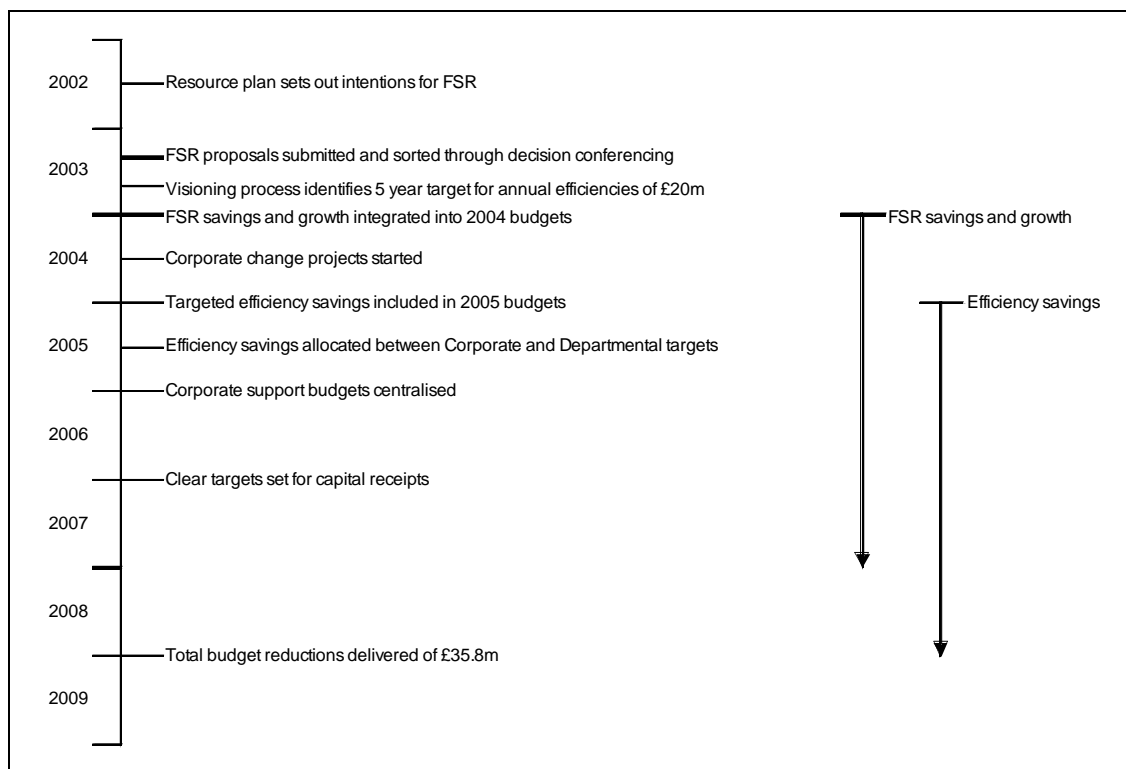
15. In this section of the report, I will review the background to the attempts by the States to make reductions in expenditure and the form that those attempts took.

#### Fundamental Spending Review

16. In 2002, in the face of pressure on resources, the States initiated the Fundamental Spending Review (FSR). The Resource Plan 2002 charged all Committees to:

*" . . . co-operate with the Policy and Resources and Finance and Economics Committees to develop an appropriate process of allocation and prioritisation between committees of the total States net revenue expenditure for 2004".<sup>2</sup>*

17. At the outset, the intention was to identify spending and service reductions which could fund areas of necessary growth in public services and public spending within a period of fiscal restraint. The FSR was thus a process designed to reallocate funding between objectives and Committees on the basis of the States priorities. The timetable for the FSR (and the subsequent developments) is summarised in the following diagram:



Source: Comptroller and Auditor General

<sup>2</sup> P132/2002.

## 2004 Budget

18. In 2003, in preparing the 2004 Budget, Committees were required to compile and submit savings and growth packages for consideration. All Committees, except the Health and Social Services Committee, were required to submit prioritised savings amounting to 10% of their gross expenditure. This culminated in a three-day political decision conference at which the Presidents of the major Committees prioritised the savings and growth packages. At the beginning of this process, Presidents were challenged to agree budgets for 2004 that implied no more than a net growth in expenditure of £2 million. At the end of this process, the budgets for 2004 were fixed and approved allowing for net growth in expenditure of £4.5 million.

## 2005 Budget

19. For the preparation of the 2005 Budget, the FSR process was developed further by making a distinction between:
- (1) reductions in service (i.e. savings made through reducing or re-defining an identifiable service); and
  - (2) efficiency savings (i.e. savings made without any identifiable effect upon the delivery of a service).
20. The possibility of efficiency savings had been identified as a result of a visioning process which had begun in 2003 and which was reported in April 2004.<sup>3</sup> This report identified a number of projects which were grouped under 'themes':

	<i>Estimated annual net savings (£,000)</i>
Programme management	0
Customer focus	5,600
Working together – organisational structure	300
Integrated support services	9,500
Intelligence led government	4,800
Culture	-100
<b>Total</b>	<b>20,000</b>

21. It was suggested that savings of this amount would be achieved within five years.<sup>4</sup>
22. Subsequently a Change Team was appointed and three transformation projects were begun to reform corporate support services in the following areas:
- (1) Information and Communications Technology;
  - (2) Finance; and
  - (3) Human Resources.

<sup>3</sup> R /2004 lodged au Greffe on 20 April 2004.

<sup>4</sup> Page 19 of the report.

23. In parallel, work to identify savings from procurement and property costs started. The task for the Change Team was to identify corporate savings in these five areas to reduce the burden amount of the efficiency savings which Committee would be expected to find. The Change Team identified £11.3m of corporate savings.
24. The allocation of efficiency savings between Corporate and Departmental savings was included in the budgets from 2006 onwards.

(£,000)	2005	2006	2007	2008	2009	Total
Corporate efficiencies						
- HR	300	400				700
- IT	500	440				940
- Finance	206	494	427			1,127
- Procurement	150	300	750	700		1,900
Total	1,156	1,634	1,177	700		4,667
Cross-departmental	120	120	450	450		1,140
Property		400	500	600		1,500
Total corporate efficiencies	1,276	1,754	2,127	1,750		7,307
Departmental efficiencies	4,724	1,846	1,173	650	300	8,693
TARGET – revenue savings	6,000	4,000	3,300	2,400	300	16,000
Capital ‘savings’ – property sales			700	1,600	1,700	4,000
<b>TOTAL SAVINGS</b>	<b>6,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>2,000</b>	<b>20,000</b>

25. In the absence of a better method, the target for Departmental efficiency savings was allocated to the ten major non-trading Committees in proportion to their total expenditure after deducting social benefits, grants and other transfer payments (on the basis that efficiency savings could not be made in respect of these categories of expenditure).

### Total savings target

26. Thus the total target for revenue savings consisted of the revenue savings (both Corporate and Departmental) identified as a result of the Visioning Process and the savings identified through the FSR. This revenue total did not include the projected capital proceeds of property sales. The amounts concerned are shown in the following table which is based on the table which was published with the Chief Minister’s Department press release dated 6 November 2007 and indicates:

- (1) the additional savings made in each year;
- (2) the total amount of recurring savings in each year; and
- (3) the cumulative total of savings made in the period.

(£,000)	2004	2005	2006	2007	2008	Totals
FSR savings	8,666	6,173	3,066	899	1,329	20,133
Revenue efficiency savings		6,000	4,000	3,300	2,400	15,700
Total - in year	8,666	12,173	7,066	4,199	3,729	35,833
Recurring	8,666	20,839	27,905	32,104	35,833	
Cumulative savings	8,666	29,505	57,410	89,514	125,247	

## Growth in budgets

27. At the same time as these processes were followed to achieve reductions in spending, specific decisions have been made to increase spending beyond the increases that were necessary to cope with the effects of inflation. These decisions are significant to the analysis in this report because of the way in which many of the planned savings have been monitored. In effect, the reductions were deducted from the relevant Departments' total budgets, and growth, where it was agreed, was simply added to the same totals budgets. The result was that, unless careful recording and supervision took place, there was an opportunity for Departments to utilise the possibility of confusion between the two factors to nullify the effect of the agreed reductions. It therefore became an objective of this review to discover whether there was evidence that the position had been obscured in this way and, if so, what the result had been.
28. The scale of the agreed growth in budgets is significant here and is indicated in the following table.

(£,000)	2004	2005	2006	2007	2008	Total
FSR agreed growth in expenditure	13,117	13,793	9,435	5,388	13,041	54,774
Strategic Plan agreed growth in expenditure				8,020		8,020
Income Support transitional relief					6,700	6,700
Agreed growth in expenditure	13,117	13,793	9,435	13,408	19,741	69,494
Less: FSR and efficiency savings (see above)	-8,666	-12,173	-7,065	4,189	-3,729	-35,832
TOTAL NET GROWTH LESS SAVINGS	4,451	1,620	2,370	9,209	16,012	33,662

29. In this table, no account has been taken of increases in the growth in the expenditure of the Overseas Aid Commission or of increases in approved expenditure to take account of inflation.
30. The import of this information is that, at the same time as reductions in expenditure were being targeted, substantial increases in expenditure were also being approved. In other words, a major re-direction of resources was being planned. Whilst such a process is entirely legitimate, if the process were to result in a real re-direction of resources, it was necessary to ensure that there was proper recording and monitoring of steps taken to achieve the planned changes.



## SECTION FOUR ~ REVIEW OF THE SAVINGS: APPROACH

### Introduction

31. The purpose of the review was to identify the sources and nature of the savings which appear to have been made and to seek to verify those savings. To enable this work to be done rigorously, it proved necessary to start by defining the terminology to be used as various words (e.g. 'saving', 'cut' and 'service reduction') are used frequently with subtly varying meanings.

### Definitions applied by the review

32. The definitions which have been applied for the purpose of the review are set out below:
- (1) *Saving*: a reduction in Net Revenue Expenditure requiring action to be taken to achieve the reduction. In other words, a reduction in expenditure that did not result from action taken by the States would not be regarded as a 'saving'. The effect of this is that a reduction in school spending which occurs simply because of a fall in the number of available pupils would not be regarded as a saving.
  - (2) *Growth*: an increase in Net Revenue Expenditure which is required to fund an increase in the level or quality of service provision and which does not result from mere cost inflation.
  - (3) *Saving through service reduction*: a reduction in Net Revenue Expenditure requiring action to be taken to achieve the reduction and resulting in a change or re-definition of the level or quality of service provided.
  - (4) *Efficiency saving*: a reduction in Net Revenue Expenditure requiring action to be taken to achieve the reduction and which has no effect on the level and quality of service provided.
  - (5) *Exogenous reduction in budget*: a reduction in a budget or Net Revenue Expenditure which occurs other than as a result of action taken. Reductions in budgets may occur for many different reasons, for example as a result of the completion of a time bound programme of work or a change in wider economic conditions. The key distinction between 'savings' and 'reductions in budget' is that the latter occur independently of any cost cutting exercises undertaken to generate savings.
33. Net Revenue Expenditure (NRE) is a term defined in the States' annual accounts and in my report entitled 'Setting the Scene' which is being published in parallel with this report. NRE for a non-trading department is defined as its overall expenditure less the amount of its income from charges and by other means.
34. The result of this definition is that a reduction in NRE can be achieved by a number of means. It can of course be achieved by a reduction in spending. However, it can also be achieved by increasing income even if there is no reduction in the amount actually spent.

### Categories of saving

35. Furthermore, within the definition of a "saving", it is possible and helpful to distinguish categories of events which are fundamentally different in substance. Therefore, in conducting this review I have categorised the amounts mentioned in the Chief Minister's Department's press release, using a limited number of categories.

36. As will be seen, these categories do not distinguish between 'savings through service reduction' and 'efficiency savings'. It has not proved possible to distinguish between these two types of saving in practice. In some cases, this is a result of a lack of a clear definition of a service. In other cases, it is a result of a lack of information about the effect of a reduction in expenditure. Departments have been charged to reduce their expenditure and on occasion have recorded the reduction in expenditure without recording the service effect of that change. In these cases, it has not been possible to identify the effect on services of the spending reduction. Moreover, I have not been able to make good this deficiency by referring to the States service performance reports. As I have reported in another report, for the period covered by this report, there was no comprehensive system for performance reports.
37. The categories applied and their definitions are set out in the following table. As a demonstration of the way in which these categories have been applied in the course of the review, I have included in the table examples of reductions in expenditure taken from the list which supports the table of savings published with the Chief Minister's Department's press release.

<i>Category</i>	<i>Definition/Description</i>	<i>Examples</i>
1. Expenditure saving	Delivery of an equivalent overall service with a reduction in the resource required to do so.	Consolidate States office accommodation to release excess capacity that can be rented out or disposed of.  Reduction of opening hours at sports centres.  Extend income tax self-assessment.
2. Reduction of States contribution	Not falling within the definition of a recurring "saving" used for this review.	Replace student grants with student loans.
3. User pays	Increase in income generated as a result of a policy decision to charge the end user, reducing the burden on general taxation.	Introduction of end of life vehicle charge.
4. Improve income return from States activities	Increase in income as a result of more effective or efficient processes.	Chase non-payment of income tax.
5. Other	Not falling within the definition of a recurring "saving" used for this review.	

## SECTION FIVE ~ THE OUTCOME OF THE REVIEW

### Introduction

38. In this section of the report, I will set out the result of the review in:
- (1) describing the savings that were announced in the press release dated 6 November 2007;
  - (2) categorising the savings in accordance with the categories defined in section five of this report; and
  - (3) verifying that these savings were in fact achieved.
39. As the process of identifying, recording and implementing the FSR savings differed from that for efficiency savings, I have addressed the two groups of savings separately.

### FSR savings

#### *Description and categorisation*

40. As I have shown in section three of this report, the press release announced that £20.1 million of cumulative annual recurring savings had been achieved as a result of the FSR process. In a table published with the press release, this total was analysed between departments. This table is reproduced in Appendix Two.
41. The States published an itemised breakdown of the savings by Department and year, drawn from the published budgets and business plans, to support the value of savings claimed. This listing is reproduced in Appendix Three together with my own amplifications by means of which I have sought to provide additional clarity to the savings claimed.
42. As indicated in section four of this report, I have applied the categories set out in section four to the 173 listed items. The summarised results are shown here in the following table:

	<i>Category</i>	<i>Saving (£,000)</i>	<i>Saving % (of claimed savings)</i>
1	Expenditure saving	10,384	52
2	Reduction in States contribution	3,172	15
3	User pays	2,121	11
4	Improve income generation from States activity	391	2
	<i>Total categorised savings</i>	16,068	80
5	Other	4,064	20
	<i>Total</i>	20,132	100

43. I have further analysed the 'Other' category above as shown in the following table:

	<i>Category</i>	<i>Saving (£,000)</i>
1	Accounting adjustment – no saving	379
2	Outside of States control – reduction in cost not arising from States action	1,926
3	Cessation of activity due to replacement or obsolescence	556
4	Saving subsequently reversed through growth	149
5	Other – deferral nets off against growth funding	1,041
6	Other – cash saving unachievable	172
7	Other – growth erroneously included	-158
	Total	4,064

44. Descriptions of all of the items listed in this table together with the categories assigned to them are set out in Appendix Four.

#### *Verification*

45. I have not validated the delivery of all of the specific itemised savings included in the budgets.
46. Within the States financial framework, Departments have authority to move budgeted expenditure between categories and objectives but are required to constrain their spending to fall within the overall Net Revenue Expenditure approved by the States Assembly. Where Departments have been unable to deliver the specific savings required in the budget, they will therefore have been obliged to make alternative savings or to find an alternative source of funding.
47. The States have not measured the achievement of individual savings by Departments to validate that the saving has been delivered as described in the budget. Given the absence of measurement of delivery of the savings as budgeted and the framework under which Departments operate, validation of the savings on an item by item basis would be resource intensive, burdensome for Departments, and is beyond the scope of this report.
48. However some evidence is available from the work that has been done, and the following examples demonstrate the difficulties that the analysis has already identified. Example One is a case in which expenditure has continued but has been charged to other funds and thus has been excluded from Net Revenue Expenditure.

#### *Example One:*

*Item 59: Law Officers' Department: increased rechargeable work - annual saving £245,000. Claimed to have been achieved in 2004.*

*In fact this 'saving' consisted of costs being met by the Criminal Offences Confiscation Fund, users of the Department's debt recovery service and the Assisted House Purchase Scheme, Building and Agricultural Loans. No expenditure was cut. The reduction in Net Revenue Expenditure consisted wholly of expenditure being transferred to other funds.*

49. Example Two is an instance in which it has proved impossible to make the cut that was originally specified. Since no additional funding was provided to the Department concerned, then other activities of the Department have been obliged to continue within a reduced budget. In this sense, the original arithmetical reduction in budget has been achieved but in a way that indicates either (which is more probable) that the pressure on the Department's other activities has been unreasonably increased or that the budgets for those activities were still too generous. In practice, it seems likely that the quality of the service provided by other sections of the Department has suffered. It is now proposed that the effects of this change should be corrected by the revision of charges for the Department's services which should permit the recruitment of additional staff.

*Example Two:*

*Item 137: Planning & Environment Department: reduction in staff of the Meteorology Service - annual saving £172,000. Claimed to have been achieved in 2006.*

*Due to the specialist nature of the posts and the absence of a compulsory redundancy scheme, this action has not resulted in a saving.*

50. Example Three is an instance of a cost saving that has resulted from a change in the size of the population and not in any way as a result of action by the States:

*Example Three:*

*Item 127: Department for Education Sport and Culture: reduction in head count funding to primary schools because of a reduction in the number of pupils of appropriate age - annual saving £621,000. Claimed to have been achieved in 2006.*

### Conclusions

51. Of the total annual recurring savings said to have arisen from the FSR process (£20.132 million), there is considerable doubt whether 'savings' amounting £4.064 million (i.e. 20%) can be said to have arisen. These amounts were:
- (1) transferred to other funds (and so did not represent cuts in expenditure in any way);
  - (2) resulted from factors that were not within the control of the States and thus would have occurred whatever action the States may or may not have taken; or
  - (3) could not be achieved in practice.
52. Further reductions in NRE amounting to £2.512 million were achieved by increasing departmental income rather than by reducing expenditure.
53. Of the remaining total reduction of £13.556 million whilst the departments concerned have 'lived within' their reduced budgets (i.e. reduced by the agreed FSR reductions), and to this extent this total represents a reduction in expenditure, there is little direct evidence that the nominated reductions in expenditure were in fact implemented.

### Efficiency savings:

#### *Introduction*

54. Efficiency savings claimed amount to £15.7 million and represent the planned and budgeted revenue savings from the first four years of the change programme running from 2005-2009. As described in section three, the profiled savings of £20 million were allocated between Corporate Efficiencies (£11.3 million) and Departmental Efficiencies (£8.7 million).

#### *Distinction between Corporate and Departmental Efficiencies*

55. The savings claimed are on the basis of the budget movements, not on the basis of actual savings achieved. Whilst for Corporate Efficiencies, in accordance with best practice, the various Change Projects have identified, delivered and monitored savings, for Departmental targets the States have not systematically collected information on how the efficiency savings have been targeted and achieved.

#### *Corporate Efficiency Savings*

56. The States have delivered significant reductions in spending on corporate support functions through centralisation of resources for IT, HR and Finance. Recorded savings include a number of examples of efficiencies which have been delivered:
- (1) telecommunications savings through moving to a centralised contract, using Voice Over Internet Protocols for internal phone systems and a review of phone line requirements;
  - (2) moving to a Shared Services model for processing of financial transactions, including the introduction of a new finance system, allowing more efficient processes and consequent headcount reductions;
  - (3) headcount reductions in Human Resources achieved through a change in the structure of support services provided to Departments; and
  - (4) centralised recruitment advertising allowing clearer branding and taking advantage of better advertising rates
57. Savings have also been targeted through identifying efficiencies in the way States procure goods and services and through the management of accommodation. The States are not likely to meet the procurement target of £1.9 million of annual savings by the end of 2008, as measured by specific reductions achieved through procurement activity. Due to slippage in delivery of the targeted savings for 2007 the estimates have been revised to suggest that £1.9 million of recurring savings will now be delivered by 2009.
58. Departmental budgets have been reduced to reflect the anticipated achievement of corporate procurement savings for 2007 and 2008. As a result the balance of savings not met through procurement efficiency will need to be delivered through other general reductions which may have a detrimental impact on service delivery. The difference between budgeted reductions and centrally measured procurement savings in 2007 is £480k.
59. Property savings have been split between capital and revenue efficiency savings and are the responsibility of Jersey Property Holdings (JPH). The capital element will be achieved through a programme of disposing of surplus property owned by the States. Capital receipts have been included in the original £20 million target for efficiency savings but, for good and proper reasons, were not included in the total £35.8 million of revenue savings reported by the press release.

60. Budget reductions in property revenue expenditure of £1.5 million by 2008 do not constitute efficiency savings. Amounts equal to the required efficiency savings from property revenue expenditure have been removed from the budget for JPH for 2006, 2007 and 2008. To deliver the required budget reductions, JPH have suspended improvement works and reduced the level of planned maintenance work being carried out across the estate. The result of this is likely to be an increase in future requirement for funding for maintenance works, such that the budget reduction of £1.5m represents a deferment of expenditure, not a saving.
61. Since JPH was set up in 2006, the revenue budgets for the maintenance of the States property estate have been gradually transferred across from Departments. The total value of the budgets transferred to JPH to date, against which the budget reductions have been made, has fallen significantly below original expectations, causing difficulties in the achievement of the required savings.

### *Conclusions – Corporate Savings*

62. The effect of this analysis is that whilst there is substantial evidence that certain of the claimed Corporate Efficiency savings have been achieved, there is considerable doubt over whether the reductions in cost achieved by JPH represent savings. It appears more probable that these reductions are at best deferments of expenditure and create the prospect of increased maintenance expenditure when interruptions to a normal maintenance programme fall to be corrected.

### *Departmental Efficiencies*

63. The process undertaken to achieve Departmental Efficiencies has involved allocating the efficiencies targets between Departments and reducing their baseline budgets by the allocated amounts. Top-slicing the budget forces the Department to achieve the saving in order to avoid overspending against the budget, as reported in the year end accounts. The nature of this process requires the savings achieved to be recurring, or to be replaced in the following year by an alternative saving. This process does not, however, constrain Departments in how they will achieve the savings and does not require measurement either of where the savings have been made or of any consequent impact on service levels. In this context, it is very difficult for the States to validate whether the savings made constitute improvements in efficiency or cuts which impact on service levels.
64. For the first time in 2007, Departments were asked to provide a breakdown showing how they have achieved the required efficiency savings but this does not apply to savings from 2005 and 2006. I have reviewed the Departmental returns submitted and additional information held by Departments going back to 2005 to support the savings claimed. I have found the approach to achieving the savings has varied from significantly from Department to Department. In some cases, Departments have reconsidered how they deliver specific services and effected change to the structure of the organisation or the mechanism of service delivery in order to provide the services at reduced cost. Examples of specific savings include:

### *Example One: Modernisation and reorganisation of a service area*

*In 2004, the Transport and Technical Services Department produced a five-year strategy for the reorganisation and the modernisation of the Parks and Gardens section. Within this strategy, the Department identified £730,000 of savings to be achieved within the period 2005 to 2009. The Department have achieved the targeted savings of £599,000 to the end of 2007 through a combination of activities including reorganising work teams and re-designing working processes enabling a reduction in overall staffing levels. Savings have also been achieved through discontinuing the apprenticeship scheme. These savings have contributed towards the Department's efficiency savings targets during this period.*

### *Example Two: Changing the basis for contracting services*

*In 2005, the Housing Department agreed a fixed price schedule of rates with contractors for response repairs. The Department's performance indicators show that the number of repairs rose by 1376 from 2004 to 2005, while the cost of the repairs work recorded on the Department's financial system fell by £58,000 in that period.*

65. Other types of specific savings identified by Departments include:
- (1) reductions in management overheads through reorganisation;
  - (2) re-grading of posts;
  - (3) re-negotiating supply contracts; and
  - (4) reductions in staff training.
66. In other cases the savings have been achieved by not allocating budget increases for non-staff inflation, thereby forcing non-specific across the board savings in non-staff budgets. In these instances there is little information on what impact the savings have had on service delivery.
67. It is difficult to conceive that all of these cost reductions can reasonably be regarded as sustainable. It may be possible to suppress training costs for a limited period, but the States has a long-term interest in building a competent, well-trained staff. This suggests that any suppression of training budgets will not be sustainable in the longer term.

### *Conclusions – Departmental Efficiencies*

68. The process by which the savings have been made has focussed on up-front budget reductions without a requirement to measure how savings have been delivered while a basic service level has been maintained. In this context, it is difficult to describe the nature of the cost reductions that have been achieved save to note that on a superficial view budgets have been reduced and departments have largely lived within their budgets so that however it has been achieved there has been some reduction in spending.



## APPENDIX ONE ~ TERMS OF REFERENCE

1. The purpose of this paper is to set out the terms of reference for a review of £35 million of annually recurring savings achieved by the States.

### Background

2. This review is commissioned in accordance with the powers of the Comptroller & Auditor General as set out in the Public Finances (Jersey) Law 2005 in the light of:
  - (1) the debate on the 2008 Business Plan in the States Assembly and the withdrawn amendment to reduce voted expenditure for 2008;
  - (2) public debate on the level of States' expenditure in the light of the introduction of a Goods and Services Tax and proposed deficits in future years; and
  - (3) the announcement by the Chief Minister's Department on 6 November 2007 that by the end of 2008 the States would have achieved annually recurring expenditure reductions amounting to £35 million.

### Review

3. The purpose of the review is to examine the evidence for:
  - (1) the principal elements of the reductions that have been achieved;
  - (2) the nature of the reductions that have been achieved; and
  - (3) the effects of the reductions that have been achieved.
  - (4) any other detailed matters that appear relevant to items (1) to (3) above.

### The Report

3. The outcome of the review will be a report prepared and published in accordance with the provisions of the Public Finances (Jersey) Law 2005.

APPENDIX TWO - PRESS RELEASE ISSUED BY THE CHIEF MINISTER'S  
DEPARTMENT

ON 6 NOVEMBER 2007

The Chief Minister, Senator Frank Walker has published the cuts which States departments are making to reduce spending. From 2008 these will total over £35M each and every year and by 2009 will have reached a cumulative total of £125M.

The extent of the cuts and, indeed whether they have been made at all, has been questioned and the Chief Minister has decided to publish the full list showing where and how they have affected every department.

"It seems to be the view that the cuts have either been easily achieved without any great effort or effect on services, or are 'smoke and mirrors'" said Senator Walker. He continued: "This list shows very clearly that the cuts are genuine, they are significant, have affected every department and it has been very hard to make these cuts without reducing the level and quality of public services which the public would find totally unacceptable."

Senator Walker added "States departments have worked hard to make these efficiency cuts. The public demand an efficient public service and we're proud to have been able to deliver these quite substantial savings and maintain, and in some cases further improve, the quality of our core social services. The report shows that out of the £35M we have already made, £15M come from efficiencies and we plan to make £5M more by 2009. This has not been an easy task and cuts have been felt in every department of the public service."

"It is these cuts that have enabled us to invest further in services for those who need our support. For example, Income Support, and the necessary transitional relief (as we move from the present benefits to the new structure) new services and treatments in Health, improvements to our social housing stock, investment in the Prison, in Education and in a number of other key areas."

"However we are not content to leave it here and the Council of Ministers is fully supportive of the initiative by the Public Accounts Committee to undertake a thorough and independent review of all States spending. Our hope is that they will be able to identify further areas of potential savings which, together with the essential revenues from GST, will help achieve the long-term balanced budgets that we need to maintain our secure and healthy financial position."

**APPENDIX THREE ~ CATEGORISATION OF FSR SAVINGS 2004-2008**

<b>Ref #</b>	<b>Year</b>	<b>Department</b>	<b>Original Description</b>	<b>Saving (£)</b>	<b>Category</b>	<b>Category Description</b>	<b>Further Description</b>
1	2004	Chief Minister's Department	Cessation of central funding for Human Rights initiative.	(30,000)	2	Reduction of States contribution	Cessation of central funding for Human Rights initiative.
2	2004	Chief Minister's Department	Corporate Systems reduced external consultancy, furniture and equipment and training.	(52,000)	1	Expenditure saving	Cut Corporate Systems budgets for external consultancy, furniture, equipment and training.
3	2004	Chief Minister's Department	Increased income from Statesnet charges.	(12,000)	4	Improve income generation from States activity	Recharge Jersey Harbours, Jersey Airports and Parishes for the cost of States IT network and support.
4	2004	Chief Minister's Department	In-house payslip printing.	(16,000)	1	Expenditure saving	Print payslips for States employees in house.
5	2004	Chief Minister's Department	Office Cleaning.	(8,000)	1	Expenditure saving	Reduce office cleaning costs.
6	2004	Chief Minister's Department	Decommission DEC VAX hardware.	(50,000)	5	Other	Decommission old IT hardware being replaced by new finance system.
7	2004	Chief Minister's Department	Reduced funding for Industrial Placement Scheme.	(41,000)	2	Reduction of States contribution	Reduced funding for the Industrial Placement Scheme.
8	2004	Chief Minister's Department	Withdrawal of funding for Industrial Placement Scheme and reduced management training.	(34,000)	2	Reduction of States contribution	Withdrawal of funding for Industrial Placement Scheme and reduced management training.
9	2004	Economic Development	Environmental Policies - discontinue subsidy on a hire service.	(8,000)	2	Reduction of States contribution	Discontinue subsidy on hire service (environmental policies).
10	2004	Economic Development	Support Services - Cost savings and introduction/increase in charges.	(100,000)	1	Expenditure saving	Cost savings in and introduction/increase in charges for support services.

Ref #	Year	Department	Original Description	Saving (£)	Category	Category Description	Further Description
11	2004	Economic Development	Support Services - Transfer responsibility for certain services to the industry.	(90,000)	1	Expenditure saving	Transfer responsibility for certain support services to the industry.
12	2004	Economic Development	Statutory/Regulatory Services - Cost savings and increased charges.	(170,000)	1	Expenditure saving	Cost savings and increased charges for statutory/regulatory services.
13	2004	Economic Development	Reduction of the Economic Development Committee (EDC) grant to the Jersey Competition Regulatory Authority (JCRA).	(118,000)	2	Reduction of States contribution	Reduction of the Economic Development Committee (EDC) grant to the Jersey Competition Regulatory Authority (JCRA).
14	2004	Economic Development	Additional income for Gambling Control (gaming machines).	(80,000)	3	User pays	Additional income from gaming machines introduced in licensed betting offices.
15	2004	Economic Development	Reduce building, IT and equipment maintenance programme.	(90,000)	1	Expenditure saving	Reduction in the building, IT and equipment maintenance programme.
16	2004	Economic Development	Reduce manpower by 1.5 posts.	(40,500)	1	Expenditure saving	Manpower reduction by 1.5 posts.
17	2004	Economic Development	Reduce investment in strategic IT.	(30,000)	1	Expenditure saving	Reduced investment in strategic IT.
18	2004	Economic Development	Reduce website projects.	(100,000)	1	Expenditure saving	Reduction in budget for website projects.
19	2004	Economic Development	Reduce brochure and print materials.	(18,000)	1	Expenditure saving	Reduction in budget for brochure and print materials.
20	2004	Economic Development	Reduce research.	(30,000)	1	Expenditure saving	Reduction in research budget.
21	2004	Economic Development	Reduce advertising in Germany.	(42,000)	1	Expenditure saving	Reduced advertising in Germany.

Ref #	Year	Department	Original Description	Saving (£)	Category	Category Description	Further Description
22	2004	Economic Development	Increase income from website.	(7,500)	4	Improve income generation from States activity	Increased income generated from the website.
23	2004	Education, Sport and Culture	Merger Process.	(100,000)	1	Expenditure saving	Savings arising from the merger of Education with Sport and Culture.
24	2004	Education, Sport and Culture	Closure of Fort Regent Pool.	(122,000)	1	Expenditure saving	Closure of Fort Regent Pool.
25	2004	Education, Sport and Culture	Closure of Fort Regent Signal Station/Grounds Maintenance.	(54,000)	1	Expenditure saving	Closure of Fort Regent Signal Station/Grounds Maintenance.
26	2004	Education, Sport and Culture	Increase in charges.	(138,000)	3	User pays	Increase in charges.
27	2004	Home Affairs	Police Reduction in Police Premises Expenditure.	(228,000)	1	Expenditure saving	Reduction in Police premises expenditure.
28	2004	Home Affairs	HM Prison - Reduced Prisoner Numbers in the UK.	(200,000)	1	Expenditure saving	HM Prison - Reduced Prisoner Numbers in the UK.
29	2004	Home Affairs	Home Affairs - Reduction in Grant to Police Authority.	(30,000)	1	Expenditure saving	Home Affairs - Reduction in Grant to Police Authority.
30	2004	Home Affairs	Home Affairs - Removal of Grant to Animal Shelter.	(29,000)	2	Reduction of States contribution	Removal of Grant to Animal Shelter.
31	2004	Home Affairs	Fire and Rescue Service - General Savings.	(35,000)	1	Expenditure saving	Fire and Rescue Service - General Savings.
32	2004	Home Affairs	Crime and Community - Reduction of administrative costs and Audit of services budget.	(26,000)	1	Expenditure saving	Crime and Community - Reduction of administrative costs and Audit of services budget.

Ref #	Year	Department	Original Description	Saving (£)	Category	Category Description	Further Description
33	2004	Home Affairs	Jersey Field Squadron - Remove Military post and replace with cheaper alternative.	(5,000)	5	Other	Jersey Field Squadron - Remove Military post and replace with cheaper alternative.
34	2004	Home Affairs	Jersey Field Squadron - Reduction in administrative and overtime costs.	(20,000)	5	Other	Jersey Field Squadron - Reduction in administrative and overtime costs.
35	2004	Home Affairs	Jersey Field Squadron - Reduction in grants.	(17,000)	5	Other	Jersey Field Squadron - Reduction in grants.
36	2004	Home Affairs	Jersey Field Squadron - General Savings.	(19,000)	5	Other	Jersey Field Squadron - General Savings.
37a	2004	Housing	Reduced rental subsidy and increase in rents charged.	(875,000)	1	Expenditure Saving	Reduced rental subsidies.
37b	2005	Housing	Reduced rental subsidy and increase in rents charged.	(1,000,000)	3	User pays	Increase in rent charges.
38	2004	Housing	Reduce void property costs by giving grants to tenants to do work themselves.	(200,000)	1	Expenditure saving	Reduce void property costs by giving grants to tenants to do work themselves.
39	2004	Housing	Charge for consents for house purchases.	(100,000)	3	User pays	Charge for consents for house purchases.
40	2004	Housing	Cut back on DHLF recharge to actual.	127,000	5	Other	Transfer cost, recharge and responsibility for administering the housing fund loan book to the loan fund. Prior to transfer the recharge exceeded the cost of administering the fund and this difference has been consolidated into Housing's budget as part of the transfer.
41	2004	Planning and Environment	Transferring consultants to FTE's.	(19,000)	1	Expenditure saving	Replace consultants with full time members of staff at reduced cost.

Ref #	Year	Department	Original Description	Saving (£)	Category	Category Description	Further Description
42	2004	Planning and Environment	Income from organised walks.	(11,000)	3	User pays	Raise income from organised walks.
43	2004	Planning and Environment	Savings on tree planting.	(22,000)	1	Expenditure saving	Stop countryside management funding for tree planting
44	2004	Planning and Environment	Reduction in consultancy services.	(35,000)	1	Expenditure saving	Cease to employ consultants engaged in the data collection and management of the property database.
45	2004	Planning and Environment	Increased fee income.	(210,000)	3	User pays	Increased fee income for Planning and Building Services.
46	2004	Planning and Environment	Increased planning exemptions.	(15,000)	1	Expenditure saving	Increase in the threshold for exemption from development regulations resulting in a reduced cost of administering the regulations.
47	2004	Planning and Environment	Reduction in Consultancy.	(30,000)	1	Expenditure saving	Reduction in consultancy spend for Planning and Building Services.
48	2004	Social Security	Deferment of expansion of Health Insurance Exceptions.	(1,041,000)	5	Other	Deferment of expansion of Health Insurance Exceptions.
49	2004	Social Security	Exceptional savings in Employment Services pending completion of Supported Employment Training Unit.	(470,000)	2	Reduction of States contribution	Budgeted savings in Employment Services met principally through a reduction in grant payments to Jersey Employment Trust.
50	2004	Social Security	Decreases in benefit demand due to economic climate.	(755,000)	5	Other	Decreases in benefit demand due to economic climate.
51	2004	Transport and Technical Services	Reduced scrap metal subsidy.	(350,000)	3	User pays	Increase car registration duty to offset the annual cost of the scrap metal subsidy.

Ref #	Year	Department	Original Description	Saving (£)	Category	Category Description	Further Description
52	2004	Transport and Technical Services	DVS - Increased Fees.	(70,000)	3	User pays	Increase Driver and Vehicle Standards fees.
53	2004	Treasury and Resources	Income Tax late submission penalties and late payment surcharges.	(371,000)	4	Improve income generation from States activity	Increase the penalty for late submission of tax returns by individuals and employers.
54	2004	Treasury and Resources	States Treasury income from recharges.	(203,000)	5	Other	Increased recharges to other Government funds to reflect the full cost of the service provided by Treasury.
55	2004	Treasury and Resources	States Treasury staff efficiencies and savings.	(273,000)	1	Expenditure saving	Other staff efficiencies and savings.
56	2004	Treasury and Resources	Waterfront Enterprise Board income from parking.	(162,000)	3	User pays	Introduce car park charges for marina users.
57	2004	Treasury and Resources	Increase in Architects Fees to cover overhead costs.	(50,000)	5	Other	Increase recharge for architects to States capital programme to full cost basis, including overheads.
58	2004	States Assembly	States Greffe reduction in secretarial support.	(96,000)	1	Expenditure saving	Reduction in secretarial support provided by the States Greffe.
59	2004	Non Ministerial States Funded Bodies	Law Officers Department increased rechargeable work.	(245,000)	5	Other	Increased recharging of work by the Law Officers' Department. Consists of 3 items - (1) recharge to Criminal Assets Compensation Fund of £100k for staff salaries; (2) increase charges for debt recovery service; and (3) increase conveyancing support charges for purchases under the Assisted House Purchase Scheme, Building and Agricultural Loans.



Ref #	Year	Department	Original Description	Saving (£)	Category	Category Description	Further Description
60a	2005	Chief Minister's Department	Government Reform staffing reductions.	(220,000)	5	Other	Reduction in staff costs expended on Machinery of Government reforms.
60b	2005	Chief Minister's Department	Reduced support to British Irish Council.	(10,000)	2	Reduction of States contribution	Reduced support to British Irish Council.
61	2005	Chief Minister's Department	Reduction in Corporate IT support.	(43,000)	1	Expenditure saving	Reduction of IT customer support services by one full time equivalent member of staff.
62a	2005	Chief Minister's Department	Reduced cost of Pre-1967 Pension Scheme.	(40,000)	5	Other	Reduction in the pre-1967 pension scheme costs arising from a reduction of the number of people in the scheme.
62b	2005	Chief Minister's Department	Savings in Secretarial Training Scheme.	(45,000)	1	Expenditure saving	Reduction in funding for the secretarial training scheme.
62c	2005	Chief Minister's Department	Savings in Employee Relations.	(46,000)	1	Expenditure saving	Reduction in staff costs for Human Resources function.
63	2005	Economic Development	JCRA.	(50,000)	2	Reduction of States contribution	Reduce grant payments to the Jersey Competition and Regulatory Authority.
64	2005	Economic Development	Regulatory Services.	(50,000)	1	Expenditure saving	Reduce funding for the administration of the Regulation of Undertakings Law.
65	2005	Economic Development	Strategic Development.	(46,500)	2	Reduction of States contribution	Reduce grant payments to the Chamber of Commerce, Awards for Enterprise, Jersey Business Ventures, and Trade Promotions and Innovations.
66	2005	Economic Development	Tourism and Marketing.	(304,600)	1	Expenditure saving	Reduce tourism marketing and communications activity.

Ref #	Year	Department	Original Description	Saving (£)	Category	Category Description	Further Description
67	2005	Economic Development	Retained Jersey Agriculture functions.	(245,900)	2	Reduction of States contribution	Reduction in budget for retained Jersey agriculture functions.
68	2005	Economic Development	Reduced cost of servicing capital expenditure at La Collette reclamation site.	(8,000)	5	Other	Reduced cost of servicing capital expenditure at La Collette reclamation site.
69	2005	Education, Sport and Culture	Provide in service training for teachers by closing schools for two days during the academic year to reduce spending on supply cover.	(320,000)	1	Expenditure saving	Provide in service training for teachers by closing schools for two days during the academic year to reduce spending on supply cover.
70	2005	Education, Sport and Culture	5% reduction in grant to Jersey Arts Trust.	(70,000)	2	Reduction of States contribution	Reduction in the grant payments to Jersey Arts Trust.
71	2005	Education, Sport and Culture	Cease £ for £ grants to sport and community organisations.	(200,000)	2	Reduction of States contribution	Cease £ for £ grants to sport and community organisations.
72	2005	Education, Sport and Culture	Reduce grant to Jersey Child Care Trust.	(60,000)	2	Reduction of States contribution	Reduce grant to Jersey Child Care Trust.
73	2005	Education, Sport and Culture	Rationalisation of library services.	(70,000)	1	Expenditure saving	Rationalisation of library services.
74	2005	Education, Sport and Culture	Reduce opening hours at sports centres.	(250,000)	1	Expenditure saving	Reduce opening hours at sports centres.
75	2005	Health and Social Services	Limit hospital prescribing to medicines not on prescribed list.	(300,000)	1	Expenditure saving	Limit hospital prescribing to medicines not on prescribed list.
76	2005	Health and Social Services	Reduced provision of hospital car service.	(38,700)	1	Expenditure saving	Reduce the budget for the provision of the hospital car service.

Ref #	Year	Department	Original Description	Saving (£)	Category	Category Description	Further Description
77	2005	Health and Social Services	Review of parking facilities.	(40,000)	1	Expenditure saving	Reduce the budget for the provision of parking facilities.
78	2005	Health and Social Services	Review day centres.	(122,000)	1	Expenditure saving	Reduce the budget for the provision of day centres.
79	2005	Health and Social Services	Review patient transport services.	(120,000)	1	Expenditure saving	Reduce the budget for the provision of patient transport services.
80	2005	Health and Social Services	Other service reconfigurations.	(34,300)	1	Expenditure saving	Other service reconfigurations.
81	2005	Home Affairs	Home Affairs - Reduction in Criminal Injuries Budget.	(54,000)	5	Other	Reduce the budget available for Criminal Injuries Compensation awards.
82	2005	Home Affairs	Police - Reduction in staff budget.	(85,000)	1	Expenditure saving	Reduction of 2 staff posts at the Police Authority.
83	2005	Home Affairs	Police - Reduce case preparation services by two police constables.	(108,000)	1	Expenditure saving	Reduction of 2 staff posts at the Police Authority.
84	2005	Home Affairs	Fire and Rescue - Removal of non-uniform support staff.	(23,000)	1	Expenditure saving	Fire and Rescue - Removal of non-uniform support staff.
85	2005	Home Affairs	Fire and Rescue - Removal of Canteen member of staff.	(16,000)	1	Expenditure saving	Fire and Rescue - Removal of Canteen member of staff.
86	2005	Home Affairs	Impots - Removal of collator from the Joint Intelligence Bureau.	(26,000)	1	Expenditure saving	Impots - Removal of collator from the Joint Intelligence Bureau.
87	2005	Home Affairs	Impots - Reduction in software maintenance budget.	(16,000)	1	Expenditure saving	Impots - Reduction in software maintenance budget.
88	2005	Home Affairs	Impots - Reduction in training and transport (lease) costs.	(26,000)	1	Expenditure saving	Impots - Reduction in training and transport (lease) costs.

Ref #	Year	Department	Original Description	Saving (£)	Category	Category Description	Further Description
89	2005	Home Affairs	Impots - Removal of revenue collection officer.	(49,000)	1	Expenditure saving	Impots - Removal of revenue collection officer.
90	2005	Home Affairs	Impots - Non-employment of seasonal officer.	(24,000)	1	Expenditure saving	Impots - Non-employment of seasonal officer.
91	2005	Home Affairs	Immigration - Non-employment of seasonal officer.	(14,000)	1	Expenditure saving	Immigration - Non-employment of seasonal officer.
92	2005	Home Affairs	Immigration - Reduction in computer costs.	(40,000)	1	Expenditure saving	Immigration - Reduction in computer costs.
93	2005	Home Affairs	Immigration - Removal of immigration officer.	(48,000)	1	Expenditure saving	Immigration - Removal of immigration officer.
94	2005	Home Affairs	Immigration - Reduction in training budget.	(17,000)	1	Expenditure saving	Immigration - Reduction in training budget.
95	2005	Home Affairs	Registrar - Non-employment of temporary member of staff.	(12,000)	1	Expenditure saving	Registrar - Removal of temporary staff member.
96	2005	Housing	Removal of six posts.	(176,000)	1	Expenditure saving	Removal of 6 staff posts, 1 from housing control, 1 from rental subsidies, 1 from estates management and 3 from estates cleaning.
97	2005	Housing	Increase % regard of Invalidity/Disability Benefit from 1/3 to 2/3.	(169,000)	2	Reduction of States contribution	Increase the regard for disability/incapacity benefit in consideration of rent abatement from 1/3 to 2/3.
98	2005	Planning and Environment	Reduction in Planning and Building Services.	(176,000)	1	Expenditure saving	Reduction in Planning and Building Services.
99	2005	Planning and Environment	Reduction in Environmental Services.	(75,000)	1	Expenditure saving	Reduction in Environmental Services.

Ref #	Year	Department	Original Description	Saving (£)	Category	Category Description	Further Description
100	2005	Planning and Environment	Reduction in external Agriculture and Fisheries Services.	(168,000)	1	Expenditure saving	Reduction in external Agriculture and Fisheries Services.
101	2005	Planning and Environment	Savings from integration of Agriculture and Fisheries Department operations.	(186,000)	1	Expenditure saving	Savings from integration of Agriculture and Fisheries Department operations.
102	2005	Social Security	Reduction in Supplementation.	(70,000)	5	Other	Reduction in budget for supplementation.
103	2005	Social Security	Freeze Disability Transport Allowance.	(275,000)	2	Reduction of States contribution	Freeze Disability Transport Allowance rates for 2005.
104	2005	Transport and Technical Services	Cessation of highways minor works improvements.	(150,000)	1	Expenditure saving	Cessation of highways minor works improvements.
105	2005	Transport and Technical Services	Reduction in highway/footpath cleaning.	(350,000)	1	Expenditure saving	Reduction in highway/footpath cleaning.
106	2005	Transport and Technical Services	Reduction of service in refuse handling plant facilities.	(100,000)	1	Expenditure saving	Reduction of service in refuse handling plant facilities.
107	2005	Transport and Technical Services	DVS - Removal of law post from driving tests.	(16,000)	1	Expenditure saving	Driver and Vehicle Standards - removal of law post from driving tests.
108	2005	Transport and Technical Services	DVS - Removal of senior traffic officer from driving tests and vehicle inspections.	(46,000)	1	Expenditure saving	Driver and Vehicle Standards - removal of senior traffic officer from driving tests and vehicle inspections.
109	2005	Transport and Technical Services	DVS - Removal of vehicle registration clerk.	(24,000)	1	Expenditure saving	Driver and Vehicle Standards - removal of vehicle registration clerk.

Ref #	Year	Department	Original Description	Saving (£)	Category	Category Description	Further Description
110	2005	Treasury and Resources	Treasury - savings in purchasing and supply.	(180,000)	1	Expenditure saving	Reduction in the speed and flexibility of corporate supplies.
111	2005	Treasury and Resources	Treasury - reduced support for the States Financial System.	(144,000)	1	Expenditure saving	Reduction in the level and quality of the IT systems support for the States financial software package.
112	2005	Treasury and Resources	Treasury - reduced financial support to the Finance and Economics Committee and its Departments.	(67,000)	1	Expenditure saving	Removal of 2 posts from the Client Services Advisory Unit and a consequent reduction in the level of support provided to the Finance and Economics Committee.
113	2005	Treasury and Resources	Treasury - reduced provision of IT audits by 50%.	(70,000)	1	Expenditure saving	Reduction in the number of IT audits undertaken.
114	2005	Treasury and Resources	Non-Departmental - reduction in grant funding to WEB.	(154,000)	2	Reduction of States contribution	Reduction in grant funding to the Waterfront Enterprise Board.
115	2005	States Assembly	Reduction in Committee secretariat services.	(156,000)	5	Other	Reduction in Committee secretariat services.
116	2005	Non Ministerial States Funded Bodies	Bailiff's Chambers - reduction in court services.	(26,000)	1	Expenditure saving	Bailiff's chambers – reduction in court services.
117	2005	Non Ministerial States Funded Bodies	Judicial Greffe - reduction in services to court.	(40,000)	5	Other	Judicial Greffe - reduction in standard of services to the courts.
118	2005	Non Ministerial States Funded Bodies	Viscount's - reduction in funding for court services.	(48,000)	5	Other	Viscount's - reduction in funding for court services.
119	2005	Non Ministerial States Funded Bodies	Official Analyst - reduction in reception staff.	(15,000)	1	Expenditure saving	Official Analyst - reduction in reception staff.

Ref #	Year	Department	Original Description	Saving (£)	Category	Category Description	Further Description
120	2006	Chief Minister's Department	Government Reform - staffing reductions.	(89,800)	5	Other	Reduction in staff costs expended on Machinery of Government reforms.
121	2006	Chief Minister's Department	Reduced cost of Pre-1967 Pension scheme.	(40,000)	5	Other	Reduction in the pre-1967 pension scheme costs due to a reduction in the number of people in the scheme.
122	2006	Chief Minister's Department	Secretarial Training Scheme.	(45,000)	1	Expenditure saving	Reduced funding for the secretarial training scheme.
123	2006	Economic Development	Administration of the Competition Law.	(50,000)	2	Reduction of States contribution	Reduce the grant to the Jersey Competition and Regulatory Authority.
124	2006	Economic Development	Tourism and Marketing.	(453,000)	1	Expenditure saving	Reduction in the tourism marketing and communications budget.
125	2006	Economic Development	Agriculture Produce Marketing.	(200,000)	1	Expenditure saving	Reduction in agricultural produce marketing.
126	2006	Economic Development	Harbours and Airport - La Collette.	(10,000)	1	Expenditure saving	Reduction in budget for Harbours and Airport - La Collette.
127	2006	Education, Sport and Culture	Demographics: Primary.	(621,000)	5	Other	Reduction in funding to primary schools due to demographic changes in the population.
128	2006	Education, Sport and Culture	Demographics: Secondary 11 – 16.	(115,000)	5	Other	Reduction in funding to secondary schools due to demographic changes in the population.
129	2006	Education, Sport and Culture	Demographics: Highlands 16 – 19.	(105,000)	5	Other	Reduction in funding to Highlands College due to demographic changes in the population.
130	2006	Education, Sport and Culture	Jersey Arts Trust: Reduced grant.	(64,000)	2	Reduction of States contribution	Reduction in grant payments to Jersey Arts Trust.

Ref #	Year	Department	Original Description	Saving (£)	Category	Category Description	Further Description
131	2006	Education, Sport and Culture	Service Reductions.	(67,000)	1	Expenditure saving	Other service reductions.
132	2006	Health and Social Services	Service Reductions.	(93,100)	1	Expenditure saving	Other service reductions.
133	2006	Home Affairs	Service Reductions.	(28,900)	1	Expenditure saving	Other service reductions.
134	2006	Housing	Reduction in Benefits.	(354,000)	1	Expenditure saving	Reduction in benefit payments.
135	2006	Housing	Change in Grade of Post.	(50,000)	1	Expenditure saving	Reduction in staff costs through regrading.
136	2006	Planning and Environment	Reduction in Planning and Building Services.	(92,000)	1	Expenditure saving	Reduction in Planning and Building Services.
137	2006	Planning and Environment	Reduction in the number of staff providing the Meteorology Service.	(172,000)	5	Other	Reduction in the number of staff providing the Meteorology Service.
138	2006	Planning and Environment	Service Reductions.	(20,700)	1	Expenditure saving	Other service reductions.
139	2006	Social Security	Reduction in Staff Costs.	(63,400)	1	Expenditure saving	Reduction in staff costs.
140	2006	Transport and Technical Services	Reduction in Public Services.	(93,000)	1	Expenditure saving	Reduction in Public Services.
141	2006	Treasury and Resources	WEB Grant 3 Year plan.	(154,000)	2	Reduction of States contribution	Reduce grant payments to the Waterfront Enterprise Board.
142	2006	Treasury and Resources	Corporate Financial Strategy Division - Cessation of Manpower Controls.	(33,000)	1	Expenditure saving	Reduction in Corporate Financial Strategy Division Budget.
143	2006	Treasury and Resources	Corporate Financial Strategy Division - Capital Drawings to States.	(30,000)	1	Expenditure saving	Stop providing detailed drawings to the States Assembly to support capital funding bids.



Ref #	Year	Department	Original Description	Saving (£)	Category	Category Description	Further Description
144	2006	Treasury and Resources	Service Reductions.	(17,600)	1	Expenditure saving	Other savings.
145	2006	States Assembly	Reduction in Committee Clerk Services.	(4,000)	1	Expenditure saving	Reduction in Committee Clerk Services.
146	2007	Chief Minister	Law Drafting.	(88,000)	1	Expenditure saving	Reduction in the budget for law drafting.
147	2007	Chief Minister	Pensions.	(97,500)	5	Other	Reduction in the pre-1967 pension scheme costs arising from a reduction of the number of people in the scheme.
148	2007	Chief Minister	Secretarial Training Scheme.	(11,000)	1	Expenditure saving	Reduced funding for the secretarial training scheme.
149	2007	Economic Development	On-Island Festivals and Events, including grant support.	(339,000)	2	Reduction of States contribution	Reduction in funding and grant support to island festivals and events.
150	2007	Economic Development	Jersey Finance: Increase marketing.	158,000	5	Other	Increase in marketing for Jersey Finance. (wrongly included in list of reductions)
151	2007	Economic Development	Agriculture Marketing.	(52,850)	1	Expenditure saving	Reduction in agriculture marketing budget.
152	2007	Economic Development	Projects funding to Jersey Competition Regulatory Authority.	(52,850)	2	Reduction of States contribution	Reduction in project funding to the Jersey Competition and Regulatory Authority.
153	2007	Economic Development	La Collette Reclamation Scheme.	(10,500)	1	Expenditure saving	Reduction in funding for La Collette Reclamation scheme.
154	2007	Planning and Environment	Reduction in Planning and Building Services.	(77,700)	1	Expenditure saving	Reduction in Planning and Building Services.
155	2007	Planning and Environment	Reduction in Environmental Services.	(96,000)	1	Expenditure saving	Reduction in Environmental Services.

Ref #	Year	Department	Original Description	Saving (£)	Category	Category Description	Further Description
156	2007	Transport and Technical Services	Reduction in Technical Services.	(97,700)	1	Expenditure saving	Reduction in Technical Services.
157	2007	Treasury and Resources	WEB Grant 3 year plan.	(84,100)	2	Reduction of States contribution	Reduce grant payments to the Waterfront Enterprise Board.
158	2007	Treasury and Resources	Property Holdings Department: Surveying.	(49,600)	1	Expenditure saving	Reduction in surveying costs within Jersey Property Holdings.
159	2008	Chief Minister	Law drafting.	(95,000)	1	Expenditure saving	Reduction in the budget for law drafting.
160	2008	Chief Minister	Pre-1967 pension scheme.	(69,000)	5	Other	Reduction in the pre-1967 pension scheme costs arising from a reduction of the number of people in the scheme.
161	2008	Chief Minister	IT Revenue.	(44,900)	1	Expenditure saving	Reduction in IT budget.
162	2008	Economic Development	Rural Financial Support.	(237,500)	2	Reduction of States contribution	Reduced subsidy payments to the Rural Sector, principally to greenhouse growers.
163	2008	Economic Development	Tourism: UK and Europe Trade Exhibits.	(118,500)	1	Expenditure saving	Reduce spending on UK and Europe trade exhibits.
164	2008	Economic Development	Tourism: Marketing.	(75,000)	1	Expenditure saving	Reduction in tourism marketing and communications budget.
165	2008	Economic Development	La Collette Reclamation Scheme.	(11,000)	1	Expenditure saving	Reduction in funding for La Collette Reclamation scheme.
166	2008	Education, Sport and Culture	Highlands College Service Reduction.	(200,000)	1	Expenditure saving	Reduction in budget for Highlands College
167	2008	Education, Sport and Culture	Reduction in Grants to Sports Organisations.	(76,000)	2	Reduction of States contribution	Reduction in grants to sports organisations.

Ref #	Year	Department	Original Description	Saving (£)	Category	Category Description	Further Description
168	2008	Planning and Environment	Building Control.	(75,000)	1	Expenditure saving	Reduction in staffing for Building Control.
169	2008	Planning and Environment	Planning Policy Consultants.	(10,000)	1	Expenditure saving	Reduction in the budget for planning policy consultancy.
170	2008	Planning and Environment	Staff Reductions.	(97,300)	1	Expenditure saving	Reduction in the number of staff providing regulatory, environmental and scientific advice.
171	2008	Planning and Environment	Countryside Renewal Grant Scheme	(50,000)	2	Reduction of States contribution	Reduced contributions to the Countryside Renewal Grant Scheme.
172	2008	Transport and Technical Services	Rationalise knackers yard and OTMS culling scheme.	(116,100)	1	Expenditure saving	Combination of the knackers yard and the Over Thirty Months culling scheme; reduction in the standard of out of town highways and footpaths cleaning.
173	2008	Treasury and Resources	Reduce WEB Grant.	(53,800)	2	Reduction of States contribution	Reduce grant payments to the Waterfront Enterprise Board.
<b>Total FSR Savings</b>				<b>(20,132,400)</b>			

**APPENDIX FOUR ~ FURTHER CATEGORISATION OF "OTHER" FSR SAVINGS**

Ref #	Year	Department	Original Description	Saving (£)	Category	Category Description	Further Description	Comment
40	2004	Housing	Cut back on DHLF recharge to actual.	127,000	1	Accounting adjustment - no saving	Transfer cost, recharge and responsibility for administering housing fund loan book to the loan fund.	Note that this is just moving the cost to another States fund. Prior to transfer the recharge exceeded the cost of administering the fund and this difference has been retained within the Housing budget.
54	2004	Treasury and Resources	States Treasury income from recharges.	-203,000	1	Accounting adjustment - no saving	Increased recharges to other Government funds to reflect the full cost of the service provided by Treasury.	This is an accounting adjustment with no overall impact on States expenditure.
57	2004	Treasury and Resources	Increase in Architects Fees to cover overhead costs.	-50,000	1	Accounting adjustment - no saving	Increase recharge for architects to States capital programme to full cost basis, including overheads.	Recharging of full cost of architects, including overheads, to States capital programme.

Ref #	Year	Department	Original Description	Saving (£)	Category	Category Description	Further Description	Comment
59	2004	Non Ministerial States Funded Bodies	Law Officers Department increased rechargeable work.	-245,000	1	Accounting adjustment - no saving	Consists of 3 items - (1) recharge to Criminal Assets Confiscation Fund of £100k for staff salaries; (2) increase charges for debt recovery service; and (3) increase conveyancing support charges for purchases under the Assisted House Purchase Scheme, Building and Agricultural Loans.	Consists of 3 items - Recharge to Criminal Assets Confiscation Fund of £100k for staff salaries, increase charges for debt recovery service and increase conveyancing support charges for purchases under the Assisted House Purchase Scheme, Building and Agricultural Loans. These represent internal transfers of funding arrangements.
68	2005	Economic Development	Reduced cost of servicing capital expenditure at La Collette reclamation site.	-8,000	1	Accounting adjustment - no saving	Reduced cost of servicing capital expenditure at La Collette reclamation site.	

Ref #	Year	Department	Original Description	Saving (£)	Category	Category Description	Further Description	Comment
50	2004	Social Security	Decreases in benefit demand due to economic climate.	-755,000	2	Outside of States control - reduction of costs not arising from States action	Decreases in benefit demand due to economic climate.	This is effectively a windfall outside of the States control. Review of the 2004 accounts indicates that while the actual states contribution to supplementation was £1.8m less than the voted amount, the overall cost for Employment and Social Services was only £0.8m below the voted amount. This demonstrates that actual benefits paid out exceeded the voted amounts but were offset by supplementation falling below the voted amount.
81	2005	Home Affairs	Home Affairs - Reduction in Criminal Injuries Budget.	-54,000	2	Outside of States control - reduction of costs not arising from States action	Reduce the budget available for Criminal Injuries Compensation awards.	There is no direct link between the budget and the level of awards made.
102	2005	Social Security	Reduction in Supplementation.	-70,000	2	Outside of States control - reduction of costs not arising from States action	Reduction in Supplementation.	There was no change to the formulae used for calculating the States contribution to the Social Security Fund through supplementation.

Ref #	Year	Department	Original Description	Saving (£)	Category	Category Description	Further Description	Comment
121	2006	Chief Minister's Department	Reduced cost of Pre-1967 Pension scheme.	-40,000	2	Outside of States control - reduction of costs not arising from States action	Reduction in the pre-1967 pension scheme costs due to a reduction in the number of people in the scheme.	The States contribution to pre-1967 pension liabilities falls year on year due to the falling number of individuals still claiming pensions through the scheme. All new pension liabilities will fall under alternative pension schemes.
127	2006	Education, Sport and Culture	Demographics: Primary.	-621,000	2	Outside of States control - reduction of costs not arising from States action	Reduction in funding to primary schools due to demographic changes in the population.	Funding to schools is calculated on an agreed basis weighted according to the number of pupils enrolled. The 2006 budget for Education Sport and Culture shows a net increase in funding arising from demographic changes of £1.1m, with an overall shift in funding towards higher education.
128	2006	Education, Sport and Culture	Demographics: Secondary 11 – 16.	-115,000	2	Outside of States control - reduction of costs not arising from States action	Reduction in funding to secondary schools due to demographic changes in the population.	Funding to schools is calculated on an agreed basis weighted according to the number of pupils enrolled. The 2006 budget for Education Sport and Culture shows a net increase in funding arising from demographic changes of £1.1m, with an overall shift in funding towards higher education.

Ref #	Year	Department	Original Description	Saving (£)	Category	Category Description	Further Description	Comment
129	2006	Education, Sport and Culture	Demographics: Highlands 16 – 19.	-105,000	2	Outside of States control - reduction of costs not arising from States action	Reduction in funding to Highlands College for students aged 16-19 due to demographic changes in the population.	Funding to schools is calculated on an agreed basis weighted according to the number of pupils enrolled. The 2006 budget for Education Sport and Culture shows a net increase in funding arising from demographic changes of £1.1m, with an overall shift in funding towards higher education.
147	2007	Chief Minister	Pensions.	-97,500	2	Outside of States control - reduction of costs not arising from States action	Reduction in the pre-1967 pension scheme costs arising from a reduction of the number of people in the scheme.	The States contribution to pre-1967 pension liabilities falls year on year due to the falling number of individuals still claiming pensions through the scheme. All new pension liabilities will fall under alternative pension schemes.
160	2008	Chief Minister	Pre-1967 pension scheme.	-69,000	2	Outside of States control - reduction of costs not arising from States action	Reduction in the pre-1967 pension scheme costs arising from a reduction of the number of people in the scheme.	The States contribution to pre-1967 pension liabilities falls year on year due to the falling number of individuals still claiming pensions through the scheme. All new pension liabilities will fall under alternative pension schemes.



Ref #	Year	Department	Original Description	Saving (£)	Category	Category Description	Further Description	Comment
6	2004	Chief Minister's Department	Decommission DEC VAX hardware.	-50,000	3	Cessation of activity due to replacement or obsolescence	Decommission old IT hardware now obsolete with introduction of new finance system.	Cost reduction arising from the scheduled decommissioning of hardware no longer necessary following the introduction of the new JD Edwards finance system. Any savings will be offset by the cost of introducing JD Edwards.
115	2005	States Assembly	Reduction in Committee secretariat services.	-156,000	3	Cessation of activity due to replacement or obsolescence	Reduction in Committee secretariat services.	Requirement for Committee secretariat services diminished following the change to a Ministerial system of government which will have led to new budgets for e.g. Scrutiny.
120	2006	Chief Minister's Department	Government Reform - staffing reductions.	-89,800	3	Cessation of activity due to replacement or obsolescence	Reduction in staff costs expended on Machinery of Government reforms.	The Government Reform Project came to an end in 2005 in line with expectations as it was a finite exercise.
60a	2005	Chief Minister's Department	Government Reform staffing reductions.	-220,000	3	Cessation of activity due to replacement or obsolescence	Reduction in staff costs expended on Machinery of Government reforms.	The Government Reform Project came to an end in 2005 in line with expectations as it was a finite exercise.

Ref #	Year	Department	Original Description	Saving (£)	Category	Category Description	Further Description	Comment
62a	2005	Chief Minister's Department	Reduced cost of Pre-1967 Pension Scheme.	-40,000	3	Cessation of activity due to replacement or obsolescence	Reduction in the pre-1967 pension scheme costs arising from a reduction of the number of people in the scheme.	The States contribution to pre-1967 pension liabilities falls year on year due to the falling number of individuals still claiming pensions through the scheme. All new pension liabilities will fall under alternative pension schemes.
33	2004	Home Affairs	Jersey Field Squadron - Remove Military post and replace with cheaper alternative.	-5,000	4	Saving subsequently reversed through growth	Jersey Field Squadron - Remove Military post and replace with cheaper alternative	The cost of running the Jersey Field Squadron is largely governed by the contribution fixed by UK Ministry of Defence and outside of the States control. Following these cuts the Jersey Field Squadron has had subsequent funding increases approved indicating that these were not recurring savings.
34	2004	Home Affairs	Jersey Field Squadron - Reduction in administrative and overtime costs.	-20,000	4	Saving subsequently reversed through growth	Jersey Field Squadron - Reduction in administrative and overtime costs	The cost of running the Jersey Field Squadron is largely governed by the contribution fixed by UK Ministry of Defence and outside of the States control. Following these cuts the Jersey Field Squadron has had subsequent funding increases approved indicating that these were not recurring savings.

Ref #	Year	Department	Original Description	Saving (£)	Category	Category Description	Further Description	Comment
35	2004	Home Affairs	Jersey Field Squadron - Reduction in grants.	-17,000	4	Saving subsequently reversed through growth	Jersey Field Squadron - Reduction in grants	The cost of running the Jersey Field Squadron is largely governed by the contribution fixed by UK Ministry of Defence and outside of the States control. Following these cuts the Jersey Field Squadron has had subsequent funding increases approved indicating that these were not recurring savings.
36	2004	Home Affairs	Jersey Field Squadron - General Savings.	-19,000	4	Saving subsequently reversed through growth	Jersey Field Squadron - General Savings	The cost of running the Jersey Field Squadron is largely governed by the contribution fixed by UK Ministry of Defence and outside of the States control. Following these cuts the Jersey Field Squadron has had subsequent funding increases approved indicating that these were not recurring savings.
117	2005	Non Ministerial States Funded Bodies	Judicial Greffe - reduction in services to court.	-40,000	4	Saving subsequently reversed through growth	Judicial Greffe - reduction in standard of services to the courts.	These budget reductions were reversed in 2006.
118	2005	Non Ministerial States Funded Bodies	Viscount's - reduction in funding for court services.	-48,000	4	Saving subsequently reversed through growth	Viscount's - reduction in funding for court services	These budget reductions were reversed in 2006.

Ref #	Year	Department	Original Description	Saving (£)	Category	Category Description	Further Description	Comment
48	2004	Social Security	Deferment of expansion of Health Insurance Exceptions.	-1,041,000	5	Other - deferral nets off against growth funding	Deferment of expansion of Health Insurance Exceptions	This represents a decision to restrain growth rather than reduce the level of funding previously provided.
137	2006	Planning and Environment	Reduction in the number of staff providing the Meteorology Service.	-172,000	6	Other - cash saving unachievable	Reduction in the number of staff providing the Meteorology Service.	Due to the specialist nature of the posts and the absence of a compulsory redundancy scheme this action has not resulted in a saving. Alternative savings will have been required.
150	2007	Economic Development	Jersey Finance: Increase marketing.	158,000	7	Other - growth erroneously included	Increase in marketing for Jersey Finance.	This is growth funding made available through the resource allocation process and is erroneously included here. The effect is to reduce the net saving reported.
<b>Total "Other" FSR Savings</b>				<b>-4,065,300</b>				



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