

DTI SR04 EFFICIENCY TECHNICAL NOTE

DECEMBER 2005

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Summary

In the Spending Review 2004, DTI committed to achieve annual efficiencies of at least £380m by 2007-08. This technical note sets out how DTI plans to achieve this efficiency target, both through its core activity (covered by its Business Plan) and through other specific work streams. This activity can be broadly summarised under the following categories:

- Improvement and rationalization of DTI's Internal Operations (including staff reductions)
- Achievement of DTI's Public Service Agreement (PSA) targets through Business Planning (including key elements such as Business Support)
- Exploitation of the Science and Engineering Base through Research Council activity
- Nuclear Decommissioning Authority (NDA)
- Regional regeneration and business development by the Regional Development Agencies (RDAs)
- Agency and Non-Departmental Public Body (NDPB) activity

UK Trade & Investment (UKTI) has been treated as an individual entity in terms of efficiency delivery and as such their programmes are not referred to here. UKTI has produced its own efficiency technical note.

This technical note sets out indicative savings for the various work streams covered by DTI's Efficiency Delivery Plan, between them covering the majority of DTI's programme and administration cost expenditure within the Departmental Expenditure Limit (DEL). Savings are represented in each year against the 2004/05 baseline – demonstrating our total in 2007/08. Adjustments for inflation have been made in each of the years after 2004/05.

The savings table and chart on page 6 summarise our overall efficiency targets and trajectories.

This note was first published in October 2004, and has since been refreshed to reflect the latest actual position, including any early achievements and any necessary changes in plans (e.g. revised measurement or savings trajectories).

DTI's approach to achieving efficiency

DTI's five-year strategy and 2005–2008 Business Plan set out how we will strengthen our focus on delivery and provide value for money. An Efficiency Programme has developed a new business model for the Department to enable us to deliver the DTI Strategy efficiently and effectively. Our vision is of a smaller, simpler and more responsive core Department focused on its national policy making and influencing role. DTI services to customers will be delivered by contractors, partners or agencies – and those delivered by DTI will be from regional locations.

The workstreams set out in this Technical Note are being managed as a comprehensive programme by DTI's finance directorate. Our efficiency savings have been reflected in the Department's resource allocations for each of the objectives in the Business Plan. We will work with teams across the Department to drive forward these efficiencies and we will monitor performance on a quarterly basis to ensure that objectives are delivered effectively and on budget.

DTI's efficiency agreement and nature of savings

In the Spending Review 2004, DTI committed to achieve annual efficiencies of at least £380m by 2007-08. At least half of these efficiencies will be cash-releasing, allowing resources to be recycled to priority programmes.

As part of this programme the DTI plans, by 2007-08, to:

- achieve a total reduction in civil service posts of 1,010 in core DTI, 200 in UKTI and 270 in other bodies, and be on course to have relocated at least 685 posts out of London and the South East by 2010;
- deliver around 80 per cent of total efficiency gains, principally by increasing the effectiveness of DTI's business support products and securing efficiency gains within the science budget. DTI will also secure recyclable savings from its agencies and non-departmental public bodies;
- rationalise back office functions, saving £20 million to deliver around 5 per cent of efficiencies through consolidation of finance and human resources functions;
- deliver around £20 million of savings through improved procurement, particularly through more effective procurement of external consultancy and information technology, and rationalisation of the DTI estate; and
- work with the Regional Development Agencies to ensure the efficient devolution of business support products and to minimise overlaps in service provision.

SR2004 efficiency savings as OGC defined work stream

Key to savings categories

Delivery of the Efficiency Review Programme across Government is led by the Office of Government Commerce (OGC). The table below sets out DTI savings grouped by the OGC-defined savings categories used for the Efficiency Review Programme across Government.

Corporate Services – This essentially covers back office functions within Government Departments. For DTI, most of these savings are derived from the Department's new business model, designed to improve the operational efficiency and effectiveness of the Department in delivering its Strategy and its PSA targets through modern working practices and within the staffing and financial constraints of SR2004.

Relocations – This covers savings related to or enabling relocation of staff from London and the South East to the regions. Our relocations target relates to the actual number of staff moving, but the savings below are based on activity (i.e. accommodation and IT programmes) to enable the movement of staff in the 2004 Spending Review period (at least 85 people).

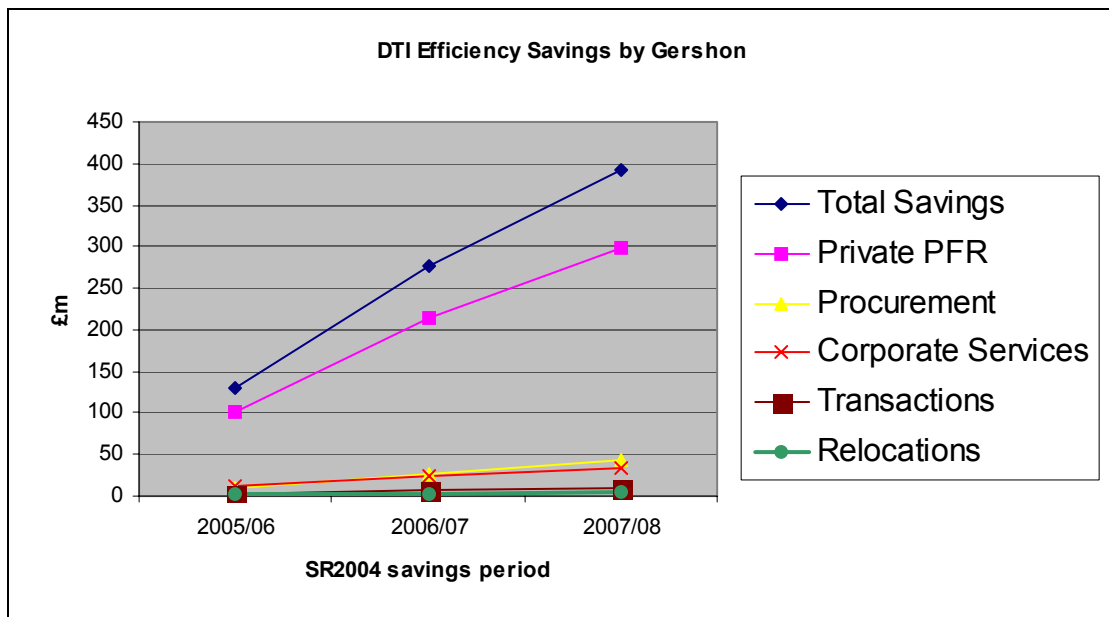
Private PFR (Private Policy Funding and Regulation) – This covers outward-facing expenditure which benefits businesses, entrepreneurs, consumers, employees and the science and engineering base. By being more efficient in the way that these functions of DTI's work are carried out, savings will be generated and directed to this front-line service. Private PFR includes savings made by UKTI against DTI's admin cost contribution. UKTI's efficiency technical note sets out details of how all UKTI savings will be achieved.

Procurement – DTI is looking to reduce its spend on activities procured from outside the Department by building up its skills base internally and incentivising efficient completion of the contracts that are awarded by the Nuclear Decommissioning Authority.

Transactions – This covers those services that Government provides to the public and to businesses. In the case of DTI this covers its agencies, the savings from which will directly benefit its customers through improved service and cost reduction.

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SR2004 Savings	2005/06		2006/07		2007/08	
		<i>Of which: Cashable</i>		<i>Of which: Cashable</i>		<i>Of which: Cashable</i>
Corporate Services						
Administration	9,010	5,150	17,205	7,625	21,920	10,300
Programme	3,056	2,778	6,613	5,807	10,869	9,086
Total Corporate Service Savings	12,066	7,928	23,818	13,432	32,789	19,386
Lyons						
Administration	460	0	920	0	1,380	0
Programme	2,267	2,267	2,081	2,267	4,392	2,267
Total Lyons Savings	2,727	2,267	3,001	2,267	5,772	2,267
Private PFR						
Admin	15,450	15,450	22,875	22,875	30,900	30,900
Programme	86,780	63,957	192,212	135,565	268,315	178,357
Total Private PFR savings	102,230	79,407	215,087	158,440	299,215	209,257
Procurement						
Admin	400	0	2,800	2,000	3,200	2,000
Programme	9,487	8,419	24,808	17,168	40,165	26,284
Total Procurement savings	9,887	8,419	27,608	19,168	43,365	28,284
Transaction						
Programme	2,400	0	6,675	0	10,000	0
Total Transaction savings	2,400	0	6,675	0	10,000	0
Total Savings	129,310	98,021	276,189	193,307	391,141	259,194
with inflation	129,310	98,021	282,989	198,037	410,867	272,345
% savings	2.62%	1.99%	5.7%	4.0%	8.3%	5.5%



Impact of efficiency delivery in DTI

DTI's 2003 Strategy set out three principles to guide its delivery: Customer Focus, Value for Money and Continuous Improvement. DTI is improving its delivery by transforming its organisation and ways of working on the basis of these principles. DTI wants to ensure that customers see a seamless, consistent and integrated Department that delivers excellent service.

We are concentrating on professionalism through smaller teams to drive forward our priorities underpinning our PSA target delivery and are working flexibly to deliver better services for our customers. DTI will provide the best quality service at the lowest cost and will offer the taxpayer better value for money. We will continue to streamline and consolidate our operations and where appropriate to outsource to make them more effective.

The Department will seek to measure the effect of efficiency delivery as part of on-going performance measurement, through quarterly reporting to the Executive Board and PSA reporting. We also commission surveys throughout the year covering different segments of our customers and stakeholders. Anecdotal evidence is also gathered through the many and regular interactions we have with our customers and stakeholders. Independent Board Members also provide external scrutiny of our performance. Feedback is also provided by our corporate stakeholders, such as the CBI and the Institute of Directors (IoD).

The results of surveys are then fed into corporate and local level strategies, which identify actions necessary to address the issues and concerns raised. DTI is committed to publish the results of the surveys it commissions.

Measurement methodology – balanced scorecard approach

DTI's Executive Board tracks delivery of the Department's PSA targets and Objectives through its corporate performance management framework. At the heart of this framework is the Department's Balanced Scorecard, a management tool designed to provide the Executive Board with a comprehensive overview of progress each quarter.

This scorecard is underpinned by individual Objective Delivery Scorecards, which each include relevant efficiency targets. Unless otherwise stated in this technical note, progress against Departmental efficiency targets is measured on a quarterly basis as part of scorecard reporting, using a balanced examination of specific budget lines against performance management targets.

The Efficiency Scorecard

All Efficiency Traffic Lights and savings trajectories are summarised in one Efficiency Scorecard, both by Business Plan Objective and by DTI Efficiency workstream. This scorecard also includes a summary of workforce reduction

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numbers and commentary on performance, risks and milestones achieved. The Department's agencies and NDPBs contributing to the achievement of the Efficiency Programme report their savings on a quarterly basis against their own Efficiency Delivery Plans (summarised in this Technical Note) directly to the Programme team. These savings and any emerging risks are also summarised in the Efficiency Scorecard.

The scorecard is presented via the Efficiency Delivery Programme Board to the Resources Committee, Executive Board, and the Minister for Efficiency, and externally to OGC and HM Treasury to report our performance at a high level against our Gershon targets.

DTI's Internal Audit Unit have also commissioned periodic reviews of our efficiency measures and monitoring systems, involving independent assessment by PWC.

Workforce trajectories

DTI's efficiency agreement includes a commitment to:
"achieve a total reduction in Civil Service posts of 1,010 in core DTI and 270 in other bodies and be on course to relocate 685 posts out of London and the South East by 2010"

The number of staff required to deliver core DTI functions is being reduced by a new approach to policy making, more efficient back-office organisation structure, better use of skills available, and a focus on Departmental priorities allowing lower priority work to be stopped.

The key benefits generated by staff reductions are through savings in DTI's pay bill. Staff reductions will also enable efficiency savings from DTI's two-roof strategy (reducing accommodation costs) and produce savings in general administrative costs.

Because DTI Agencies are demand driven organisations with statutory obligations to provide the services they offer, their staffing levels depend to a large extent on the business environment in which they operate. At the same time their staff levels can be influenced through improved efficiency. When business volumes are increasing, improved efficiency leads to a correspondingly smaller increase in staff than in workload and wherever possible maintenance of or a reduction in staff levels. When business volumes decrease it can lead over time to a correspondingly greater reduction in staff levels than the reduction in workload.

Basis of savings

Staff reductions in core DTI will be delivered through the implementation of DTI's Efficiency Programme (see separate section below) as part of the DTI Strategy.

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The staff reductions arise from the following DTI work streams: -

DTI work stream	Staff numbers
New policy model	168
More efficient and effective service delivery	40
Streamlining corporate services	200
Estate rationalisation	47
More effective prioritisation of work	315
Small Business Service Strategy (see below for detail)	202
Strategic review of Government Office support of DTI work	38
TOTAL	1010

Nearly half the staff reductions come through rationalising and increasing efficiency in our corporate services and through improving the way we do policy. In most cases this comes through centralising services and functions, and delivering savings through greater economies of scale.

Implementation of the Small Business Service's (SBS) strategy to focus on small business policy and delivery systems across government and the English regions generates a reduction of 160 SBS HQ posts. In addition, as a result of rationalisation of SBS's regional functions, including the transfer to the Regional Development Agencies of responsibility for regional management of Business Link and the delivery of the Grant for Research and Development, a further 137 regional posts are saved. Of these, 95 posts transfer to RDAs and are therefore not included as part of DTI's staff reductions, giving a net saving of 42 SBS regional posts.

The strategic review of the role of Government Offices in supporting core DTI activities will result in a reduction of 38 staff.

More effective prioritisation of all DTI's work will result in a smaller, more highly skilled DTI focusing staff resources on delivering DTI PSA targets, strategic priorities and essential services and functions. This will save a further 315 staff posts.

All of these staff numbers are accounted for in the above table.

Staff reductions in other DTI bodies are expected to result primarily from the introduction of new technology in DTI Executive Agencies engaged in delivering front line services. Staff reductions based on a programme of transaction efficiencies, with the introduction of automated customer services, are projected for all Agencies. Related financial savings are referred to specifically in the Trading Funds and Other Agencies and NDPB sections later in this note.

Responsibility for the Employment Tribunal Service (ETS) is due to pass to the Department for Constitutional Affairs (DCA) in April 2006. Its figures are included in the 2004/05 baseline but allowance is being made for this transfer at the end of the period. ETS will reduce staff numbers by 19 under its efficiency programme before transferring to DCA, counting towards the overall

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target of 270. The target to be achieved by the other Agencies is therefore 251.

The remaining DTI Agencies – Companies House, the Patent Office, the Insolvency Service and the National Weights and Measures Laboratory – are all involved exclusively or primarily in providing statutory services on a fee-paid basis. In order to ensure that headcount reductions attributable to efficiency improvements are not distorted by demand-driven changes in workload or the introduction of new fee-paid services, beginning of year the Agencies' headcount position will be reviewed each year to remove these effects, and trajectories may be adjusted accordingly.

The bulk of the 251 savings from these remaining agencies is expected to be achieved in Patent Office and Companies House. The Insolvency Service's business forecasts are such that it will need to increase its staff numbers in order to meet the demands placed on it. However efficiency measures in place will ensure that productivity – measured in terms of caseload processed per head – will also rise. The effect of this will be that fewer staff will need to be employed than would have been the case had staff levels increased at the same level as case numbers. It has been agreed therefore that because of this planned position, Insolvency Service is excluded from the 270 target and will instead measure productivity gains as a non-cashable saving.

Work stream	Corporate Services/Private PFR		Efficiency Review - DTI staff reductions
Activities	Reduction in Civil Service posts in: Core DTI and DTI agencies.		
Description of Key Benefits/ Basis of Savings	Benefits: Reduced running costs, which translates as benefits to our customers through focused delivery. Staff reductions will also enable efficiency savings from DTI's two-roof strategy (reducing accommodation costs) and produce savings in general administrative costs. Savings attributable to agencies are described and accounted for in the agency spreadsheets (later in this note).		
Savings Metric/ Title	Reduction in staff numbers		
Definition/ Calculation Methodology	Core DTI = DTI HQ, SBS and core DTI and SBS work in Government Offices; including temporary staff in permanent posts. Core DTI baseline is based on Cabinet Office April 2004 Civil Service Staffing figures, adjusted to exclude UKTI (which has its own technical note), and include SBS, Shareholder Executive (posts transferred from Cabinet Office in May 2004) and agency and contract staff (excluded from Cabinet Office figures). In addition, the Cabinet Office numbers include 660 staff in Government Offices, based on the number of GO staff who, for historical reasons, have DTI terms and conditions. The actual number of GO staff working on DTI and SBS activities is 341 FTEs; the baseline has been adjusted to take account of this. The Agencies baseline is total staff numbers (FTEs) for Companies House, Employment Tribunal Service, National Weights and Measures Laboratory and Patent Office as at 31 March 2005. This is based on figures in the Agencies' Corporate Plans, which include agency and contract staff. Staff numbers are FTEs. Core DTI saving estimates based on average £37k per head. Agencies savings from their staff reductions are accounted for in the agency spreadsheets set out later in this Technical Note.		

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Type of Saving	Reduced staff costs			Cashable?	Yes
Staff number reductions	Reductions in staff numbers	2004/05	2005/06	2006/07	2007/08
	Core DTI				
	Baseline	4696			
	<i>DTI HQ & SBS p.a.</i>	605.00	225.00	180.00	0.00
	Total cumulative reduction	605.00	830.00	1,010.00	1,010.00
	Agencies				
	Baseline	3058			
	<i>Agencies p.a.</i>		46.00	122.00	102.00
Total Cumulative reduction		46.00	168.00	270.00	
Financial Savings	in millions	04/05	05/06	06/07	07/08
	Total Cumulative Savings	£6.04m	£19.00m	£27.50m	£37.20m
	GDP Deflators		N/A	1.027	1.055
	Adjusted Cumulative Savings	£6.04m	£19.00m	£28.24m	£39.25m
Monitoring Arrangements	Core DTI: Monthly monitoring and reporting by DTI Finance and Resource Management Department on staff numbers to Permanent Secretary and Directors General. Agencies: Progress will be monitored by monthly figures submitted to DTI by the Agencies, and quarterly reporting to the DTI Executive Board. Public reporting of our progress on efficiency delivery will be via the Departmental Report and Accounts and Agency Corporate Plans, which are published annually, and through figures submitted to the Office of National Statistics, which are published by Cabinet Office as part of its Public Service Employment Statistics. Early in each financial year agency trajectories and forecasts will be reviewed in the light of the prevailing business environment. Where necessary because of changes to forecast business volumes or significant organisational change, trajectories may be adjusted.				
Data Sources	DTI 'Calipsoe' HR database and Government Office workforce data; Agency HR databases.				
Quality Assurance & Validation	DTI internal audit assurance of monitoring systems; Agency internal audit monitoring systems. NAO validation of data.				

DTI's main efficiency delivery work streams (savings in detail)

Internal operations and relocation plans

Following publication of its Strategy, DTI initiated an Efficiency Project in October 2003 to develop a new business model for DTI, which would improve the operational efficiency and effectiveness of the Department in delivering its Strategy and its PSA targets. The Efficiency Project carried out a comprehensive review of the Department's processes and identified the areas for significant improvement. It defined a set of projects to deliver the change required across the Department. Collectively these change projects made up the DTI's Efficiency Programme. The Efficiency Programme has established new ways of working within the Department, including a Response Centre and Project Pool and in a wider sense through reduced accommodation and flexible working.

To avoid confusion with the overall SR04 Efficiency Programme, the live projects initiated under DTI's internal efficiency programme are now managed

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within DTI's Operations Directorate – therefore this workstream is entitled 'Internal Operations'.

Projects delivering benefits from reducing the inputs required for the same outputs on core DTI activity are in the following areas:

- Corporate Strategic Services: Improving the corporate governance of the Department to decrease the time spent on operational issues and allow senior management to increase their focus on external stakeholders.
- Policy Making and Influencing: Improving the efficiency and effectiveness of Policy Development and increased use of project management disciplines.
- Service Delivery: Streamlining the diverse product offerings and improving the delivery of products to the Department's customers.
- Corporate Services: Reducing the overheads of corporate services by centralising the provision of HR, IT and Finance and improving the effectiveness of working relationships across the Department.
- General Efficiencies: Improving the support for, and disciplines within, general commodity and consultancy procurement.
- Accommodation: Mitigating the significant increases in London accommodation costs through better use of office space and reduced staff numbers in Central London.
- Better prioritisation of the Department's work (as described in the previous section).
- SBS strategy and review of the role of GOs in supporting DTI work (as described in the previous section).

DTI is in the process of finalising its detailed plans for relocation of posts out of London, including an improvement to governance arrangements for this tranche of its efficiency delivery by establishing a Relocations Project Board separate from the main Programme Board.

The Department has made good early progress against its overall target of 685 relocations by 2010 and has already surpassed the target of relocating the initial tranche of 85 posts in the SR04 period. A total of 171 posts were relocated in 2004/05 as summarised in the table below.

Additionally a further 23 posts have been relocated up to December 2005 from the 201 remaining posts to be relocated by the end of the SR04 period. A further 313 posts are due for relocation to come into force largely in the Comprehensive Spending Review 2007 period.

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Work stream	Private PFR, Corporate Services, Procurement, Relocations		Internal Operations and Relocations			
Activities	Efficiency savings across core DTI operations and corporate services					
Description of Key Benefits/ Basis of Savings	Implementation of the new business model for the DTI embracing flexible ways of working; reduced need for accommodation in central London; improved delivery of corporate services; a centralised Response Centre for routine communications; and a centralised pool of resources bringing project management disciplines to policy projects. There will also be increased control and professionalism in commodity and consultancy procurement and the management of the ICT service provider.					
Savings Metric/ Title	Reduced Admin and Programme costs for management and running of core DTI.					
Definition/ Calculation Methodology	<p>To ensure that the target staff number levels and financial limits are measured and achieved, the Department measures and controls the inputs through the budgets within the Departmental Business Plan.</p> <p>To ensure that all internal service standards are maintained, outputs are managed through the Objective Delivery Plans and regular monitoring via the Departmental Objective Delivery Scorecard.</p> <p>The Relocation Baseline is the number of DTI Group staff based in London or South East (source: Lyons Review: Independent Review of Public Sector Relocation). DTI Group includes UKTI and DTI NDPBs and agencies.</p>					
Type of Saving	Reduced i/p same o/p			Cashable?		Partly
Financial Savings [Excluding financial impacts of staff number changes]	<i>in millions</i>	04/05	05/06	06/07	07/08	
	Baseline Costs	£157.09m	£181.04m			
	<i>Procurement</i>		£0.00m	£2.00m	£2.00m	
	<i>ICT</i>		£1.00m	£2.00m	£8.00m	
	<i>Accommodation</i>		£3.72m	£9.30m	£11.20m	
	<i>Central DTI Programme spend</i>		£3.23m	£3.24m	£3.26m	
	<i>Consultancy</i>	£5.00m	£8.00m	£8.00m	£8.00m	
	Total Cumulative Savings	£5.00m	£15.95m	£24.54m	£32.46m	
	GDP Deflators		N/A	1.027	1.055	
	Adjusted Cumulative Savings	£5.00m	£15.95m	£25.21m	£34.25m	
Relocations	FTEs	04/05	05/08	08/10		
	Baseline staff numbers in London and South East (DTI Group)	8962				
	<i>DTI Finance relocations</i>	70.00				
	<i>DTI HR relocations</i>	5.00	10.00			
	<i>SBS Finance relocations</i>	14.00				
	<i>Postwatch relocations</i>	12.00	1.00			
	<i>NDA team relocations</i>	50.00				
	<i>DTI sponsored bodies</i>	19.00	145.0	153.0		
	<i>UKTI</i>		20.0	10.00		
	<i>Other central teams</i>	1.00	25.00	150.00		
Total Relocations	171.00	201.00	313.00			
Total Cumulative Relocations	171.00	372.00	685.00			
Monitoring Arrangements	Financial savings are measured and managed using the Department's standard financial management and budgetary processes. Progress on the Operations Directorate projects is reported to the Efficiency Delivery Programme Board, and to the DTI's Permanent Secretary's Committee as part of the Department's performance management system. Since April 2005, efficiency targets have been embedded within the operational targets for the Department and are included in the latest Departmental Business Plan and Objective Scorecards. Progress against targets will be monitored through DTI Business Planning – through quarterly reporting against the scorecards to the Executive Board. Public reporting of our progress on efficiency delivery will be via the Departmental Report and Accounts, which are published annually.					
Data Sources	Outturns against targets set out by the Operations Directorate are measured through the Business Plan scorecard for the 'Effective Corporate Services' objective, reported to the Executive Board on a quarterly basis. Financial data is taken from our internal					

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	finance returns (Oracle-based system).
Quality Assurance & Validation	The Department's Balanced Scorecard approach to performance management, measuring achievement of objectives, will be used to ensure that cost reduction is achieved while still delivering against its PSA targets and Departmental objectives. Ultimate responsibility for delivery of the objectives sits with the Permanent Secretary and is validated by the Board. DTI's Annual Report and Accounts are audited by the NAO. Internal Audit will also periodically assess efficiency measurement.
Additional Notes/ Information	Savings associated with relocations are included in the financial lines above for the accommodation project or are otherwise accounted for in arm's length bodies savings. Savings derived from staff reductions were included in the previous spreadsheet on pages 10-11. Other central teams noted above includes: Companies Investigation Branch, the Patent Office, the Coal Liabilities Unit and the Regions Team. Further 04/05 savings – a further saving of £13.2m in DTI procurement in 04/05 has been reported centrally to OGC as part of our annual value for money return. This has been achieved through direct negotiation with suppliers (excluding PFI projects, which OGC report as savings centrally), improved contract management and reduced process costs. This has not been included above as a separate line with targets, as in future years these categories of procurement savings are already included as targets within the various admin and programme lines set out in this technical note.

Value for money in external programme spend

In addition to delivering efficiency savings through our internal operations and the other workstreams referred to in this note, DTI is demonstrating efficiency gains by delivering value for money against its external programme spend.

This will be delivered through DTI's Business Plan, which is linked directly to its five-year strategy, which is available at <http://www.dti.gov.uk/about/strategy2003.html>. The Department is currently working to deliver the 2005/08 Business Plan, which was published in March this year¹.

As part of our strategic prioritising, we will focus on key priorities and essential programme spend and increase efficiency and measurable outcomes in all areas of external programme spend. As part of business planning we agree sustainable output-based measures, which are aligned with our PSA targets.

Work stream	Private PFR		DTI Business Planning objectives
Activities	Non-cashable efficiency gains resulting from key objectives delivered to same or improved level, while operating within constant cash budgets, ensuring the same benefit to customers by working more flexibly and focusing on delivery.		
Description of Key Benefits/ Basis of Savings	Improved or sustained outputs against main objectives against reduced spend - benefiting the taxpayer.		
Savings Metric/ Title	Continued delivery of DTI PSA targets, through Objective Delivery Scorecards, against budget lines operating within constant cash budgets.		
Definition/ Calculation Methodology	Maintained/improved output (combination of volume and quality) within the relevant PSA targets as measured against Business Plan scorecards, which include efficiency targets for the programme areas identified.		

¹ The current Business Plan is available at <http://www.dti.gov.uk/about/businessplan.html>

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Type of Saving	Improved i/p, o/p ratios			Cashable?		Partly	
	<i>in millions</i>	04/05	05/06	06/07	07/08		
Financial Savings	Baseline Costs	£697.06m	£733.35m				
	<i>Knowledge Transfer and Innovation</i>		£0.00m	£2.20m	£4.40m		
	<i>Extending competitive markets</i>		£0.05m	£1.03m	£1.95m		
	<i>Security of energy supply</i>		£0.00m	£0.11m	£0.22m		
	<i>Sustainability and the environment</i>		£0.00m	£1.50m	£2.99m		
	<i>Enterprise Growth & Business Investment</i>		£0.00m	£8.66m	£9.24m		
	<i>Regional Economies</i>		£1.00m	£2.05m	£2.11m		
	<i>Maximising potential in the workplace</i>		£0.77m	£3.01m	£4.52m		
	<i>Nuclear security and export control</i>		£0.00m	£3.92m	£4.83m		
	<i>Effective Channels with Business</i>		£0.00m	£1.38m	£1.76m		
	<i>Other</i>		£0.16m	£0.46m	£0.48m		
		Total Cumulative Savings		£1.98m	£24.32m	£32.49m	
Monitoring Arrangements	Business Support efficiency targets will be reported and monitored through DTI Business Planning - specifically quarterly and annual reporting against the Scorecards for the Objectives listed above, linked to PSA targets 2-11. Public reporting of our progress on efficiency delivery will be via the Departmental Report and Accounts, which is published annually. Performance against Business Planning Objective Scorecards will also read across to DTI's Efficiency Delivery Programme Board to specifically measure delivery of these efficiency savings.						
Data Sources	Outturns against PSA targets as measured through the Business Plan Objective scorecards for the above objectives. DTI Accounts.						
Quality Assurance & Validation	Governance of the Business Plan is led by the Department's Finance Department and Strategy Unit. The Business Plan is approved by the Executive Board before it is published and ultimate responsibility for delivery of the objectives sits with the Permanent Secretary and is validated by the Board. DTI's Annual Accounts are audited by the NAO. Internal Audit will also periodically assess efficiency measurement.						
Additional Notes/ Information	Savings are not separately deflated here as for the most part these budgets have attracted no additional funding and are operating at constantly held cash levels, therefore the savings will remain at 2005/06 prices. Where cashable savings should be deflated, this has been done. Therefore all savings presented in this table are reflected in the anticipated price for that year.						

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Business Support

A specific target area for delivering efficiency gains in DTI is through the improved delivery and impact of its business support products. The Department has been engaged in a comprehensive programme of work over the past two years aimed at replacing over 100 schemes with substantially fewer products which will be better designed, marketed and managed. There are currently eight products, which contribute towards the delivery of a number of business plan objectives and PSA Targets, notably 1, 2, 6 and 8.

Meanwhile, exit strategies have been developed for existing schemes, taking account of existing commitments and other constraints, and it is planned that expenditure under existing schemes will reduce significantly through to 2005/06 with a small tail of subsequent expenditure. This will free up resources to fund the new products.

The new arrangements are expected to deliver efficiency improvements by: improving the effectiveness of the programme and capital expenditure under the new products compared with equivalent expenditure under the old schemes; and reducing spend on consultancy in this area of work (through skills development and a reduction in total overheads associated with reducing the total number of schemes).

Work stream	Private PFR, Procurement		DTI - Business Support		
Activities	Contracting efficiencies; Exit of obsolete Business Support schemes; Spend switched to more effective new products; Selective Finance for Investment in England (SFIE) productivity. SFIE offers selective financial assistance to firms investing in the Assisted Areas. It is one of the Department's new BS products replacing Regional Selective Assistance (RSA). The key aims of the support are to raise productivity and skills.				
Description of Key Benefits/ Basis of Savings	Contracting and support scheme efficiencies generated by fewer, better focused and designed Business Support products and use of new productivity criteria for SFIE - key benefits are better products for businesses, which will generate productivity gains they would not have been able capture without improved support.				
Savings Metric/ Title	Improved input/output ratios derived from maintained and improved benefit realisation of business support products against reduced spend on ineffective legacy schemes; reduced spend on contractors; Operation of SFIE under new criteria to improve outputs.				
Definition/ Calculation Methodology	Contracting - reduction in spend against continued performance (reliance on skills development and the reduction in the total number of schemes, reducing total overheads). Calculated as simple reduction in contracting spend. Cashable obsolete scheme exit efficiency savings switched to spend on new products. Effectiveness of legacy schemes, categorised by independent report, is used to infer effectiveness of existing schemes and new products. Effectiveness is measured against DTI high-level productivity objectives. Schemes and new products are categorised into high, medium and low groups. NPV, or net economic benefit, in each year and for each category of effectiveness is inferred from new products' business cases. As money shifts from low effectiveness legacy programmes to high effectiveness new products, total effectiveness increases. A summary of this methodology can be found at: http://www.dti.gov.uk/efficiency_technicalnote.html				
Type of Saving	Improved i/p, o/p ratios		Cashable?	Yes	
Financial Savings	<i>in millions</i>	04/05	05/06	06/07	07/08
	Baseline Costs	£402.33m	£425.80m		
	<i>Contracting efficiencies</i>		£4.20m	£4.20m	£4.20m
	<i>Scheme exits</i>		£9.35m	£19.10m	£25.00m
	<i>SFIE (productivity improvements)</i>		£5.00m	£10.00m	£10.00m

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	Total Cumulative Savings	£18.55m	£33.30m	£39.20m
	GDP Deflators	N/A	1.027	1.055
	Adjusted Cumulative Savings	£18.55m	£34.20m	£41.36m
Monitoring Arrangements	Business Support efficiency targets will be reported and monitored through DTI Business Planning - specifically quarterly and annual reporting against the 'Effective Channels to Business' and 'Enterprise and Business Investment' Objective Scorecards linked to PSA 6 - Enterprise. Public reporting of our progress on efficiency delivery will be via the Departmental Report, which is published annually. The Business Support Team will also be required to report on performance to DTI's Efficiency Delivery Programme Board and via this body on a quarterly basis to the Executive Board.			
Data Sources	Outturns against Business Support targets measured through the Business Plan scorecard for the 'Effective Channels to Business' and 'Enterprise and Business Investment' objectives for PSA6, reported against to the Executive Board on a quarterly basis. DTI Accounts. CBA estimates in the Business Cases of New Products submitted to the Investment Committee. Effectiveness assessments taken from an independent consultancy report.			
Quality Assurance & Validation	Governance of the Business Plan is led by the Department's Finance Department and Strategy Unit. The Business Plan is approved by the Executive Board before it is published and ultimate responsibility for delivery of the objectives sits with the Permanent Secretary and is validated by the Board. DTI's Annual Accounts are audited by the NAO. Internal Audit will also periodically assess efficiency measurement.			

Science (Research Councils)

The Office of Science and Technology (OST) and the Research Councils are committed to delivering the highest quality scientific programme. Their programme is being managed to deliver quantifiable scientific benefits and value for money. OST's objective, alongside investment in innovation, is to:

'Improve the relative international performance of the UK research base and increase the overall innovation performance of the UK economy making continued progress to 2008, including through effective knowledge transfer amongst universities, research institutions and business.'

To achieve this objective OST ensures the Science Budget is spent in the most effective way. Following recent Spending Reviews, the Science Budget has risen and therefore OST wants to achieve better quality research and knowledge transfer to deliver efficiency gains.

Managing the Science Budget is challenging, however, because of the inherent uncertainty of experimental and creative work, and the timescales over which performance becomes evident. OST is promoting better outcomes of its spend through better management practices, and is measuring efficiency at this level. This includes Research Councils re-directing our funding into high priority areas and the highest quality projects and researchers using the capacity of capital more fully. There is some academic evidence that better quality science is more likely to result in an innovative outcome.

OST and the Research Councils are seeking efficiency gains through better management practices in the following areas:

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- Reducing the proportion of Research Council expenditure attributable to administration costs;
- Demonstrating effective reprioritisation of programme spend;
- Focusing the Science Research Infrastructure Funds and Higher Education Investment Funds on proposals of the highest quality;
- Increasing the efficiency of Research Council institutes;
- Growing the level of co-funding of research and postgraduate training with business, charities and other sponsors.

Work stream	Private PFR, Corporate Services, Procurement		DTI - Science (Research Councils)			
Activities	Reducing proportion of Research Council expenditure attributable to administration costs; Demonstrating effective reprioritisation of programme spend; Focusing the spend on proposals of the highest quality; Increasing the efficiency of Research Council institutes; Growing the level of co-funding of research and postgraduate training with business, charities and other sponsors.					
Description of Key Benefits/ Basis of Savings	Reducing project unit costs in large research facilities; Reprioritising the work of Research Council Institutes; Reprioritisation of low value activities; and Efficiencies within SRIF – resulting in more of the funding available to Research Councils being directed to front-line scientific research and reprioritisation towards high quality research.					
Savings Metric/ Title	RC admin and RCI Rationalisation Savings; Unit cost reduction savings; Improved input/output ratio.					
Definition/ Calculation Methodology	Reduced RC admin spend with the same or improved outputs; Reduced funding of low priority research; Increased efficiency of research; Reduced cost of the Science Research Investment Fund (SRIF); Reduced inputs for Research Council Institutes from RCs (rationalisation); and Reduced unit cost of research in facilities through joint-funding of selective activities. A summary of the Research Council efficiency measurement methodology can be found at http://www.rcuk.ac.uk/efficiencydelivery/					
Type of Saving	Improved i/p, o/p ratios			Cashable?		Partly
Financial Savings	<i>in millions</i>	04/05	05/06	06/07	07/08	
	Baseline Costs	£2,368.05m	£2,707.36m			
	<i>Admin-related savings</i>		£2.50m	£5.00m	£8.00m	
	<i>Effective reprioritisation (programme)</i>		£21.00m	£39.86m	£60.63m	
	<i>SRIF - focus on high quality proposals</i>		£0.00m	£7.50m	£15.00m	
	<i>RCI efficiencies</i>		£14.92m	£28.68m	£38.96m	
	<i>Unit cost reduction (joint-funded research)</i>		£23.08m	£41.78m	£62.41m	
	Total Cumulative Savings		£61.50m	£122.82	£185.00	
	GDP Deflators		N/A	1.027	1.055	
Adjusted Cumulative Savings		£61.50m	£126.14	£195.18		
Other Measures	A range of measures and comparison or predictions with actual performance as outlined in the measurement methodology.					
Monitoring Arrangements	The Director General of the Research Councils monitors progress against targets in quarterly monitoring meetings with Research Councils and OST under the new performance management system. RCUK, the Research Councils' co-ordinating body will work on monitoring cross-cutting issues. OST and RCUK are also required to report on performance to DTI's Efficiency Delivery Programme Board and via this body on a quarterly basis to the Executive Board.					
Data Sources	Research Councils' Annual Reports, Delivery Plans, databases, and salaries indexation paid by the Research Councils (vs. increase agreed in national salary scales for universities); OST's Annual Operating Reports					

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Quality Assurance & Validation	Productivity data for the UK science and engineering base will be produced on an annual basis by an independent study. DTI's Efficiency Delivery Programme Board validates the Research Councils' Efficiency Delivery Plan. Research Councils' Annual Reports and Accounts are audited by the NAO. Internal Audit will also periodically assess efficiency measurement.
Additional Notes/ Information	OST will promote better outcomes of its spend through better management practices, and will measure efficiency at this level. These management practices include Research Councils re-directing funding into high priority areas and the highest quality projects and researchers using the capacity of capital more fully. There is some academic evidence that better quality science is more likely to result in an innovative outcome. All savings are retained within the ring-fenced science budget and are directed towards funding future research.

Nuclear Decommissioning Authority

As part of a wide-ranging programme to improve the performance of civil public sector nuclear liabilities in the UK, HMG established a new NDPB, the Nuclear Decommissioning Authority, to take responsibility for the management and discharge of these liabilities from 1 April 2005. It has a PSA target of reducing the UK's civil nuclear liabilities by 10% by 2010 by delivering around 2% annual efficiency gains from 2006/7. The target allows the NDA an initial year to become fully effective, although the Authority is seeking efficiency gains in its first year as far as possible to prepare to meet its target in 2006/7.

The 2% efficiency targets are net of performance-based incentive fees that will be paid to contractors who deliver on their clean-up contracts ahead of schedule – therefore in principle the NDA will be seeking to achieve 5-6% efficiency gains in order to meet the incentive fees and 2% efficiency target.

Savings are cashable and will be used by the NDA to bring forward clean-up in other areas with the overall aim of shortening the lifetime of the programme and thereby, in due course, leading to reductions in fixed site infrastructure and support costs.

Reductions in liabilities will be measured against the approved national Life Cycle Base Lines (LCBL)² for each licensed site. The LCBLs will be aggregated to produce a total UK figure and will be updated and published annually.

The LCBL will be reflected in the NDA's strategy, reviewed every five years, and in its annual plan, both of which will be published following external consultation and agreement with HM Government.

² Life Cycle Baseline: the LCBL is the total activity in terms of scope, schedule and cost required to be undertaken to restore each site to its end state over the balance of the site's lifetime. Separate baselines will be produced for each site and then aggregated to form the UK LCBL. The total activity thus represents the total liability. The LCBL will be updated annually.

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Work stream	Procurement		NDA – Decommissioning contracts			
Activities	The new NDPB, the Nuclear Decommissioning Authority, with a remit to take responsibility for the management and discharge of civil public liabilities was established on 1 April 2005.					
Description of Key Benefits/ Basis of Savings	A PSA target has been set of reducing the level of UK public sector civil nuclear liabilities by 10% by 2010 and to deliver around 2% annual efficiency gains from 2006/7. The target allows the NDA an initial year to become fully effective. The saving is cashable and will be used by the NDA to bring forward clean-up in other areas with the overall aim of shortening the lifetime of the programme and thereby, in due course, leading to reductions in fixed site infrastructure and support costs.					
Savings Metric/ Title	Corresponds to DTI PSA Target 11, to: 'Reduce the civil nuclear liability by 10% by 2010, and establish a safe, innovative and dynamic market for nuclear cleanup by delivering annual 2% efficiency gains from 2006/07; and ensuring successful competitions have been completed for the management of at least 50% of UK nuclear sites by end 2008.'					
Definition/ Calculation Methodology	The 2% efficiency targets are net of performance-based incentive fees that will be paid to contractors who deliver on their clean-up contracts ahead of schedule – therefore in principle the NDA will be seeking to achieve 5-6% efficiency gains on its contracts in order to meet the incentive fees and 2% efficiency target.					
Type of Saving	Combination			Cashable?		Yes
Financial Savings	<i>in millions</i>	04/05	05/06	06/07	07/08	
	Baseline Costs	£326.50m				
	<i>Contract efficiency gains</i>		£0.00m	£6.50m	£13.00m	
	Total Cumulative Savings		£0.00m	£6.50m	£13.00m	
	GDP Deflators		N/A	1.027	1.055	
	Adjusted Cumulative Savings		£0.00m	£6.68m	£13.72m	
Monitoring Arrangements	Efficiencies will be identified by comparing actual progress and costs with the Near Term Work Plan (NTWP) for the site. Each site's NTWP will set out the full scope of the work to be carried out at that site over the year and the budgeted cost of that work. Progress will be monitored monthly by the NDA on a site by site basis. The aggregate actual cost of work completed compared with the budgeted cost of that work will thus be readily identifiable, in accordance with standard project management techniques. The NTWPs will also be the baselines against which each contractor's performance fees will be determined, and will therefore be subject to full NDA scrutiny. The NDA will also be required to report on performance to DTI's Efficiency Delivery Programme Board and via this body on a quarterly basis to the Executive Board.					
Data Sources	Reductions in liabilities will be measured against the approved national Life Cycle Base Lines (LCBL) for each licensed site. The LCBLs will be aggregated to produce a total UK figure and will be updated and published annually. The LCBL will be reflected in the NDA's strategy, reviewed every five years, and in its annual plan, both of which will be published following external consultation and agreement with HMG. The NDA will have to prepare an annual report and accounts and submit these to the Secretary of State to be laid before Parliament and the Scottish Parliament. The report will include, amongst other things, a report on performance against the PSA target					
Quality Assurance & Validation	Transactional costs will be measured by performance of the site management company against the LCBL. The nature and scope of the work to be done and the relevant performance based incentives will be defined in the contracts between the NDA and its site managers and operators. Performance against the baseline is monitored on a monthly basis to track progress and status and to allow adjustments to be made in the programme execution to correct deficiencies. The LCBL development process will be fully transparent. Contractors produce baselines for each site, which will then be reviewed by stakeholders and regulators prior to being submitted to the NDA. The LCBLs will then be reviewed by the NDA prior to approval. The NDA's annual accounts will be audited by the NAO. Internal					

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	Audit will also periodically assess efficiency measurement.
Additional Notes/ Information	<p>The NDA came into operation on 1 April 2005. The efficiency target is set from 2006/7 since it is not envisaged that the NDA will be able to make savings of this scale in its first year and before running any competitions for site management and operation. Performance against the LCBL will be monitored annually by the NDA. The results of the annual review will be made public shortly after each review has taken place and published by the end of June each year.</p> <p>The NDA has started to prepare for competition. It has invited expressions of interest through the EU's Official Journal to explore which UK and international companies are interested in becoming NDA contractors. The NDA will be running an internal mock competition in the Autumn of 2005 to rehearse the competition process from the preparation of tenders through to evaluating bids. In addition, the NDA has asked the incumbent contractors (UKAEA and BNFL) to implement 7% efficiency savings in the current financial year as a means of preparing for the introduction of the PSA and efficiency target.</p>

Regional Development Agencies

The eight Regional Development Agencies (RDAs) set up in the English Regions are non-departmental public bodies, whilst the London Development Agency is a local authority body. Working with regional and other stakeholders, each RDA has established a regional economic strategy.

The RDAs act as strategic drivers of regional economic development in their region. They achieve their aims by co-ordinating regional economic development and regeneration, enable the regions to improve their relative competitiveness and reduce the imbalance that exists within and between regions. The RDAs also play a key role in promoting collaboration between universities and businesses in each region.

The RDAs currently receive £1849m per year to drive economic growth across the country and promote enterprise, regeneration, skills, innovation, and employment in every region. As part of their Spending Review 2004 Settlement, the RDAs have been asked to identify 2.5% per annum efficiency savings of which at least half must be cash releasing. All savings made by the RDAs will be relocated within the Single Programme budget. These savings will be reported by the various Departments, which contribute to the RDA Single Budget, of which DTI is the second largest contributor (ODPM makes the greatest contribution. Other contributors are DEFRA, DfES, DCMS and UKTI). Departments will report savings comparable to the proportion of their contribution, indicating the share of cashable savings.

The RDAs report to DTI on how they are delivering their savings set out in their individual Efficiency Plans. These reports are be copied to, inter alia, other Government Departments, who contribute towards the Single Programme budget. These Contributing Departments are expected to use these reports to monitor progress against their own PSA targets and to assess efficiency savings attributable to their contributions. DTI's technical note covers savings for the RDAs as a whole, which it is not claiming, and sets out below this the proportion it is claiming along with specific efficiencies against

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transferred activity. Other Government Departments have set out their own proportion of savings accordingly.

Part of the cashable savings will be used by Regional Development Agencies to help a wider spectrum of businesses develop productive links with universities in each region. The other savings will count towards the RDAs' performance targets, which are agreed as part of the RDAs' tasking framework, effective from April 2005.

Work stream	Corporate Services, Private PFR, Procurement (DTI)		RDAs (inc. DTI part of savings)		
Activities	Efficiency savings across national network of RDAs. The efficiency measures will vary from region to region but include: improved management of land and property (regeneration); consolidation of accommodation arrangements; reduced spend on consultancy and procurement; devolution of responsibility to local partners.				
Description of Key Benefits/ Basis of Savings	Savings derived from these activities will result in more resources for delivery of key RDA products and services to the regions. The total savings benefit all Government Departments that contribute to the Single RDA Budget (largest contributor ODPM). For DTI the benefits will be derived from RDAs taking on new programme obligations from DTI, to be managed within same budget, and efficient management of the Business Links when transferred to RDAs, resulting in more resources for the delivery of business supports in the regions.				
Savings Metric/ Title	Reduced unit cost; Partnership working; Improved output against input.				
Definition/ Calculation Methodology	Existing activities - measuring increased output for the same input, clearly demonstrating release and re-investment of funds. This may include new responsibilities - demonstrating ability to deliver new targets without the need for additional funding; and reducing overheads and admin costs in Business Links to deliver more for businesses in English regions. RDAs will draw on cash released by efficiency savings to fund new activities, such as support for joint research through business-university collaboration. DTI's proportion of the overall RDA saving is in line with its contribution to the Single RDA budget. DTI and the RDAs have established a jointly agreed methodology for efficiency gains measurement and reporting. This includes, for example, the attribution of a financial value to output improvements. This methodology can be found at www.dti.gov.uk/rda/info/Efficiency_Plans.htm				
Type of Saving	Improved i/p , o/p ratios			Cashable?	Partly
Financial Savings (total)	in millions	04/05	05/06	06/07	07/08
	Baseline Costs	£1,849.00m	£2,165.00m		
	<i>Increasing outputs against constant spending profile</i>		£46.50m	£93.00m	£139.50m
	Total Cumulative Savings		£46.50m	£93.00m	£139.50m
	GDP Deflators		N/A	1.027	1.055
	Adjusted Cumulative Savings		£46.50m	£95.51m	£147.17m
Financial Savings (DTI)	in millions	04/05	05/06	06/07	07/08
	Baseline Costs	£233.53m	£293.53m		
	<i>Efficient management of Business Links</i>		£0.00m	£5.00m	£5.00m
	<i>Increasing outputs against constant spending profile</i>		£5.56m	£11.13m	£16.69m
	Total Cumulative Savings		£5.56m	£16.13m	£21.69m
	GDP Deflators		N/A	1.027	1.055
Adjusted Cumulative Savings		£5.56m	£16.56m	£22.88m	

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Monitoring Arrangements	<p>DTI and other contributing Departments have scrutinised the RDAs Corporate Plans, for improvements in efficiency across all the RDAs programmes. The Corporate Plans set out measurable targets for efficiency gains.</p> <p>RDA Chief Executives will provide DTI and their Boards with quarterly reports against those targets, produced alongside the RDA's performance reports. Those reports will be circulated to the Government Offices and other Government Departments. The savings allocated to each Government Department that contribute to the Single RDA budget will be calculated pro-rata to their contribution and will be distributed at the end of each financial year. Savings to date will be monitored against the total savings expected. The new RDA tasking framework has set stretching targets between RDAs and Departments, reflecting their Regional Economic Strategies and PSA targets - efficiency will be demonstrated by progress against these targets and the ability to take on new responsibilities against a constant budgetary profile.</p> <p>RDA efficiency is a quarter behind actual progress to allow time for accurate data collection and approval.</p>
Data Sources	RDA quarterly delivery progress reports and the RDA annual accounts. RDAs' annual accounts will contain figures for the RDAs' administration, which will provide comparable data for each year. The accounts will confirm the RDAs' performance against the targets set by Departments. Baseline data came from 04/05 figures in the 2003 Corporate Plan.
Quality Assurance & Validation	RDAs' annual reports and their accounts are audited by the NAO. DTI's Efficiency Delivery Programme Board validates the RDA Efficiency Delivery Plans. Efficiency delivery will also be validated against the new RDA performance monitoring framework. Internal Audit will also periodically assess efficiency measurement including RDA measures and monitoring systems.
Additional Notes/ Information	The first line of Financial Savings (total) represents the entire savings targets for RDAs, which will be apportioned to all Government Departments that contribute to the RDA Single Budget. The second line of Financial Savings (DTI) represents DTI's share and specific output-related savings claimed by the Department. DTI calculates each contributing Government Department's savings on the basis of a pre-determined pro-rata share and reports these to Departments on a quarterly basis on their share of the savings, including the cashable element. A minimum of half of the main DTI-reported savings presented above will be cashable. All of the Business Link related savings will be cashable. All savings are retained within the ring-fenced RDA budget and are used to fund future projects.

Trading Funds

Companies House and the Patent Office are Executive Agencies of DTI, which operate as Trading Funds. Savings generated by these agencies are non-cashable and are a reflection of effective use of resources, generating a unit-cost reduction to benefit their customers.

Companies House can deliver efficiency improvements by improving ratios of cost/output in transactional services on the registration side of its business. Transactions on the 'search' side of its business have already provided substantial efficiency gains through their e-enablement over the last six years. This has led to significant price reductions to customers for 'search' information. New efficiency gains will be delivered through e-transformation of registration processes that are currently dominated by paper. This will enable Companies House to reduce overall employee numbers despite increasing workload. Achieving efficiency savings from e-transformation depends upon take-up of online filing services.

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The Patent Office is a front-line trading fund delivering intellectual property rights (IPRs - patents, trade marks and designs) to fee-paying customers. The Patent Office measures efficiency gains in terms of improvement in output volumes delivered to customers measured against input costs for the trading fund as a whole, as measured by an efficiency index. Its targets are based around reducing back-office costs and increasing the number of IPRs granted and maintained relative to the total cost of the Office. The level of customer demand will dictate changes in total output volume and staff numbers.

Work stream	Transactions	Trading Funds – Companies House and Patent Office				
Activities	Savings are achieved by reducing running costs through staff and cost reductions and cost efficiencies. For Companies House this will involve managing a balance between customer demand/work throughput and staff numbers and a reduction in office space. Staff output targets and budget constraints have also been incorporated into an office-wide staff bonus scheme.					
Description of Key Benefits/ Basis of Savings	Both Companies House and the Patent Office operate as trading funds and the savings that these organisations achieve benefit their customers directly. Reduced running costs translate as reduced unit costs in Companies House, benefiting their customers. Customer satisfaction in the Patent Office is expected to continue due to maintained restraint on fees charges for services provided - last fee change in 1998 reduced some fees charged to customers.					
Savings Metric/ Title	Reduced (running) unit cost / Productivity improvement					
Definition/ Calculation Methodology	Companies House - Year-end take-up levels for online filing services translating to workforce numbers as set out in the targets below. Patent Office - reduced total current expenditure on the operations of the trading fund compared with the baseline of the Corporate Plan for 2004/05. Reduced customer demand in some areas, although with increasing demand in other areas, is allowing for a net reduction in total staff numbers compared with plan.					
Type of Saving	Improved i/p, o/p ratios			Cashable?		No
Financial Savings (CH)	in millions	04/05	05/06	06/07	07/08	
	Baseline Costs	£27.30m				
	<i>Staff number & cost reductions</i>		£1.10m	£4.38m	£7.30m	
	Total Cumulative Savings		£1.10m	£4.38m	£7.30m	
	GDP Deflators		N/A	1.027	1.055	
	Adjusted Cumulative Savings		£1.10m	£4.49m	£7.70m	
Financial Savings (PATS)	in millions	04/05	05/06	06/07	07/08	
	Baseline Costs	£51.00m				
	<i>Operating at constant cash</i>		£1.30m	£2.30m	£2.70m	
	Total Cumulative Savings		£1.30m	£2.30m	£2.70m	
	GDP Deflators		N/A	1.027	1.055	
	Adjusted Cumulative Savings		£1.30m	£2.36m	£2.85m	
Other Measures	Patent Office - Quarterly monitoring of output volumes - currently patent searches, patent examinations, trade mark examinations, design examinations, search and advisory service trade mark examinations, and intellectual property right renewals. Maintenance of patent granting ISO 9001 quality accreditation.					

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Monitoring Arrangements	The achievement of Companies House efficiency targets is measured at the end of each financial year. Progress will be monitored/reported through monthly management boards, bi-monthly main boards and in monthly and quarterly reports to the Steering Board and Audit Committee in Companies House. Patent Office monitors progress through monthly reporting to functional Directors; quarterly reporting to Board and Steering Board; annual publication of performance targets in Corporate Plan; annual publication of actual performance in Annual Report and Accounts. Progress against Agency efficiency targets will also be reported to DTI's Efficiency Delivery Programme Board and via this body on a quarterly basis to the Executive Board.
Data Sources	The Companies House lead indicator is the level of take-up of online filing services and the change in employee numbers reflects the impact of take-up growth. The Patent Office lead data sources are the operational computer systems (statutory registers and associated systems) and Oracle finance system.
Quality Assurance & Validation	The Companies House efficiency measures are validated by measuring: number of transactions per employee for the business as a whole (number of transactions during year / end of year FTE); and number of companies managed per employee (number of companies on active register at end of year / end of year FTE) to track productivity gains and efficiency improvements. In due course, this will lead to price reductions for customers (these have already been delivered on the search side of the business). The Patent Office will commission an external audit of financial performance; and DTI internally audit output volumes delivered. Internal Audit will also periodically assess efficiency measurement.
Additional Notes/ Information	Achieving efficiency savings in Companies House from e-transformation depends entirely upon take-up of online filing services, which depends on Companies House overcoming a number of legal barriers. The efficiency calculations also need to take account of the changing environment, such as the effect of variations in workload, growth of the register, impact of the Company Law Reform Bill and new customer requirements and the development of new services.

Other agencies and NDPBs

The Insolvency Service is a part net running cost/part net programme DTI executive agency and the National Weights and Measures Laboratory (NWML) is a net-running cost DTI executive agency.

The Insolvency Service's Corporate Plan is supported by a balanced scorecard, which also monitors its efficiency targets. The Service will ensure that it delivers efficiency savings via a basket of targets, including: reducing the cost of enforcement activity in 2004-05 and increasing enforcement outcomes and reducing unit cost in 2005-06; reducing case administration fees over the Spending Review period; and reducing the cost of banking and insolvency practitioner regulation in 2006-2008.

NWML will produce a cash gain through a combination of increased total income and a reduction of overall staff numbers by March 2008. The increased income will come from the adoption of more effective ways of working, development of business in new markets, and increasing the proportion of time spent by staff on fee earning activities. Specifically it plans to automate certain measurement processes and increase fee earning staff utilisation by 12%.

Employment Tribunal Service (ETS) is a gross funded agency i.e. it is wholly funded through DTI's budgets. It is tasked to deliver efficiency savings similar

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to those of Core DTI Directorates. ETS is being transferred to DCA in April 2006.

Our main NDPBs are the Research Councils, the RDAs and the NDA, all of which have already been referred to above. DTI's other NDPBs are substantially smaller - the largest, the Arbitration Conciliation and Advisory Service, had a turnover of £46.147m in 2004/5. Efficiency improvements in these bodies are being driven by their key objectives being delivered to the same or an improved level, while operating within reduced budgets over the SR2004 period. The cumulative effect of this will be to realise £7.58m savings by April 2008.

Work stream	Private PFR		Other Agencies and NDPBs			
Activities	Cost savings in the Insolvency Service will be achieved through case administration work net funded through fees. In NWML, savings will be achieved by a reduction of overall staff numbers by 10.2% (5 FTE); automation of certain measurement processes; and an increase in fee earning staff utilisation by 8%. Other agencies and NDPBs will achieve efficiency gains resulting from delivering outputs to the same or improved level, while operating within a settlement held at constant cash.					
Description of Key Benefits/ Basis of Savings	Fee reductions and increased output translate as benefit to Insolvency Service customers. Cash gain will be achieved in NWML through a combination of increased income and reduction of overall staff numbers by March 2008, more effective ways of working, development of business in new markets, and increasing fee-earning capacity. The tax payer will benefit from improved or sustained outputs against reduced spend by other agencies and NDPBs.					
Savings Metric/ Title	Reduced unit costs in Insolvency Service / NWML annual surplus shown in corporate plan and agreed by Ministers / improved input/output ratios for other agencies and NDPBs.					
Definition/ Calculation Methodology	Insolvency Service savings will be measured through: reduced cost of enforcement activity in 2004-05; increased enforcement outcomes against reduced unit cost; reduced case administration fee, cost of banking and cost of insolvency practitioner regulation. NWML's savings will be calculated from actual staff costs, actual income and expenditures as reported in NWML's published annual accounts; performance against efficiency targets published in its Annual Report; other data - staff time recording system. Savings generated by other agencies and NDPBs will be measured through maintained/improved output (combination of volume and quality) against Business Plan scorecard targets.					
Type of Saving	Combined			Cashable?	Partly	
Financial Savings		<i>in millions</i>	04/05	05/06	06/07	07/08
	Baseline Costs		£162.42m	£165.02m	3.543	9.090
		<i>NDPBs</i>		£0.19m	£3.45m	£7.58m
		<i>Employment Tribunal Service</i>		£2.19m	£2.19m	£2.19m
		<i>Insolvency Service</i>		£0.30m	£5.50m	£5.85m
		<i>NWML</i>		£0.09m	£0.26m	£0.47m
	Total Cumulative Savings			£2.77m	£11.40m	£16.09m
		GDP Deflators		N/A	1.027	1.055
Adjusted Cumulative Savings			£2.77m	£11.70m	£16.98m	
Other Measures	The Insolvency Service will increase its User Satisfaction Index from 86% to 88%. It will also maintain its Charter Mark accreditation following the recent re-accreditation in June 2004. NWML will measure its performance against 11 Ministerial financial, efficiency, delivery and customer satisfaction targets reported in its Annual Report and Accounts.					

DTI: DEPARTMENTAL EFFICIENCY TECHNICAL NOTE

Monitoring Arrangements	The Insolvency Service's objectives are set out in its Corporate Plan (endorsed by The Service's Steering Board), supported by a Balanced Scorecard which is used by The Service's Directing Board (Management Board). Achievement of targets is tracked through quarterly reporting and its Annual Report and Accounts. NWML savings are monitored on a monthly basis by its Executive Team, and by the NWML Steering Board 3 times per year and by NAO at year end. Other agencies' and NDPBs' savings will be tracked through DTI Business Planning, as described in the Business Planning savings template. Progress against Agency efficiency targets will also be reported to DTI's Efficiency Delivery Programme Board and via this body on a quarterly basis to the Executive Board.
Data Sources	The Insolvency Service – published Annual Report and Accounts; Segmental note in The Service's annual accounts (business costs); Fees published in Statutory Instruments. NWML - published Annual Accounts and Annual Report. Other agencies and NDPBs - delivery against scorecard objectives / DTI Accounts.
Quality Assurance & Validation	Internal Audit audits the Insolvency Service costing system. The Insolvency Service's Directing Board (Management Board) monitors progress against its Delivery Plan on a monthly basis. NWML - annual audit by NAO; accreditation by UKAS; maintenance of ISO 9001: 2000 certification. Delivery of other agencies and NDPBs' savings will be tracked through business planning and validated by DTI's Audit Committee and the Executive Board. Results are published in the DTI's Annual Report and Accounts. Internal Audit will also periodically assess efficiency measurement.
Additional Notes/ Information	Achieving the Insolvency Service's efficiency savings depends upon the number of cases put to The Service over the SR2004 period. Examples of NDPBs funded by DTI include: Competition Commission, Competition Service, SITPRO Ltd. (The UK's Trade Facilitation Agency), the Advisory, Conciliation and Arbitration Service (ACAS) and the Equal Opportunities Commission (EOC).