

# Operational Efficiency Programme: prospectus

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July 2008



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# **Operational Efficiency Programme: prospectus**

July 2008

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# FOREWORD

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Over the last 10 years this Government has made a historic investment in public services, and by 2011 we will have delivered the longest sustained real increase in public spending since 1945.

The aim of this investment is a step-change in the quality of public services right across the country. Much has already been achieved, with inpatient waiting times in excess of 6 months virtually eliminated, 60 per cent of 15-year olds now achieving 5 or more good GCSEs or equivalent, 650,000 new registered childcare places and crime rates reduced by a third.

But we want to go further - not only through increases in spending but also through reform and a ruthless focus on delivering better value for money. The Operational Efficiency Programme is the latest phase in our drive to ensure that the taxpayer gets the best deal possible from the public services they fund, drawing on expertise across the public and private sectors.

Building on the £20 billion in savings delivered in the last spending period, and on our existing plans to deliver another £30 billion in savings by 2010/11, our work on operational efficiency will look for substantial improvements in value for money and savings for the future. It will include back office/IT, collaborative procurement, asset management/sales and property. The Government will also consider what incentives public servants have to bring forward their own improvements and cut waste at the local level, and what more we can do to reduce bureaucratic burdens on the frontline.

This programme will draw on the very best expertise from the private sector as well as the best ideas and experience of those working at every level in the public sector. Four business leaders, Martin Read, Martin Jay, Gerry Grimstone and Lord Carter of Coles, have agreed to take this work forward as advisors to the four specific workstrands, bringing a wealth of private sector expertise.

In addition, we will draw upon the best innovation and local expertise across the public sector, looking at ways to engage with public service professionals, and empowering those directly involved in the delivery of public services to identify savings.

This programme of work is intended to be ambitious and far-reaching across the public sector, reporting at Budget 2009 and driving our efficiency programme forward into the next Spending Review. Alongside the Public Value Programme which is looking at individual policy areas such as roads and NHS commissioning, this will help ensure we continue to pursue value for money for taxpayers.



**Chief Secretary to the Treasury: Rt Hon Yvette Cooper MP**





# BACKGROUND: THE GOVERNMENT'S APPROACH TO VALUE FOR MONEY

## Overview

**1.1** The Government's strategy for delivering value for money rests on three pillars, which have been put in place in successive Spending Reviews:

- clear objectives, in the form of Public Service Agreements (PSAs) and Departmental Strategic Objectives (DSOs);
- taut budgets, which fund the delivery of these objectives; and
- value for money programmes, which ensure that additional spending is matched by reform.

**1.2** This document sets out the Government's latest thinking on how to take forward its value for money programmes as we prepare for the next Spending Review. Our approach has evolved over the last two Spending Reviews, building on the step-change made through Sir Peter Gershon's review in 2004, and we are now entering the third phase of our reforms to drive greater efficiency and value for money in public services:

- the first phase was the Gershon Programme, put in place to drive through Sir Peter's recommendations in the SR04 period, including £20 billion in savings, and with the key aim of ensuring that efficiency remained a top priority in the public sector;
- the second phase is now underway, with a £30 billion target for 2010/11, and a tougher regime which aims to embed efficiency more fully in the everyday activity of public servants; and
- the third phase, which we are now putting in place, is about deepening and widening our agenda on efficiency and value for money as we prepare for the next Spending Review. It comprises the Public Value Programme, launched at the Budget to look at value for money issues in individual spending areas such as road building and NHS commissioning, and the Operational Efficiency Programme looking at cross-cutting issues such as collaborative procurement and IT, being launched today.

**1.3** This chapter sets out the latest position on the current value for money programmes – Gershon and CSR07 – and the following chapter introduces the third phase of work. These three phases demonstrate how government's approach to value for money has evolved over time, but throughout the key principles of its approach have been:

- to ensure that improvements in efficiency and value for money are at the top of the agenda throughout the public services;
- to set clear, high-level objectives on value for money, in order to provide a strong incentive for public servants to deliver savings;
- to create incentives and empower local public sector staff to make their own improvements;

- to provide clear and transparent reporting on progress, in order to allow Parliament and the public to hold government to account; and
- to draw on the best expertise from business to challenge our efforts and to help us go further.

## The Gershon Programme

**Over the past three years, following Sir Peter Gershon's groundbreaking review into public sector efficiency, departments have gone further than ever before to deliver efficiency, with £23 billion of savings reported by December 2007.**

**1.4** In SR04, the Government set out its commitment to deliver gains in excess of £20 billion a year by 2007-08, in line with the recommendations of the Gershon Report "Releasing resources to the frontline – Independent Review of Public Sector Efficiency"<sup>1</sup>. This includes the gross reduction of more than 84,000 civil service posts. The efficiency programme delivering this also includes Lyons relocations<sup>2</sup> of 20,000 public sector posts by 2010.

**1.5** Detailed departmental planning on how to implement the Gershon findings revealed that total efficiency gains of £21.5 billion were achievable over the 2004 Spending Review period. Departments also set out how they were going to measure their progress in their Efficiency Technical Notes (ETNs).

**1.6** Successive Budgets and Pre-Budget Reviews have announced strong progress towards the individual targets. Budget 2008 announced to the end of December 2007:

- over £23 billion of annual efficiency gains – including over £8 billion from procurement and £1 billion from back office;
- gross workforce reductions of over 90,000 posts against the 2004 Spending Review target of 84,150, with over 12,600 of these reallocated to frontline roles; and
- 15,700 posts towards the Lyons relocation target.

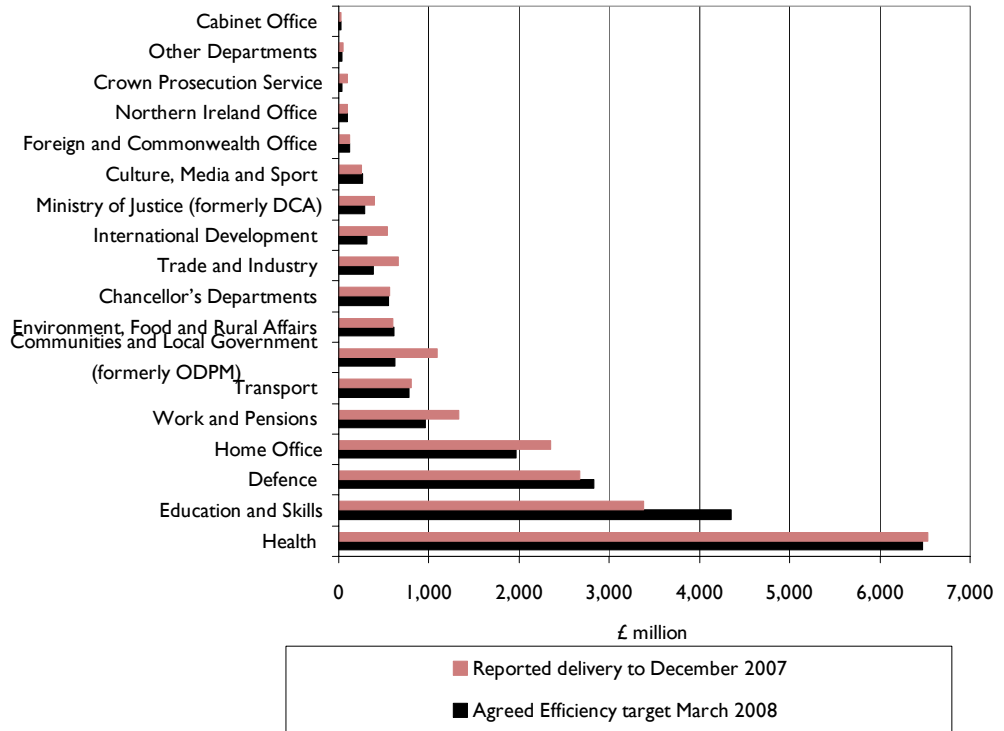
**1.7** These figures are not yet finalised but indicate continued strong delivery of the Government's efficiency ambitions, with headline efficiency and workforce reduction figures already in excess of the Government's own targets.

**1.8** Progress against departments' total planned annual efficiency gains of £21.5 billion is shown in Chart 1.1.

<sup>1</sup> *Releasing resources to the front line – Independent Review of Public Sector Efficiency*, July 2004

<sup>2</sup> *The Lyons Review - Independent Review of public sector relocation*, July 2004

**Chart I.1: Public sector efficiency savings**



**1.9** Gains are retained by departments for reinvestment in frontline delivery. Approximately half of these gains result in cash gains and half represent a direct increase in service output (e.g. by freeing up the time of public service providers) <sup>3</sup>.

**Box I.1: Delivering the Gershon Efficiency Programme. Examples include:**

- the Department for Work and Pensions now pay over 98 per cent of customers by direct payment, offering citizens a more convenient service, but one which will save DWP around £1 billion over the 5 years from the start of SR04;
- the Department of Health has reported that the National Health Service (NHS) has renegotiated pharmaceutical contracts to save £300 million a year;
- the Ministry of Defence has an innovative “contract for availability” for Merlin helicopters that has reduced their cost by £1 billion over their 25 year life, when compared with more traditional procurement options; and
- the Department for Transport has saved £60 million by moving services such as booking driving tests and paying car tax on-line.

<sup>3</sup> Departments self-assess their gains and the data systems that underpin them as part of their regular reporting to HM Treasury (HMT). Using HMT’s measurement guidance, departments rate their gains against a number of criteria relating to robustness and the departmental Minister or Permanent Secretary sign them off. The objective is to classify each gain as ‘preliminary’, ‘internal’ or ‘final’. The chart shows the total reported to end December 2007, i.e. ‘preliminary’ + ‘interim’ + ‘final’. The chart shows the total reported to end December 2007, i.e. ‘preliminary’ + ‘interim’ + ‘final’. In the closing analysis only those classified as ‘final’ will be counted.

## CSR07 Programme

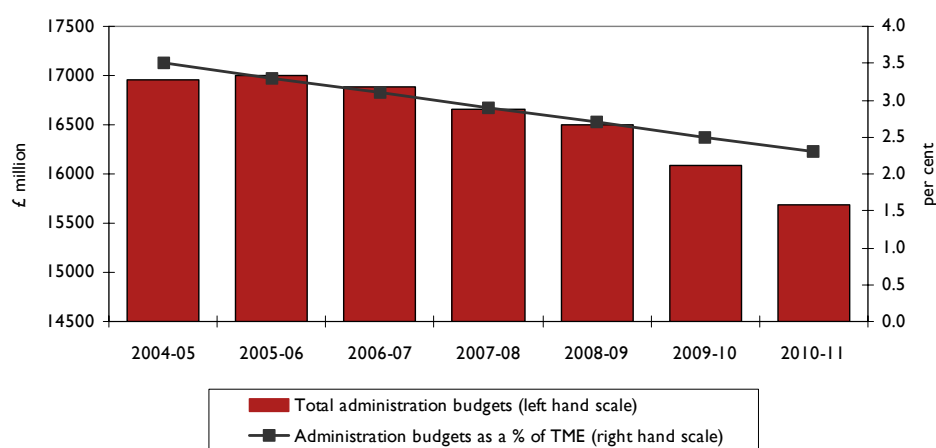
**Building on the successful delivery of the Gershon Efficiency Programme, the CSR07 value for money programme will go further and achieve an additional £30 billion of savings by 2010/11.**

**1.10** CSR07 took a fresh look at how departments operate, and informed by a series of Zero-Based Reviews, all departments identified scope to achieve further value for money savings in each of the next three years, in total releasing £30 billion of savings. Every pound saved will support the Government's determination to maintain the pace of improvement in key public services by releasing additional resources for reinvesting in priority areas.

**1.11** Having achieved savings worth at least 2.5 per cent of Departmental Expenditure Limits (DEL) over each of the past three years, departments have agreed to go further and achieve additional savings worth at least 3 per cent of DEL in each of the next three years, an ambitious target enabled by the capacity built within departments during the Gershon Programme. The measurement criteria have also been tightened, so that all value for money savings will be sustained, cash-releasing, and net of both upfront and ongoing costs.

**1.12** The Government has also gone further to reduce the cost of administration, the cost of simply running Government. Having succeeded in freezing administration costs in nominal terms over the past three years, over the CSR period administration budgets will be reduced in real terms by 5 per cent a year, ensuring that resources are targeted on frontline public services, and not administration. By 2010/11 this reform will release £1.2 billion to be invested in priority areas and bring administration spending to a record low as a percentage of total spend.

**Chart 1.2: Reducing administration spending**



Source: HM Treasury, Public Expenditure Statistical Analyses 2008

**1.13** The £30 billion of savings have been built into departments' CSR settlements and value for money is now embedded within departments as a core part of day-to-day business. All departments have published Value for Money Delivery Agreements setting out how they plan to achieve savings, and departments will publish information on

progress made towards achieving their targets twice a year in Autumn Performance Reports and Departmental Reports, with initial progress outlined this autumn.

**1.14** All departments will conduct a full internal systems audit this financial year to ensure that sufficiently robust processes are in place to validate and verify reported gains. In addition, to strengthen public accountability and provide external assurance on the gains reported by Departments, the National Audit Office have agreed to audit reported gains on a departmental basis.

**Box 1.2: Programmes departments aim to deliver by 2010/11**

- the NHS aims to deliver £1 billion of savings through better procurement, including through the use of national contracts and by looking again at drugs procurement;
- HM Court Service plan to achieve savings of around £100 million by implementing reforms to place the public at the centre of court operations: using new technology to better manage caseloads and case progression, and introducing streamlined, more proportionate procedures for the simplest cases;
- the Highways Agency will generate savings of more than £140 million by improving their procurement practices; and
- HM Revenue and Customs will, through more efficient use of resources and a consolidation and transformation of their estate, release £280 million in annual savings by 2010-11.



# 2

## THE OPERATIONAL EFFICIENCY PROGRAMME

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**2.1** Going beyond the SR2004 and CSR07 Programmes, we are now challenging ourselves to go further, deepening and widening our agenda on efficiency and value for money as we prepare for the next Spending Review.

**2.2** At Budget 2008, we launched the Public Value Programme (PVP), which is looking at specific policy issues within all major areas of spending in order to identify where there is scope for reforms which would deliver major improvements in value for money over the CSR07 period and beyond. This work is already underway, looking at areas such as road-building, commissioning in the health sector and regeneration spending.

**2.3** The second plank of our forward strategy is a renewed push on cross-cutting operational efficiency. The programme will focus on four cross-cutting workstrands where the potential for efficiency gains has been identified. We will be drawing on private sector and public sector expertise and best practice to challenge our level of ambition in these areas and to deliver a substantial level of savings.

**2.4** The five strands the programme will examine are:

- back office/IT;
- collaborative procurement;
- asset management/sales;
- property; and
- local incentives and empowerment.

**2.5** Four highly experienced leaders from business have been appointed as advisors, one to lead each of the first four workstrands. Martin Read will lead on the back office/IT workstrand, Martin Jay on collaborative procurement, Gerry Grimstone on asset management/sales and Lord Carter of Coles on property. The fifth workstrand is part of wider work to empower front line public sector staff to improve value for money and cut waste.

**2.6** The four advisors will be supported by a dedicated team lead by a Senior Civil Servant based at HM Treasury. There will be additional support for the dedicated team from the relevant standing teams within HM Treasury and in the Office of Government Commerce (OGC) with expertise in the individual policy areas.

**2.7** This programme of work will consider what scope there is to drive further efficiencies and deliver better value for money across these areas. It will make recommendations by Budget 2009, including the scope for further savings and how the Government should go about capturing them. This will help to inform the Government's value for money strategy for the next Spending Review.

**2.8** Further detail on local engagement and each workstrand is set out in the subsequent chapters.





# 3

## LOCAL INCENTIVES AND EMPOWERMENT

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**3.1** There is a vital role for government to play in driving further improvements in value for money, by setting direction and ambition, and by putting in place programmes which galvanise and coordinate activity. But delivering a better deal for the taxpayer also relies on strong engagement with public service professionals and the users of public services at a local level right across the country.

**3.2** Many of the best ideas for saving money come from those directly involved in the delivery of public services – a headteacher funding a new activity by identifying savings within a school’s budget, a hospital doctor finding ways to treat patients more quickly, or a police chief making changes to workforce deployment to better match patterns of crime. Indeed, research shows that new ideas are more likely to emerge at the interface between public servants and the people they serve – with one major review demonstrating that 85 per cent of public service innovations were developed by frontline staff or their managers<sup>1</sup>.

**3.3** So as part of the Government’s efforts to make further progress on value for money, we will encourage public servants right through the delivery chain to innovate and bring forward their own ideas for improvements. The Government is determined to open up more space for public sector professionals to innovate, and will seek views on incentives to improve value for money in their areas. For example, it will look at areas such as:

- extending ways to give local staff more freedom and the statutory Power to Innovate, which gives schools more freedom to act on their own initiative and to test ideas that can improve outcomes for pupils, to other parts of the public sector;
- rolling out schemes such as the “Angels and Dragons” programme in HM Revenue and Customs, which has led to service improvements by giving frontline staff a direct line to top management for pitching innovative ideas, and direct support to implement them;
- replicating approaches like the NHS’ “Productive Ward” programme, which enables nurses to spend less time on administration and more on direct patient care, in other parts of the public services; and
- adopting techniques which large businesses use to tap into ideas and expertise from the shop floor.

**3.4** The Government will directly seek the views of public sector professionals and staff on how best to progress this programme of work, and provide an update on its plans in the Pre-Budget Report. This work will also inform the approach we take on value for money in the next Spending Review, which will be set out in Budget 2009.

**3.5** Alongside providing the incentives for public servants to innovate in the way they do their jobs, the Government recognises that they need to be given the space to come up with ideas. The Government will therefore take further steps to reduce bureaucratic burdens on the frontline. At a minimum, the Government will:

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<sup>1</sup> Parker S & Parker S (eds.) (2007) *Unlocking Innovation: why citizens hold the key to public service reform* London: Demos

- introduce new "gatekeeper" powers which will help manage the burden of inspection on local authorities;
- require all departments to publish by December 2008 detailed plans setting out which regular data requests they will cut as the first stage of the Government's commitment to reduce data burdens on the frontline by 30 per cent by 2010;
- look at the case for giving the public sector frontline the same level of protection against over regulation as the new Regulators' Compliance Code is giving to the private sector; and
- take a robust view of the funding requirements for public sector regulators for the next spending review period, with the aim of capturing further savings.

**3.6** Across all workstrands the Operational Efficiency Programme will also look for further opportunities to strengthen this agenda as part of the drive for greater efficiency.

The back office / IT workstrand will be led by Martin Read. Martin is a non-executive director of British Airways and a senior adviser to Candover Partners. He was chief executive of international IT services company Logica from 1993 to 2007 and has served as a non-executive director of Boots (1999-2006) and ASDA (1996-1999). Prior to 1993, he was supervisory managing director of the GEC-Marconi Radar and Control Systems group of companies. Martin's other interests include being a director of homelessness charity Shelter, a trustee of the Council for Industry and Higher Education and a member of the Council of Southampton University



**Martin Read**

**4.1** The back office element of the back office / IT workstrand will comprise the range of corporate services that provide support to the frontline delivery of services. This will include, but is not limited to, finance, human resources, administration and support, ICT, estates management, procurement, legal services, travel services and marketing and communications.

**4.2** The scope of this workstrand will go beyond a focus on back office costs in central government departments. It will consider corporate services throughout the delivery chain across the wider public sector, i.e. including executive agencies, NDPBs and the NHS, and local government. It will build on the work done by the Gershon Review in 2004 on back office functions, and the savings identified as part of the CSR07 Programme, but it will go further to embed back office efficiency throughout the delivery chain.

**4.3** The workstrand will examine the management information currently available to build an understanding of where resources are currently allocated and spent in back office services within the broader context of the overall delivery of services. It will also establish whether the information available is sufficient to effectively allow the comparison and benchmarking of performance across the public sector.

**4.4** Through analysis and stakeholder engagement, the workstrand will identify where additional efficiency gains and value for money savings could be achieved in corporate services in the CSR07 period and beyond. In addition, it will examine the system-wide incentives and initiatives to understand how well they enable and encourage achieving value for money in corporate services.

**4.5** From this analysis, the workstrand will make recommendations on how the relevant policy frameworks should be improved to provide better value for money from corporate services. It will also set out how recommendations should be implemented in order to successfully deliver the identified savings.

**4.6** The IT element of this workstrand will examine how to get more value from government spending on IT, including the IT-enabled business change that it supports. It will focus on:

- standardising and simplifying common IT-enabled business processes such as financial reporting, thereby facilitating integration of IT software and service provision and lower cost delivery;

- improving the success rate of the Government's delivery of major IT-enabled business change projects, including in respect of:
  - definition – the way in which policy objectives are defined and translated into IT-enabled business change projects, how options are considered and selected and how value or benefits are delivered and accounted for;
  - governance – looking at the management, organisation, reporting and reviewing of projects, including the Gateway Review process and the role of internal and external audit; and
  - leadership – the skills required for all senior positions and the way competence is matched to scale and risk;
- improving IT hardware, software and services procurement further, including the cost and timescale to both the supplier and the client, the use of external consultants and managing demand for IT. This will be linked to the collaborative procurement workstrand where applicable;
- driving up supplier and client performance while substantially reducing cost, using the Common Assessment Framework process for calibrating supplier performance as a starting point; and
- extending and reinforcing the use of benchmarking and best practice standards across back office / IT areas, including ensuring that purchasing authorities do not exceed benchmark prices, making greater use of open source, increased re-use of existing systems, processes and capabilities and preventing suppliers from selling back intellectual property which already belongs to the public sector.

**4.7** This workstrand will assess the level of efficiency savings that can be achieved in the use of IT and will make recommendations for how government should go about achieving them. It will also build on a number of initiatives, such as the CIO Council's Supplier Management Initiative, which are in place or in development at OGC and the Cabinet Office aimed at improving the Government's performance in this area.

# 5

## COLLABORATIVE PROCUREMENT

Martin Jay will lead the collaborative procurement workstrand. Martin was appointed a non-executive director of Invensys in January 2003 and became Chairman in July 2003. Mr Jay retired as Chairman of VT Group plc in July 2005, where he was also Chief Executive for 13 years. He previously held a range of leadership positions at GEC and was a member of the GEC Management Board. Mr Jay is the Chairman of the Tall Ships Youth Trust



**Martin Jay**

**5.1** Collaborative procurement was identified by Sir Peter Gershon in his Review of Public Sector Efficiency in 2004 as a major potential contributor to greater efficiency in government. Following on from this, the SR04 programme achieved £650 million a year of efficiency gains from collaborative procurement. These savings have been achieved mainly through tactical cross-departmental collaboration promoted by the Office of Government Commerce (OGC). They have made good value for money contracts and framework agreements, which are being negotiated by government departments and Professional Buying Organisations, more widely available across both central Whitehall and the wider public sector. They have also run collaborative e-auctions for common goods and services where departments can buy to agreed specifications.

**5.2** But there are significant gains to be made from greater collaborative procurement between departments, in addition to the results delivered in SR04 and the contribution of collaborative procurement to the overall £30 billion that will be delivered as part of the CSR07 Programme. These gains can be achieved through adopting a more strategic approach to government spending.

**5.3** Key to this programme of work is an understanding of how much the public sector spends, and on what. OGC now carries out an annual Public Sector Procurement Expenditure Survey (PSPES), to map central Whitehall and wider public sector organisations' spend against a common taxonomy of goods and services. Government spends around £160 billion a year on procurement<sup>1</sup>, and to date the PSPES has mapped £78 billion of this, of which £72 billion has been identified as being spent on goods and services bought by more than one department or public body. Much of this is in the wider public sector, especially local government and health.

**5.4** OGC, working with government departments and their Professional Buying Organisations, has launched a new programme of collaborative procurement across government. Value for money strategies and targets have already been developed for the CSR07 years in the categories of fleet, and energy – including plans to help schools and hospitals secure energy at lower prices. Further strategies are in preparation for the categories of ICT, Professional Services, office solutions and travel. This programme covers some £27 billion of government spending. Leadership for the programme is being provided by a range of government departments and Professional Buying Organisations: MoD, DWP, NHS PASA, OGC Buying Solutions and by the Government's CIO Council.

**5.5** Martin Jay will be appointed as an advisory member of the OGC Board to support and challenge this programme of work. The workstrand will examine:

<sup>1</sup> HMT COINS data 06/07

- the scale and ambition of the current work programme of collaborative category management across the categories of fleet, energy, ICT, professional services, office solutions and travel;
- the scope for extending the current programme of work;
- how best to achieve the widest level of support across the public sector for collaborative procurement;
- how government roles should develop going forward to encourage and support further collaborative procurement; and
- any other opportunities which may exist to advance the Government's procurement agenda.

# 6

## ASSET MANAGEMENT / SALES

Gerry Grimstone will lead the asset management / sales workstrand. Gerry is Chairman of Standard Life plc, after serving as a Standard Life director since July 2003. Gerry Grimstone held senior positions with the Department of Health and Social Security and HM Treasury until 1986. He then spent 13 years with Schrodgers in London, Hong Kong and New York prior to becoming Vice Chairman of Schrodgers' worldwide investment banking activities. In September 2007 he was appointed Financial Services India Champion by UKTI. Gerry is also Chairman of Candover Investments plc, a major European private equity firm, and was until recently a member of the Air Command Board and Chairman of the RAF Joint Audit Committee.



**Gerry Grimstone**

**6.1** The stock of public sector assets in the UK is currently valued at £818 billion<sup>1</sup>. This figure is a conservative estimate of the importance of public sector assets to the national economy given that it probably under-values certain asset types, in particular intangibles such as intellectual property.

**6.2** Government currently sets the framework for the management of these assets – including any sales – through two main interventions: financial incentives through the budgeting framework and top-level processes and targets such as Asset Management Strategies and asset disposal targets. Ensuring that these interventions provide clear and appropriate incentives for the management of the full range of this wide stock of assets is vital, given the potential for the right incentives to release substantial value and achieve significant efficiency gains.

**6.3** This workstrand will assess the impact of these incentives and initiatives on strategic asset management within departments and other public sector organisations which directly manage assets. The workstrand will analyse the extent to which greater value for money could be achieved through improvements in asset management, in order to target interventions appropriately. Government roles in relation to strategic asset management will also be examined to identify the scope for any changes which could improve departmental asset management.

**6.4** The workstrand will make recommendations which will help support effective asset management going forward, including the role of central government, and covering in particular whether different types of assets require different interventions and incentives.

**6.5** This workstrand will also consider asset disposals. The Government has a target for disposal of fixed assets of £30 billion by 2010-11. The workstrand will identify whether and how government needs to go further to encourage greater asset disposal activity, including targets and incentives.

<sup>1</sup> ONS Blue Book 2006. Data relates to end financial year 2005





# 7

## PROPERTY

Patrick Carter, Lord Carter of Coles, will lead the Property workstrand. He is a Labour Peer who in addition to a career in business has advised the Government on a wide range of issues. He has Chaired a number of Government reviews including Commonwealth Games 2002, The English National Stadium (Wembley), National Athletics, Payroll Services, Criminal Records Bureau, Offender Management, Public Diplomacy, the Procurement of Legal Aid, Pathology and Prisons.



Lord Carter of Coles

In 1985, he founded Westminster Health Care which he built into a leading health care provider which he sold in 1999. He is a private investor and director of public and private companies in the fields of insurance, healthcare and information technology. He was Chair of Sport England from 2002 to 2006, was a member of the Home Office Board and a member of HM Treasury's Productivity Panel.

**7.1** Lord Carter of Coles has been appointed to lead the workstrand on property. The scope of the work will include all property and land across the wider public sector, therefore including MoD, NHS, schools and local government.

**7.2** Currently, ownership and management of the public sector estate is highly fragmented, and is devolved to departments, their non-departmental bodies and executive agencies, and to local authorities, schools and health bodies.

**7.3** The OGC is responsible for overseeing central government's 'civil' estate, not including the NHS estate, schools, local government or MOD's operational estate. This estate comprises 8,900 holdings and 13.5 million square metres. Running costs are estimated at £6 billion per annum. Following a review headed by Sir Michael Lyons<sup>1</sup>, the Government has already committed to reducing that by 25 per cent (or £1.5 billion) a year by 2013. High Performing Property (HPP)<sup>2</sup> sets out a seven-year framework and direction for improving the management and use of the central government estate in order to achieve this reduction. Significant progress has been made, but the reach of HPP remains mainly across the office administrative estate.

**7.4** This programme will examine how efficiently government property is being used across the public sector, building on what is being achieved by the HPP initiative and initial work that OGC and others have done on identifying further savings opportunities from some parts of the non-office estate. It will identify the scope available for further savings to be generated from better management of the whole of the government estate.

**7.5** This programme will need to be ambitious in identifying efficiency savings. It will look hard at:

<sup>1</sup> *Towards Better Management of Public Sector Assets*, Sir Michael Lyons, 2004

<sup>2</sup> *High Performing Property*, OGC, 2006

- the robustness and ambition of the existing government strategy on the management and use of property assets, particularly the High Performing Property initiative;
- how we can extend current programmes of work such as the HPP to apply more widely across the entirety of the government estate, and take a more strategic cross-government portfolio management approach to property across asset classes and across organisational boundaries;
- identifying further opportunities to improve the overall management of the estate, drawing on best practice in the private sector and internationally;
- identifying opportunities to rationalise and reduce the overall size of the estate, including identifying surplus public sector land for affordable housing, and accelerating the rate of asset disposals where appropriate; and
- how private sector expertise and / or financing can be leveraged to achieve a step-change in property efficiency.

**7.6** Lord Carter will lead this work and will engage with stakeholders across the public and private sector in order to formulate advice and recommendations to government. He will have a broad remit to challenge government on how ambitious its plans are and to ensure that any recommendations he makes are driven through to successful implementation.



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