

# £10bn saved in 2012/13

Efficiency and Reform  
2012/13 summary report



Cabinet Office

Save  
Deliver  
Transform

## Context

Between early 2008 and early 2010 UK Gross Domestic Product shrank by 5%. In 2009/10 Government spending was nearly 50%<sup>1</sup> of GDP. In May 2010 Britain was forecast to have the highest deficit amongst the G20.

In response, the Coalition Government set out plans to reduce the structural deficit, with the main responsibility for deficit reduction borne by reduced spending rather than increased taxes.

The Efficiency and Reform Group (ERG) was established by the Minister for Cabinet Office, Francis Maude, to implement this process of reform jointly with the Chief Secretary to the Treasury, Danny Alexander. Cabinet Office and Treasury work together as a corporate centre, supporting central government departments to eliminate waste and inefficient spending whilst investing in and improving front-line services. Cabinet Office exercise spend controls on behalf of HM Treasury.

The focus of ERG is to transform the delivery of public services by:

- improving procurement and supplier relationships,
- enhancing project assurance,
- consolidating the property estate, and,
- increasing digitisation and the use of alternative delivery models.

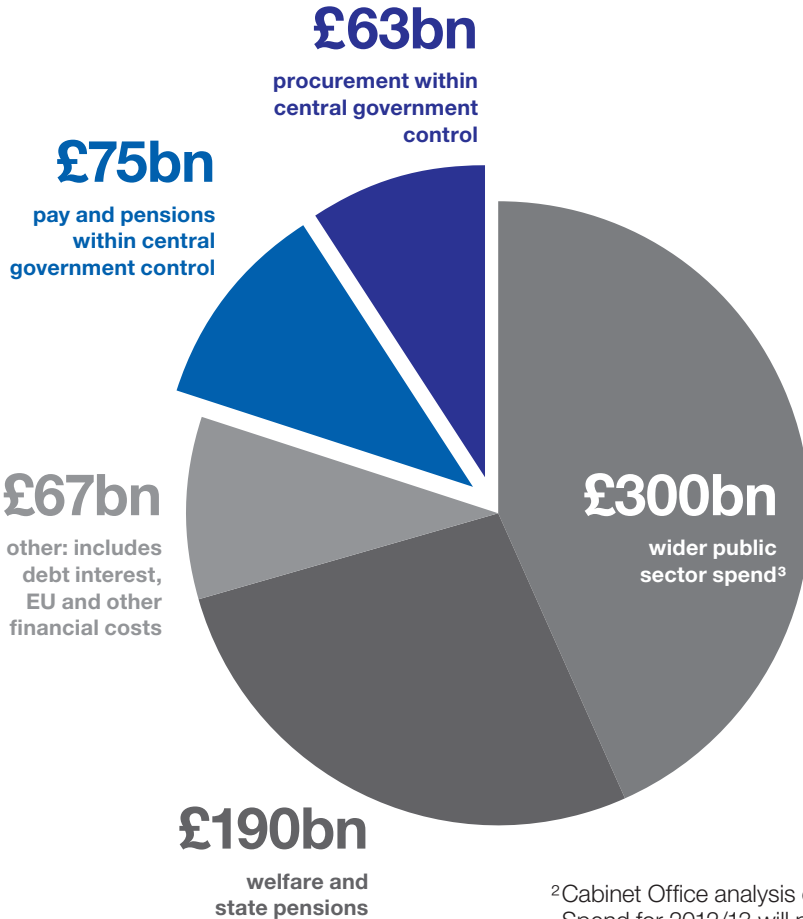
Through this reform programme the UK Civil Service has begun the challenge of delivering world class public services more efficiently than in the past; streamlining processes, working with new technologies and using innovative solutions to reduce government spending. An increase in public sector productivity will support the wider economy and ensure that taxpayers' money is used to support UK growth. ERG will contribute to driving growth through greater use of SMEs, transparent and open processes, new commercial models, and services that are digital by default.

<sup>1</sup>Actual figure: 47.7% of UK GDP.

Spending

# £695bn

total spent by government in 2011/12<sup>2</sup>



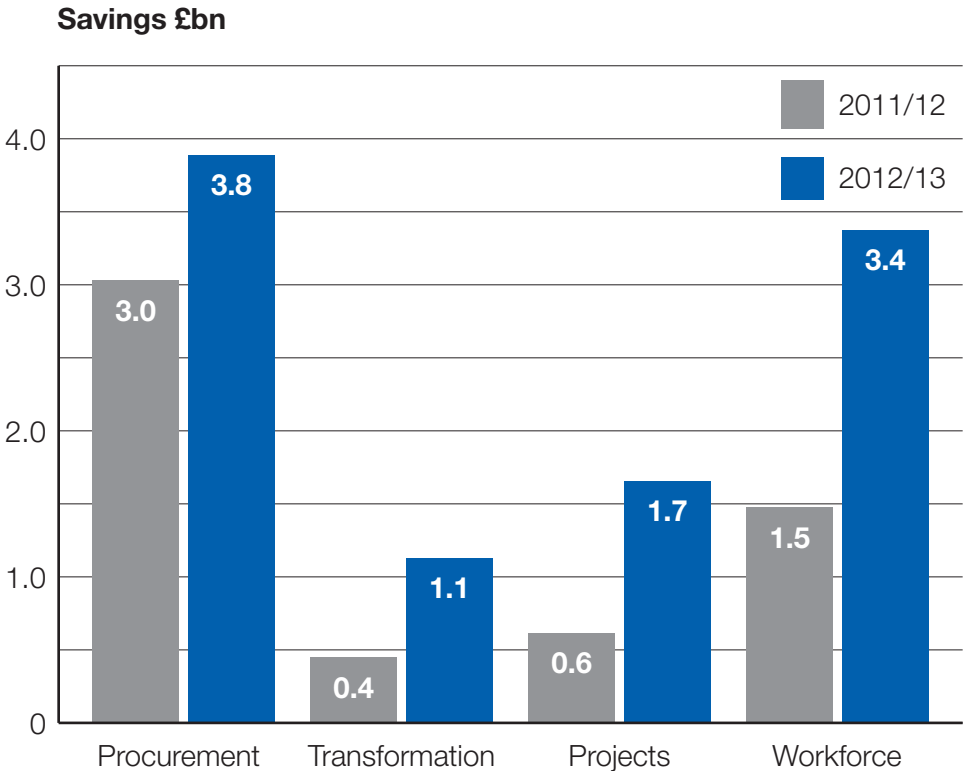
<sup>2</sup>Cabinet Office analysis of PESA data. Spend for 2012/13 will not be available until July 2013

<sup>3</sup>Wider public sector spend includes schools, local government, health, police and devolved administrations.

## Savings

# £10bn

## savings made in 2012/13



The Efficiency and Reform Group supported departments in delivering savings of £3.75bn in 2010/11 and £5.5bn in 2011/12. For 2012/13, departments reported savings of £10bn – an increase of 82% from the previous year. These savings have been reviewed and verified by independent auditors.

## Breakdown<sup>4</sup>

<b>Procurement savings</b>	<b>£3.8bn</b>
Centralisation of procurement for common goods and services	£1.0bn
Centrally renegotiating large government contracts	£0.8bn
Limiting expenditure on marketing and advertising, consultants and temporary agency staff	£1.9bn
<b>Transformation savings</b>	<b>£1.1bn</b>
IT spend controls and moving government services and transactions onto digital platforms	£0.5bn
Optimising the government's property portfolio	£0.6bn
<b>Project savings</b>	<b>£1.7bn</b>
Reviewing performance of major government projects	£1.2bn
Taking waste out of the construction process	£0.4bn
<b>Workforce savings</b>	<b>£3.4bn</b>
Reducing the size of the Civil Service	£2.2bn
Increasing contributions to public sector pensions	£1.1bn

<sup>4</sup>Figures may not sum due to rounding

# £126m

saved through the use of framework agreements for telecoms services

# £24m

saved by one department with a single supplier

# 65%

reduction in spending on consultants and contractors from £2.4bn 3 years ago

total procurement savings

# £3.8bn

# 1.5m sq m

property vacated since 2010, equivalent to at least 200 Wembley football pitches

# £60m

will be raised for the taxpayer through the grant of a 99yr lease on Admiralty Arch

# £42m

saved by replacing Directgov and BusinessLink with GOV.UK – 1m hits a day

**total transformation savings**

# £1.1bn

**£324m**

administrative savings achieved on  
Health and Social Care Modernisation

**£145m**

saved on Crossrail by reducing  
project costs

**£86m**

saved by the Education Funding Agency  
on construction costs

**total project savings**

**£1.7bn**



**Basis of Figurework:** Performance data quoted is not official statistics or National Statistics, but internal performance information prepared on a management basis, in accordance with methodologies reviewed by independent auditors. Performance data quoted for 2010/11, 2011/12 and 2012/13 has been assured by our independent auditors as providing a fair assessment of the impact achieved over that period. Savings release cash to be recycled within department budgets, to protect front-line services by reducing low value and wasteful activity. They do not usually represent direct funds returned to Treasury. They do not correspond precisely to budget reductions where these have occurred. These savings are claimed as 'cash-releasing savings' (or 'folding cash' savings). They are not intended to correspond to economic definitions of pure 'efficiency savings' which preclude a reduction in outputs, because in some cases low value or wasteful outputs are reduced. Cabinet Office has sought to avoid setting up an 'industry in measurement', but instead to use simple methods of counting that provide the best practical assessment with integrity and without seeking to duplicate detail management accounts. Savings figures quoted are calculated on an in-year cash basis. They are usually relative to a 2009/10 baseline, in cash (ie without a counterfactual) and net of delivery costs. The precise application of these principles can vary. Reasonable efforts have been made to identify and remove specific over-lap between savings areas, and wherever identified these have been removed. For example, all identified overlaps between major projects savings and savings that arise from renegotiation of contracts have been removed. However, given the operational complexity, it is not possible to guarantee that no further instances of double counting exist between categories. Savings figures are based in the best available information, normally reports from departments or suppliers. Where appropriate, reports are confirmed by senior officials.

**Forward-Looking Savings:** This report contains forward-looking statements with respect to the business, strategy and plans of HM Government, its current goals and expectations relating to its future operational performance. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may occur in the future. HMG's actual future business, strategy, plans and/or results may differ materially from those expressed or implied in these forward looking statements as a result of a variety of risks, uncertainties and other factors, including UK domestic and global economic and business conditions; development or use of new technology, or unforeseen operational, fiscal or commercial factors, and other risk factors.

**We are the Efficiency and Reform Group.**

**We are working with government departments and focusing on getting more for less.**

**We have achieved significant savings without impacting front-line services.**

**We will continue to find ways to improve services, work smarter and unlock large savings.**

**Our aspiration is to deliver savings of £20bn<sup>5</sup> per year by 2015**

