

OPERATIONAL EFFICIENCY PROGRAMME

Cuts or Pointing the Way to New Public Service
Models?

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Operational Efficiency Programme Context

Public Spending Cuts

By March 2014

- Conservatives 10% (before or after inflation?)
- Labour 7-10%

The OEP points the way to how these efficiencies can be delivered

OEP Context

- SR'O4 (Gershon): Claimed £26.4m efficiencies
- CSR'07: By March 2011 £30bn cash
- OEP: By March 2011 £35bn cash
- OEP: By March 2014 £45bn cash

OEP Scope

- Back Office Operations and IT Dr Martin Read
- Collaborative Procurement Martin Jay
- Asset Management/Sales Gerry Grimstone
- Property Lord Carter of Coles
- Local Incentives and Empowerment M Bichard

Common Themes

- Incentives to Perform Efficiently
- Greater Accountability, Performance Management and Benchmarking
- Stronger Governance
- Right Structures and Tools
(Shared Services Centres, Professional Buying Organisations, Software for Collaboration)
- Greater Central Government Control

Governance

- Public Sector VFM Review Group - to challenge departments and performance
- Cabinet Committees – VFM Role
- Designated Minister – to champion VFM in each department
- Departmental Non-Executive Board Members – VFM Role
- OEP Deliverables in SCS performance arrangements
- Departments - responsible for their wider public sector bodies, agencies, local government etc

Savings By 2013/14

Function	2007/8 Spend £bn	Annual Savings* 2013/14 £bn
Back Office	18	4
IT	16	3.2
Collab Procurement	89	7.7
(Savings include 1.6 on IT and 0.5 on FM)		
Property/Estate	25	2.0
TOTAL		14.8

- *Additional to original CSR'07 Savings
- Additional £20bn from Property Sales by 2019
- Property Savings to rise to £5bn pa by 2017/8
- Financial Settlements to Assume Savings

MAIN RECOMMENDATIONS

Back Office and IT

(HR £4.1bn, Finance £3.1bn, Procurement £2.1bn, Estates Management £2.4bn, Marketing and Communications £2.5bn, Other £4bn)

- All organisations collect and publish VFM data
- Introduce Regular Operational Reviews
- By end March 2011, review functions, systems and processes to drive simplification and standardisation
- Accelerate Shared Services (including Outsourcing)
- Consolidation of Shared Services for Central Government

Case Studies, Benchmarking, Private Sector Practice

IT

- Strengthen Governance of IT
- Strengthen Gateways
- CIOs and OGC Collaborative Category Boards to achieve greater standardisation and simplification of systems
- Improve Management Information on IT Spend
- Collaborative Procurement

Collaborative Procurement

- Available Spend to go through Buying Organisations or Collaborations by 2011?
 - 80% of Central Government
 - 50% of Wider Public Sector
- Common Standards, Management Information and Increased Transparency
- Collaborative Procurement to extend to Construction, FM and Food
- Departmental Commercial Directors to have Greater Authority over Departmental Families
- Mandation is an Option

OGC to have Major Input



Asset Management and Sales

?

Property

- New Property Management Function to drive efficient use of Property ACROSS WHOLE PUBLIC SECTOR
 - Strategic Overview of Rationalisation and Disposal
 - Property Standards and Advice
 - Coordination and Oversight of Property Performance
 - Regional Hubs?
- Better Data Collection

Local Incentives and Empowerment

- Map Total Public Spending in 12 pilot areas
- Eliminate Barriers to Joint Working
- Accelerate Joint Working. Strengthen Local Area Agreements (LAAs) and Local Strategic Partnerships (LSPs)
- Use Continuous Improvement Techniques e.g. Lean
- Short, intense Reviews to Remove Front Line Burdens
- Embed Innovation and Collaboration in Capability Reviews and Public Sector Leadership Training

Operational Efficiency Programme: Implications Empowerment or Centralisation?

- Enhanced Governance for Efficiency
- New Public Service Models
 - Re-structuring of Public Sector Services – Regional Hubs?
 - Re-structuring of Back Office Delivery: Independence → Joint Delivery/Service Centres
 - Consolidation of Shared Services for Central Government
 - Re-structuring of Procurement
 - Outsourcing Boost
- Common Approach to Property
- Common Information and Systems

Back to the Future



Thankyou

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