OFFICIAL REPORT

OF THE

STATES OF GUERNSEY

SCRUTINY MANAGEMENT COMMITTEE

Policy & Resources Committee
States of Guernsey Accounts Public Hearing

HANSARD

Guernsey, Thursday, 11th June 2026

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Further information relating to the Scrutiny Management Committee can be found on the official States of Guernsey website at www.gov.gg/scrutiny

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Members Present:

Panel Chair: Deputy Andy Sloan - President of the Scrutiny Management Committee
Advocate Peter Harwood OBE - Non-States Member
Ms Claire Savage - Non-States Member

Mr Mark Huntington – Principal Scrutiny Officer

Business transacted

Scrutiny Management Committee

Policy & Resources Committee
States of Guernsey Accounts Public Hearing

The Committee met at 10 a.m.
in St Martin's Parish Hall

[DEPUTY SLOAN *in the Chair*]

Procedural –
Remit of the Committee

The Chair (Deputy Sloan): Good morning, everybody, thank you for joining us here in St Martin's Hall. I hope you all got the memo about it being in a different location this morning. We are here this morning for the Scrutiny Management Committee's public hearing into the States' Accounts 2025. It is a parliamentary hearing, so please, no questions from the public, although the public are obviously invited to watch, and it is live-streamed on YouTube. There will be a *Hansard* transcript after this at some juncture in the future.

EVIDENCE OF
Deputy Lindsay de Sausmarez, , President, Policy & Resources Committee;
Deputy Charles Parkinson, Member, Policy & Resources Committee;
Deputy Andrew Niles, Member, Policy & Resources Committee;
Ms Bethan Haines, States' Treasurer & Chief Resources Officer;
Mr Gareth Fooks, Head of Finance, Policy & Resources Committee

The Chair: Today, I am joined by Advocate Peter Harwood and Claire Savage. I am joined by an advocate, an accountant, and I am an economist, there is a joke in there somewhere, I am sure! The three of us are here as representatives of the Public Accounts Sub-Committee of the Scrutiny Management Committee. One of the other members of the Public Accounts Sub-Committee is in the audience. I will wave to her now. Thank you very much for coming this morning, Eleanor.

We are here to talk about the accounts that will be debated by the States in a little over 10 days, if I can do my arithmetic; maybe it is nine, I am not sure. It is a week on Tuesday.

We are joined this morning by a large cast from the Policy & Resources, and, Deputy de Sausmarez, if I may ask you to introduce your team.

Deputy de Sausmarez: Good morning, I am Deputy Lindsay de Sausmarez. I am the President of Policy & Resources. I think they are all very capable of introducing themselves, so maybe if we could start at –

Deputy Niles: Andrew Niles, a member of Policy & Resources.

Deputy Parkinson: Charles Parkinson, Treasury Lead, Policy & Resources.

Ms Haines: Bethan Haines, States' Treasurer.

Mr Fooks: Gareth Fooks, Head of Finance.

The Chair: Thank you very much.

Andy, welcome, you are the newest member of P&R, and, Charles, I appreciate you are Treasury Lead, and, Lindsay, you signed off the accounts as lead. Andy, are there any particular areas we should be looking to focus you on? I am not entirely sure of your role in P&R.

Deputy Niles: No, I think you can ask us the questions. I do not need to lead you, I am sure, but we are here to answer all the questions that you might have. Anything technical, please, Bethan and Gareth will answer them for you.

The Chair: Okay, I will direct questions. What I will say is that we have got quite a few questions this morning, we have only got two hours. We will be taking a break roughly around the halfway point. I will try not to gabble, but I will try and keep proceedings quite fast. I will cut people off if they are blathering. I would like answers to the point, so if answers go on past the 35, 40 seconds mark, and we are not actually getting to the point, I will ask us to move on. That will go for the same for my own side because we have a lot to cover this morning.

One final thing, we do get lots of emails from the public asking us questions of the accounts, and what I do intend to do as part of this process is follow up. There are also generic emails that we all get as Deputies, one of them being Public Accounts 50, or something like that, 2025. We will consolidate those questions and forward them on behalf of the public after this, and look hopefully to publish those answers for the public before the States' debate.

The purpose of the hearing from my perspective, or from the Committee's perspective I should say, is not to reaudit the States' accounts obviously nor to challenge compliance with the international accounting standards. That is not our role. The purpose for us, we have decided, is to see if these accounts here – have a listen, they are not quite as noisy as this morning, but there is a bit more weight on – is to enable Deputies see if they are fit for purpose and they enable Deputies and the public to understand the true financial position of the States, because that is really the role of the accounts, is it not?

We will examine whether the increasing complexity of the presentation of the accounts and the financial reporting has improved transparency and accountability or whether it has made the accounts more difficult to follow.

We will also seek to establish the extent which the headline financial results reflect the underlying fiscal position of the States. The central theme – spoiler alert – if they are technically compliant with International Public Sector Accounting Standards (IPSAS) and they may satisfy external audit, but one thing I did notice is that the Treasurer's Report repeatedly referred to – away from the headline figures and towards alternative measures of performance. We will be looking to try and understand that, why we have got a group surplus of £106 million, a core Government operating surplus of £45 million, an underlying funding gap of £50 million, and reduction in cash balances, etc, because the central question is, if informed Deputies struggle to identify the true financial position then how can we reasonably expect the public to follow?

The key objectives today, we are seeking to establish some questions on governance, who is responsible for the preparation of the accounts and therefore their oversight; looking at IPSAS and financial reporting, whether it has improved understanding of the accounts and the financial performance, which measures the best to follow that should be guided to the public and Deputies; and looking at internal controls and what projects and controls are being used to understand or to ensure that proper governance is followed and that write-offs are transparently recorded; and then spending and fiscal sustainability.

With no further ado – we will split it up into two parts as I promised. Our first section, before the break, we will do governance and accountability, we will do fit for purpose, nature of the accounts, we will do unrealised gains and IPSAS and accounting complexity; the four topics, before the break.

I shall move to my colleagues and start with Peter; if you would like to start and ask your first question around governance and accountability.

Advocate Harwood: Thank you, Deputy Sloan.

I will start at the beginning and, before we get into the granularity of the accounts, just one or two issues about governance and oversight. Looking at page 51, which is the auditor's certificate, just so I can understand, what is the actual internal process within P&R to approve the accounts? Do you have an audit committee within P&R? Could you perhaps just comment on the actual internal process whereby we get to the audited accounts?

Deputy Parkinson: No, we do not have an audit committee. We are a committee of five members and generally we take all decisions together.

Advocate Harwood: In the auditor's certificate they say:

We communicate with the Committee. We also provide the Committee …

That is the full Committee, so you are all sighted of everything?

Deputy Parkinson: Yes.

Advocate Harwood: The actual decisions, if you like, insofar as decisions have to be taken by the Committee as part of the IPSAS process, that is taken by the whole Committee?

Deputy Parkinson: Yes.

Advocate Harwood: Okay.

The Chair: All meetings?

Deputy Parkinson: Sorry?

The Chair: All meetings are taken by the whole Committee? There is no –

Advocate Harwood: Meetings with the auditors.

Deputy Parkinson: Yes, the auditors came in and spoke to us all.

The Chair: But all meetings are covered by the whole Committee; there is no subset of individuals that are acting as liaison?

Deputy Parkinson: No.

Advocate Harwood: How often do you actually meet as a full Committee then with the auditors?

Deputy Parkinson: We met several times.

Ms Haines: I think generally at least once for audit planning purposes, once to receive the draft audit findings report, and then once when the accounts are signed off.

Advocate Harwood: Okay. Thank you for that clarification. One of the questions that has been raised, and I think it is confusing, the report is made solely to the members of the Committee on behalf of the States of Guernsey, does that mean therefore that – we, as a Committee, have tried to get access, for example, to the management letter, in common parlance; that is not apparently available to anybody other than your Committee.

Ms Haines: To the what, sorry?

Advocate Harwood: The management letter. Normally in the audit process there will be a management letter, which is prepared by the – Charles, you will know.

Deputy Parkinson: Yes, they make their report, as they say, to the Policy & Resources Committee on behalf of the States of Guernsey. That is mostly I think about potentially limiting their liability to other third parties who might seek to rely on the accounts.

Advocate Harwood: But can Deputies question the auditors?

Deputy Parkinson: No, they have not had that opportunity.

The Chair: We actually asked to speak to the auditors, did we not, and we were refused?

Deputy de Sausmarez: I believe that was on a specific issue.

The Chair: Oh, okay.

Deputy Parkinson: Was that the question on the Pillar Two income?

The Chair: Yes, but did we not also ask for a general meeting?

Mr Huntington: No, we asked on the basis of Pillar Two.

Deputy Parkinson: And the answer was no, because they had not audited the Pillar Two forecast.

Advocate Harwood: So that forecast is purely within P&R?

Deputy Parkinson: Yes. They audited the 2025 accounts.

Advocate Harwood: But the 2025 accounts do actually contain an estimate of the Pillar Two –

Deputy Parkinson: Of Pillar Two income for 2025. What it does not contain is an estimate of future Pillar Two income.

Deputy de Sausmarez: That was what we understood certainly the question to have been to them and which is why they declined to meet on that basis.

Advocate Harwood: In the days of old, when we had a Public Accounts Committee as a separate committee, that Committee had access to the auditors. Is that something you would perhaps encourage or would you like to encourage; there should be some external committee that can approach the auditors?

Deputy de Sausmarez: I think it is certainly something we could look at. We are obviously not in a position to make a decision here and now, but I think it is an interesting suggestion and certainly one that we can discuss.

Advocate Harwood: There is an extant resolution, I think, going back to 2019 or 2018, which suggests there should be an audit committee or audit commission, and that has not been progressed.

Deputy de Sausmarez: I thought that was from SMC, that was related. I thought that was supposed to be a sub-committee of SMC.

Advocate Harwood: The suggestion has been, I do not know who is following up on it.

The Chair: It is in the report that –

Deputy Parkinson: You will recall that there used to be a Public Accounts Committee and that now is absorbed into SMC, as far as I understand.

Advocate Harwood: Yes, but some of the authorities that originally extended to that Public Accounts Committee got usurped back into P&R. Appointment of the auditors, which used to be a Public Accounts Committee matters relating to interviewing the auditors, that again was taken away from SMC.

The Chair: Just to clarify, I just wanted to break that down. Obviously the extant resolution in 2018 was about creating an audit committee and it is separate to where the auditors were appointed by PAC; there were two aspects there, are there not?

Ms Haines: I do not want to misspeak, but my recollection is that the auditors have always been appointed either by the Treasury and Resources Department or the Policy and Resources.

Advocate Harwood: There was certainly some input for the PAC before 2016.

The Chair: Yes, they were appointed by the PAC back in the day, a long time back before 2016 changes, and it was subsumed back into the – it was centralised and, as a halfway measure, it suggested there may be an Audit Committee. What we have, in effect, is the P&R appointing the auditors on behalf of the States and it is reporting on behalf of the States, but only P&R even get to see the management letter. So in terms of governance, if you are anyone with the notion of governance, would appreciate there is a bit of a conflict in there.

Deputy de Sausmarez: Certainly I do not think anyone has ever approached P&R to speak with the auditors ahead of the request to look at future Pillar Two estimates, but we would be more than happy to have fielded any such requests. But also it is probably worth pointing out that there is an internal audit team as well who –

Advocate Harwood: We will come back to that.

The Chair: They have been very busy the last few months, have they not?

Advocate Harwood: We have dealt then with the internal process which, as we understand, the full Committee meets with the auditors. The full Committee then approves and engages with the auditors essentially. I think that is clear.

The other issue I think we have is the timing of the publication the accounts. They were signed off obviously by the auditors on 2nd June 2026, and I noted they were signed off by – on the bottom of the Consolidated Statement of Financial Position there is a typographical error, so it appears to be signed on 2nd June 2025, but beyond that; can we understand what are the time constraints on the preparation of the audit, because it has already been mentioned that there will be a debate on the audited accounts within the next 10 days. There has not been much time actually for publication and for consideration. What are the major time constraints on the preparation of the accounts?

Ms Haines: I guess the complication in finalising the accounts is the group consolidation.

Advocate Harwood: It relates to the consolidation aspect?

Ms Haines: Yes. Each entity has to complete their year-end processes by the end of March, and then we have the consolidation work, which is complex and takes the rest of the time basically.

Advocate Harwood: Obviously I know you have had a closer involvement with the accounts in the past, do you have anything to add? Is there any way you can actually encourage the auditors to a more speedy approach?

Deputy Parkinson: We have adopted IPSAS accounting standards, and that means we have to strip out, for example, intra-group transactions, which is a colossal task in itself. So in consolidating the accounts there is a lot more work now than there used to be.

Advocate Harwood: That is down to IPSAS really.

Deputy Parkinson: Yes.

Advocate Harwood: We may come back to IPSAS later. I think there are some further follow-on questions about the effectiveness and whether it has been worthwhile actually adopting it.

I think the point has already been made, from your perspective would you favour having a separate audit committee to scrutinise the accounts rather than just relying upon it? At the moment we cannot scrutinise it in full because we do not know the management letter, for example, and we have had no engagement with the auditors. So we are approaching this with one hand tied behind our back.

Deputy Parkinson: I do not see any harm in – if you are talking about trying to revive the Public Accounts Committee, I have often said that we should consider adopting an auditor general, the way Jersey has, because I think greater scrutiny of public finances would be sensible. But I do not think there is any point in P&R subdividing itself into an audit committee and a whatever committee.

Advocate Harwood: But you would favour a separate entity?

Deputy Parkinson: Yes, I would welcome more oversight, if you like, over the accounts process.

Advocate Harwood: Can I ask Deputy Niles, as a new newcomer to the process, a new member of P&R, what is your observation?

Deputy Niles: One of the first meetings that I had with P&R was to meet with the auditors and to go through the accounts page by page and line by line, trying to understand the various component parts. It was a lot. It was a meeting that took the best part of a day. You can imagine that we got to the end of this and there were numerous questions that we had asked and we asked our support team to be able to liaise with the auditors to make certain provisions and changes within the accounts. But it is a lot for the Committee to do.

In relation to the management letter, I can remember specifically asking the auditors as to whether there was anything that they wanted to point out to us, and there was not anything particularly but it – as quite rightly you asked, as a newcomer looking at the scale of the task in that short period of time, it is a lot.

The Chair: So you appreciate that if you have had the benefit of a whole day with the auditors, how it is very difficult for anybody else to even be able to scratch the surface of scrutinising these numbers. I have got a question for you, which is, you are based in finance, would you expect a listed company of similar size not to have an audit committee?

Deputy Niles: I think following up from –

The Chair: Just a straight yes or no will do.

Deputy Niles: I would say that they would have an audit committee, yes.

Deputy Parkinson: But they would also have a much bigger board.

Deputy de Sausmarez: It is also worth pointing out – Deputy Niles has described his experience but what he did not – he was particularly dumped in the deep end because he had not had the benefit of the previous conversations and the previous work that we had had.

The Chair: You only had three meetings.

Deputy de Sausmarez: Sorry?

The Chair: You only had three meetings with the auditors, if you had more –

Deputy de Sausmarez: With the auditors. I am not aware that we have had any – that P&R has been approached by anyone to have that conversation bar the quite recent request from the SMC. Bar that specific question of Pillar Two, I am not aware that there has been any request to meet with them up until now. It is certainly something that we are very happy to explore.

The Chair: Obviously our letter must have been – one of our plethora of letters must have not been written. Going forward next year we will ensure that that occurs then, so thank you very much for the invitation and we will ensure that the Public Accounts Sub-Committee –

Advocate Harwood: And you will encourage the auditors to engage with this Committee. Shall we move on?

The Chair: We will, yes. I think it is me now, I believe, looking at the numbers.

Like I said, certainly in my introduction, there are lots of numbers in here, there are – is it 400 pages, I cannot remember; a lot of pages of numbers. In the Treasury summary, there is a group surplus of £106 million, there is an operating surplus of £68 million, there is a core Government surplus of £45 million, there is a funding gap of approximately £50 million, and a cash reduction of £9 million.; there are lots more numbers in there.

But can I just ask therefore, Charles or Bethan – I do not mind if you wish – which single figure should Deputies focus on when assessing the States' financial position?

Deputy Parkinson: The accounts as a whole paint a picture of the numbers that you have quoted. I think the consolidated surplus of £106 million is the headline figure.

The Chair: So £106 million surplus is the one figure we really should focus on?

Deputy Parkinson: You should focus on all of the figures in the accounts. It is a complex story and there is a lot of detail which adds colour to that. But if you wanted a single headline from that report, I would say focus on the consolidated surplus.

The Chair: Okay. Thank you. I think your answer leads to one of my questions, in terms of the accounts what I am trying to understand is, are the accounts primarily written for experts or are they primarily written for the public and the citizens or Deputies; who is the primary audience?

Deputy Parkinson: If they were the accounts of a public company they would be written for the shareholders. I suppose you could say the shareholders in this case are the people of Guernsey. But they are addressed to Policy & Resources on behalf of the States of Guernsey.

The Chair: So the Deputies, public, probably are their intended audience, if it is a bit of an indirect one.

Deputy Parkinson: Yes, I think everybody should be informed by these accounts.

The Chair: Okay. We had some questions in the – there are some thought processes that we had, which is it is very difficult for us to look at a consolidated picture of core, non-core and get an idea of what every £100 of taxation is spent on that you see in the UK and such. Has any consideration been given to providing that information within the accounts?

Deputy Parkinson: Are you talking about a pie chart showing what percentage goes on health, what percentage goes on –

Deputy de Sausmarez: Yes, we have got various charts that do that. The important thing about the accounts is they are prepared in accordance with the relevant standard, which is important because that allows comparability with other places that use the same standard, for example. But of course we do have the public in mind, and so there is a narrative as well. Actually one of the – and Deputy Niles will probably attest to this – big areas of focus when we were going through was to make sure that actually the narrative was as accessible as it could be.

It is a pretty dry subject and we are realistic, we do not think a huge number of Islanders are going to be pouring through the accounts but it is important that they are there for anyone who does want to. It is also important that we keep that language accessible whilst aligning with the relevant standards that the States has directed us to adopt.

The Chair: That is a good question, you say about the narrative. One thing that did strike me, particularly in the Treasurer's Report was obviously if we are reporting to the IPSAS standard and the various headline numbers produced, is how much the narrative said do not look at the numbers really. I am trying to remember how it looked. Let's have a look. The group reported a net surplus of £106 million, Charles, as you say, but that is

> … after allowing for £119 million investment gains, most of which have not yet been realised.

Okay, that is fine.

> Income Tax revenues increased by £110 million. An estimated £39 million of this came following the introduction of the OECD's Pillar Two, and a further £34 million … are not expected to recur in future years.

Then it goes:

> Although income increased by 14% and the reported surplus improved by £86 million compared to 2024, much of this improvement is driven by one-off items …

So there is a lot of do not look at the numbers, you need to understand a bit more behind the numbers than there is in that summary.

Deputy Niles: I think that we encourage the Treasurer in our discussions, it is an interpretation of the cold hard numbers that are very clearly in the accounts and we wanted an explanation for people to understand how we got to the discussion of the shortfall or the deficit in what we want to achieve versus what the numbers are being reported. So I think her narrative quite helpfully does that.

Deputy de Sausmarez: I think, just to put a little bit more colour on what Deputy Niles has explained, because – especially because of the focus on tax reform proposals and the funding gap, we wanted to articulate clearly the difference between the accounts and the structural financial position, because there is an important distinction to be drawn between those two things, and we were worried that without a little bit of narrative around that people might conflate the two.

So obviously the accounts is a retrospective look at a snapshot of a financial position. But when we are looking at structural longer-term financial position, especially when we are looking at projections, that is obviously forward-looking, and we thought, especially because of the increased focus on the financial position at the moment because of the upcoming tax debate, it was important to clearly articulate the difference between those two things so that people did not confuse the numbers in the accounts or use them or interpret them in a way that would have been inaccurate in another context.

The Chair: I think you make my point for me actually; you are saying the accounts, which are nice and transparent and should be useful to know because they meet international standards, need to be explained to give you the numbers that we want you to focus on, as opposed to £106 million operating surplus jobs, which is the one that you said was the main number. You introduced the concept, Lindsay, of the £50 million funding gap. Okay, where does that concept come from out of the accounts? I would like somebody just to point to me the table of how you work that out, because it is not explained in the tables.

Ms Haines: It is deliberately not explained in the accounts because the accounts are in relation to the 2025 financial performance of the States. So what we have tried to do in this report is focus on the performance in 2025 but, as the members have said, explain some of the numbers that help understand that it is not just a headline. You cannot just look at a headline number and determine that everything is good. You need to look below those numbers.

The Chair: You cannot just trust the presentation of the accounts to understand them, you need somebody to provide a narrative on the front to get to the preferred narrative.

Ms Haines: All accounts have a narrative that explains the numbers.

Deputy de Sausmarez: I think for the public we are trying to aid. We are not trying to just produce reams of numbers that might not make sense to people. The whole fundamental principle here is making them more understandable to people who might want to look at them.

The Chair: Peter has a question. But before Peter has a question, I just want to wrap this one up. So, in terms of making it understandable for everybody, could you go through these accounts and take me through line by line how you get to the £50 million funding gap? Just talk me through it.

Deputy Parkinson: That is set out in the tax review, it is not set out in the accounts.

The Chair: No, I am not asking for the tax. I am asking how you do it in here? How do you do it? How do you get to it from these accounts? Talk me through it now.

Deputy de Sausmarez: Sorry?

The Chair: Talk me through it. How you get to the £50 million funding gap from these accounts?

Deputy Parkinson: It is not set out in those accounts.

The Chair: Talk me through how the calculation is done. Talk me through, going table by table.

Deputy de Sausmarez: Sorry, what exactly is your question?

The Chair: How do I derive the funding gap using these accounts?

Deputy de Sausmarez: The funding gap takes into account a –

The Chair: No, I am asking –

Deputy de Sausmarez: Okay, I am just explaining for you. It takes into account – the accounts look at certain things and it is a snapshot of 2025 –

The Chair: I do not want a qualitative answer, Deputy de Sausmarez, I want someone to talk me through how you get to the £50 million funding gap using these accounts.

Deputy Parkinson: It is not set out in those accounts.

Deputy de Sausmarez: Because it does not relate.

Deputy Parkinson: It is set out in the tax review policy letter, which you –

The Chair: But you must take the numbers from here; so show me your working, show me how –

Deputy de Sausmarez: The funding gap is not a snapshot. It is a long-term thing, and actually one of the most useful documents was one that you authored.

The Chair: Show me the calculation, which number do you take off?

Deputy Niles: It is explained in the Treasurer's – I think it is page 1 of the Treasurer's –

The Chair: It is not justified, it does not talk you through it. It is referred to.

Deputy Niles: It quite clearly says that you take the £106 million surplus, you then reduce that by the investment gains and then you reduce it again by the one-off tax position to get to the £50 million And that £50 million is a composite of requiring 2% of GDP to be invested yearly in infrastructure.

Deputy de Sausmarez: Which is something that actually was helpfully articulated in a report that you authored, with a different hat on.

Deputy Niles: As you will know, it is referred to extensively in the Fiscal Policy Panel review paper.

Deputy de Sausmarez: But I think the fundamental point is the funding gap is a longer-term issue. That takes a longer-term view of the public finances whereas the accounts by their very nature is a snapshot of a specific year. I think that is the fundamental difference.

We were just concerned that people might not necessarily understand the difference between them, which is why we have added a bit of explanation in there. But, as Charles says, it is not the job of the accounts to go into that particular issue. We just want to make sure that the accounts are not confusing people in that respect but, in terms of the analysis on the funding gap, we have provided information in a policy letter that was published on Monday.

Ms Haines: I was just going to add that all of the numbers that take you from the surplus to the underlying funding gap are in the accounts.

The Chair: I know that.

Ms Haines: I can talk you through them, if that would be helpful.

The Chair: Yes.

Advocate Harwood: Yes, please.

Ms Haines: So the net surplus is £113 million, which is talking about – which is in the Treasurer's Report.

Advocate Harwood: I thought that was £106 million.

Ms Haines: Well, that is for the group. We are actually talking about core Government now because that is what our taxes are driving, so we have excluded the trading entities. A surplus of £113 million, the investment gains, which are obviously paper gains, have been removed for £119 million. The income that did not relate to 2025, so related to previous years, that has been removed. That is £34 million. There has been an adjustment between what we are charging as depreciation and what the States' policy is of 2% of GDP being spent on CAPEX. That is a further £20 million. Then we have also removed the provision which has been made for the PFAS clear-up at the airport, because that is not part of our underlying position; that is £10 million. So that takes you to a £50 million funding gap in 2025.

Deputy de Sausmarez: We do summarise that by saying:

> With one-off items and unrealised investment valuation excluded and after adjusting for the long term capital investment requirement (2% of GDP), the underlying financial position of the group had a funding gap to close of some £50 million in 2025.

The Chair: So remind me, which page is that because I have lost track of it?

Deputy de Sausmarez: Yes, I just got that as an isolated –

Deputy Niles: I think it might be on page 1.

Deputy de Sausmarez: Yes, I think it is somewhere very near the beginning.

Deputy Niles: Page 4; page 1 of the narrative.

Mr Fooks: Just above where it says 'Net assets'.

Deputy de Sausmarez: Page 4. It is on the summary page.

Ms Haines: First page of the report.

The Chair: Okay, to my point, that is like a narrative and explanation, it is not actually – you have to infer that from the numbers and my question is, is that clear for the public? I struggle to see that it is.

Peter, did you have a question?

Advocate Harwood: Really just following up on Deputy Parkinson's comment that the key figure we should be looking at in these accounts is the surplus for the year of £106 million. Can I challenge that, because surely we should be looking at an operating surplus rather than a surplus that brings in the unrealised gains and/or depreciation, if I was looking at an operating profit in the old sense?

Deputy Parkinson: The States have financial assets of about £1.7 billion. Of those, a large proportion are held for the social security funds, etc., and in a sense they are not money that we can just spend because they are earmarked. If you take out the sums which are earmarked for other purposes, we have net financial assets of about £400 million.

You can debate how much attention you should pay to that fact but I would say it is a material fact and the £400 million, which we hold for our own benefit, is likely in an average year to produce a return. If you want to understand the financial position of the States of Guernsey, I submit that it would be unwise to ignore that fact. On the other hand –

Advocate Harwood: Sorry, are you saying we should automatically then include the return? Is that on whole of the portfolio or just on the £400 million?

Deputy Parkinson: For the purposes of calculating the future financial position of the States of Guernsey and for the purposes of £50 million structural deficit we actually ignore the income from the whole of the investment portfolio. But if you want to understand the financial position of the States of Guernsey, if you are a lay person looking at the situation, I think you need to take into account that we have £400 million of assets, which are held for our own account and a further £1.3 billion of assets which are held for social security funds, etc.

The Chair: Okay, Charles, I think that comes to the nub of the IPSAS reporting and the way the accounts are presented and that it touches on it.

I wanted to bring in Claire, looking at time here, because you have got questions about the IPSAS reporting you wanted to cover. I think that makes that point, you have got the States, a little bit reserved, and then there is a bigger bit, then there is the core. There are all sorts of different entities being reported in the accounts and, for clarity, I just want to make sure that we are achieving what we set out to do.

Ms Savage: I would just like to explore the IPSAS implementation project itself and its outcomes generally for the States' financial reporting. What would you consider to be the practical benefits of adopting IPSAS? What has it delivered? What is the practical benefit for the Deputies and public being a key user group?

Deputy Parkinson: I think the quality of the information in the accounts is significantly higher than it was pre the adoption of IPSAS. Adopting IPSAS required us to do an incredible amount of work on the underlying numbers, and obviously to change the numbers in significant respects in terms of bringing in, for example, heritage assets and so on, which were not there before. But actually simply just looking at the raw income and expenditure numbers, I think qualitatively they are now much more reliable than they used to be.

I was the Treasury Minister in 2012 when the States resolved to adopt IPSAS, so I find it quite a pleasure to now be on the other end of that process reporting to you on IPSAS accounts. So I am obviously a believer in improving reporting standards. As we have said, these accounts are more comparable with the accounts of other jurisdictions that have adopted IPSAS. In the days when the auditor's report simply said that the accounts had been prepared in accordance with the States' own accounting policies, you could not say that.

Deputy de Sausmarez: May I chip in with one further thing? I think Charles has made some excellent points, especially around comparability. Obviously the reason we report to this standard is because, as Deputy Parkinson said, it was a resolution of the States to do exactly that. From my perspective, as a non-accountant, one of the other key benefits that has not necessarily been made explicit yet is that because we are adhering to an international standard, we do not get to cherry-pick which bits to show and which bits not to show. So I think it does lead to greater transparency in that respect.

Ms Savage: In terms of comparability with other jurisdictions, there are not actually that many other jurisdictions adopting full IPSAS.

Ms Haines: No, there are not but IPSAS is obviously based on IFRS, and it only departs from IFRS where there is a good public sector reason to do so. Lots of other jurisdictions use adapted IFRS into their own firms to prepare their accounts. So there is still comparability; a lot of the standards are absolutely comparable.

Ms Savage: Because Jersey use their own reporting framework, do they not?

Ms Haines: Yes, they do. I would just say to that, if there is an idea that we might develop our own reporting framework in Guernsey, that would create a lot of work for us and, to Deputy de Sausmarez's point that would lead to probably perceptions of cherry-picking what we do and do not want to report. I think having that discipline of international standards is a good discipline for the States.

Ms Savage: The extra quality that has come from the IPSAS implementation, would you say that has come at a compromise to understandability of the accounts for your key user group, being the general public and Deputies?

Deputy Parkinson: I think it is a moot point with accounting standards generally, whether the additional – whether they basically add clarity or confusion. I think we could say that they certainly made the accounts a lot longer and require us to disclose lots of information we did not previously disclose. But how much that assists the public in understanding them is, as I say, a moot point.

Ms Savage: Just in terms of the IPSAS implementation project itself, it took place progressively over quite a few years. Would you have any feel for how much the project has actually cost to implement IPSAS?

Mr Fooks: The key time was from around 2021 to 2024 that the project took place. It obviously both did the implementation but also produced the accounts in that time. The total cost of the project was around £1.3 million to do that.

Ms Savage: £1.3 million?

Mr Fooks: £1.3 million; around half a million was consultants, a specialist consultant who was in-house during that project and supporting. That training has come in-house, so that consultant left last year. That is now in-house.

Valuation of the assets, so bringing the £1.7 billion or so of fixed assets on to the balance sheet, that part cost around £200,000. Then project support; dedicated project support internally in there was around another £400,000.

The Chair: That is your financial costs?

Mr Fooks: Financial costs.

The Chair: Did you do any resource accounting in terms of resource cost, did it cost staff time?

Mr Fooks: No. These projects were dedicated. The rest of it, there was no increase in the finance resource to do this.

The Chair: But they were doing this as opposed to something else. So there is an opportunity cost effectively in terms of resources.

Mr Fooks: Potentially.

Ms Savage: How many staff approximately – FTEs – are involved in the IPSAS piece of work annually?

Ms Haines: What, now?

Ms Savage: Yes.

Ms Haines: It is the finance team and the accounts team. That has grown by one person since the implementation of IPSAS.

Ms Savage: So how much additional work has the IPSAS project created on an annual basis? You have already referred to the complexity of the consolidation.

Mr Fooks: There is one additional FTE who has come into the team. So one additional FTE who both supports new policies coming in but also gives continued professional development (CPD) training to the rest of the finance team and outwards as well.

Ms Savage: For the project as a whole, have you done any cost-benefit analysis? How would you go about it?

Mr Fooks: No cost-benefit analysis. I think part of the points we heard before, it is a resolution to move to a fully compliant set of accounts, and the benefit of that we have not measured financially.

Deputy de Sausmarez: To that point, I think the benefit – I do not know how you would quantify the benefit. I think it is largely qualitative benefit, is it not? I am struggling to understand how we would quantify it.

Advocate Harwood: Just following up on Claire's questions, Deputy Parkinson, you said that the benefit of IPSAS was obviously greater transparency. Having said that, yes, it makes the accounts more complex to go through, and I agree with you, IFRS and all these other international standards have exactly the same effect. Whether they make it simpler for anybody to understand the accounts is probably questionable. Deputy de Sausmarez mentioned that one advantage of IPSAS was comparability, being able to judge comparability. I think we have heard actually, and I think it was Bethan Haines who said that there were a lot of jurisdictions which are not really operating on a comparable basis, so is comparability really much of a benefit?

Ms Haines: I said that they are operating on a comparable basis.

Advocate Harwood: Somebody mentioned IFRS.

Ms Haines: IFRS and IPSAS are very similar, so – they are not exactly the same but there is sufficient comparability.

Deputy de Sausmarez: And more and more jurisdictions are, I believe, moving to IPSAS.

Deputy Parkinson: Obviously that is of benefit, for example, in terms of the rating agencies. Going back to when I was Treasury Minister, and before we got the States to agree to adopt IPSAS, the auditor's reports of the States of Guernsey accounts did not say that they presented a true and fair view. All it said was they were prepared in accordance with the accounting policies adopted by the States, which could have meant anything. Essentially, if you were an external agency looking at Guernsey in those days, what comfort did you get from that report?

Advocate Harwood: I agree. Can I ask Bethan Haines, you have been in the position – politicians come and go, you were there in 2012 when the States adopted the resolution to adopt IPSAS. Looking back with benefit of hindsight, do you think it was a wise move?

Ms Haines: I do actually.

Advocate Harwood: And the journey you have gone through and the pain that you have all endured.

Ms Haines: I think that the accounts now are incomparable to what I walked into in 2008. We did not even have a balance sheet at the time, so we have made huge progress. I do think that adopting international standards is a worthwhile exercise, and I do think the transparency that that provides is very valuable.

Do I think that there are still improvements that we could make to the accounts? Always. I think that there will always be improvements being made, and we have got to ensure that there is a balance struck between good quality accounts that disclose the financial position and narrative that helps the user of the accounts to understand them.

Advocate Harwood: And the narrative is yours essentially; it is the Treasurer's Report.

Ms Haines: Yes. At the moment, yes.

Advocate Harwood: It is your narrative.

Ms Haines: Yes.

The Chair: Okay. A couple of questions related to that, and then we will take a quick break. Actually in terms of the purpose of the accounts, I am quite interested in the economic reality of it as opposed to just the financial performance. But it is interesting when you said that about the comparability and the easy to understand. What concerns me a little bit is that we have these accounts that are quite lengthy at much greater cost in terms of persons and resources, in terms of externals, and then the narrative says ignore that bit, look at the non-core.

Deputy de Sausmarez: No.

The Chair: My question is, you go through all of that, why are we doing this core/non-core? If the narrative says look at the core, that is the important bit. When I talk about the economic reality, to me I am concerned about Guernsey's overall fiscal position; that is the only bit I am interested in terms of the fiscal position. That is what you are alluding to there. That is why the core is what you are asking people to focus on.

Deputy de Sausmarez: I do not think we say anywhere in the accounts ignore any of the numbers. We set out the numbers –

The Chair: You say focus on the core.

Deputy de Sausmarez: No, that is –

The Chair: Deputy de Sausmarez, I am asking Bethan, this is in terms of the Treasurer's Report, why do you point to look at the core, the core is the important bit to look at.

Ms Haines: I do not think that is – I agree with Deputy de Sausmarez, I do not think the Treasurer's Report says that. I think the Treasurer's Report tries to report on the group performance and then it splits it down into core, and of course the other entities have a section in this Treasurer's Report.

The Chair: On page 5, it says –

Ms Haines: So we try to break it down throughout the report to get to the numbers that people want to understand.

The Chair: On page 5 it says:

> This report will outline the performance of the Group as a whole but focuses on the SOG Core Government performance, as this is a key interest to the users of these Financial Statements.

Deputy de Sausmarez: I think the key difference is that the core is what taxpayers are primarily interested in. There is obviously a lot of inter-relationship between that and the wider group. To your earlier point, I think you suggested – it was a very interesting suggestion – do we set out anywhere what your taxpayers' dollars are doing? I think really this is exactly what the Treasurer's Report is trying to help with.

The Chair: I am not entirely sure it does. If it is trying to, that is fine.

So in terms of understanding the economic reality, and we have touched on this earlier, and Deputy Parkinson and Deputy Niles were talking about this, we include unrealised gains in the headline surplus. Do you think that is a good thing?

Ms Haines: Sorry, Deputy Sloan, I am really struggling to hear you. Do you think you could say that again?

The Chair: I said – well, Deputy Niles and Deputy Parkinson nodded. We include unrealised gains within the headline surplus.

Deputy Parkinson: Yes. To me, the distinction is not that significant. We could have bed and breakfasted. Do you understand that term?

Advocate Harwood: Yes.

The Chair: Explain it for me.

Deputy Parkinson: We could have bed and breakfasted, which means sold and purchased back every marketable security on 31st December 2025, in which case all those unrealised gains would be realised gains. I do not think economically the substance would have changed by one iota. The position is with the investment assets, some of them are quite illiquid and you cannot trade them in that way. We will wait for years potentially for the money to be realised, but most of them are marketable securities. So the gains are gains.

The Chair: I will refer to what Deputy Niles said earlier about the unrealised gains, that you only look at the realised gains for the underlying performance attributable to the £400 million that you referred to earlier. So the overall unrealised gains, they are not relevant to the £50 million structural gap.

Deputy Parkinson: I think they are just gains. When you are talking about marketable securities, I think the distinction between realised and unrealised gains is ephemeral because you could have crystallised the gains if you had wanted to, but why would you incur the trading costs of doing that when essentially you are not changing the economic substance by one iota?

The Chair: Deputy Niles, do you agree?

Deputy Niles: I think that the gains on a portfolio are just a moment in time that is useful for the taxpayer to understand the state of our overall fiscal position in terms of – if, equally, we were in the middle of a financial crisis and we had seen a 30% loss on our portfolio, the general public would be interested to understand that there has been a negative performance on our portfolio. But that is just what it is. it is a valuation report versus the previous year to understand what the overall effect is, how wealthy we feel as a nation state at that time. But it is no more than that. It is not something that lands in our bank account at the end of the year and we either accrue for it in our cash accounting or we take it as an overdraft. It is just a revaluation.

Deputy Parkinson: Any balance sheet will be a snapshot in time.

The Chair: But in the Statement of Finance Performance you include unrealised gains as a line item, and to get to that operating surplus it is included as a line item, is it not?

Ms Haines: To get to the overall surplus, yes. It is required by the accounting standards.

The Chair: So the overall surplus is the headline, but you are saying that if the unrealised gain had been £100 million negative that would have changed the –

Deputy Niles: Yes, we would be showing a negative.

The Chair: So would you have had a different position? Does it help including unrealised gains, because you take it off to get to your funding gap, does it help you understand the underlying position of the States' fiscal position by including unrealised gains?

Deputy Parkinson: We include the unrealised gains in the accounts because the accounting policies require us to do so.

The Chair: Does it help with transparency of underlying –

Deputy de Sausmarez: Probably, to some people who are interested in it, yes.

Deputy Parkinson: If you are considering the different question of what is the States' financial position going forward, the International Monetary Fund encourages us not to include investment income beyond dividends and interest.

The Chair: That is the Jersey treatment, is it not? That is how they treat theirs.

Deputy Parkinson: We do not have to follow IMF principles, but nevertheless that is what they encourage us to do. So they would say, 'Well, ignore the investment gains because we do not encourage you to include them'.

The Chair: That is something the Treasurer's Report suggests we do, does it not? You want to take out the unrealised gains to understand the underlying position?

Deputy Niles: That is what it says.

The Chair: That is what it says, does it not? So does the IPSAS reporting standard help us if the narrative is saying yes, these are the numbers, but actually take that out because it does not help you understand the underlying position?

Deputy Niles: It is because it is looking at a slightly different thing, is it not?

Deputy de Sausmarez: Yes, exactly.

Deputy Niles: Our mandate to invest in infrastructure at a certain rate of percentage of GDP is not something that IPSAS requires us to adopt as part of their accounting standards.

Deputy de Sausmarez: To answer your question, it is helpful because it is compliant with the IPSAS standard that we have adopted and therefore it gives us the benefits that we referred to earlier in terms of international comparability and better transparency. Yes, it is helpful in terms of the accounts but what you are alluding to is a slightly different question, which I do not think should be wholly conflated with the accounts.

Deputy Niles: Where it is useful and where it is a discipline, if I may, is if you look at a trading asset such as ports on an accrual basis because we understand now with greater granularity how much the removal of PFAS is going to cost, the discipline has forced us to accrue £9.6 million for that in the accounts this year, which has had a significant effect. IPSAS requires us in an accrual basis to adopt these disciplines.

The Chair: Yes, I appreciate that but, Deputy de Sausmarez, to my point, I appreciate international comparability to the no other jurisdiction that reports to an IPSAS standard is important, but my point is that when we started, these are accounts effectively for the public and for Deputies and the narrative is asking you to discount the presentation of the accounts to understand – it does.

Deputy de Sausmarez: It does not ask anyone to discount –

The Chair: So my hypothetical question, back to Deputy Niles, would be if the markets had had a poor year last year and there was not £100 million whatever unrealised gains, it was actually £100 million unrealised loss, what would that impact have on our operating position, which is the headline number that Deputy Parkinson said should be the main focus?

Deputy Parkinson: We would be reporting a loss or a very reduced increase. But we are looking at 2025.

The Chair: I am looking at the story the accounts are telling us. I am not actually concerned about next year's performance, I am saying look from the accounts.

Deputy de Sausmarez: The accounts are the accounts.

Deputy Parkinson: The accounts would show a loss in that situation.

The Chair: Would that change the underlying fiscal position of the States?

Deputy Parkinson: No. In terms of a separate question of what is our long-term deficit or surplus going forward –

The Chair: No, I am asking –

Deputy Niles: In answer to your question simply –

Deputy Parkinson: – it would not.

Deputy Niles: – it would not, no. It would not affect it at all.

The Chair: And it is noise in terms of understanding the position?

Deputy Niles: Correct. Because the underlying fiscal position is interpreted from the amount of revenue we receive, the amount of expenses we pay, and the amount of investment we choose to make.

The Chair: Agree.

Deputy Niles: And that is it.

The Chair: Well, on that note of harmony –

Advocate Harwood: Can I just –

The Chair: I do want to conclude because we are on the hour.

Advocate Harwood: Can I just have a quick one? Deputy Parkinson, you mentioned that obviously you could do a bed and breakfast at the end of the year. As I read the accounts, and particularly the summary produced by the Treasurer, actually you did realise investments during the course of the year and you used them for spending purposes.

Deputy Parkinson: Yes.

Advocate Harwood:

> Investment assets appreciated by only £13 million, a real terms reduction of 2.5%. While investment appreciation of £119 million was recorded there were offsetting withdrawals during the year.

So the only way that actually the States of Guernsey, the core Government, is meeting its cash requirements is by having to realise assets.

Deputy Parkinson: Yes.

Advocate Harwood: So your portfolio is diminishing.

Deputy Parkinson: We are drawing from reserves to invest in capital assets.

Deputy de Sausmarez: Exactly.

Advocate Harwood: So some of the some of the investment return has already been utilised?

Deputy Parkinson: Yes, of course, the total return for the year will be partly realised gains but partly based on the valuation on 31st December, some of the gains would have been unrealised.

Advocate Harwood: So of the £400 million which is available, the core investment, how much of that was actually realised during the year, do you know?

Mr Fooks: Do we know? I think it is around 120; it is in the investment section of the Treasury report.

The Chair: Thank you. We will break for five to seven minutes, just say a comfort break for people. It is there if they need it and we will start again in a few minutes' time.

The Committee adjourned at 11.05 a.m.
and resumed at 11.15 a.m.

The Chair: We are good. Okay, welcome back to part 2 of the Public Accounts Sub-Committee hearing on the States' Accounts 2025. We are starting the second session. I hope you had a nice break, took a comfort break if you needed one, and we will kick off with the discussion. The next topic we would like to cover is in terms of internal controls and assurance. So over, again, to Peter.

Advocate Harwood: Thank you.

Really focusing on pages 45 and 50, the Statement of Internal Financial Controls is produced by the Policy & Resources Committee. Can I just pick up a couple of points there? Reference is made, and I think you have already alluded to, the internal audit function. Can you advise how large is that function? How many people are actually engaged and how many formal internal audit reports did you receive during 2025?

Mr Fooks: So in terms of the internal audit function, I am not certain on the number. There are around four to five people in that function and they cover all aspects of internal audit. They have engagement with the auditors through this process, and the auditors review any reports from that function through the year as well. So that will be reports on governance and risk and process management across the organisation. So the auditors have access to that and utilise it.

Advocate Harwood: Would the internal audit have had any input or any ability to flag up the issues about the MyGov expenditure issue?

Mr Fooks: I do not know the answer to that question.

Deputy Parkinson: They were involved in that.

Deputy de Sausmarez: They were very involved in that.

Advocate Harwood: Yes, but was that was ipso facto after Ms Smiley's report?

Deputy Parkinson: They were involved in the investigation undertaken by the Chief Executive Officer.

Advocate Harwood: But during the course of 2025, would they have had any sight of the issue about the MyGov?

Deputy de Sausmarez: The project?

Deputy Parkinson: Yes, I think they would have done because the Chief Executive instigated a review of what had happened during 2025.

Deputy de Sausmarez: But just to that point, I think the MyGov programme had been closed down before, prior to 2025.

Deputy Parkinson: Yes, it was closed in 2023, I think.

Advocate Harwood: Well, was there some expenditure used? Your Committee or, sorry, you or your predecessor Committee used the ability – actually approved about a £4.25 million spend on MyGov during 2025, if it had been closed off as early as you said.

Ms Haines: There have been two separate MyGov programmes. So the original one was closed in 2023, a successor programme has been initiated and that is the funding that has been approved in the more recent past.

Deputy de Sausmarez: That is MyGov 2.

Advocate Harwood: How much of the MyGov expenditure – sorry, I mean we are struggling to find out exactly how you – we know there is a figure of about £20-odd million to be written off. How much of that was actually capitalised or was it purely expended out of revenue?

Ms Haines: None of it. So the original MyGov was all expensed in the year in which it was occurred.

Advocate Harwood: So none of it was capitalised?

Ms Haines: None of it was capitalised.

Advocate Harwood: There was no formal write-off in the –

Ms Haines: There is no write-off, no.

Advocate Harwood: Okay. Just going back to internal audit and the responsibility for internal controls, that rests with the Policy & Resources Committee. Can I ask generally those members of the Committee, are you satisfied that there is the adequacy of your internal controls?

Deputy Parkinson: I think probably that function is under resourced but it has actually done a lot of sterling work in 2025 and 2026.

Deputy de Sausmarez: And just on the governance point, I believe they report directly into the Chief Executive and Head of Public Service, but we also make very clear to them that they have a direct line to the Committee whenever they need it.

Advocate Harwood: It is interesting actually your comment about the resource because the accounts show that you have recruited an extra 30 people to do with HR. Perhaps some of those should have been used to buttress up your internal audit?

Deputy Parkinson: Those are operational decisions for the Chief Executive.

Advocate Harwood: But a very nice –

The Chair: But an increase by 30 would have surely come to P&R, would it not? That would not have been – I am pretty sure there would have been a paper to P&R for that.

Ms Haines: Yes, it was agreed by the previous P&R and obviously the funding for it was approved by the States as part of the Budget.

Deputy de Sausmarez: But I think it is reflective, is it not, of the changing size and shape of the organisation in response to changing demand for public services, in response to changing demographics in part, that is probably the main driver. So I think most of the increase in staff overall has come from Health & Social Care, and then you obviously need more people in the HR function in order to sufficiently carry out your employer responsibilities.

Advocate Harwood: How many people do you have in your HR function? You got an extra 30 which were recruited last year, but what is the total?

Ms Haines: I would need to double check, I do not want to give you wrong numbers.

Advocate Harwood: I just make the point it seems to me –

The Chair: Is it like hundreds or scores?

Ms Haines: About a hundred, I think.

Advocate Harwood: Okay. I just make the point from external perspective, internal controls where you are reliant upon just four people, there is a mismatch.

Ms Haines: Yes.

Advocate Harwood: Just to make the point, obviously the auditors in their note on page 50:

> Obtain an understanding of internal control relevant to the audit to design audit procedures … but not for the purpose of expressing an opinion on the effectiveness of the Groups' internal control.

So the only way we can have a view about the effectiveness of the group's internal control is by the reliance upon P&R itself. So you are the ones who are signing off that you are satisfied we have effective internal controls.

Deputy de Sausmarez: I think Charles has said we believe it to be under resourced. It is a conversation, and part of the benefit of this kind of process is that if you have any recommendations then we are all ears.

Advocate Harwood: Okay. I think that is probably actually all I need to do at the moment.

The Chair: Okay, so if we move on to the next area of cash and reserves, although I make a point in terms of the HR and the numbers, you do say the States has grown in size and complexity because actually, Charles, the first accounts that we – well, I was a member of staff and you remember you were Treasury Minister – that I recall was the 2008 and we had 4,540 FTEs and in 2026 it is now 6,803. Now, I think Aurigny is included in there and a couple of other entities, but that is quite significant, if I paraphrase 'Yes, Minister', is it not? If the private sector could match this sort of growth we would be in a completely different fiscal position, I assume.

Deputy de Sausmarez: Yes, absolutely. The demand for public services is the main driver.

Advocate Harwood: Can I just go back to one point, which also relates back to MyGov, possibly also to Agilisys. There is a post-balance sheet note on page 228 of the accounts, which I have lost now. Here it is. It is events after reporting date. and the only thing they note there is on 13th March 2025, which I think actually probably came within the reporting period, which was an extension to revolving credit facility. There is no reference there made to Agilisys. There is no reference made to MyGov.

Do you not think it would have been appropriate for some mention to be made after the events, especially if you were writing off – well, query: whether you actually are writing off the MyGov expenditure or is that you just acknowledge expenditure which was made, spent and not going to be recovered? But what about Agilisys, was there any issue about that?

Deputy Parkinson: Well, the MyGov 1, if I can call it that, was closed in 2023, so that would not have had any effect on these accounts.

Advocate Harwood: But the decision to write it off, was that taken in 2023?

Deputy Parkinson: The expenditure was written off as it – in the years it was incurred. None of it was capitalised.

Advocate Harwood: Okay.

The Chair: Look, I will hold my hands up, I cannot follow the accounts very readily. So bear in mind that is the motivation for the question. Where in the accounts was the expenditure on Agilisys? What is the line that was there? Where would that have come from?

Ms Haines: It would have been in contracted-out services previously.

Mr Fooks: It would have been in Support Services when you look in the consolidated –

The Chair: So which page am I looking at then?

Mr Fooks: It will be about note 6. No, sorry, probably note 7. So on page 70, note 9a, Support Services, that has 'Contracted Out Work'. So that covers a number of items within there. Most of Agilisys's cost would have been within there. There would have also been some within Services in note 9b as well.

Ms Haines: And then in Projects.

Mr Fooks: Yes.

Ms Haines: And Projects.

Deputy de Sausmarez: And also there is a pay impact from when the Agilisys contract was terminated in 2025. There was an impact on the number of people that needed to be brought into the States to compensate for that.

The Chair: Okay. So that contracted out work and services. So there is £93 million, that is correct, is it not, in 9a and £99 million in 9b? Now I am not saying that is all Agilisys, but they are referring to two different amounts of expenditure.

Mr Fooks: It is the nature of the expenditure, correct.

The Chair: So the notes are – it is double counting the same – that is the same £90-odd million just the –

Mr Fooks: No, it is two separate numbers. So contracted out work will be more when we are getting that work done by a third party. Another example of contracted out work maybe within MSG is a good one, yes. And then services are more when we are buying a product or something like that from another party. So it is the nature of spend which is how things are broken down in the notes and how things are broken down in the Statement of Financial Performance.

The Chair: Okay. Because spending on support services, now you mention it, has gone up quite significantly over the course of the year, £14 million, £14.5 million?

Mr Fooks: Correct. I would need to look back but that is commented on, I think, in the Treasurer's Report.

The Chair: And advertising and marketing up by £800,000, quite a significant source of growth in expenditure which presumably is not demand for services. It is support services. That is internal costs.

Mr Fooks: I would need to take those away and give you the details.

The Chair: So that is where the Agilisys number is. But to Peter's question on the MyGov number then, why is the MyGov number separate then if Agilisys were doing the MyGov.

Deputy de Sausmarez: Sorry. Sorry, I am struggling to hear.

The Chair: Sorry, I said what is the MyGov number referring to if Agilisys is out of the contracted out work, the MyGov that is referred to later in the my capital votes, what is that referring to?

Deputy Parkinson: That is what we call MyGov 2, which is paused, which was, I think, basically an attempt to see whether any value could be salvaged from the work done under MyGov 1.

Advocate Harwood: So £4.2 million was spent on that MyGov 2?

Deputy Parkinson: I believe so.

Deputy de Sausmarez: In 2025.

Advocate Harwood: There is a figure here.

The Chair: So Agilisys would have been here for six months; is that our expenditure on our own internal £4.2 million or is that Agilisys £4.2 million?

Ms Haines: No, I do not think Agilisys were involved in MyGov 2 actually.

The Chair: It is £4.2 million of our expenditure.

Ms Haines: No, it would have been expenditure with third parties mainly, but it is the total project costs. We would need to look at the breakdown of that, but that would be the total project cost. Some of it with third parties.

The Chair: But it is separate to this support services number. We are not –

Ms Haines: Yes, we are not double counting anywhere.

The Chair: No, it is not double counting, we are not looking at notes that are referring to the same cash but classified in a different way as additional cash that has been spent there.

Mr Fooks: They are separate those notes. So page 25 of the Treasurer's Report discusses the key changes in support services and supplies and services. So support services insurance costs increased by £4.2 million, secondary care on Island by £1.2 million and project expenditure, so that is directly project expenditure across a range of projects was £3.5 million higher than the prior year. So that will fluctuate. And in terms of supplies and services, off-Island healthcare was £1.5 million of that and pharmacy costs were £1.9 million. So the Treasurer's Report pulls out the key areas. Obviously within that note you have seen that is the group. So there will be a number of other things and it discusses the component entities of other drivers of cost as well.

The Chair: Okay. Because if you go to the page 24 previously, you get just the general sense of the costs. We are straying a little bit there. You got all the triangles up 4.8%, up 4.1%, up 37.7%, 34.7%, up 8.5%, up 7%, up 6.1%, so that is the general trend of costs. But, sorry for that segue, that was related to the MyGov and Agilisys and trying to figure out where in the accounts is accounting for the cash. But speaking of cash, Claire, you had some questions on cash.

Ms Savage: Yes. I think it would be helpful to explore the picture around the cash and reserves as presented in the accounts. So, could you maybe describe how we go from £160 million surplus to a £9 million reduction in cash. Just for a layman, not an accountant to an accountant, but how would you explain it?

Mr Fooks: So there are two changes in this. One is around the increase in debtors. So tax debtors particularly have increased, and that is twofold. One is the Pillar Two part, which is a due amount but, as we have noted, it will not start to be collected until 2027. So that has increased debtors by £39 million. And the other part where we have seen those prior year taxable impacts coming in of £34 million, then not all of those have been collected at the end of the year. Within Q1 a further, I think it is, about £16 million was collected. So those are due and coming in. So we saw tax debtors increase overall by about £90 million within that.

Ms Savage: Okay.

Mr Fooks: And the other part is our direct cash spending, our cash CAPEX was around £80 million but the depreciation is much lower. I just need to pull out the number. The depreciation is much lower, which is obviously –

Ms Haines: It is about £50 million.

Mr Fooks: £50 million, yes, thank you. So those two are contributing to a large portion of that. Obviously there are a number of other movements within there, but if I pick the two largest elements they would be that. I think within those the tax debtors, as I said, with Pillar Two we are going to see all of next year in there as well. So we are going to see an increase in that, and that is probably a change in our structural working capital for that. And then investment, we are obviously looking to invest ahead of what we have previously. So, again, we will see that part there. We are likely to see an ongoing position where our surplus to cash balance on a structural basis has that gap.

Ms Savage: Okay. So in terms of the cash balances, it is showing in the notes that we have gone from a positive balance of £4.9 million down to a negative balance of £4.4 million. So at the end of 2025, we were funding day-to-day operations through an overdraft. In overdraft?

Ms Haines: Sorry, can you just confirm which note you are looking at?

Ms Savage: I am just looking at note 32b, which is on page 100.

Mr Fooks: So that is across the group.

Ms Haines: It will be across the group, yes.

Mr Fooks: So you can see that we have cash and bank balances of £11 million and an overdraft of £15.6 million.

Ms Savage: Yes.

Mr Fooks: If we look down in the segmental analysis we would see more information. I do not have that to hand.

Ms Savage: Yes, okay.

Mr Fooks: I think obviously within core Government when we look at that, there is the investment portfolio and we manage cash on a daily and regular basis. And, as we talked about, this is a snapshot point in time. So you will see those cash balances move significantly. Obviously when we receive tax income through Employee's Tax Instalment Scheme (ETI) we get significant increases, and if we have capital expenditure, which will be at various points in time, it changes as well.

Ms Haines: Yes, so we manage a cash pool that basically goes from roughly plus 50 to minus 50 and based on our cashflow forecasting we will manage the size of that cash pool, and if we need to sell investments in order to manage our cash position then we do so.

Ms Savage: Okay. But this is saying that there was a net overdrawn position at the end of 2025.

Ms Haines: Yes, I do not think that was in core Government, but we will double check that.

Ms Savage: Okay. So, what would the position look like now on a comparable basis?

Ms Haines: We do not have – we have got an RCF which we use for managing our shortfall on cash requirements and it is not drawn at the moment.

Ms Savage: Okay, a revolving credit facility?

Ms Haines: Yes. And it was not drawn at the end of the year either, which is why I think that that balance was other group entities.

Ms Savage: How much cash are we generating from day-to-day operational activities? We collect in all our tax, we pay all our service costs, what are we left with in terms of cashflow from operating activities?

Ms Haines: We would need to double check that, sorry.

Mr Fooks: I think the part that we know is that most of the income is direct cash and collected within the year or within the year plus a quarter. So when we look at obviously Income Tax, that is mainly collected in the year or the year plus quarter, so with ETI collections. Social security follows the same thing. Other taxes and duties, so customs duties obviously paid at point, as is Document Duty and TRP is collected through that year cycle. So what we do know is that the vast majority of the income is cashable in the year or very close to. I think that is where –

Ms Haines: And we are generally cash positive.

Ms Savage: Okay.

Ms Haines: The operating position is positive. The one variation to that now, as Gareth mentioned previously, was the Pillar Two income. We will not see any income from until the middle of 2027 at the earliest, and so we will have two and a half full years of accruals, if you like, which is a cash draw effectively.

The Chair: But if you say cash positive, that is after investments have been liquidated presumably because if we liquidated over £100 million of assets to fund activities that would not have been done if we were generating sufficient cash for our expenditure, would we? So the cash positive is including liquidations.

Ms Haines: To fund day-to-day expenditure we are cash positive. To fund major projects, that is where the States have decided to draw on reserves, and that is why we are having to realise assets in order to fund the investment in those projects.

Ms Savage: Yes, because it does say in one of the notes that you have realised net cash from sale of investments of like £107 million and then we have invested £87 million. So we are actually realising investments to afford the new assets.

Ms Haines: Yes, exactly. Yes.

Ms Savage: Is that sustainable?

Ms Haines: That is why we have got a funding gap.

Ms Savage: Can we just have a quick look at the reserves? In our balance sheet, we have got £4.1 billion but then in the Treasurer's Report we say much of these reserves are not realisable or that they are allocated for specific purposes and that we therefore reduce that down to £407 million of accounting unallocated balances. Could you just elaborate on that a little bit and explain it?

Ms Haines: Do you want me to take that?

Mr Fooks: Yes.

Ms Haines: So the net assets of £4 billion, £1.7 billion of that is what we call our accounting adjustments reserve. Effectively, all of the work that we have done to do IPSAS and to value our assets and so forth, every accounting entry has got two sides. And so that is what has created that, it is –

Ms Savage: And that is not a realisable reserve then?

Ms Haines: No.

Ms Savage: No.

Ms Haines: Likewise, the investment in the trading entities is the valuation, but book valuation of those assets again not realisable. So we come down to £1.7 billion of what we would call distributable reserves, but then a number of those are earmarked for specific purposes either by policy or by legislation. So the majority of that are the social security funds, which is about £1 billion. Then there is the core investment reserve, which is effectively the States' rainy day fund which cannot be touched other than for major shocks; that is £200 million. The Guernsey Health Reserve is £100 million – just under £100 million – and then there are a few other smaller earmarked funds. So when you remove those, they are real reserves but they are not distributable in the way that the States cannot use them to fund expenditure. So that is when we come down to £407 million.

Ms Savage: Okay. And then we – this is page 27 if you are wanting to follow – go on to say that in practice that balance of £407 million is used to support the capital investment portfolio. So in reality how much of that £407 million is available?

Ms Haines: It has pretty much all been earmarked for CAPEX.

The Chair: Again, it is an accounting thing because if we are then treating unrealised gains in our operating position, none of that capital is actually free, is it? The returns are not really available to us of any of that money? How helpful is the presentation of the accounts to that particular position? It is not, is it?

Deputy de Sausmarez: The accounts are the accounts. We have to report the accounts. We appreciate that the things that you are interested in, which we are also very interested in, are a slightly different question, which is why we have been keen to articulate the differences between them.

The Chair: I know, but the answer to the accounts is not particularly helpful to people. If they want to use the accounts to understand the Government's underlying position, that is what they are supposed to be able to do. That is what the public is supposed to be able to do. We have a tax debate coming up. We have just published the accounts. It should be clear from the accounts what the underlying fiscal position is.

Deputy de Sausmarez: No.

The Chair: No?

Deputy de Sausmarez: Well, not in entirety. This is exactly the point, is it not? So, the 2025 accounts give us a clear understanding of what took place and what the situation was in 2025. But what we have been saying consistently throughout this and what the Treasurer's Report says is –

The Chair: But, with respect, I think the point is that they do not because of all of the caveats and explanations that need to be provided. I am not challenging whether the accounts have conformed to an international standard, I am saying whether actually once you have done that, it is particularly helpful to understand what our underlying fiscal position is.

Deputy de Sausmarez: Exactly.

The Chair: I do not think it is, not when we have just had that conversation using unrealised gains in the accounting treatment to generate our overall operating position. And yet, as the Treasurer has just nodded, none of those reserves are actually available to be attributable for anything really.

Deputy Parkinson: We have said that there is £400 million of reserves available to the States of Guernsey. Our plans for capital investment would absorb most of that money, but obviously we have not made those investments yet. The States could decide not to invest in capital, we would have £400 million available. All we are saying is there is £400 million, we have earmarked that for future capital investment.

The Chair: Unrealised gains in the accounts also includes the unrealised gains according to the social security funds, the other funds and all the hypothecated funds. As a number an unrealised gain from the £400 million might be a more appropriate figure to give you a sense of what might be available in terms of revenue for that particular year, but not the overall number. I am not saying that the accounts themselves are wrong. I am saying you are following them to an international standard. The point is that it is not a helpful picture. It has to be explained.

Deputy de Sausmarez: I am really glad that you recognise that the accounts are not wrong. That is reassuring to hear. The accounts give us a certain understanding of what happened in a particular point in time. Basically the answer to your question, if you take a high level view of it, is answered in different documents other than the accounts. So the issue about the long-term financial position and what we are going to need in future is something that we put more detail around in the tax reform policy letter. So they are two different issues. The accounts have to be accurate for the year of 2025. But when we are looking at future investment, that is something that obviously is not included in the scope of the 2025 accounts. Therefore, your question is answered by not this document but a different document, but informed by the information in the accounts.

The Chair: I will go back and check exactly what you said to understand the answer to that. But you make my point for me in that I understand the accounts are a snapshot in time. I might be an economist but I have some accounting qualifications. That is not my point. My point is the presentation, the manner in which they are presented, is not helpful to understanding the underlying fiscal position.

Deputy Niles: So if we come back to page 4 again in the report, very helpfully the Treasurer pointed out where the disparity is that you are looking at, as to what we need to do or in order to fund the investments that we want to what the funding gap will be. There is a rationale behind that. We discussed earlier, if you looked at an equivalent private sector company that would do that, the accounts would present exactly the same position but you would have a Chairman's Report at the front of it that would say what is the future of the company, what do we need to do and what investments do we need to make, and that is an equivalence.

So our funding gap and what we need to have in order to fund the investments we want to make and to ensure that we just not very much more than stand still, is where we are going with the fiscal tax reform.

Ms Savage: So what would be a target for the freely available reserves? If 400 feels inadequate, what figure would you be happy with?

Deputy de Sausmarez: Are you talking about the longer-term financial planning; so things like the Medium-Term Financial Plan?

Ms Savage: Yes, I guess it is longer-term financial planning. Yes, because we have got 407 now. What would we like it to be looking into the future?

Deputy Parkinson: We will be producing a Medium-Term Financial Plan by the end of this year. Before then we think the States need to agree the Fiscal Policy Framework to say what the objectives of the States should be and then, within the context of the agreed fiscal policy framework, we will produce a Medium-Term Financial Plan.

Deputy de Sausmarez: Which again is a matter for the States to decide. So we might propose something, the States may decide to adjust it through amendments. So these are questions we –

Ms Savage: Those are two fairly key documents.

Deputy de Sausmarez: Exactly. It really underscores the difference between that forward-looking financial planning and the accounts. So the information contained within the accounts is really useful. I would say not just the 2025 accounts; what really gives us a good sense of longer-term trends is when you look at previous sets of accounts as well so that you can understand directions of travel. That all feeds into the forward-looking projections and some of the decisions that the States will be asked to make through the FPF and the Medium-Term Financial Plan.

Ms Savage: We have only really got one set of accounts that are comparable though to look back at, have we not; the 2024 accounts?

Deputy de Sausmarez: Yes.

The Chair: We are very close to the end, we have only got about 10 more minutes. But I think my personal experience, it is almost like trying to help you here in terms of the picture from the accounts is not clear and if I go to – I am not talking about the future I am talking about actually what happened in 2025 is not clear. What we will not come on to is capital, finally to understand where capital expenditure is accounted for in the accounts, but I will just give a – to leave this unrealised gains thing to bed. The final comment on page 26:

> The General Investment Portfolio, which holds the Group's long-term investments, generated net returns of £118.9 million in 2025.

That is our unrealised gain.

Deputy Parkinson: Some of it will be realised.

The Chair: There is the accounting number. The unrealised gain in the accounting number, when you come back all of it be realised.

> At the end of the 2025, the value of the portfolio remained broadly unchanged at £1.73 billion. This reflects net withdrawals of £122.5 million during the year to fund capital investment and other commitments.

So actually this unrealised gain was effectively, Charles, net; it was all realised.

Deputy Parkinson: Some of it was realised, as I have just been saying.

The Chair: No, the net number was all realised because you had a gain of £118.9 million and net withdrawals were £122.5 million. So it was more than that. The net position there was more realisations than not. The net number – it was a net realisation, right? But our operating surplus of £108-whatever million it is was, is using unrealised gains to present a picture of a big surplus. That is what it does.

Deputy Parkinson: I am struggling to see what the contradiction is. Basically, we took out whatever the number was, £118 million or something, to invest in capital and at the end of the day the reserves were roughly the same as they were at the start.

The Chair: The reserves went down.

Deputy Parkinson: Well –

The Chair: All of that 7% expenditure, 7.4% reserve return, was effectively spent and I will say only £400 million of that £1.7 billion was supposedly generating returns that was available to us. So we have used up all the returns of cash that was actually assets that were hypothecated for other purposes. We spent the returns that should have been attributed to the social security funds effectively. That is what we have done.

Deputy Parkinson: We spent assets.

Ms Haines: Withdrawn from the general revenue reserve.

The Chair: We might have took it from there but the actual returns that we have used were somebody else's.

Deputy de Sausmarez: I do not think that is correct.

Ms Haines: No, that is not correct.

The Chair: That was the way I would describe it. Can you explain to me though, how do you trace capital expenditure through the accounts? Just completely a lay person; I have got this, where do I start? How do I understand it because it is not a line item in the Statement of Financial Performance? I just want to understand.

Deputy Parkinson: Notes on fixed assets.

The Chair: Where? And it not a trick question, I just do not understand how you are supposed to follow it.

Mr Fooks: So there are notes on fixed assets. You can always start from the primary financial statements. Within the balance sheet there is fixed assets, PP&E, and intangible assets. So you can always look on your Statement of Financial position on page 56.

The Chair: Okay. So we start on page 56.

Mr Fooks: So within there you can see the very first line, 'Property, Plant and Equipment', which is tangible fixed assets in operational use. So everything from roads to hospitals to aircraft is within there. There is also intangible assets.

The Chair: No, okay. Sorry, this is – am I looking at the Consolidated Statement of Financial Position?

Mr Fooks: Correct. That is consolidated.

The Chair: Again, I am an accountant; is this effectively a balance sheet?

Mr Fooks: This is a balance sheet.

The Chair: Okay.

Mr Fooks: So that is the net value of those. All of our operational assets are valued at cost less depreciation. So obviously an accounting point, and there is a policy that describes the length of depreciation. So that is all of the tangible fixed assets. We also talk about intangible assets which are software licences and internally developed items.

The next area to go to which gives more detail is the note on page 77. It has 77 and 78, 77 is current year, 78 is prior year and this then breaks down those PP&E by land, buildings and you can see the other parts there and it gives you – so when we look it breaks it into sections. The cost at January 2025 was just shy of £3 billion. There was £82 million or £82.5 million of additions. There was just shy of £15 million of disposals and there is a 'Reclassifications and Transfers' line that you always see. And then the next section shows 'Depreciation and Impairment'. Then you have one for the comparable year. So that allows you to track the –

The Chair: So to help you there, on the final column on page 77 where it says total PP&E, the second number down, £82,454 that is additional expenditure on capital, it is an addition, that is where that number is. There it is.

Ms Haines: Yes.

The Chair: So that is where our capital expenditure is hidden on page 77 and that number – and I will make this point – is the big number that apparently going forward is our funding gap but it is very difficult to find.

Mr Fooks: I think it is this where interpretation and use – so any set of accounts under FRS, IFRS, IPSAS, etc., will have this note and it will look the same. So, yes, you have to be an accountant or used to it, but anyone would know to go here for the change in that valuation and to look in the cashflow statement for the cash part.

Deputy de Sausmarez: To Charles's earlier point, the amount that we are going to spend in future on infrastructure, etc., is ultimately a political decision and one that will be made through other States' debates.

The Chair: Okay, that number is £82 million, though, yes? We are talking about capital expenditure of £2 million, and we had lots of little questions about capital but we have run out of time. £82 million, if our GDP is £3.5 billion roughly. I cannot remember the last time we published it but give or take 2% of that is about £70 million. Is that right? I am looking at £82 million, so that is broadly there already, is it not?

Deputy Parkinson: Yes, so this is one of the first times in recent history that we have met our target.

The Chair: So we are actually spending –

Deputy de Sausmarez: Around 2%.

The Chair: The 2025 position then on its own should be able to reflect our general underlying position, should it not?

Deputy de Sausmarez: No.

The Chair: If you follow my logic through, sorry about this – if you follow my logic through, the 2025 accounts should be a reflection of our ongoing underlying position.

Deputy de Sausmarez: For that year. But the point –

The Chair: No, it does not matter. For 2025 that should reflect, given that our capital expenditure is roughly about the 2%, so we should be able to look at the snapshot of the accounts and figure it out.

Ms Haines: I would say that if we were doing cash accounting, yes, that would be the case. But we do not do cash accounting, we do accruals accounting and so we develop our assets, we put them on our balance sheet and then we depreciate them over their useful life. So the Statement of Financial Performance includes the depreciation amount, which reflects our historic investment in CAPEX. So, yes, on a cash basis you are correct, but on an accounting basis that is not the case.

Deputy Parkinson: Yes, to get to the longer-term position, first of all, we stripped out investment gains. Secondly, there is this adjustment between actual CAPEX and depreciation. Depreciation is, if you like, a measure of capital consumption; it does not create a sinking fund to enable us to buy stuff. Right? In effect we add back depreciation and then subtract the 2% of GDP target to get to the long-term funding deficit, or whatever you want to call it.

Deputy de Sausmarez: The other factor that I think is important to bear in mind when we are looking forward is that the baseline is not a static baseline. Demand may need to change, GDP may change over time, etc. A single year is very useful but it is not the same thing as looking forward, as projections of that funding gap going forward.

The Chair: Well, I think you have got an expenditure in here that reflects purportedly the underlying position, therefore that should be useful enough as a guide for this year.

Deputy de Sausmarez: For this year, yes. For that year.

The Chair: But this year, clearly the expenditure is representative of the overall position of what has been described as our future.

Deputy de Sausmarez: But it will not be apples and apples next year necessarily because some of the baselines will change.

The Chair: 2025 numbers really are all you should need to understand. You do not need to go forward, it is in there.

Deputy de Sausmarez: Yes.

The Chair: Anyway, I appreciated that we – well, we have not digressed but we have run out of time and thank you very much for that. On that note, in terms of what we set out, I do feel that there is no dispute that these are to an international accounting standard. There is no dispute that they are accurate. In terms of understanding what they are saying, I think it is more difficult to interpret than when Charles and I came in 2018. I could pretty much follow those accounts pretty easily actually. Nowadays it is a little bit more difficult, and there has to be that narrative to explain the numbers might say this but look at this to get the underlying position.

Deputy Parkinson: I would say that the accounts that we used to look at in the 2008-2012 term were opaque to the point of complete impenetrability and, as Bethan said, they did not even include a balance sheet. When I asked for an example at that time as the Treasury Minister, 'Can you give me a list of the list of the properties the States owned?' the answer was no.

The Chair: Yes, I know.

Deputy Parkinson: The States had no record.

The Chair: Oh, for those simple days.

Deputy Niles:. But I would agree with you, Deputy Sloan, and also with Deputy Parkinson, that we have got to a level of international standard in our accounts now, but it does not necessarily help us to articulate exactly what we need in the coming years and so that is going to be another task for us.

Deputy de Sausmarez: Following on from that, we are as ever very interested in any feedback and suggestions that you might have about how we can improve. This is only the second year that we have reported to this standard and in this way. We are very hopeful that we can continue to improve it. So we very much welcome any suggestions from your Committee to help us do that for future reporting.

The Chair: Thank you very much. Actually, you do remind me that we did exchange conversations about the quarterly reporting, about the template reporting. I think we are due the second template of the quarterly reporting because we have given you some suggestions, and P&R have come back to us and said, 'Yes, very good'. I think we are probably a bit overdue on that. So, I very much look forward to that. I know that you have got a million and one things to be doing.

But on that note of harmony, thank you ever so much. Thanks to my panellists Claire, Peter, and also the rest of the Public Accounts Sub Committee that helped to put together that briefing for us. We will look forward to the debate a week on Tuesday. I should imagine it is probably shorter than this session to be quite frank. The debate will feed into the other report that was published this week. Thank you very much.

The Committee adjourned at 12.00 p.m.