

# DELIVERING VALUE FOR MONEY

Philip Hammond announced in his Autumn Budget that ‘an era of austerity is finally coming to an end’. But pressures on public sector spending remain high. As advisors to government, the need to deliver value for money underlies all our work at GAD, making it a key objective in our 2018-19 business plan. Here we discuss some of GAD’s recent value for money achievements and what they mean for our clients.



Colin Wilson

*“The pressures on public spending and services are growing daily and the challenge to provide robust analysis to support strategies that improve services, manage public money and address financial risks more effectively is increasing”.*

So said Martin Clarke in his introduction to GAD’s 2018/19 Business Plan.

GAD’s annual report and accounts is a high level summary of our performance over the year, including an assessment against the objectives we set. In 2018, [GAD’s annual report](#) highlighted strong income growth and a plethora of new client projects, both of which make for very positive reading.

But, behind each headline success is the story of dedication, hard work, and vision which made that achievement possible. This article takes a closer look at how one such behind the scenes focus, to increase Value for Money, has contributed to our recent successes.

## The value for money framework

The chart below shows a common value for money framework, which is widely used, including by the National Audit Office when making their assessments of value for money in public sector spending. All components are important:

- **Economy:** the base costs of inputs including overheads;
- **Efficiency:** the cost of producing outputs based on inputs available; and
- **Effectiveness:** the relationship between actual output and target outcomes

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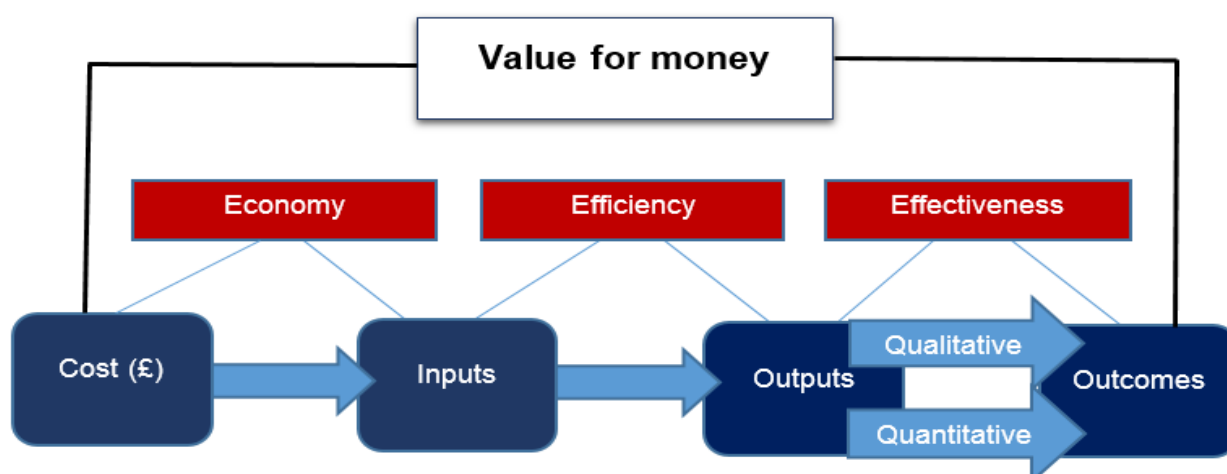
## Value for money in GAD’s business plan

Examples of value for money themes in GAD’s 2018-19 business plan include:

### **ECONOMY... through workplace modernisation**

*“more efficient use of office space through flexible working and modern workplace technology”*

Utilising enhanced technology, flexible working arrangements and internal hot desking, we have redesigned and consolidated our working space, now occupying 6 m<sup>2</sup> per head compared to the national benchmark of 8 m<sup>2</sup>.



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## EFFICIENCY....through departmental reorganisation

*“further development of Actuarial Services Team (AST)... to provide more efficient processing of actuarial calculations”*

Established AST processes increase efficiency without compromising quality. One recent success saw results for the seven largest public service pension schemes covering over 11.5 million members and over £1 trillion of past service liabilities, produced, and presented, within 3 weeks. Utilising a standardised approach ensured this was achieved before the deadline and within the agreed budget.

## EFFECTIVENESS...through talent management and development

*“creation of a bespoke programme for client engagement specialists, boosting leadership and development opportunities throughout the department”*

Established GAD programmes include:

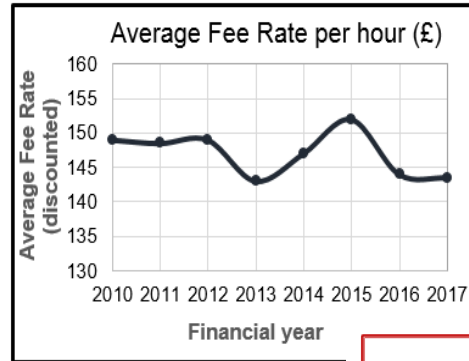
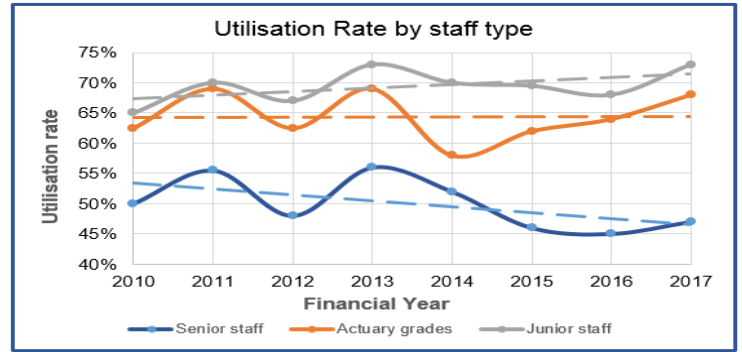
- GAD actuaries spending one day a week working ‘onsite’ with clients;
- increased GAD secondments throughout government; and
- a bespoke training programme for our ‘client engagement’ specialists

Through this, we seek to prioritise the skills and attributes necessary to both develop and maintain in-depth understanding of client needs. In turn our advice can be targeted most effectively toward high value client outcomes.

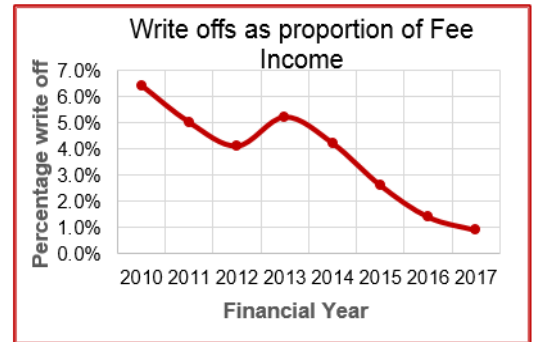
## Measuring success

The charts illustrate some key internal measures showing value for money achievements, and progress, over the last few years:

- **Utilisation rates by grade and average fee rates:** utilisation (a measure of the proportion of hours worked that are directly billable) is increasing at junior levels and decreasing amongst senior staff – this illustrates that work is delegated efficiently, thereby enhancing economy and freeing up senior leadership time to focus on management objectives.
- **Reduction in fee write –offs:** shows an increased effectiveness and efficiency as output produced is deemed valuable relative to time billed.



**Evidence of GAD’s value for money achievements over the 2010 to 2017 financial years**



## Conclusion

At GAD we have long prided ourselves on the quality of our analysis and technical work. Our more recent efforts have focused on developing the skills required to effectively tailor our advice to match client needs. The signs are good:

- Our latest Client Survey confirmed GAD is rated as highly valued by 83% of clients
- New business wins totalled £9m in the 2017-18 financial year

However, complacency must be avoided to ensure our continued success. As Paul J Meyer, founder of the US Success Motivation Institute, wrote: *“Productivity is never an accident. It is always the result of a commitment to excellence, intelligent planning and focussed effort.”*

Within GAD that challenge remains; to build on progress already made, embody more fully the ‘ADEPT’ values we target, and enhance even further the value for money of our service. Achieving this will help us secure GAD’s headline successes of the future, both for 2019, and in the years to come.