



Office of the
Deputy Prime Minister

Creating sustainable communities

Efficiency Technical Note for ODPM Central



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December 2005

Office of the Deputy Prime Minister: London

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ODPM Efficiency Technical Note

1. This note deals with the target set for ODPM to achieve efficiency gains from within its Departmental Expenditure Limit (DEL) and Fire Formula Spending Share (FSS). The target set for ODPM relating to local government expenditure and social housing procurement are dealt within separate notes which can be accessed via links in the Further Reading Section at the end of this document.

Summary of Targets

2. The Spending Review 2004 (SR04) set ODPM a target to achieve at least £620 million in annual efficiency gains by 2007–08. At least two thirds of these must be cash releasing. This includes efficiency gains in social housing procurement by Registered Social Landlords (RSLs) but not by local authorities, except Fire and Rescue Authorities. Those local authority gains are part of the separate local government target to achieve at least £6.45 billion efficiency gains, to which Fire and Rescue Authorities' efficiency gains will also contribute. For implementation and monitoring purposes, however, the social housing sector will be treated as a whole, aggregating those elements falling with the ODPM central target and the ODPM local government target. A target of efficiency gains of £835m by 2007–08 has been set for aggregate social housing procurement.
3. In addition, the Spending Review agreed that the Office should relocate 240 full-time equivalent posts out of London and the South East by 2010. ODPM as whole (including our agencies and NDPBs) is also required to achieve a reduction of 400 full-time equivalent posts in overall staffing by 2007–08. At least 250 of these will be HQ and Government Office civil service posts. Details of how we plan to measure and track our relocation proposals and staffing levels are included in this Technical Note.
4. The Office is seeking efficiencies that do not compromise delivery; many of the efficiencies proposed are central to helping us achieve our objectives by delivering more and better outputs. Similarly, the proposals we have made to move posts out of our London headquarters are intended to enhance the role of the Government Offices as part of our commitment to improving the performance of all the English regions, as well as taking advantage of the scope for performing some functions more effectively and at lower cost outside London and the South East.
5. We will continue to look for opportunities to make efficiency gains to support our objectives; and to consider what distribution of locations for our functions best serves the effectiveness of the Office.

Governance

6. The majority of components in our efficiency programme are projects with their own boards, or reported through monthly Director General led meetings. Performance is monitored by the Efficiency and Relocation (E&R) Team, through to the Efficiency and Relocation Programme Board and ODPM Board meetings. In some cases, such as social

housing, this is closely aligned with the reporting on the relevant Public Service Agreement (PSA) target, because the achievement of the efficiency gains is crucial to delivery of those targets. ODPM uses various data sources to measure our PSAs – from routine administrative and monitoring returns, ODPM and OGD statistical surveys to non-Governmental data sources. Where appropriate it meets National Statistics requirements on quality. In this way, we support the embedding of efficiency in our policy work.

7. The efficiency programme as a whole is being managed as a portfolio, with responsibility for monitoring and reporting resting with the Director General of the Corporate Strategy and Resources Group. He chairs the Efficiency Programme Board, comprising Director Generals with direct responsibility for delivering all elements of the efficiency programme and Directors of HR, Finance and Business Change. That group challenges and reviews progress on the basis of the Office's existing financial and performance monitoring arrangements and reports to the full ODPM Board, which is invited to endorse any corrective action, new items and so on. Further support and challenge is provided through the PSX Cabinet Committee; and reports on progress are regularly provided by Office for Government Commerce (OGC) to the Prime Minister and the Chancellor.
8. We have drawn up a risk register for the efficiency programme as a whole, with the aid of the OGC which we review and update every three months. In addition, individual projects have their own risk management processes. Risks are actively managed with key risks being reported through to the Efficiency and Relocation Team. The E&R team collate all risks and look across the programme for cross cutting risks and those that have dependencies on other areas. The E&R team also maintain the register with overall programme level risks and those around contingencies. All key risks and those that need addressing are reported to the Efficiency Programme Board for necessary action.

Summary of proposals

9. Table 1 below summarises the Office's proposed gains by workstream. It also shows the proportion which are cash-releasing (i.e. with the potential to release gains in cash that can be re-allocated to other areas of spend). The gains related to spending by Registered Social Landlords (RSLs) are not directly cash-releasing because they accrue to the RSLs themselves, who are not government bodies. They will be available to RSLs to spend on delivering better services to their tenants and communities – including investment in key priorities such as delivering more decent homes, building more new homes and regenerating neighbourhoods.

Table 1 Proposed ODPM (central) efficiency gains						
ODPM (C) Target: £620m by 07/08, of which at least two thirds will be cashable	Total (£m – gross)		Efficiency Workstream (£m – gross)¹			
ODPM (C) Efficiency Proposals	07/08	Cash Releasing	Corporate Services	Procurement	Policy Funding & Regulation	Productive Time
Administration	25	25	4	9	12	0
Regional Development Agencies	120	60	3	3	111	3
Social Housing: New Supply	160	160	0	160	0	0
Social Housing: RSL spend on capital works; management and maintenance; and commodities	195	0	0	195	0	0
Fire and Rescue Services	105	105	14	8	0	83
Firelink: Operational Continuity	10	10	10	0	0	0
Homelessness	125	125	0	0	125	0
Total (£m)	740	485	29	375	248	86

10. ODPM currently has detailed plans to deliver £740m worth of annual efficiency gains by 2007–08. Substantial contingency has been included within the programme such that is now well above SRO4 targets in order to mitigate the risk of slippage of delivery of efficiency gains in other areas. Contingency plans to deliver additional efficiency gains are in development and as plans become firmer will be added to the programme through publishing further revisions to this Technical Note.

What Counts as an Efficiency

11. Efficiency is not about cuts, but about doing more for the same – raising productivity, increasing effectiveness and enhancing value for money. It is about developing more efficient and effective ways of delivering the same or better outcomes. That is why, in measuring progress against the targets set out above, efficiency gains will be scored where projects achieve one or more of the following:
 - reducing inputs (money, people, assets etc) for the same outputs;
 - reducing prices (procurement, labour costs etc) for the same outputs;
 - getting greater outputs or improved quality (extra service, productivity etc) for the same inputs;
 - improved ratios of output or per unit cost of input.
12. The following sections of this note describe for each component of ODPM's efficiency programme how efficiency gains will be monitored and measured.

Administration

Area		Corporate Services, Procurement, Policy Funding Regulation
Activity	ODPM (C) Administration	
Approach	<p>The efficiency gains proposed in our administration spend are the effective gain from continuing to deliver through the business planning process our agreed SR04 outputs within a broadly flat cash administration cost limit. Within this, some specific corporate projects include:</p> <ul style="list-style-type: none"> • Re-organising the finance function and reviewing processes within the line, such as the introduction of local management accounting teams (LMAT), which we expect will result in improved effectiveness, some staff gains as some routine functions are handled centrally, and better processes that release time to delivery areas; • As a result of headcount reductions and relocations we will be able to reduce the number of London HQ buildings from four to three by the end of 2008; and • Government Office (GO) network is embarking on a significant programme of change in the corporate services functions, including: <ul style="list-style-type: none"> – Introducing a new on-line Performance Management System linking inputs to outcomes; – Rationalising local ICT support teams and functions and producing a long term ICT strategy that includes the option of outsourcing IT services; – Benchmarking corporate services and moving towards a best in class model, which includes standardised processes; and – Transforming HR services to align them with the needs of the business and reducing costs by adopting the Cabinet Office Capability Model. 	
Cashable	Yes	
Type	Reduced inputs and prices for the same or better quality outputs	
Measurement	<p>Saving (£m) in overall costs.</p> <p>Our efficiency gains will be measured by comparing current year administration spend against 2004/05 baseline.</p>	
Balancing Quality Measures	<p>Maintaining overall performance and progress in delivery of our PSA targets, plus quality measures of major workstreams. For example:</p> <ul style="list-style-type: none"> • LMAT – Production of the Resource Accounts in accordance with the Direction given by the Treasury in pursuance of Section 5 of the Government Resource Accounts Act 2000 and the Statement on Internal Control, as published in the Resource Accounts that there are no significant internal control problems; • Estates – recognised Health and Safety, space and environmental standards will be used; and • GOs – service level agreement targets continue to be met for HR (recruitment, handling pay queries, case work, etc), ICT (component service/availability, problem fault resolution, etc) and Finance (processing supplier invoices, preparing governance reports, updating SAP, etc). 	

Area	Corporate Services, Procurement, Policy Funding Regulation
Monitoring	<p>We will continue to monitor spend against our administration budget as part of our routine financial management arrangements. Spend is reported monthly to ODPM's Board and the outturn published in our Annual Report.</p> <p>We will monitor the quality of outputs as part of our established routine performance management arrangements. A quarterly report on performance against PSA targets and on other mission critical projects is prepared for ODPM's Board.</p> <p>Progress against all outstanding targets is publicly reported by ODPM in its spring and autumn performance reports. Our current Business Plan sets out what we plan to achieve and the resources we plan to use. It will allow us to demonstrate in broad terms the continuing level of work undertaken by the Office.</p>
Data sources	The data sources will be the Office's SAP/R3 (Systems Applications & Products) Accounting System and Business Warehouse (for Agency Spend).
Quality/Risks	We regularly look for large changes in reported data and challenge and seek explanations when this is the case. Our confidence in the accuracy of reported figures is further strengthened by the validation procedures set out below.
Validation	Our accounts and data systems underpinning our PSAs are audited by the National Audit Office. Our assessment of whether we have met, or are on track to achieve, our PSA targets is set out in our annual performance reports to Parliament, which are subject to scrutiny by HM Treasury and the Department's Select Committee.
Baselines	2004/05

HEADCOUNT

13. The ODPM as a whole is required to achieve a reduction of 400 full-time equivalent posts in our overall staffing. At least 250 of these will be ODPM (C) and Government Office civil service posts. The baseline definition and headcount were set in June 2004 and reductions will be measured against this figure. The reduction targets cover staff in ODPM (C), our agencies and NDPBs, and ODPM staff in the nine Government Offices.
14. Headcount changes are measured in terms of Full Time Equivalents (FTEs) posts and for the purposes of measurement are defined to include permanent staff, staff on inward loan and inward secondment and staff with Fixed Term Appointments (ie. staff that are actively contributing to the delivery of ODPM's objectives). Permanent staff on temporary leave of absence from the office (e.g. maternity leave, outward secondment) are excluded, as are recorded vacancies. The number of temporary agency staff and consultants currently supporting ODPM's work, and the work of our associated bodies, measured in terms of FTEs is identified separately – but these are not included in the headcount reduction target.
15. Data for our agencies and NDPBs is collected from each organisation's Human Resources (HR) section. There are clear definitions and guidance on the reporting process to ensure consistency in data between organisations and from any one organisation. Data from Government Offices is collected via the Regional Coordination Unit (RCU) and is derived from the HR databases in each of the nine GOs. Data for ODPM is collected from individual Directorates.

16. Data is reported at the end of each quarter to ODPM's Manpower Planning and Information Branch, where it is validated and analysed. A system of checks is employed to look for large changes in reported or planned figures over time and to challenge and seek explanations when this is the case.

RELOCATION

17. ODPM is expected to relocate 240 posts out of London and the South East by 2010. Relocated posts are defined as full-time equivalent posts, net of posts lost through efficiencies, which have moved from, or would otherwise be, in the government regions of London and the South East. These posts can be from ODPM (C), our agencies and NDPBs. The baseline date for all locations is set as 1 April 2004.
18. In line with ODPM's policies for improving regional performance, many of these moves will be to Government Offices, making use where possible of existing ODPM estate thus greatly reducing the costs of relocation. Relocation is included in our regular monitoring and reporting arrangements to ensure we capture progress made in moving or creating posts outside London and the South East.
19. Each quarter, relevant parts of ODPM are required to submit a report to the Efficiency and Relocation Team (E&R), on the number of proposed relocations to be undertaken within their area and the posts that have already been moved to date. There are clear definitions and guidance on the reporting process to ensure consistency in data. As a further assurance, all reports are validated by the responsible Divisional Manager or higher. The E&R Team consolidate and present the information collected in the returns and provide a summary of progress to the E&R Programme Board. From the returns, the E&R Team are also able to identify risks and issues for the overall ODPM Relocation Programme.
20. ODPM will continue to review its work functions, with a view to identifying further posts that can be relocated outside London and the South East.

Regional Development Agencies

21. Government departments, including ODPM, contribute to the Regional Development Agencies' (RDAs) Single Programme (or Single Pot). The SR04 settlement for RDAs provides that the Department of Trade and Industry (DTI), as the lead sponsor department, will have overall responsibility for ensuring that RDAs deliver efficiency gains of 2.5% per annum (of which at least half will be cashable). Details concerning the global RDAs' budget and how efficiency gains will be measured are featured in the DTI's Efficiency Technical Note.
22. The RDAs will report to DTI on how they are delivering their efficiency gains. ODPM will be using RDAs' reports to monitor performance against the PSA targets that form the suite of targets under the SR04 RDA tasking framework. From the returns ODPM will measure progress on obtaining efficiency gains by taking a proportion of the overall RDA gains in relation to ODPM's contribution to the Single Pot.
23. All gains, which will be a result of improved output against a constant profile, will be retained within the ring-fenced RDA budget and used to fund future projects. As a result of efficiencies they will be able to provide further support for economic development in the English regions.

Social Housing

24. The Social Housing Technical Note covers all elements of social housing efficiency gains, including the two aspects – new supply and Registered Social Landlord (RSL) spend – which are relevant to the ODPM (C) target. The total efficiency gains made in social housing are being measured in a way that enables us to disaggregate the gains that contribute to the ODPM (C) target from the gains that contribute to the Local Government target.
25. The below tables provide a broad summary of the social housing gains relevant to ODPM (C). For more details on how these gains are being measured please consult the Social Housing Technical Note on the ODPM website.

NEW SUPPLY

Area	Procurement
Activity	Registered Social Landlord (RSL) new supply.
Approach	<p>We plan to improve RSL efficiency in procuring new supply of social houses through:</p> <ul style="list-style-type: none"> • A 'partnering' approach to investment – organisations awarded partner status receive larger commitments to grant, enabling them to aggregate their procurement over time and better signal future demand to the supply market – approach has already demonstrated potential to bring the grant requirement down. • Paying the Social Housing Grant direct to non-registered bodies – should increase the competitive pressures on RSLs and exert a downward pressure on the grant requirement. • Championing good practice in construction procurement, including greater use of partnering throughout the supply chain – research conducted for ODPM has shown supply chain partnering can lead to significant savings on capital expenditure for new supply housing.
Cashable	Efficiency gains made in new social housing supply will all be cashable, and will be recycled within the Housing Corporations Affordable Housing Programme to enable more new social homes to be provided.
Type	Reduced inputs and prices for the same or better quality outputs.
Measurement	<p>Savings (£m) in overall costs.</p> <p>We will measure reduced costs by comparing the grant approved in a particular financial year to secure future outputs with the grant that would have been required to achieve the same mix of different types, sizes, quality and locations of new social homes and quality of units in 2003–04 (adjusted to allow for changes in the general level of land and construction costs). The method for calculating this efficiency is set out in detail in Part 2 of the Social Housing Technical Note.</p>

Area	Procurement
Balancing Quality Measures	The above method has dealt with the main aspect of quality – unit size – and ensures the drive for efficiency should not be at the expense of providing units of the size, type and location needed. However, it does not take account of the impact on cost of quality improvements arising from incremental improvements to the minimum standards for security, accessibility, flexibility, durability and environmental performance, or those arising out of the pursuit of wider policy objectives. We propose to correct our method so that it takes account of these quality improvements, by estimating the equivalent grant cost of the quality improvements and adding this to the efficiency gain. The Housing Corporation has commissioned the Building Cost Information Service (BCIS) to report upon the costs of a wide range of quality improvements.
Monitoring	We will measure efficiency gains in the procurement of new supply through data collected by the Housing Corporation (as below).
Data sources	<ul style="list-style-type: none"> • HC Affordable Housing Programme. • RSL unit cost data. • BCIS 'all in' Tender Price Index. • Valuation Office Index of Land Values. • BCIS study into qualitative improvements.
Quality/Risks	The level of grant approved represents the most reliable cost assessment in year. There have been no recorded occurrences of variation of funding between approval and completion on any scheme approved and completed since April 2003.
Validation	The Housing Corporation will assess whether and by how much the cost to the public sector of providing social homes of a particular size, type and location has fallen in real terms.
Baselines	The baseline year for measuring efficiency in new supply is 2003–04 rather than 2004–05. This is to enable a comparison between what has been achieved in the most recent bidding round of the Approved Development Programme (which allocated grant for 2004–05 and 2005–06) and what was achieved in the previous round (which allocated grant for 2003–04).

REGISTERED SOCIAL LANDLORD (RSL) SPEND

Area	Procurement
Activity	Registered Social Landlord (RSL) capital works, management and maintenance, and commodities.
Approach	<p>We plan to improve RSL efficiency in procuring:</p> <ul style="list-style-type: none"> • Capital works – through encouraging local housing procurement consortia to manage demand, standardise specifications and the collective purchasing of materials and labour, we expect to reduce the cost and improve the reliability and predictability of capital works. • Management and maintenance services – by conducting ‘systems thinking’ reviews of end to end processes, piloting tenant incentives and property MOTs handyperson schemes, and exploiting the possible use of procurement consortia in planned maintenance activities, we intend to improve turnaround times and deliver a better balance between planned and responsive maintenance. • Commodity goods – through encouraging effective co-operation in collective purchasing we plan to reduce costs across a range of commodity goods and services (eg. utilities, insurance, office items).
Cashable	No. Money spent by RSLs on these activities is not public expenditure and will therefore be non-cashable.
Type	Reduced inputs and prices for the same or better quality outputs.
Measurement	<ul style="list-style-type: none"> • Capital works and commodities: savings (£m) in overall costs. • Management and maintenance: savings (£m) in overall costs; reduced end to end user times; levels of voids; service improvements (tenant satisfaction); <p>RSLs will calculate the efficiency gain by:</p> <ul style="list-style-type: none"> • Establishing the actual cost of provision in the previous financial year. • Forming an evidence-based assessment of what it would have cost to provide the same level and quality of outputs in 2004–05. This should include the cash value of any enhancements to the service. • Uplifting the 2004–05 cost of provision using inflation indices provided by the ODPM and Housing Corporation (HC) each year. • Comparing the actual cost of provision in the previous financial year with the cost of provision in 2004–05, uplifted for inflation. The difference is the efficiency gain.
Balancing Quality Measures	RSLs are required to adopt a suitable set of quality cross checks to demonstrate that quality has been maintained. These will need to be appropriate to their individual circumstances. For more details please consult the Social Housing Technical Note at: http://www.odpm.gov.uk/socialhousingefficiency
Monitoring	The Housing Corporation will require lead regulated RSLs to submit an Annual Efficiency Statement, similar to that required of LAs. The RSL AES will set out their plans to deliver efficiency gains over the coming year and a self-assessment of progress in delivering efficiency gains. In particular, it will include a cash sum for efficiency gains achieved in the previous financial year. The Housing Corporation will then aggregate the efficiency gains reported by RSLs and will provide to the ODPM on an annual basis the total efficiency gains in capital works, management and maintenance, and commodities.

Area	Procurement
Data sources	<p>RSLs own data with inflation measures applied as follows</p> <ul style="list-style-type: none"> • Capital works: BCIS 'all-in' Tender Price Index (TPI). • Management and maintenance: a combination of the BCIS Building Maintenance Index, RPI, and regional pay indices. • Commodity procurement: a combination of DTI's Quarterly Energy Prices Update and RPI.
Quality/Risks	<p>The risk of adopting self assessment approach is mitigated by the validation processes set out below.</p>
Validation	<p>The AES provided by lead regulated RSLs will be signed off by its governing body. The Housing Corporation will scrutinise and cross-check RSL AESs against the results for the published performance indicators and the operating cost indices. This will include a review of the AES by the RSL's Lead Regulator. The Corporation will confirm the completion of the AES in the Housing Corporation Assessment (HCA) of that association.</p>
Baselines	<p>2004–05</p>

Fire and Rescue Service

Areas		Productive Time, Corporate Services and Procurement
Activity	Fire and Rescue Service	
Approach	<p>Efficiency is an integral part of the modernisation of the fire and rescue service, aimed at producing a more efficient and effective service that saves more lives. We expect fire and rescue authorities (FRAs) will achieve this through measures such as:</p> <ul style="list-style-type: none"> • Replacing national standards with local integrated risk management plans so that FRAs can more effectively and efficiently align resources with local risks and ensure an appropriate and efficient response. • Investing in measures such as community fire safety that reduce the risks to the local community. • Minimising the impact of false alarms. • Introducing more efficient working practices, including alternative shift patterns and crewing arrangements, appropriate use of overtime and increased productive time. • Better management of sickness and ill health. • Improved collaboration between FRAs, including on regional control centres, procurement, common and specialist services, personnel and human resource functions and training. <p>ODPM sets the overall objectives and priorities for the fire and rescue service in the National Framework, subject to Parliamentary approval. It provides tools and guidance to help authorities achieve these and supports their improvement planning in light of the Audit Commission's independent Comprehensive Performance Assessment. Where appropriate, ODPM also leads specific national projects such as FiReControl, which will deliver a national network of nine control centres. For more information please consult the reading list at the end of this document.</p>	
Cashable	Yes. All efficiency gains are gross and cashable.	
Type	Reduced inputs and prices for the same or better quality outputs; and increased outputs and improved ratios of output per unit cost of output.	
Measurement	<p>Cashable efficiency gains may be calculated in a number of ways but will always need to be quantified in £. The means of calculation needs to be transparent, objective, accurate and capable of being independently validated. Quantification of efficiency savings should take account of inflation. Where possible, FRAs are encouraged to calculate their cashable efficiency savings as follows:</p> <ul style="list-style-type: none"> • cost of x or y goods and/or services before the efficiency improvement at 2004/05 prices multiplied by inflation over the period minus the cost of the same or equivalent goods and/or services after the efficiency improvement = £ cashable efficiency. <p>However, if it is impossible for an FRA to calculate the cashable efficiency saving on this basis there may be plausible alternative approaches to calculate the same cashable efficiency saving, these are outlined in the Annual Efficiency Statement Guidance.</p> <p>FRAs report whether the efficiency gains are one-off or recurring. In each Annual Efficiency Statement, FRAs will show the position both in respect of annual efficiency gains, and of cumulative sustained efficiency gains relative to the 2004/5 baseline.</p>	

Area	Productive Time, Corporate Services and Procurement
Balancing Quality Measures	<p>All FRAs have established appropriate performance quality measures for the areas in which they expect to make gross cashable efficiency savings. The chosen quality measures are to demonstrate that performance has been at least maintained, including operational performance against their Integrated Risk Management Plan. These need to be transparent, objective, accurate and capable of being independently validated.</p> <p>ODPM has not prescribed what quality measures should be used but those chosen need to be able to withstand scrutiny. ODPM will disseminate good practice where it exists, including through the FRS efficiency measurement working group.</p>
Monitoring	<p>All English FRAs report their efficiency gains through fire and rescue specific “Annual Efficiency Statements”. The Statement is comprised of two parts.</p> <ul style="list-style-type: none"> • The forward part provides a very brief outline of the strategy for securing efficiency gains, the key actions that will be taken during the next year, and the cashable efficiency gains that were expected to result from them. • The backward-looking part sets out the cashable efficiency gains achieved in the past financial year. <p>FRAs submitted their first Annual Efficiency Statements on 17 November 2005. FRAs will further submit the forward-looking part of their Annual Efficiency Statement in April of the financial year in question and the backward-looking part in June of the financial year succeeding the one in question. All FRAs, except any that have ‘Excellent’ status under CPA, are also required to provide an update each November on the progress they have made towards improved efficiency. The format for this update is the same as the FRS-specific Annual Efficiency Statement and:</p> <ul style="list-style-type: none"> • Shows forecast efficiency gains; and • Sets out the reasons for any expected major shortfall and plans for overcoming that shortfall
Data sources	<p>The Annual Efficiency Statement is the primary source of information on the efficiency gains achieved by each FRA.</p>
Quality/Risks	<p>The Annual Efficiency Statement is signed by the Chair of the FRA, Chief Fire Officer and Chief Finance Officer.</p>
Validation	<p>We are working with the Audit Commission on how they might provide some assurance function for the Annual Efficiency Statements. It may be appropriate for the Audit Commission to play a similar role in the fire Annual Efficiency Statement as they do for the local government Annual Efficiency Statement in the context of the Use of Resources (UoR) judgments carried out under the Code of Audit Practice. We will announce any agreed arrangements in due course.</p>
Baselines	<p>The baseline year for the target is 2004/05. But recurring efficiencies achieved in 2004/5 that continue through to the end of the SR04 period (2007/8) can be counted towards the target.</p>

Firelink: Operational Continuity

Area	Corporate services
Activity	Firelink: Operational Continuity – support for existing fire and rescue services (FRS) radio schemes until Firelink becomes operational.
Approach	Firelink is a project to provide, for the first time, a national wide area radio system designed to deliver improved service in support not only of the FRS but also in case of wider civil emergencies. ODPM has taken action to safeguard existing FRS radio systems by committing funds to improve interoperability now and refresh infrastructure that is of high risk of failure, so that systems continue to function without compromising operational effectiveness until Firelink is installed. Operational continuity has developed savings by strong contract management and co-operative working with Fire and Rescue Services which has resulted in lower than anticipated costs.
Cashable	Yes
Type	Reduced inputs for the same or better quality outputs
Measurement	Saving (£m) in overall costs compared with the business case baseline.
Balancing Quality Measures	The quality standard is set out in the contract with the supplier. It is based on the system's design, licence requirements and statutory obligations in relation to operational delivery. Upon completion of the work ODPM undertakes acceptance testing to ensure that the work has been carried out as specified.
Monitoring	At a working level progress is monitored at project meetings and via a weekly update report. Progress is also tracked by the Firelink Project Board through monitoring reports. Operational continuity expenditure is recorded separately to the main Firelink expenditure. The ODPM Board receives regular monitoring reports from Firelink, including operational continuity.
Data sources	Risk assessments of radio systems. Specification of requirements for necessary work. Acceptance testing documentation. Business case and outturn expenditure as monitored through the Office's SAP/R3 (Systems Applications & Products) Accounting System.
Quality/Risks	A national risk assessment protocol has been established. In accordance with ODPM rules financial authorisation and payment procedures are in place for this expenditure. Payment is made after ODPM has agreed that the equipment has passed an acceptance test.
Validation	Each phase of operational continuity work is risk assessed and action plans are underwritten by a business case including a specification of requirements.
Baselines	2004/05

Homelessness

Area	Policy Funding Regulation
Activity	Homelessness
Approach	<p>Having successfully reduced the most damaging and expensive aspects of homelessness (rough sleeping and families living in B&B hotels), the Government recently set a challenging new target to halve the number of households living in all types of non-secure temporary accommodation by 2010. Temporary accommodation use has been on a steep upward trend since 1997. It is expensive (typically costing more than private market housing) and heavily subsidised by Housing Benefit. It can also exacerbate health problems, educational achievement and worklessness.</p> <p>We will reduce homelessness and halve the use of temporary accommodation by:</p> <ul style="list-style-type: none"> • encouraging homelessness prevention; • providing support for vulnerable people; • tackling the wider causes and symptoms of homelessness; • helping more people move away from rough sleeping; and • providing more settled homes. <p>The detailed approach to delivering the 2010 target is set out in our homelessness strategy <i>Sustainable Communities: settled homes; changing lives</i>.</p>
Cashable	Yes
Type	Reduced inputs for the same outputs.
Measurement	<p>Savings (£m) in overall costs.</p> <p>Savings are based on research quantifying the annual cost to the public purse of homelessness at £700 million in 2003–04. Projecting future increases in homelessness on the basis of trends in past years, that annual cost would rise to over £1 billion by 2007–08 without our planned interventions and local authority (LA) forecasts of anticipated savings on homelessness as reported through their Annual Efficiency Statements (AES).</p> <p>For more details on exactly how LA efficiency gains on homelessness are calculated please refer to the separate Local Government Efficiency Technical Note.</p>
Balancing Quality Measures	<p>Changes in homelessness are monitored through National Statistics down to the individual housing authority level. These enable us to monitor detailed changes including the overall level of homelessness applications, how many are “accepted” for accommodation, how many are in temporary accommodation (by type of accommodation) and what settled outcomes are secured for those households.</p> <p>We have also introduced a new national Best Value Performance Indicator to measure the number of households who are helped to avoid homelessness through preventative advice and options.</p> <p>These data, and regular progress visits to authorities, enable us to ensure that authorities are not simply getting their numbers down by rejecting eligible request for help, or increasing their use of inappropriate types of temporary accommodation.</p> <p>Minimum standards that should apply to all temporary accommodation used by local authorities to re-house homeless households are set out in statutory guidance. This guidance will be updated and re-issued towards the end of this year to reflect provisions of the Housing Act 2004 and to set out more clearly and in more detail the physical and management standards that should apply to temporary accommodation.</p> <p>For more details please refer to the separate Local Government ETN and Measuring Efficiency Guidance.</p>

Area	Policy Funding Regulation
Monitoring	<p>AES comprise two parts:</p> <ul style="list-style-type: none"> • The forward part which is a very brief outline of the strategy for securing efficiency gains, the key actions that will be taken during the next year, and the cashable efficiency gains that were expected to result from them. • The backward-looking part which sets out the cashable efficiency gains achieved in the past financial year by service sector and cross cutting area. <p>All upper tier authorities that do not have an 'excellent' status are required under the CPA to submit a mid year update on the progress they have made towards improved efficiency.</p> <p>For more details please consult the LG ETN.</p>
Data sources	<p>The primary source of information on efficiency gains by each council is a self-assessed Annual Efficiency Statement. Other sources of data include:</p> <ul style="list-style-type: none"> • Statistics on homelessness levels and use of temporary accommodation, produced and published as National Statistics quarterly and available down to individual housing authority level; • RO4 local authority revenue outturn reports to ODPM that record annual gross and net expenditure by local authorities on homelessness and temporary accommodation.
Quality/Risks	<p>AES are signed off by the Leader of the Council, Chief Executive and Chief Financial Officer.</p>
Validation	<p>From 2006, councils' reports of efficiency gains are subject to review by the Audit Commission's appointed auditors – assessing the robustness of the process by which the authority identifies and calculates its efficiency gains.</p> <p>Statistics used to measure changes in the levels of homelessness are reported by local authorities quarterly to National Statistics standards.</p>
Baselines	<p>2004/05 (the temporary accommodation target is based on halving numbers by 2010 from a baseline of 100,000 households at the end of December 2004)</p>

Further Reading List

“Releasing Resources for the Frontline: Independent Review of Public Sector Efficiency” at:

http://www.hm-treasury.gov.uk/spending_review/spend_sr04/associated_documents/spending_sr04_efficiency.cfm

“The Lyons Review: Independent Review of Public Sector Relocation” at:

http://www.hm-treasury.gov.uk/consultations_and_legislation/lyons/consult_lyons_index.cfm

2004 Spending Review, “Stability, security and opportunity for all: investing for Britain’s long-term future” at

http://www.hm-treasury.gov.uk/spending_review/spend_sr04/report/spend_sr04_repindex.cfm

“Department of Trade and Industry: Efficiency Technical Note” at:

http://www.dti.gov.uk/about_dti_documents.html

“Social Housing Efficiency: Efficiency Technical Note” at:

http://www.odpm.gov.uk/stellent/groups/odpm_housing/documents/page/odpm_house_037019.hcsp

Social Housing Efficiency section of the ODPM website at:

http://www.odpm.gov.uk/stellent/groups/odpm_housing/documents/divisionhomepage/035173.hcsp

Regional Centres of Excellence

The Regional Centres of Excellence (RCEs) were established to support the implementation of the National Procurement Strategy and the delivery of council efficiency targets.

<http://www.rcoe.gov.uk>

Audit Commission

Housing Efficiency innovations project – management and maintenance

<http://www.audit-commission.gov.uk/housingefficiency/index.asp>

Fire section of the ODPM web site at:

http://www.odpm.gov.uk/stellent/groups/odpm_fire/documents/sectionhomepage/odpm_fire_page.hcsp

“Fire and Rescue Service National Framework 2005/6” at:

http://www.odpm.gov.uk/stellent/groups/odpm_fire/documents/page/odpm_fire_033558.hcsp

“Fire Service Circular 8/2005 – Efficiency and the English FRAs” at:

http://www.odpm.gov.uk/stellent/groups/odpm_fire/documents/page/odpm_fire_036680.pdf

“Fire Service Circular 30/2005 – Efficiency – Consultation on proposed Annual Efficiency Statements” at:

http://www.odpm.gov.uk/stellent/groups/odpm_fire/documents/page/odpm_fire_039637.pdf

“Fire Service Circular 48/2005 – Annual Efficiency Statements – to be submitted by 17 November” at:

<http://www.odpm.gov.uk/index.asp?id=1124644>

“Efficiency Technical Note for Local Government” at:

http://www.odpm.gov.uk/stellent/groups/odpm_localgov/documents/page/odpm_locgov_032805.pdf

Delivering Efficiency in Local Services section of ODPM website:

http://www.odpm.gov.uk/stellent/groups/odpm_control/documents/contentservertemplate/odpm_index.hcst?n=6957&l=2

“Sustainable Communities: settled homes; changing lives” at:

http://www.odpm.gov.uk/stellent/groups/odpm_homelessness/documents/page/odpm_home_035965.pdf

Endnotes

- 1 The Efficiency workstreams can be defined as follows:

Corporate Services – corporate service functions in the public sector provide essential support to the delivery of frontline services. These include for example: finance, human resources, information technology support, procurement services, legal services, facilities management, travel services, marketing and communications.

Procurement – the public sector is one of the biggest purchasers of goods and services in the economy. In 2003/04 the public sector spent over £100 billion purchasing, for example, utilities, ICT systems, and services, as well as professional services, temporary labour, construction, social housing, social care and environmental services.

Transactional Services – for most citizens and businesses the transactional services provided by the public sector are their most common interaction with government at both a local and national level. These include the payment of benefits and pensions, the collection of taxes, and charges or fees such as TV licenses and road tax. It also includes the collection or exchange of information like registration of births and deaths and the calculation of benefit entitlements.

Policy, Funding and Regulation – effective strategy, evidence based policy and focused inspection and regulation are critical to driving up performance in public services. Some parts of government therefore develop policy, provide funding to, inspect or regulate other parts of the public sector. Some government activity is specifically designed to impact on, or intervene in, the private sector. For example the government regulates certain industries to protect consumers' interests, or ensure compliance with regulation.

Productive Time – delivery of services by front-line public service professions (such as firefighters as well as central departmental staff) to the user and reducing the amount of time they spend away from these core activities.