

Since **DfES** put in place a plan to strengthen delivery capability, PPM has become central to the way the department manages and delivers all its key priorities, from the strategic level down to individual projects. PPM has become the accepted method of delivery, leading to improved structure and greater management accountability. Much progress has been made in developing PPM skills. More than 1,000 people have been trained in PPM techniques, of whom nearly 400 have been professionally accredited.

Procurement

OGC is supporting departments in developing their own capacity in procurement and contract management. Departmental improvement plans will ensure that strategies are in place to provide direction and guidance for cost-effective, well-informed and value-adding procurement. Departments are appointing Commercial Directors at Board level to ensure effective relationships with suppliers, and development of the requisite specialist skills to support complex procurements within projects.

Improving the skills of the procurement function is fundamental to the **DWP commercial strategy** and will make a major contribution to achieving efficiency targets. DWP has taken steps to measure the levels of skills and qualifications of staff involved in designated and key designated procurement posts, reporting an increase of qualified people operating in key designated posts from 59% in 2003 to 67% in 2004. DWP is working with OGC to build on these encouraging results, including identifying training requirements, for example in more effective contract management, and linking training to OGC best practice guidance.

The **NHS** has negotiated a better deal for licensing of its desktop products, saving £112 million over the next three years and in excess of £330 million over the length of the contract. The Department of Health has signed a joint venture to use centralised corporate service centres, saving over £220 million over the next 10 years.

The **MoD's** Procurement Reform Programme is delivering £30 million of efficiency gains in 2004/05 on items such as IT, general stores, and vehicle, ship and aircraft spares repair.

Finance

The Finance Centre of Excellence is focusing its work on assisting departments in two key areas – building the financial skills capacity of the SCS generally (a key 'core skill' in the PSG programme) and improving the effectiveness and efficiency of finance teams.

On the first, key financial competences have been identified by a cross-government working party; work is now in hand to ensure that departments have access to training to ensure that civil servants meet those competence levels. As announced in the Spending Review 2004 White Paper, we have also embarked on reviews of the effectiveness of financial management through an objective assessment of each department against a common framework. Reviews of 12 major spending departments are under way or have been completed. Each review results in a departmental action plan highlighting development priorities; common issues and examples of good practice are being taken forward in discussion with finance directors across government.

Gateway standards for finance professionals have also been established and are on a par with industry best practice. These will be supported by training and career development programmes for those in senior positions, as well as those aspiring to them. Work is in hand with finance directors to exchange 'best practice' on the design of management information made available to department boards and on the organisation of department finance functions.

More than half of Whitehall's departments now have **professional finance directors**. Since the summer of 2004, eight new departmental finance directors have been appointed, all accountants; two come from central government, two from local government and four from the private sector.

Communications and marketing

The Government faces many challenges in meeting the expectations of the public. In a highly complex environment, government communication needs to help people find what they want and need to know from government and to help government understand and respond to people's views and needs. Government communication should be a two-way process – moving from an announcement-led culture to one of engagement where communication informs all stages of the policy-making process, helping develop and deliver services more clearly focused on the public's needs.

The **Government Communication Network (GCN)** was launched in January 2005. Unlike the former Government Information and Communications Service (GICS), it supports and connects all those who work in communication across government, from those working in internal, stakeholder and e-communication to those who are marketing specialists and press officers. Over 2,700 government communicators are now part of the GCN (nearly double the membership of the GICS), showing the appetite for change across the Civil Service and for the practical and professional support the network offers.

The highest professional standards are the cornerstone of the new network. For example, to ensure development throughout a communicator's career, we have worked with external experts to create a professional development programme which will have accreditation from both the Chartered Institute of Public Relations and the Chartered Institute of Marketing. This has real cross and relevance to the PSG initiative. It will also help ensure the sharing of learning and knowledge across government and the wider industry.

Efficiency

As set out in *Delivery and Values*, a major review of efficiency, led by Sir Peter Gershon, was carried out in 2003/04. The aim of the Efficiency Review was to look across central, regional and local government and the wider public sector to identify efficiency gains which would release essential resources to frontline services. Good progress is already being made on the resulting Efficiency Programme. The review identified stretching targets to deliver £21.5 billion of efficiency gains per year by March 2008. In Budget 2005 the Chancellor was able to report that:

- ahead of target, departments have delivered the first £2 billion of Gershon savings, in addition to £2 billion of savings in procurement announced in December 2004;
- departments have delivered the first 12,500 reduction in Civil Service posts towards the target of 84,000 by 2007/08;
- we now have clear commitments to over 7,800 posts being relocated out of London and the South East by 2008 – over 4,300 posts have already been moved; and
- following the Lyons report on public sector assets, £14 billion of asset disposals have been identified, £4 billion to be sold this year.

The **Home Office** has made £600 million of efficiency gains during 2004/05. These include savings from better use of police time, smarter procurement and greater collaboration between police forces, improvements in the National Offender Management Service, and a substantial reduction in the cost of asylum.

DWP is paying the benefits and pensions of 90% of its customers directly into their bank accounts. The move to direct payment will save the taxpayer around £1 billion over the next five years.

DfES, through its lead agency for information and communication technology (ICT), has negotiated a software licensing deal which will deliver £50 million of efficiency gains over the next three years. Framework contracts have led to greater price visibility and competition, bringing down prices and saving schools and local education authorities £14 million in 2004/05 on laptops and interactive whiteboards.

Better regulation

The UK continues to be a world leader in regulatory reform. International surveys carried out by the OECD, the World Bank and others in the past year show that the UK has some of the lowest regulatory burdens of any country in the industrialised world. Nevertheless substantial scope exists to reduce business costs and improve competitiveness.

The Chancellor announced a radical package of reforms in March 2005 which will deliver:

- year on year reductions in the total administrative burdens faced by business; and
- a significant rationalisation of the inspection and enforcement arrangements in both the private and public sectors.

The Better Regulation Executive (BRE) was established in the Cabinet Office in May 2005 to take forward the Government's better regulation agenda. This will involve implementing the recommendations of two major independent reports published in March 2005: the Better Regulation Task Force (BRTF) report, *Regulation – Less is More*; and Philip Hampton's report, *Reducing administrative burdens: effective administration and enforcement*. This will include reducing the number of regulators that interact with business from 35 to nine. On public service inspection, the plan is to move from 11 national regulators to 4 by 2008.

The BRE will also take forward the work previously carried out by the Cabinet Office Regulatory Impact Unit, including the Regulatory Impact Assessment (RIA) process which will be strengthened. It will work with all government departments, regulators and inspectorates to produce better regulation for businesses, charities, the voluntary sector and public services.

The BRE will also seize the opportunities presented by the UK Presidency (July 2005) and the '6-Presidency' initiative on better regulation in Europe to make further progress on the European better regulation agenda. It will look for concrete results in terms of European legislation that is simplified or withdrawn, and for further instances where improved impact assessment helps reduce the cost of new proposals (along the lines of the REACH Chemicals regulation, where the modified Commission proposal is £6 billion less costly than the original).

Additionally, the independent Better Regulation Task Force chaired by Sir David Arculus, which provides an external challenge role, will be put on a permanent footing. It will become the Better Regulation Commission, taking on the additional role of providing external scrutiny of departments' and regulators' simplification plans. These plans will include targets for reducing administrative and cumulative burdens and other better regulation commitments.

Values

The traditional values of the Civil Service as set out in the *Civil Service Code* are as fundamental to how it operates today as they ever were. Integrity, honesty, impartiality and objectivity are core strengths which underpin the activities of all civil servants. In championing good governance around the world, the UK must set the highest standards at home.

Over the past year, the Government published its proposals for legislation for the Civil Service for consultation. The draft Civil Service Bill would put on a statutory basis the basic principles and values governing the Civil Service. But in advance of any possible legislation, the Government is already implementing in a non-statutory way the principles of its draft Bill. For example, the Government recognises the importance of transparency in relation to the appointment of Special Advisers, and publishes an annual report to Parliament on Special Adviser numbers and responsibilities. The Government has also undertaken to consult the main opposition party leaders on the appointment of the First Civil Service Commissioner.

The codes of conduct for Ministers, Special Advisers and civil servants continue to define the proper relationships between the different groups, and ensure that the core values of the Civil Service are entrenched. In partnership with the Civil Service Commissioners, we are working to widen the understanding of the code within the Civil Service.

Conclusions

Delivery and Values set out an ambitious programme of reform. Sixteen months on from then, much progress has been made, as this document shows. At the same time, we continue to set an example that the rest of the world follows. World Bank data for 1996 to 2004⁴ shows that the UK performs at a very high level across all six governance indicators published (government effectiveness, control of corruption, voice and accountability, political stability, regulatory quality and rule of law).

We provide inspiration for reforms in other countries. Ministers and officials from around the world come to the UK for ideas and help. Jobcentre Plus is a particularly good example. Over 500 visitors have come to the UK over the last year alone to see for themselves how reforms have delivered tangible improvements to local offices. After visiting the Streatham office in London, German finance minister Wolfgang Clement commented: "The job placement policy in Britain is one of the best in the whole of Europe." The recently launched *maison d'emploi* in France as well as "Job Centers" in Germany have drawn on the UK experience. In Poland, a new model office, "Centrum Plus", was opened in February under a twinning project with Jobcentre Plus.

The UK is a hugely effective player on the world stage. A recent report by the Canadian Institute of International Affairs⁵ interviewed a range of international observers. It quotes one observer as saying: "It is possible for nations to punch above their weight. Great Britain has had tremendous impact." The report goes on to comment that "assets include what many interviewees consider the best diplomatic service in the world", a "demon ability in the Foreign Office for drafting", "strong intelligence assets, and an effective full-service military". Looking at international aid, the report notes: "Ten years ago, DfID was considered a middle-of-the-pack development agency. Today it is generally considered to be the best in the world."

Over the next year, and in the years after that, the Civil Service will continue to improve its performance, working with partners in the wider public sector and beyond to deliver high-quality public services. This document shows that the foundations for this improvement have been firmly laid and are already bearing results.

⁴ *Governance Matters IV: Governance Indicators for 1996–2004* (May 2005) Kaufman, Daniel, Kraay Aart and Mastruzzi, Massimo.

⁵ *Making a Difference? External Views on Canada's International Impact. The interim report of the External Voices Project.* Robert Greenhill. A Canadian Institute of International Affairs Special Project, January 2005.

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