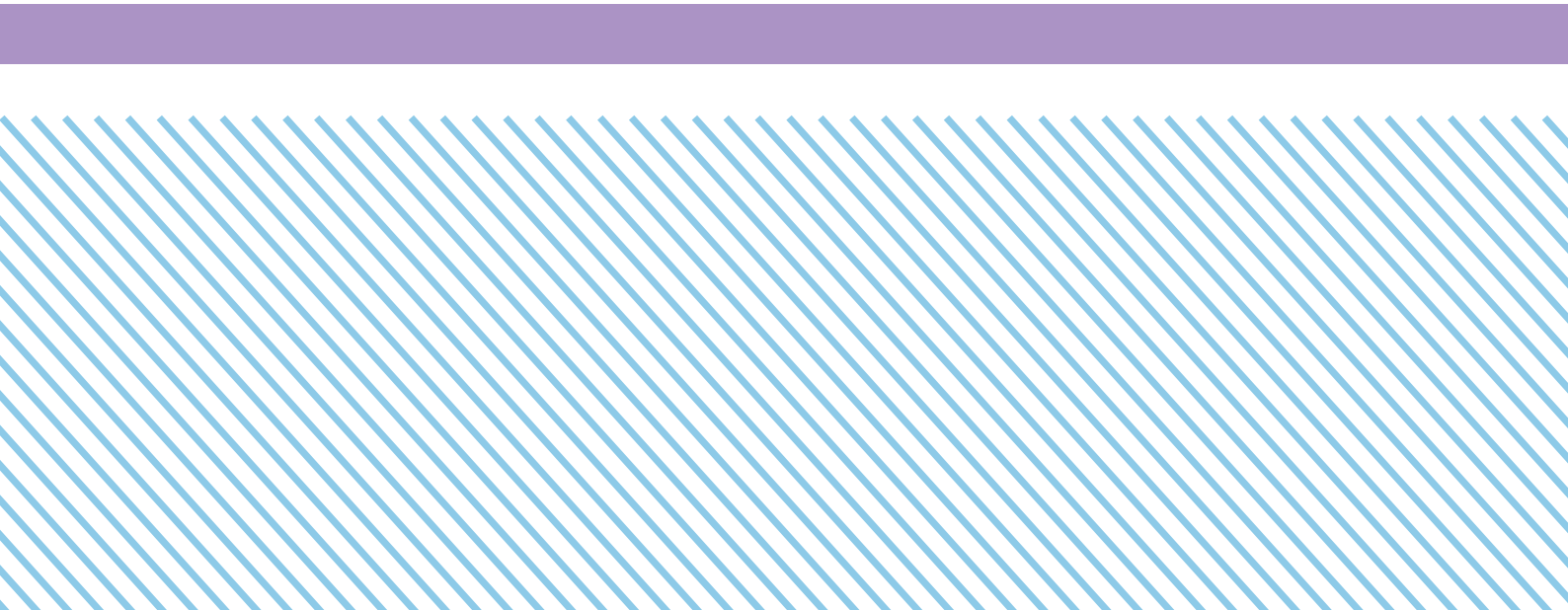


# **PUTTING THE FRONTLINE FIRST:**

**smarter government**

# **ANNEX: BACK OFFICE IMPROVEMENT PLANS**





# ANNEX: BACK OFFICE IMPROVEMENT PLANS

*Putting the frontline first: smarter government* sets out the Government's strategy for creating a sharper centre, including a strategy for delivering back office efficiencies. This document provides additional detail, collated by HM Treasury, on some of the specific steps Departments are taking to deliver this strategy and further improve the performance of their back office operations, together with information on benchmarking commitments across the wider public sector.

The steps outlined in this document take forward the recommendations of the Operational Efficiency Programme and ensure that all departments continue to improve their performance.

**Table A: Summaries of back office improvement plans**

Department	Action Plan
BIS	<p>BIS already provides financial shared services to DECC and UKTI and will seek to take on new customers to deliver further savings. Amongst other things BIS will:</p> <ul style="list-style-type: none"> <li>• Participate in the "Next Generation HR" programme to further reduce costs;</li> <li>• Introduce an e-procurement system in 2010 in line with the Glover recommendations; and</li> <li>• Move to fully electronic document and data storage.</li> </ul>
Cabinet Office	<p>Cabinet Office recently transferred some back office functions to the DWP shared service centre, is reducing office space use by 2 sq m/FTE, and legal spend by 35%. Amongst other things Cabinet Office will:</p> <ul style="list-style-type: none"> <li>• Improve HR ratios (already moved from 37:1 to 44:1 this year) through participation in the "Next Generation HR" programme;</li> <li>• Drive cross-Department use of the collaborative FLEX IT contract, to save 13% next year, and 16% the year after; and</li> <li>• Move to fully electronic document and data storage.</li> </ul>
Chancellor's Departments	<p>Within the Chancellor's Departments, HMRC has already secured £62 million savings through estates rationalisation, through 157 full and 85 partial office closures and further work is planned. Among other things, within the Chancellor's Departments:</p> <ul style="list-style-type: none"> <li>• HMRC will reduce costs in IT by 10% or more from 2011/12 through revisiting HMRC's Aspire contract costs, and reviewing in-house IT structures; and</li> <li>• HM Treasury Group will continue to drive out best value from the Group's estate occupancy, and review opportunities for extending the way shared services are provided within the Group or with wider participation at the centre of government.</li> </ul>

<b>Table A: Summaries of back office improvement plans (continued)</b>	
<b>Department</b>	<b>Action Plan</b>
CLG	<p>CLG has already completed a restructure of the finance function within the central department, reducing headcount by 20%. Amongst other things, CLG will:</p> <ul style="list-style-type: none"> <li>• On Estates, save £4.75 million by consolidating their London HQ and is working throughout the group to drive greater estates rationalisation;</li> <li>• On HR, an interim benchmark of 65:1 has been set for the group to be achieved by the end of 2010/11; after which CLG will work towards 77:1; and</li> <li>• Initial work has suggested that £8 million per annum could be saved through a single IT system for the back office.</li> </ul>
DCMS	<p>DCMS is working with its Arms Length Bodies (ALBs) to improve access to expertise, management information and common services. Amongst other things, DCMS will:</p> <ul style="list-style-type: none"> <li>• Investigate more effective and efficient corporate service models across various ALBs; and</li> <li>• Report progress on savings through its annual report.</li> </ul>
DCSF	<p>DCSF, as part of a Corporate Transformation Programme:</p> <ul style="list-style-type: none"> <li>• recently entered into a Shared Services arrangement to deliver savings of £8 million a year by streamlining HR, Finance and Procurement processes;</li> <li>• improved office space usage by making more efficient use of the London building in the past year and will move to a smaller building in Sheffield in 2010 and Darlington in 2012 to support achieving 11 sq m/FTE office space use by March 2014; and</li> <li>• will continue to make progress on the collaborative procurement target and plan to meet 80% uptake of available spend before March 2011, and is working with Arms Length Bodies towards the same goal.</li> </ul>
DECC	<p>DECC is planning to make further significant savings through operational efficiencies and best practice ways of working. Amongst other things, DECC will:</p> <ul style="list-style-type: none"> <li>• Continue its extensive use of shared services where 60% of DECC's back-office functions are delivered by shared arrangements with other government departments as well as introducing policies which have reduced the staff:desk ratio to 0.72:1, among the lowest of any Department;</li> <li>• Control and reduce consultancy expenditure to ensure it delivers value for money, curtailing consultancy spend by 40% during 2009/10;</li> <li>• As announced in Budget 2009, deliver £20 million of savings to administrative budgets in 2010/11, principally the Nuclear Decommissioning Authority (NDA) and the core Department; and</li> <li>• Finalise the sale of some £450 million of surplus land, with proceeds being re-invested into the NDA's nuclear clean-up mission.</li> </ul>

**Table A: Summaries of back office improvement plans (continued)**

Department	Action Plan
Defra	<p>Defra is systemically reviewing each area of operational spend to identify potential savings, planning how best to secure them. Amongst other things, core Defra and its Network will:</p> <ul style="list-style-type: none"> <li>• Deliver £50 million per annum savings in IT spend by 2013/14 compared to 2007/08;</li> <li>• Secure £20 million of third-party procurement savings; and</li> <li>• Explore ways to improve joint-working to reduce back office and property costs</li> </ul>
DFID	<p>DFID aims to improve its performance across the other benchmarks. Amongst other things it will:</p> <ul style="list-style-type: none"> <li>• Introduce greater standardisation, simplification and e-enablement of its corporate processes;</li> <li>• Drive greater value from procurement through category management and a greater emphasis on collaborative procurement with other international government departments; and</li> <li>• Continue to review its UK Estates to increase the occupancy rate of both of its headquarters.</li> </ul>
DfT	<p>As shown in the benchmarking data, the Department and most of its Agencies are at, or close to, the comparator for finance and are seeking to ensure continuous improvement. Other examples from DfT's corporate improvement agenda include:</p> <ul style="list-style-type: none"> <li>• Driving greater efficiencies in the procurement of maintenance by the Highways Agency;</li> <li>• The Driving Standards Agency achieving 10% savings in outsourced IT spend, following recent renegotiations; and</li> <li>• Reviewing and consolidating property use, particularly building on its recent vacation of its share in one building.</li> </ul>
DH	<p>Following a major rationalisation programme, the operating costs of DH's Arms Length Bodies (ALBs) have been reduced by £400 million since 2004 and many are now making further savings by outsourcing back office functions through NHS Shared Business Services. Amongst other things, DH will:</p> <ul style="list-style-type: none"> <li>• Build from the 17% savings already secured to corporate services spending since 2007/08;</li> <li>• Explore, and if appropriate deliver, outsourced payroll and accounting and a single IT-based recruitment process; and</li> <li>• Co-locate several arms length bodies to drive towards 10 sq m/FTE office space use.</li> </ul>

**Table A: Summaries of back office improvement plans (continued)**

Department	Action Plan
DWP	<p>The Department for Work and Pensions has one of the best records of delivering efficiency savings across Government (over £1.4 billion in SR2004 and a planned £1.4 billion in CSR2007). Over the same period the Department's productivity as measured by the Office for National Statistics rose by 12%. This is evidenced by our strong performance in the benchmarking report.</p> <p>DWP leads central government on estate utilisation, at 10.5 square metres per person, in setting up Shared Services, where centralisation led to £15 million being saved in 2008/09, and in collaborative procurement, where we are now supporting other departments to obtain better Value for Money.</p> <p>DWP has therefore already made strong progress in running an efficient operational service. Going forward, DWP will seek to build on this success. Amongst other things, the Department plans to:</p> <ul style="list-style-type: none"> <li>• Reduce operational IT costs by 24% over CSR07, and look for ways to reduce costs further by 2013/14;</li> <li>• Play a leading role in the Next Generation HR programme, which aims to reach the 77:1 target HR ratio;</li> <li>• Lead a review, with HMT, of the options for providing one or more cross-government shared platforms for the delivery of efficient shared services including the feasibility of public sector shared services companies; and</li> <li>• Continue to support OGC's category teams and use its size to help other departments to obtain better VFM from collaborative procurement.</li> </ul>
FCO	<p>The FCO's Corporate Services Programme aims to simplify, streamline and standardise corporate services and deliver corporate services more efficiently saving time and money. Amongst other things, FCO will:</p> <ul style="list-style-type: none"> <li>• Aim to deliver £40 million in savings in the period 2009/10 – 2011/12 through the localisation of UK-based management jobs overseas; consolidation of corporate service work into regional and national hubs; outsourcing of buildings management in NW Europe and elsewhere in the network;</li> <li>• Consolidate Finance, HR and Procurement services in a new UK Corporate Services Centre; and</li> <li>• Look at how government as a whole can work better overseas, such that the costs and risks are equitably shared across government.</li> </ul>

**Table A: Summaries of back office improvement plans (continued)**

Department	Action Plan
Home Office	<p>The Home Office will deliver 22% improvements by March 2011. Amongst other things it will:</p> <ul style="list-style-type: none"> <li>• Accelerate participation by arm's length bodies and other departments in the joint HO/Ministry of Justice shared service centre in Newport;</li> <li>• Continue to join up property management across the HO estate, and partnership organisations, reducing costs and CO<sub>2</sub> emissions;</li> <li>• Reduce corporate overheads, including bystreamlining HR, and putting all non-specialised procurement spend through its centre of excellence; and</li> <li>• Renegotiate supply of basic IT services, saving more than £100 million over the next six years.</li> </ul>
Attorney General's Departments	<p>The Attorney General's Departments have already reduced back office costs. Amongst other things, AGDs are:</p> <ul style="list-style-type: none"> <li>• Merging the Crown Prosecution Service and the Revenue and Customs Prosecution Office into one body, delivering savings of £37 million over the next 4 years;</li> <li>• Rationalising HR services to deliver further CPS improvements against the 77:1 benchmark by 2013/14;</li> <li>• Investigating further cost reductions within finance functions (CPS are already at 0.7% of running costs); and</li> <li>• Exploring how to reduce costs on the IT spend of CPS by 20% before March 2014.</li> </ul>
MOD	<p>MOD is already exceeding the finance comparator (0.7% of spend at present), but aims to continue making improvements. Amongst other things they will:</p> <ul style="list-style-type: none"> <li>• Improve civilian HR to benchmark levels of 77:1 through engagement with the Next Generation HR programme;</li> <li>• Save £17 million this year and £26 million next on the administrative costs of the Defence Estate; and</li> <li>• Reduce procurement headcount, where Defence Equipment and Support reductions from 27,500 to 20,000 are already in progress.</li> </ul>

<b>Table A: Summaries of back office improvement plans (continued)</b>	
<b>Department</b>	<b>Action Plan</b>
MoJ	<p>MoJ has already set in motion savings programmes. Amongst other things MoJ will:</p> <ul style="list-style-type: none"> <li>• Save around £65 million in Estates through rationalisation, co-location and moving posts out of London;</li> <li>• Having merged three separate ICT functions into one for the MoJ, additional savings of £39 million should be delivered over the 3 year spending period;</li> <li>• Save approximately £68 million per annum through their 'Procurement Success' programme; and</li> <li>• Move all MoJ HR and Finance transactions into a single shared service.</li> </ul>
Northern Ireland Office	<p>NIO has established a project team to investigate, agree and deliver savings across benchmarked areas. Amongst other things NIO will:</p> <ul style="list-style-type: none"> <li>• Target £17 million of cash releasing savings to meet additional VfM targets set by the Treasury as part of CSR07.</li> </ul>

*Note: The civil service HR Leaders Council initiated the Next Generation HR programme in June 2009 to improve the efficiency of core HR services for the civil service, across Departments. Further information is available within the HR section of "Benchmarking the Back Office: Central Government" published alongside this document.*

Table B summarises ongoing work by Departments to improve performance from current, towards the comparator levels set out in Action 3 of *Putting the frontline first: smarter government*.

<b>Table B: Benchmarking commitments across the wider public sector</b>	
<b>Wider Public Sector</b>	<b>Action Plan</b>
The NHS	By Budget 2010 a benchmarking sample will be completed, building on the Audit Agencies indicators, for 25 Primary Care Trusts, selected to provide a representative sample for the NHS. This information will be published in order to understand and spread the best and most efficient practice. Informed by this exercise, improvements will be made to indicators to be used more widely in the NHS in future.
Schools	<p>DCSF has run a financial benchmarking service for schools since 2003. At present only a limited version of this information is publicly available, except to school governors and head teachers (see: <a href="https://sfb.teachernet.gov.uk/Login.aspx">https://sfb.teachernet.gov.uk/Login.aspx</a>).</p> <p>The Department is committed to public access and accountability by opening up relevant sections of this data to the public having regard to confidentiality issues and as a first step, will proactively publish schools' back office benchmarking information by January 2011; and is committed to ongoing analysis of data to guide improvement and the securing of efficiency savings.</p> <p>The information already collected covers spend on IT, administration, and estates running costs as well as front line teaching. Development and implementation of the OPEN online marketplace for schools will improve the understanding of schools procurement spend, and support improved purchasing.</p>
Police	The new Police Report Cards, that will be published by Budget 2010 – to support the public and members of police authorities in examining comparative performance – will include comparative benchmarking in VFM profiles amongst their underpinning data series.
Local Authorities	The Regional Improvement and Efficiency Partnerships (RIEPs) and the Improvement and Development Agency for Local Government (IDeA) are already developing and preparing to roll out a benchmarking and peer challenge process, which uses some of the Audit Agencies indicators, and a number of other indicators identified by council financial officers. CLG will work with IDeA to promote the roll-out of this work across all regions during 2010. At the same time CLG will work with local government, and other public sectors partners, to identify key VFM indicators with a view to incorporating them into the national indicator set from 2011.
Fire	Building from work already underway with RIEPs, focussed on local authorities, we will extend the same benchmarking approach to the Fire and Rescue Service as soon as practicable
Higher and Further Education	After reviewing existing data collection and publication, BIS will collate, and where necessary collect, back office data to match a subset of the Audit Agency Indicator set for Higher and Further Education bodies. This will be published with commentary by BIS before Budget 2010, and align to other annual processes for benchmarking this information across the public sector.

