

DEPARTMENT FOR EDUCATION AND SKILLS - EFFICIENCY TECHNICAL NOTE

1. This Efficiency Technical Note explains how the Department for Education and Skills will monitor and measure the efficiency gains that are achieved across the services funded by the Department between 2005-06 and 2007-08. The Department plans to achieve over £4.3 billion in annual efficiency gains in 2007-08, contributing towards the Government's overall efficiency target of over £20 billion.
2. In addition this Note explains how the Department will monitor progress against its plans to relocate 800 posts outside London and the South East by 2010, and to reduce the number of civil service posts in DfES and OFSTED by 1960 full time equivalents by 2008.
3. As this Technical Note makes clear, these efficiency gains are not about cutting spending on front line services, and overall DfES spending will continue to rise year on year. The key aim is to help front line organisations make better use of their funds, increasing value for money.

Description of efficiency gains to be achieved

4. The DfES will realise total annual efficiency gains of at least £4.3 billion by 2007-08. At least half of the total will be recyclable, enabling it to be reinvested in front line activities: for example, schools with access to a better procurement deal will save money to invest in other areas. As part of this programme of efficiencies the DfES plans, by 2007-08, to:
 - reduce the total number of its civil servant posts by 1,960 with 1,460 in the core department and 500 in the Office for Standards in Education (OFSTED), and be on course to relocate around 800 posts from DfES and its partner organisations out of London and the South East by 2010;
 - enable frontline professionals in schools, colleges and higher education institutions to use their time more productively, which we expect to generate around 30 per cent of the total efficiency gains, enabling institutions to achieve more with their resources. Benefits will be generated through workforce reform, investment in ICT and reducing administrative burdens
 - improve procurement of goods, services and new school buildings, using a new procurement centre of excellence, the Centre for Procurement Performance, to be established by April 2005 to strengthen procurement practice across the education and children's services sectors – we expect that this will deliver around 35 per cent of the total efficiency gains;
 - streamline the delivery system for each sector through improvements in policy, funding and regulation, such as the lighter touch process for OFSTED inspection, streamlined data collection and reduced reporting and monitoring requirements introduced in the New Relationship with Schools;
 - free up resources through reductions in the cost of the Department, its Non Departmental Public Bodies (NDPBs), and OFSTED by reducing overlaps, simplifying systems, better procurement, and rationalisation of corporate services functions through simplified standard processes and common systems – reducing the total administration costs of these organisations by at least 15 per cent;

- pursue efficiency gains by other means, including improvements in school-level financial management through the increased use of financial benchmarking information and dissemination of best practice.

5. The particular efficiencies that form the Department's programme are set out in the tables below. In some cases, explained in the tables, the plans for measuring and monitoring are not yet finalised. As these are further developed, this Note will be updated as required.

Measuring efficiency – general approach

6. In drawing up our efficiency plans we pursued in particular the areas of potential efficiency improvements identified by Sir Peter Gershon in his independent review of public sector efficiency¹. Some of these involve reducing expenditure on central functions and devolving money to the front line, others are about ensuring that money already allocated to the front line is used more effectively.

7. We have sought to use the general principles of the Gershon review in estimating the likely benefits of these efficiency improvements, i.e. to quantify these in money terms at the price of the year in question. For example, the effect of an efficiency improvement in 2007-08 will be quantified in 2007-08 prices. The benefit of a particular efficiency improvement is calculated by comparing the results of the improvement with what would otherwise have occurred, if there had been no improvement.

8. While the efficiency improvements are calculated individually, we have endeavoured to ensure that there are no overlaps that would result in double counting of the same improvement under more than one measure. We will continue to guard against this as we embed our measurement systems and work to deliver the efficiency gains.

9. In most cases the calculations take account of inflation. Costs would not have stayed static if there had been no improvement, but would have risen. In general we use the standard rate of inflation included in published GDP deflators. But in some cases we know that costs would have risen at a different rate - for example, teachers' pay is set to rise above the rate of inflation over this period. In those cases the more specific rates have been used.

10. In line with the principles of the Gershon review, the Technical Note sets out which efficiency gains are recyclable. This means that resources are freed up from one activity and can be redeployed to other activities. This does not necessarily mean a transfer of resources from one organisation to another. No money will be clawed back from front line institutions like schools and colleges as part of these efficiency plans, instead they will be able to redeploy efficiencies within their own activities and to do more with the resources they have.

11. Some of the efficiency gains involve achieving higher levels of output within given expenditure through better quality services. Here the comparison is with what would otherwise have had to be spent to achieve the higher levels of output, if efficiency had not been improved. The Note therefore sets out the type of efficiency for each item, for example whether this is:

¹ "Releasing Resources to the Frontline: Independent Review of Public Sector Efficiency", published July 2004 and available on the Treasury website <http://www.hm-treasury.gov.uk/>

- a. Reduced input for same or better output
- b. More or better output for same input.

12. A reduction in expenditure which leads to a proportionate reduction in the quality or quantity of service is not an efficiency. Where spending is being reduced (e.g. by rationalising the Department's suite of websites for schools) we will use output measures to ensure that the level of service is being at least maintained.

13. This Note explains the validation and control arrangements that will be applied to the data to ensure, as far as possible, that it is accurate and fit for purpose. The data comes from a range of different sources and organisations and we need to ensure that it is appropriate for the individual measures to which it relates.

14. Also set out are any significant risks and issues with the data. It is not possible to eliminate all risks and uncertainties with the data while keeping the data collection proportionate and compatible with the need to reduce bureaucracy and minimise burdens on front line institutions. In some cases, uncertainties will remain over the data because of the use of surveys or proxy measures. These individual uncertainties should not significantly affect the reliability of the overall aggregate measure of progress towards the Department's efficiency target.

Achieving the efficiency gains

15. In parallel to this Technical Note, we are ensuring that the steps to deliver the efficiency gains are properly integrated into the Department's delivery programmes. Much of this is about ensuring that the plans deliver and monitor the efficiency gains already implicit in their objectives.

16. A large proportion of the efficiencies will arise from the work of autonomous front line organisations. As with much of the Department's work, success will depend on building effective partnerships, on leadership and co-ordination, and on using key levers to influence the system. We will use existing mechanisms wherever possible to do this, for example, the Workforce Agreement Monitoring Group enables the Department and its partners to monitor progress with school workforce reform and to tackle issues that arise.

Updating the note

17. The first version of this Efficiency Technical Note was published in October 2004. At that point we had not yet fully determined the way some efficiencies would be measured and monitored. For several of these we explained that issues would be resolved and the Technical Note revised by January 2005. This revised version contains updated information where we have put in place or developed our efficiency measurement arrangements since October.

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A: PRODUCTIVE TIME WORKSTREAM

A1: School workforce and related reforms

Element	A1 a) Administrative staff.
Description of efficiency	The benefit from administrative staff taking on administrative tasks otherwise carried out by teachers, and freeing up teacher time.
Recyclable?	No.
Type	More or better output for same input.
Assumption: what would otherwise happen?	Teachers would continue to carry out admin tasks to the same extent as at present.
Benefit calculation, and measures.	The benefit is the full cost of teacher time freed up (including overheads), less the cost of admin staff time. Based on: <ul style="list-style-type: none"> - changes in the number and type of support staff - changes in the time teachers are spending on activities.
Monitoring	An annual assessment by DfES based on each year's data, the first one in Autumn 2005.
Data sources	Annual Schools Census (ASC). Office of Manpower Economics (OME) diary survey. Research on the deployment and impact of support staff in schools.
Data validation and control	Where appropriate, the data is validated and tested at school and LEA level before being sent to the Department. The data sources are validated by the statisticians prior to publication. Only published and validated data will be used to monitor the impact. When the data arrive year-on-year comparisons will be made to ensure that any changes in areas such as definitions or coverage will be accounted for in the impact assessment.
Data issues and risks	Survey data can lead to uncertainties at the margin about the size of the effect.
Baselines	2003 data.

Element	A1 b) Using cover supervisors.
Description of efficiency	The benefit from using cover supervisors – appropriately trained support staff covering for short term teacher absences – to reduce the amount spent on supply teachers.
Recyclable?	Yes.

Type	More or better output for same input
Assumption: what would otherwise happen?	The amount spent on supply teachers would either stay at the same level or increase.
Benefit calculation, and measures.	The benefit is the reduction in the amount spent on employing supply teachers, freeing more resources for the schools to use elsewhere. The financial gain will be calculated as the reduction in real terms of the amount spent on employing supply teachers.
Monitoring	An annual assessment by DfES based on each year's data, the first one in Spring 2006.
Data sources	Consistent Financial Reporting (CFR) returns which identify thirty expenditure headings including staff and teaching time.
Data validation and control	School CFR returns are validated by the local authority before being sent to the Department where further checks are made, including year on year comparisons. School level CFR data is not public information but income and expenditure data at authority level and above is published through Section 52 outturn statements.
Data issues and risks	CFR is a new data collection and as such schools are still coming to grips with coding their own accounts to the CFR framework. However, staffing costs are generally free of error and taking national data should sufficiently deal with any minor discrepancies that may exist.
Baselines	2002 - 2003 data.

Element	A1 c) Pay restructuring.
Description of efficiency	The benefit from introducing a new pay structure for the upper pay spine (UPS).
Recyclable?	Yes.
Type	Reduced input for same or better output.
Assumption: what would otherwise happen?	Cost of the pay bill would maintain same upward trend.
Benefit calculation, and measures.	The benefit is a reduction in the annual spend that would otherwise be made on the UPS. The efficiency gain will be calculated by subtracting the new structure pay costs from the trend of UPS progression under the old structure. Known pay bill pressures like annual pay rises and inflation will be factored in.

Monitoring	Comparisons of the pay costs with the trend of pay costs using the old structure.
Data sources	Consistent Financial Reporting returns.
Data validation and control	School CFR returns are validated by the local authority before being sent to the department where further checks are made, including year on year comparisons. School level CFR data is not public information but income and expenditure data at authority level and above is published through Section 52 outturn statements.
Data issues and risks	Projected costs are based on a set of agreed, informed assumptions including the rate of pay for excellent teachers which has yet to be finalised with pay partners and the School Teachers' Review Body (STRB).
Baselines	2004-05 data.

Element	A1 d) Modernisation of the Teachers' Pension Scheme
Description of efficiency	The benefit from the modernisation of the Teachers' Pension Scheme (TPS) being applied to new entrants from 2006 and eventually to all members.
Recyclable?	Yes.
Type	Reduced input for same or better output.
Assumption: what would otherwise happen?	Cost of the Teachers' Pension Scheme would stay at the same level.
Benefit calculation, and measures.	The benefit is a reduction in the long term cost of the Teachers' Pension Scheme. The employer contribution rate will reduce in stages between 2006 and 2013 as increasing numbers of teachers become subject to the new pension arrangements. From 2013 the full savings will be realised by a reduction of 1% in the employer contribution rate, reducing by a corresponding amount the funding requirements of employers in the maintained schools, FE and HE sectors that would have been necessary if the scheme changes had not been introduced.
Monitoring	Periodic valuations of the scheme by the Government Actuary will set the required employer contribution rate. The valuation as at March 2004 will set the contribution rate to be applied from September 2006 when the pension changes are introduced for new entrants. Subsequent valuations will adjust the contribution rate as increasing numbers of teachers become subject to the new arrangements leading to full implementation from September 2013.

Data sources	Standard data already collected for scheme valuation purposes will be used to determine the appropriate employer contribution rates between 2006 and 2013.
Data validation and control	All data are subject to extensive validation routines, both by the sender and by the TPS administrator. Individual scheme members are able to check the data which is shown on annual pension benefit statements.
Data issues and risks	Dependency on employers submitting timely and good quality data. Significant improvements have been made this year and close monitoring of data receipts is carried out by the scheme administrator.
Baselines	Baseline is the current employer contribution rate of 13.5%.

A2: Improving schools' financial management

Element	A2) Overall schools financial management.
Description of efficiency	Improvements in the way schools use their resources which arise from improved financial management, as a result of benchmarking, improved training, and other initiatives.
Recyclable?	Yes.
Type	More or better output for same input.
Assumption: what would otherwise happen?	Schools would not make any efficiency gains through improved financial management.
Benefit calculation, and measures.	<p>The efficiency gain will be measured by analysing the overall efficiency improvement made by schools, and then using take-up data and comparisons between groups of schools to estimate the contribution made to this by better financial management. The benefits will be measured by :-</p> <p>a) Making efficiency comparisons using groups of schools using Data Envelopment Analysis, i.e. comparing:</p> <ul style="list-style-type: none"> • Schools in England versus Wales/Scotland and the independent sector where the financial benchmarking initiatives have not been applied; • Schools which are and are not using the financial benchmarking website regularly according to the monitoring data being collected. • Schools that have and have not achieved the financial management standard.

	<p>b) Improving the usage of the existing benchmarking website. We aim to increase the number of schools accessing the site by March 2007, with particular focus on those schools identified through efficiency measurement as being inefficient.</p> <p>c) Improving the abilities of schools and LEAs to manage their finances through the development of training modules for headteachers and bursars. From April 2005 schools will be able to be externally assessed against the new Financial Management Standard.</p>
Monitoring	An annual assessment by DfES based on each year's data, the first one in Autumn 2005.
Data sources	Attainment Results (both Key Stage and GCSE). The Pupil Level Annual School Census (PLASC) and Consistent Financial Reporting (CFR) returns. Usage figures on the schools benchmarking website. The Common Basic Data Set.
Data validation and control	Data comes from quality assured sources within the department. CFR is a new data collection and as such schools are still coming to grips with coding their own accounts to the CFR framework. Data is validated and credibility checked as standard.
Data issues and risks	Some of the indicators being used are proxy measurements of an improvement in the financial management of schools.
Baselines	2004-05

A3: Improvements through the use of ICT including e-learning

Element	A3 a) Time savings gained by teachers through improved access to digital content (via Curriculum Online and laptop computers).
Description of efficiency	Faster access to a broader range of educational resources will improve the quality and efficiency of lesson planning and preparation compared to manual preparation. Use of nationally brokered framework contracts will lower unit costs and improve computer ownership by teachers.
Recyclable?	Yes.
Type	More or better output for same input.
Assumption: what would otherwise happen?	Teachers would continue to spend same amount of time on lesson preparation and quality of lesson would stay at the same level. The costs incurred by schools purchasing laptop computers for their staff would be higher.

Benefit calculation, and measures.	The benefit is the amount and cost of teacher time (including overheads) freed up from lesson preparation, plus savings made through aggregated procurement via framework contracts. Financial efficiency gains will be calculated by the application of potential time savings (which will be monitored and revised if necessary) to the percentage of teachers using Curriculum Online and the percentage of teachers with personal access to a computer.
Monitoring	Assessment of the benefits achieved will be calculated annually starting in 2005-06.
Data sources	<ul style="list-style-type: none"> • ICT in Schools Survey 2004 / Annual Schools Census (2005 onwards) • Curriculum Online evaluation • British Educational Communications and Technology Agency (BECTA) management information from Laptops for Teachers (LFT) framework contracts • Test Bed evaluation
Data validation and control	Standard validation procedures will be applied to ASC data collected from schools.
Data issues and risks	<ul style="list-style-type: none"> • Curriculum Online evaluation is due to finish in 2005. • The Department's programme of ICT in schools-related data collection exercises is currently subject to a rationalisation exercise. • Restrictions on data collection may hinder the school-based observation necessary to baseline potential time savings in 2004-05. • BECTA will be asked to validate potential time savings from 2005-06. However, this is subject to agreement of the 2005-6 BECTA priorities letter.
Baselines	The number of teachers with personal access to a computer, the number using Curriculum Online, and savings on laptop computer costs through use of LFT contracts will be baselined from 2004-05 data. Per unit time savings from personal access to a computer and use of Curriculum Online will be baselined in 2004-05.

Element	A3 b) Time saved in lesson delivery through effective use of interactive whiteboards (IWB).
Description of efficiency	Faster preparation (including re-use), presentation and sharing of lesson resources that facilitate whole-class discussion and interaction compared to manual delivery. Use of nationally brokered framework contracts will lower unit costs of interactive whiteboards.
Recyclable?	Yes.
Type	More or better output for same input.
Assumption: what would otherwise happen?	Teachers would continue to spend same amount of time on lesson delivery and quality of lesson would stay at the same level. The costs incurred by schools purchasing interactive whiteboards would be higher.

Benefit calculation, and measures.	The benefit is the amount and cost of teacher time freed up (including overheads) from lesson delivery, plus savings made through aggregated procurement via framework contracts. Financial efficiency gains will be calculated by the application of potential time savings (which will be revised in the light of evaluation evidence, if necessary) to the percentage of classrooms / teaching areas equipped with an interactive whiteboard.
Monitoring	Assessment of the benefits achieved will be calculated annually starting in autumn 2005-06.
Data sources	<ul style="list-style-type: none"> • ICT in Schools Survey 2004 / Annual Schools Census (2005 onwards) • BECTA management information from IWB framework contracts • Curriculum Online evaluation / Test Bed evaluation
Data validation and control	Standard validation procedures will be applied to ASC data collected from schools.
Data issues and risks	<ul style="list-style-type: none"> • The Department's programme of ICT in schools-related data collection exercises is currently subject to a rationalisation exercise. • Restrictions on data collection may hinder the school-based observation necessary to baseline potential time savings in 2004-05. • BECTA will be asked to validate potential time savings from 2005-06. However, this is subject to agreement of the 2005-6 BECTA priorities letter.
Baselines	The number of interactive whiteboards in schools and savings on purchases through use of IWB contracts will be baselined from 2004 data. Per unit time savings from interactive whiteboards will be baselined in 2004-05.

Element	A3 c) Improved asset management as a result of ICT.
Description of efficiency	Effective use of more integrated and more powerful management information (MI) systems will improve institutional efficiency. (Time saved on manual undertaking of administrative tasks ² .) New flexibilities in the use of devolved capital funding (Devolved Formula Capital or DFC) will release additional expenditure to front line ICT-based services.
Recyclable?	Yes.
Type	More or better output for same input.
Assumption: what would otherwise happen?	No improvements in asset management as a result of ICT and related improvements.

² Particular aspects of asset and finance management that could benefit include: integrated maintenance management records; project management; order placing and tracking; budget management and accounting; and electronic surveillance and security.

Benefit calculation, and measures.	The benefit includes the amount and cost of staff time freed up (including overheads) from administrative tasks, plus the amount of DFC funding spent on ICT. Additional savings will be made through aggregated procurement via framework contracts. Financial efficiency gains will be calculated by the application of potential time savings to the number of schools equipped with appropriate back-office systems.
Monitoring	Assessment of the benefits achieved will be calculated annually starting in 2005-06.
Data sources	<ul style="list-style-type: none"> • BECTA MI from framework contracts • Test Bed evaluation
Data validation and control	<ul style="list-style-type: none"> • Research will be commissioned to validate data returns. • Data will also be triangulated against observations obtained through ongoing research projects.
Data issues and risks	<ul style="list-style-type: none"> • The Department's programme of ICT in schools-related data collection exercises is currently subject to a rationalisation exercise. • Restrictions on new data collection exercises may prohibit the school-based observation necessary to baseline potential time savings in 2004-05 and validate data collected thereafter. • BECTA will be asked to validate potential time savings from 2005-06. However, this is subject to agreement of the 2005-6 BECTA priorities letter. • Mechanisms are not in place at national level to monitor how schools spend DFC funding.
Baselines	Per unit time savings and DFC spend will be baselined in 2004-05 through school-based observation.

Element	A3 d) Improved management of teaching & learning through ICT
Description of efficiency	Use of 'learning platform' systems (often referred to as Virtual Learning Environments (VLEs) or Managed Learning Environments (MLEs) should improve the productivity of teaching staff by reducing time spent on administrative tasks currently undertaken manually ³ .
Recyclable?	Yes.
Type	More or better output for same input.
Assumption: what would otherwise happen?	Without provision of specific funding, take-up of learning platforms would continue at a slower pace and higher cost leading to loss of benefits. Benefits would also be reduced if national interoperability standards are not agreed and enforced as there would be no assurance that learning platforms would link to each other or to school MI systems.

³ Particular aspects of the management of teaching & learning that could benefit include the management of digital content, the targeting of activities to different groups of children, the management of access to resources from home, and the tracking of pupils' progress. Interoperability between MI systems and learning platforms will facilitate the use of pupil data in developing personalised learning.

Benefit calculation, and measures.	The benefit includes the amount and cost of teacher time freed up (including overheads) from administrative tasks, plus savings made through aggregated procurement via framework contracts. Financial efficiency gains will be calculated on the basis of potential time savings, the number of schools equipped with learning platforms, and the number of systems purchased through framework contracts.
Monitoring	Assessment of the benefits achieved will be calculated annually starting in 2005-06.
Data sources	<ul style="list-style-type: none"> • Test Bed evaluation
Data validation and control	<ul style="list-style-type: none"> • Research will be commissioned to validate data returns.
Data issues and risks	<ul style="list-style-type: none"> • The Department's programme of ICT in schools-related data collection exercises is currently subject to a rationalisation exercise. • Restrictions placed on new data collection exercises may prohibit the school-based observation necessary to baseline potential time savings in 2004-05 and validate data collected thereafter. • BECTA will be asked to validate potential time savings from 2005-06. However, this is subject to agreement of the 2005-6 BECTA priorities letter.
Baselines	Per unit time savings will be baselined in 2004-05 through school-based observation; procurement savings on such systems will be baselined on BECTA assessment of current market prices.

Element	A3 e) Extension of computer based marking saving teacher time.
Description of efficiency	The efficiency gain is in teacher time spent on formative assessment, released by greater utilisation of computer based marking.
Recyclable?	No.
Type	More or better output for same input.
Assumption: what would otherwise happen?	Teachers would put in the same time amount of time on marking as they currently do therefore reducing the amount of time available for other work.

<p>Benefit calculation, and measures.</p>	<p>The benefit is the full cost of teacher time freed up (including overheads), less the cost of the purchase and development of customisable assessment tools.</p> <p>To measure this we will use the OME diary survey to assess changes in the time teachers are spending on this activity.</p> <p><i>PriceWaterhouseCoopers (PWC) 2004 Using ICTs in schools: addressing teacher workload issues</i> will investigate effective school strategies for the deployment of ICT in schools. Where possible, the study will seek to quantify any resulting time savings. A Further PWC study - <i>Moving towards e-learning in Schools and FE - Resource planning and modelling at the institutional level</i> will identify all costs involved in transitional resource management of ICT. This is due to report around Dec 04.</p> <p>Additionally, we will look for improvements in learner attainment for example Fisher Family Trust research into the effect of SAM (Self-Assessment Method) Learning.</p>
<p>Monitoring</p>	<p>Carried out by the Qualifications and Curriculum Authority (QCA) as part of their trialling project for e-assessment – to be agreed with them, and brought within the planned Integrated Learning Board for implementing the e-strategy.</p>
<p>Data sources</p>	<p>OME Diary Survey and PWC studies.</p>
<p>Data validation and control</p>	<p>Standard validation procedures will be applied to Annual Schools Census (ASC) data collected from schools</p>
<p>Data issues and risks</p>	<p>The use of case studies will mean extrapolating from a sample of teachers, and validating this through comparisons with survey data.</p> <p>The Department's programme of ICT in schools-related data collection exercises is currently subject to a rationalisation exercise.</p> <p>Restrictions on data collection may hinder the school-based observation necessary to baseline potential time savings in 2004-05.</p> <p>BECTA will be asked to validate potential time savings from 2006-07. However, this is subject to agreement of the 2006-7 BECTA priorities letter</p>
<p>Baselines</p>	<p>The <i>PWC 2001 Teacher workload study</i> will provide a baseline.</p>

Element	A3 f) Greater use of e-learning in FE.
Description of efficiency	E-learning can, for example, free up teachers, trainers and lecturers from the simple transmission of facts to focus on increasing knowledge, skills and competence. E-learning replaces some class contact time therefore reducing staffing cost of delivery of the course.
Recyclable?	No.
Type	More or better output for same input
Assumption: what would otherwise happen?	No increase in e-learning, no related reduction in staffing cost of delivery of the course.
Benefit calculation, and measures.	Using the LSC's Individualised Learner Record (ILR) we can assess the average course hours for courses. As courses utilise additional e-learning then we should be able to measure the reduction in course hours, (but not the specific elements of e-learning which contribute to the actual reduction). The Department will look to commission qualitative and quantitative research to evaluate effectiveness of e-learning and ICT frameworks and quantification of efficiency gains.
Monitoring	Using ILR data annually to assess average course hours per course. We will also work with the LSC to develop more targeted measures.
Data sources	ILR and research
Data validation and control	LSC data audit arrangements.
Data issues and risks	Further data gathering requires agreement between partners (primarily LSC) and providers, within the context of avoiding further bureaucratic information demands.
Baselines	2003 data.

Element	A3 g) Benefits of ICT in HE.
Description of efficiency	The benefit from increased use of ICT in HE to achieve administrative savings.
Recyclable?	No.
Type	More or better output for same input
Assumption: what would otherwise happen?	Use of ICT in HE would not be increased, benefits would not be realised.

Benefit calculation, and measures.	This efficiency covers administrative savings in HEIs. Work has been undertaken by the Higher Education Funding Council for England (HEFCE) to assess the benefits of the use of ICT in the HE sector building on work previously done in schools. The Joint Information Systems Committee (JISC) will provide baselines against which these savings will be measured. This will involve sampling effects in HEIs and extrapolating results.
Monitoring	This will be monitored by an annual survey undertaken by HEFCE to evaluate savings against their benchmark.
Data sources	Planned sampling of HEIs, details to be determined.
Data validation and control	Data will be validated through monitoring of returns from HEFCE, the Joint Information Systems Committee (JISC) and the HE Academy throughout each academic year
Data issues and risks	No material issues or risks with the data.
Baselines	Baseline data will be determined from extrapolation of the survey of 2003-04 results by JISC and HEFCE.

Element	A3 h) Development of e-learning standards to enable sharing of tools and resources across institutions through ICT.
Description of efficiency	Time savings for teachers and lecturers in lesson preparation and administration through the sharing of interoperable tools and resources across institutions and sectors.
Recyclable?	No
Type	More or better output for same input.
Assumption: what would otherwise happen?	No reduction in the amount of time spent on administrative and managerial tasks by the education workforce.
Benefit calculation, and measures.	The gain will be calculated as reduced time by education workforce spent on (a) teaching preparation through integrating online content from many different sources, and (b) teaching related administration through interoperable tools and systems; the reduced unit cost of content development created by greater re-use, minus the cost of developing the standards and monitoring use.
Monitoring	Continuing progress reports and surveys in these series will be used to monitor progress.

Data sources	The efficiencies will be measured against a range of data – OFSTED (2002) ICT in Schools Progress report; Annual DfES ICT in Schools survey; Learning and Skills Development Agency 'National Learning Network' evaluation, Sheffield Hallam University.
Data validation and control	Survey methodology and results are examined by statisticians and policy leads within the Department.
Data issues and risks	The Department's programme of ICT in schools-related data collection exercises is currently subject to a rationalisation exercise. Restrictions on data collection may hinder the school-based observation necessary to baseline potential time savings in 2004-05. BECTA will be asked to validate potential time savings from 2006-07. However, this is subject to agreement of the 2006-7 BECTA priorities letter
Baselines	Data from academic year 2003/04

Element	A3 i) Unified procurement of transferable content development.
Description of efficiency	The efficiency gain is additional content material available at reduced cost, for use across education sectors, as the result of work by JISC and BECTA on unifying procurement: better value for money.
Recyclable?	Yes.
Type	More or better output for same input
Assumption: what would otherwise happen?	Each education sector will develop its own materials, duplicating efforts and outputs.
Benefit calculation, and measures.	The measure will be the development cost of re-usable materials provided for cross sector usage compared with the notional development costs of the same material in the individual sectors. The running costs of a demand aggregation and content panel (stakeholder representatives) will be offset against direct savings arising.
Monitoring	Increased return on investment will be measured by JISC and BECTA, and the funding councils.

Data sources	Delivery partners will be required to put data capturing and monitoring arrangements in place as part of the Department's e-Strategy Programme.
Data validation and control	Data capture and monitoring arrangements will be reviewed and approved by the Department.
Data issues and risks	The requirement to develop and establish data monitoring arrangements will be subject to inclusion in the priorities letter/ grant letters of the respective agencies and funding organisations.
Baselines	In the absence of existing baseline data we will require the agencies to develop an approved methodology for calculating what the cost would have been to develop the material in each of the sectors.

A4 Improvements in the outputs of further education.

Element	A4 Improvements in the outputs of further education
Description of efficiency	Increase in the number of successfully completed qualifications in the FE college sector at no additional real terms cost. This is to be achieved via new policy initiatives designed to tackle poor quality provision and increase success rates above levels that would otherwise have been achieved.
Recyclable?	No.
Type	More or better output for same input
Assumption: what would otherwise happen?	No increase in the number of successfully completed qualifications in the FE sector.
Benefit calculation, and measures.	The efficiency gain will be calculated by looking at the extra qualifications achieved through improvements in the success rate, the proportion of these that can be attributed to improvements in quality as opposed to external factors, and unit cost information, to work out what it would have cost to achieve the extra outputs through increased funding rather than quality improvement.
Monitoring	By DfES, through reference to data available annually.
Data sources	LSC statistical First Releases published annually with a one year time lag - data for 2006/07, the first year of the efficiency gain, will be available in June 2008. LSC Qualification funding rates.
Data validation and control	LSC data audit arrangements.

Data issues and risks	DfES Analytical Services will quantify any impact from outturn provision mix differing from baseline, to ensure that only genuine efficiency gains are counted.
Baselines	2002/03 data.

A5: Improvements from streamlining processes in higher education.

Element	A5 a) Changing frequency of the Research Assessment Exercise (RAE) from 5 to 6 years.
Description of efficiency	The benefit from reduced costs across the HE sector in running the RAE every 6 years rather than every 5 years.
Recyclable?	No.
Type	Reduced input for same or better output..
Assumption: what would otherwise happen?	RAE would run every 5 years with no reduction in cost or no improvement in outputs.
Benefit calculation, and measures.	Reduced costs to institutions from running the RAE every 6 years rather than every 5 years. Savings will be calculated on the base cost of the exercise over the current 5-year period to provide a one-off saving in 2007/08, the year of the next RAE. In conjunction with A5b below, this activity will enable HEIs to improve the efficiency and quality of the RAE process, the results of which will be measured by HEFCE in its evaluation of the RAE.
Monitoring	This efficiency will be monitored through HEFCE evaluation of RAE costs during the 2008 exercise.
Data sources	HEFCE evaluation of RAE costs.
Data validation and control	Will be undertaken in 2008 following completion of the exercise in July.
Data issues and risk	No material issues or risks with the data.
Baselines	2003 data.

Element	A5 b) Less administrative time in HEIs spent on RAE.
Description of efficiency	Concentration in research funding and the new design of the RAE should lead to efficiencies in that HEIs should focus more on their strengths and missions, make a more realistic assessment of their likely income from the next RAE, and do not put time into submissions which have little hope of attracting funding.

Recyclable?	No.
Type	Reduced input for same or better output.
Assumption: what would otherwise happen?	Same number of submissions with the same number being unsuccessful.
Benefit calculation, and measures.	The efficiency gain will be calculated from the reduction in the proportion of submissions in 2008 that are unfunded, and the costs to institutions of making submissions. This will enable an estimate of the extra costs that would have been incurred if the number of submissions with little hope of attracting funding had not been reduced.
Monitoring	This will be monitored in 2007 at the deadlines for submissions – to check whether number of submissions has reduced; and at the 2008 outcomes of assessment to see if the number of departments receiving a lower rating has reduced.
Data sources	HE Funding Councils' data on the RAE.
Data validation and control	HEFCE will review the Research Active Staff costs per unit annually to confirm baseline assumptions.
Data issues and risks	No material issues or risks with the data.
Baselines	Data from the 2001 RAE.

Element	A5 c) Benefits of Science Research Investment Fund (SRIF).
Description of efficiency	This efficiency has 3 components, all of which have been identified through joint OST and DfES studies of university infrastructure for science research. i) savings in both process and audit procedures from wholly electronic administration of SRIF. ii) efficiency gains through reduced staff time and improvement in quality outputs on research activities. iii) efficiency gains from strategic asset planning (e.g. reduced maintenance) through greater certainty on capital funding.
Recyclable?	No.
Type	More or better output for same input.
Assumption: what would otherwise happen?	Current non electronic systems would stay in place. No reduction in staff time and no improvement in quality outputs on research activities.

Benefit calculation, and measures.	Efficiency gains will be measured by scheduled externally prepared annual reviews of projections identified. Efficiencies will be calculated from: the reduction in staff time within institutions for the processing and audit procedures associated with the SRIF exercise compared to the proposed, new wholly electronic administration of all processes; reduced staff time required for completion of applications and improvements in quality outputs on research activities; and from strategic asset planning in HEIs, all of which have been agreed through joint OST and DfES studies of university infrastructure for science research. Criteria for this round of SRIF will also include expectations from new funding (as highlighted in the Science & Innovation Framework document) as a prerequisite for potential further rounds of SRIF. Development of Strategic Asset Management plans is part of the medium term development of capital funding in the sector which will be completed by 2008.
Monitoring	Monitoring will be undertaken initially through an evaluation which will be conducted by 2006 when timings of evaluations of phases 3 and 4 of SRIF will be agreed.
Data sources	Baseline Surveys in 2001 & 2004 from which efficiency targets have been extrapolated.
Data validation and control	HEFCE will undertake a series of annual reviews of the 2004 baseline projections to validate baseline data.
Data issues and risks	No material issues or risks with the data.
Baselines	2004 data

B: PROCUREMENT WORKSTREAM

The procurement workstream will encompass procurement activity from across the Education, Children and Families System. The Department is establishing a Centre for Procurement Performance (CPP) to secure greater value for money from procurement across the system and to support partner organisations in the delivery of sector based and system-wide procurement projects.

B1: Improved procurement across the schools sector

Element	B1 a) Improved capital procurement.
Description of efficiency	The Building Schools for the Future (BSF) programme aims to deliver better value for money from capital expenditure on schools.
Recyclable?	Yes.
Type	More or better output for same input.
Assumption: what would otherwise happen?	No improvement in value for money on capital projects in schools. Costs continue to rise in line with inflation.
Benefit calculation, and measures.	<p>Benefits to be measured are:</p> <ul style="list-style-type: none"> i) Asset optimisation. The programme will allow school numbers to better match demographics; and will help to optimise the shape and use of LEA estates. ii) Reduced project costs through reducing professional fees; reduced preliminaries and building costs; and efficiency gains through standardisation of design and construction processes, and improved marketplace workflow. iii) Reduction in lifecycle replacement costs. iv) More efficient facilities management through whole life costing and improved procurement. v) Reduction in bid costs, both supply and demand side, through standardisation of documentation, managing market capacity and programming. <p>The saving will be the reduction in cost of these different factors, which will increase the overall outputs to be achieved within the fixed sums available for the programme.</p>
Monitoring	Monthly reporting against the above categories by DfES Schools Capital Division.
Data sources	To be developed via specific performance indicators and collection tools. First performance indicators ready to go live on first approved OBCs – Design Quality Indicators and Satisfaction Surveys, in line with project lifecycle.

Data validation and control	Monthly reporting regime. Recruitment of National Programme Managers (est.4) by Partnerships for Schools (the relevant NDPB) to monitor and challenge data. Dedicated Key Performance Indicator (KPI) manager in Schools Capital Division to interpret, challenge and report on as part of contract management process. NDPB preparing SCAT/GCAT for procurement of Performance Management System to meet both NDPB and Department (Schools Capital) requirement. DfES Audit Committee and National Audit Office (NAO) involved in programme design from the outset.
Data issues and risks	Not all data collection processes defined to date. Interim collection period prior to "go-live" of performance management control system.
Baselines	2004 data.

Element	B1 b) Improvements in maintenance.
Description of efficiency	This efficiency will capture improvements in procurement of school maintenance through the effect of the regional centres of excellence in local government and other work supported by the Department's Centre for Procurement Performance (CPP). There is a focus on 'whole life costing' in the BSF programme from the outset.
Recyclable?	Yes.
Type	Reduced input for same or better output.
Assumption: what would otherwise happen?	Costs of procurement of schools maintenance continue to rise in line with past trends.
Benefit calculation, and measures.	To measure this, historical expenditure as held by Schools Capital Division and the new price following procurement will be compared with what would otherwise have been the price following past trends.
Monitoring	Monthly reporting by Schools Capital Division.
Data sources	Leveraging existing data and capture on maintenance backlog, Asset Management Plans and bespoke BSF programme initiatives implemented by BSF through the Performance Management system over time.
Data validation and control	Monthly reporting regime. Recruitment of National Programme Managers (est.4) by Partnerships for Schools to monitor and challenge data. Dedicated KPI manager in Schools Capital Division to interpret, challenge and report on as part of 'contract management' process. NDPB preparing SCAT/GCAT for procurement of Performance Management System to meet both NDPB and Department (Schools Capital) requirement. Audit Committee and NAO involved in programme design from

	the outset.
Data issues and risks	Not all data collection processes defined to date. Interim collection period prior to “go-live” of performance management control system.
Baselines	2004-05 expenditure.

Element	B1 c) Improved schools procurement.
Description of efficiency	This efficiency will capture improvements in the cost of general procurement by schools, through the effect of regional centres of excellence and other work supported by the Department’s Centre for Procurement Performance.
Recyclable?	Yes.
Type	More or better output for same input.
Assumption: what would otherwise happen?	Cost of goods and services procured by schools continue to rise in line with past trends.
Benefit calculation, and measures.	Historical expenditure will be identified and the new price following procurement will be compared with what would otherwise have been the price following past trends, for a range of different goods and services.
Monitoring	High level data will be obtained from the Consistent Financial Reporting (CFR) school’s financial returns and the regular section 52 financial returns from Local Education Authorities. More specific pricing data on particular goods and services will come from studies identified by the Centre for Procurement Performance and from sampling of schools for individual areas of expenditure.
Data sources	Consistent Financial Reporting (CFR). Section 52 financial returns from Local Education Authorities.

Data validation and control	CFR is a new data collection and as such schools are still coming to grips with coding their own accounts to the CFR framework. Data is validated and credibility checked as standard.
Data issues and risks	Most information on school expenditure at a level by which inferences on procurement practice can be made will be necessary at school and LEA level by survey.
Baselines	2004-05 expenditure.

Element	B1 d) Improvements in LEA procurement.
Description of efficiency	This efficiency will capture improvements in the cost of procurement by Local Education Authorities through regional centres of excellence and other work supported by the Department's Centre for Procurement Performance.
Recyclable?	Yes.
Type	Reduced input for same or better output.
Assumption: what would otherwise happen?	Cost of procured goods and services continue to increase in line with past trends.
Benefit calculation, and measures.	To measure this, historical expenditure will be identified and the new price following procurement will be compared with what would otherwise have been then price following past trends.
Monitoring	High level data will be obtained from the regular section 52 financial returns from Local Education Authorities. More specific pricing data on particular goods and services will come from studies identified by the Centre for Procurement Performance and from sampling of LEAs for individual areas of expenditure. This will include the tracking of specific items such as school transport and school catering.
Data sources	Section 52 financial returns from LEAs.
Data validation and control	Data is validated and credibility checked as standard.
Data issues and risks	Most information on school expenditure at a level by which inferences on procurement practice can be made will be necessary at school and LEA level by survey.
Baselines	2004-05 expenditure.

B2: Procurement improvements in the further education sector.

Element	B2 a) Savings from modernising the FE estate.
Description of efficiency	The FE estate is being modernised. This will produce ongoing savings as the cost of running newer college buildings will be lower.
Recyclable?	Yes.
Type	Reduced input for same or better output.
Assumption: what would otherwise happen?	Cost of maintaining the current FE estate would keep on increasing as the buildings grew older.
Benefit calculation, and measures.	Benefits will be calculated by taking the difference between the average running cost per square metre of the existing building stock and subtracting the average running cost per square metre of the new building stock, and applying this to the total area of new building.
Monitoring	We will monitor the new building funded by the LSC. This data is available through the LSC capital team and we will be able to monitor the efficiency benefits to the sector.
Data sources	LSC capital team records – a database maintained by the LSC.
Data validation and control	Robust data is provided through the capital development process.
Data issues and risks	Improving data collection to include all institutions
Baselines	2004/05 costs.

Element	B2 b) Improved procurement in the FE sector.
Description of efficiency	<p>Improved procurement in the FE sector. This will come through three particular efficiencies:</p> <ul style="list-style-type: none"> i) Easy access to the best current prices and best supplies; ii) Bulk purchasing - including access to advanced purchasing methods e.g. electronic reverse auctions; and iii) Process savings – a reduction in the staff time spent on purchasing, and control over maverick purchasing. <p>We will identify a basket of products and survey across organisations to identify the range of prices (and volumes) and the potential savings for those organisations that aren't purchasing at the keenest prices along with any related factors preventing them from accessing these prices.</p>
Recyclable?	Yes.

Type	Reduced input for same or better output.
Assumption: what would otherwise happen?	Cost of procured goods and services would rise in line with inflation.
Benefit calculation, and measures.	We will need to agree an appropriate measurement system between DfES Analytical Services and the LSC to be put in place to get a baseline and show improvements. We shall also work with individual providers to show benefits for their particular institution.
Monitoring	Baseline survey & ongoing survey of colleges' expenditure
Data sources	College purchasing data plus improved national arrangements
Data validation and control	LSC analysis examining consistency between different data.
Data issues and risks	Capturing level of delivery of detailed data required while maintaining the principles of reduced bureaucracy.
Baselines	2004/05 expenditure

B3: Improved procurement in higher education

Element	B3 Improved procurement in higher education.
Summary of efficiency	<p>Improved methods for managing collaborative procurement in HE.</p> <p>Efficiencies in this area will be achieved through 3 key areas.</p> <p>a) Implementation and improvement of systems</p> <p>b) National and Regional Procurement activities</p> <p>c) Improvements in training and skills levels of staff.</p> <p>Specific activities in these areas include:</p> <ul style="list-style-type: none"> • improving systems to identify areas of collaborative procurement; • implementation of systems to analyse, monitor and manage patterns of spend; • the co-ordinated procurement of research equipment through SRIF 2 and SRIF 3 programmes; • procurement improvements achieved through the activities of the Regional Consortia; • efficiencies through the extension of national

	<p>procurement contracts;</p> <ul style="list-style-type: none"> • conditioning market sectors so that more effective procurement can take place and efficiencies accrued for both the HE sector and vendors; and • Improvements in documentation and guidance available to HE procurement professionals and non-procurement staff.
Recyclable?	Yes.
Type	More or better output for same input.
Assumption: what would otherwise happen?	Current practices would continue – with no or little collaborative procurement practices.
Benefit calculation, and measures.	<p>Measures of success will be:</p> <ul style="list-style-type: none"> • the incorporation of different funds into collaborative procurement exercises; • the capture of the results of tendering; • year on year comparisons of the ratio of contract to non-contract spend. Institutions will be asked to estimate efficiencies based on these data sets; • comparing the outturn cost of an item of equipment with the budgeted cost; • a staff assessment tool has been developed which will help to assess the improvement in quality across the sector. <p>The top 20 suppliers have been identified and the annual spend within the sector is known. Success will be measured against how interactions with these and other companies changes.</p> <p>We will agree an appropriate measurement system between Proc-HE and HEFCE to be put in place to show improvements from the baseline.</p>

Monitoring	Reporting of results will be an annual exercise. It is expected that the first national report will be available for the year ending July 06 produced in December 06.
Data sources	SRIF2 Outturns, HEFCE expenditure data for HEIs, HE Sector based Regional Procurement Consortia, HE Sector based National Contract Data
Data validation and control	Proc-HE and HEFCE will undertake regular reviews of baseline data to validate it. Further reviews will be undertaken by DfES to ensure appropriateness of data.
Data issues and risks	Some of this activity has not been undertaken before in the sector so there is a zero base.
Baselines	The baseline will be the analysis of spend in the year to 31 st July 2004, in most cases, or the year first used if later, for each institution. Other specific baseline information will apply to the different methods of measuring improvements given above.

B4 Improved procurement in the children, young people and families sector.

Element	B4. Improved procurement in the children, young people and families sector.
Summary of efficiency	The benefit of getting goods and services for more competitive prices, through improvements in procurement by local authority children's services and greater emphasis on prevention services reducing the demand for the limited more intensive high cost services.
Recyclable?	Yes.
Type	More or better output for same input.
Assumption: what would otherwise happen?	That the price of procured goods and services would continue to rise faster than inflation as in previous years.
Benefit calculation, and measures.	This will form part of a wider assessment of measurement of efficiency in local government. The benefit is that unit costs of goods and services will rise less than they would have done had we done nothing. This will be measured by using a return from local authorities which looks at total expenditure and activity. In addition local authorities will be asked to declare further efficiencies in this area.
Monitoring	ODPM commissioned a survey of local authorities in November about options on the measurement of efficiency gains made by local government. The response indicated a strong preference

	<p>for a self assessment approach, which the Government has accepted is the approach to be adopted.</p> <p>The primary source of information on efficiency gains by each council is a self assessment efficiency statement to be signed by the leader of the council and chief executive. Information for local authorities produced by ODPM provides details of the timescale and process for producing this statement.⁴</p>
Data validation and control	Currently being developed by ODPM-led working group.
Data issues and risks	The availability of data on efficiency in local government, including children's services and wider children, young people and families sector, has been a limiting factor in work so far to defining how savings will be measured and monitored, and more work will be carried out to put monitoring arrangements in place. ODPM are leading on this work.
Data sources	Form EXP1 - local authority return
Baselines	2004-05 data

B5: Procurement savings in the running of DfES, OFSTED, and Non-Departmental Public Bodies

Element	B5 a) Reduction in the administrative procurement expenditure of DfES, its NDPBs and OFSTED.
Description of efficiency	Reductions in procurement related administrative expenditure in the Department and its NDPBs, and OFSTED made possible by two factors. Firstly, improved procurement. Secondly, the overall reduction in the size of these organisations – for example, in organisations where the number of staff is reducing, there will be a reduced requirement for equipment, office space, and other goods and services.
Recyclable?	Yes.
Type	Reduced input for same or better output.
Assumption: what would otherwise happen?	Procurement related administrative expenditure would increase at the rate of inflation.

⁴ The ODPM ETN can be downloaded from the ODPM website, see: http://www.odpm.gov.uk/stellent/groups/odpm_localgov/documents/page/odpm_localgov_032805.pdf

Benefit calculation, and measures.	All expenditure on inspection activities - i.e. at OFSTED and the Adult Learning Inspectorate – is included even that falling outside the administrative ring-fence. Typical items of expenditure include information technology and facilities management services. To calculate the efficiency gain, expenditure in future years will be compared with the baseline updated for inflation (using the GDP deflator).
Monitoring	Monitoring of progress will be carried out by the Department's central Efficiency Team and Commercial Services Division working with the Department's NDPB sponsor teams and OFSTED liaison team.
Data sources	Internal finance, accounting and performance management systems of the Department, its NDPBs and OFSTED.
Data validation and control	The savings in DfES, OFSTED and NDPB procurement, PFR, and corporate services will be monitored collectively as a reduction in the administration cost of these individual organisations and accounted for cumulatively by the DfES. Progress will be tracked and verified through the Department's financial systems and the accounts, which are subject to audit. Within this NDPBs and Sponsor Teams will report procurement savings with validation undertaken by the Department's central Efficiency Team, and Commercial Services Division.
Data issues and risks	Procurement savings will flow from a potentially large number of projects and contracts. Risks will be minimised by agreeing specific savings targets with each NDPB. Progress on individual projects will be monitored by each NDPB and reported to DfES on a six monthly basis.
Baselines	2004-05 for most organisations. For some, savings between 2002-03 and 2004-05 will also be taken into account.

Element	B5 b) Re-tendering of the Teachers Pension Scheme Contract.
Description of efficiency	The Department re-tendered the administration of the Teachers' Pension Scheme contract and gained a more competitive deal.
Recyclable?	Yes.
Type	Reduced input for same or better output.
Assumption: what would otherwise happen?	The administration of the Teachers' Pensions Scheme would have been more expensive over the period and improvements in service standards would not have been achieved.

Benefit calculation, and measures.	These savings are built into the price which is fixed for the 7 year term of the contract with Capita Business Services. The saving is the difference between this price and that of the previous contract.
Monitoring	The Department will continue to actively manage the contract to ensure performance standards are achieved and that there are continuous improvements in the quality of the service provided.
Data sources	Monthly performance reports, independent audit reviews and customer satisfaction surveys used to manage and monitor achievement of contractual obligations.
Data validation and control	Contract performance is validated by independent audit checks, including by DfES auditors. Monthly, quarterly and annual reports are produced by the contractor and discussed at meetings with the contract management team.
Data issues and risks	Safeguards against data issues and risks have been built into the contract.
Baselines	Price of contract in year to October 2003.

C: POLICY, FUNDING AND REGULATION (PFR) WORKSTREAM

C1: Improvements in direct school funding, combined systems to reduce bureaucracy in schools initiatives, and benefits of the New Relationship With Schools

Element	C1 a) Resources freed up for the front line through more efficient Local education Authorities.
Description of efficiency	<p>The benefit from ensuring that the vast majority of increased funding from central government reaches pupils and is spent on pupil provision, plus more efficient delivery of Local Education Authority (LEA) administration and central services</p> <p>Education Formula Spending is divided into two main funding blocks:</p> <ul style="list-style-type: none"> (i) the Schools Formula Spending Share (SFSS) or the Schools Budget which covers all pupil provision; and (ii) the LEA Formula Spending Share (LEAFSS) or the LEA budget which covers the authority's central functions and the Youth Service. <p>In the current system (in place until 2005-06) Ministers decide every year the size of each of these blocks for the purpose of the Education Formula Spending Share (EFSS) calculation. Local authorities are required to "passport" the increase in the SFSS each year into their Schools Budget. From 2006-07, DfES will fund the Schools Budget directly through the dedicated Schools Budget (equivalent to the Schools block). Therefore the split between these two blocks will determine the resources available for pupil provision.</p> <p>We will be increasing LEA central functions only in line with the GDP deflator, rather than giving both the LEA block and the Schools block an equal increase. The only item not included in the LEA block is transport as this is being covered under LEA procurement. We will work with LEAs to help them work more efficiently by removing unnecessary bureaucratic burdens.</p>
Recyclable?	Yes.
Type	More or better output for same input.
Assumption: what would otherwise happen?	The expenditure on central functions by LEAs would grow at the same rate as overall Education Formula Spending.

Benefit calculation, and measures.	The efficiency gains are calculated as the difference between increasing the LEA central functions items in line with the overall EFSS increase and increasing them in line with inflation. We will be expecting reductions in expenditure on LEA administration, whilst maintaining quality of service. This will be monitored through the regional networks, OFSTED reports, performance data, and external surveys and evaluations. The benefit of this strategy is to ensure that more resources get through to the front line.
Monitoring	The passporting process in January 2005 will check whether authorities intend to deliver the increases to the Schools Budget and authorities' Section 52 budget statements available in April 2005 will show the actual increase in the LEA central budget. We will continue to examine Section 52 budget statements annually to analyse actual planned expenditure both within the Schools Budget and within the LEA block to monitor that the efficiency gains are being delivered.
Data sources	Section 52 budget statements.
Data validation and control	Data is validated and credibility checked as standard.
Data issues and risks	No material issues or risks with the data.
Baselines	2004-05 data.

Element	C1 b) Cash freezing LEA grants.
Description of efficiency	The Standards Fund is the Department's specific grant programme for education, paid through LEAs. The programme covers both grants that are devolved to schools, and grants spent by LEAs at the centre. We will freeze at their 2004-2005 level those grants that are spent centrally by LEAs.
Recyclable?	Yes.
Type	Reduced input for same or better output.
Assumption: what would otherwise happen?	The amount spent on LEA retained Standards Fund grants would rise at the rate of inflation.
Benefit calculation, and measures.	The efficiency gains will be calculated by comparing the value of LEA retained Standard Fund grants in each spending review year with what these would have been if the grants had continued to increase from the 2004-05 level at the rate of inflation (using the GDP deflator.)

Monitoring	Standards Fund grant allocations to LEAs are determined annually by the Department and therefore savings can be instantly assured and easily monitored. We will also continue to monitor progress on outcomes through the regional networks, OFSTED reports, performance data, and external surveys and evaluations.
Data sources	Grant allocations, OFSTED reports, external surveys and evaluations
Data validation and control	The data sources are validated by statisticians prior to publication. Only published and validated data will be used to monitor the impact. When the data arrive year-on-year comparisons will be made to ensure that any changes in areas such as definitions or coverage will be accounted for in the impact assessment.
Data issues and risks	No material issues or risks with the data.
Baselines	2004-05 data.

Element	C1 c) The development and maintenance of an online ordering catalogue for schools.
Description of efficiency	These savings will arise from the new approach to distributing information to schools. We expect to make savings in two areas. (i) Savings on stock control i.e. a lower volume of publications produced than otherwise necessary; a reduction in the value of publications wasted; and reduction in the annual storage costs of publications produced. (ii) Savings on distribution , with more publications downloaded or read on line as opposed to being requested by call-off; a reduction in the value of the hard copy schools "batch" distribution compared with what would otherwise be required; reduced costs associated with distributing publications.
Recyclable?	Yes.
Type	Reduced input for same or better output.
Assumption: what would otherwise happen?	Current methods of distributing material would be used and costs would continue to increase in line with inflation.

Benefit calculation, and measures.	The financial saving for both of these efficiencies will be calculated by comparing with a projection of costs under the previous system uprated for inflation using the GDP deflator with actual costs tracked through the Department's financial systems to show the efficiency gain.
Monitoring	An annual assessment by DfES based on each year's data.
Data sources	DfES financial systems.
Data validation and control	Regular (weekly) stock review and validation meetings take place.
Data issues and risks	No material issues or risks with the data.
Baselines	2004-05 data.

Element	C1 d) The integration of approximately 140 schools focused websites.
Description of efficiency	Fewer websites making it easier for schools to access and find the information needed quickly and efficiently.
Recyclable?	Yes.
Type	Reduced input for same or better output.
Assumption: what would otherwise happen?	Proliferation of websites. Difficult to find information quickly, easily and efficiently. Also a possibility of out of date information being used by schools as all websites may not get updated regularly or at the same time. Costs rise in line with inflation.
Benefit calculation, and measures.	This is work currently funded by the Department. The efficiency gain will be the net reduction in expenditure on these websites. The freeing up of programme and administrative expenditure for reallocation will be tracked through the Department's financial systems. To check quality, the changes in "hit rates" as a result of migration; and user feedback will also be measured to ensure that the level of service is maintained or improved.
Monitoring	Regular qualitative and quantitative monitoring of integrated websites including user feedback - a comparison with traffic on the existing 140 sites and current user satisfaction levels.
Data sources	Department's financial systems plus the regular monitoring of websites.
Data validation and control	Department's financial systems are subject to audit.

Data issues and risks	No material issues or risks with the data.
Baselines	2004-05 data.

Element	C1 e) Reduced costs of inspections arising from the New Relationship with Schools.
Description of efficiency	<p>This efficiency gain will relate to pre inspection activity, the inspection event itself and post inspection action. The changes proposed will impact on headteachers, teachers, non teaching staff and governors.</p> <p>The inspection event is currently anything up to 80 days (e.g. for a large secondary school). The maximum under the new model will be 10 days. The time that headteachers, governors, teachers and non teaching staff spend with inspectors during the inspection event will reduce in line with this.</p>
Recyclable?	No.
Type	Reduced input for same or better output.
Assumption: what would otherwise happen?	No reduction in the amount of preparation time for inspections by schools. No reduction in the amount of days spent on the inspection process as a whole.
Benefit calculation, and measures.	<p>The benefit will be calculated from:</p> <ul style="list-style-type: none"> - the costs in time to schools involved in the current form of OFSTED inspection - the costs in time to schools involved in the new style of inspection (using schools in the inspection trail) - the number of inspections that would be carried out under the current system, and that are carried out under the new system.
Monitoring	Monitoring will be carried out as part of the evaluation of the New Relationship with Schools by OFSTED and DfES.
Data sources	<p>Survey information from trials through to Spring '05.</p> <p>Thereafter, ongoing monitoring by OFSTED as part of the feedback mechanism within the inspection system.</p>

Data validation and control	We will have reliable OFSTED data on number of inspector days spent in schools. Some data will also come from schools via the post inspection feedback questionnaire but we will need to survey a sample of schools to assess the extent to which pre-inspection planning has reduced. Can also use other survey data (e.g. on reducing burdens) to cross compare.
Data issues and risks	The quality of some of the data will be dependent on how what schools are prepared to disclose on time spent in preparing for inspection.
Baselines	2004-05 data.

Element	C1 f) Reduced bureaucracy in schools initiatives.
Description of efficiency	The efficiency gain will result from reducing the accountability requirements of existing DfES programmes on schools and replacing them with the intelligent accountability framework of the New Relationship With Schools (NRWS).
Recyclable?	No.
Type	More or better output for same input.
Assumption: what would otherwise happen?	Same amount of time spent by school leaders to fulfil accountability requirements.
Benefit calculation, and measures.	The financial saving will be the cost of the time freed up for school leaders from work to fulfil these accountability requirements. We know from our impact assessments the typical burdens on school leaders of existing accountability requirements. We will calculate the financial efficiency gain as the full cost of the school leaders' time that is freed up.
Monitoring	We will be piloting the NRWS in 63 secondary schools from September 2004 to July 2005 and we will ask independent evaluators to assess the demands that it places on school leaders. We will use NRWS pilot data to calculate the expected national saving once NRWS begins to be rolled out nationally from Autumn 2005.
Data sources	NRWS pilot studies.
Data validation and control	Data will be gathered from an independent evaluation of NRWS trial schools.
Data issues and risks	Relies on data from NRWS trial schools; assumes that they will be reasonably representative of national picture.

Baselines	2004-05 data.
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C2: Efficiency gains from streamlined exam processes

Element	C2 Efficiency gains from streamlined exam processes
Description of efficiency	The aim of the exams modernisation programme is to improve the administration of public examinations. Although the focus of the programme is not to make savings, we expect that some front line resources will be freed up as a result of improved efficiency in schools and colleges, and ending the need for schools and colleges to cover the costs of postage of completed exam scripts.
Recyclable?	Yes.
Type	Reduced input for same or better output.
Assumption: what would otherwise happen?	Without the exams modernisation programme, there would be continued risks to the delivery of public exams, and the cost of administering public examinations would be likely to continue to rise in real terms.
Benefit calculation, and measures.	<p>The introduction of the logistics contract, which is part of the programme, means that exam centres will no longer have to pay any postage costs for public exams, and will be able to divert resources elsewhere. This efficiency is therefore easy to define.</p> <p>On the other elements of the programme, some assumptions have been made about what the net impact of the programme might be on the ability of exam centres to organise themselves more efficiently.</p>
Monitoring	The National Assessment Agency, which is responsible for delivering the modernisation programme, is developing plans for regular surveys to assess its impact on a sample of schools and colleges, including any administrative savings.
Data sources	As above, NAA will use sampling surveys to assess achievement of the forecast efficiencies. Additionally, as part of the exams modernisation programme management arrangements, metrics are being developed to measure progress on all elements of the programme.
Data validation and control	Robust data validation will be built in to the planned surveys.
Data issues and risks	There are no existing data sources which enable the impact of the programme to be properly assessed, so we will need to rely on the data collected as part of monitoring the programme.

Baselines	2004 data collected as part of developing the programme. For example, the data collected through the trial of the logistics contract in Leeds gives a valuable insight into the operation of exam centres.
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C3: Improved Delivery Model for the lifelong learning sector.

Element	C3 a) Delivery model / reduced accountability burden.
Description of efficiency	<p>Introduce by 2008 a new accountability system with funding, planning, monitoring, audit and inspection arrangements which impose substantially fewer compliance burdens on colleges and other providers.</p> <p>Within the new system there will be a risk-based approach. For example all satisfactory providers will see a significant reduction in the volume of inspection scrutiny, and good and outstanding providers will see a proportionately greater reduction, again reducing compliance burdens.</p>
Recyclable?	No.
Type	More or better output for same input.
Assumption: what would otherwise happen?	The costs of accountability would continue to rise in line with inflation.
Benefit calculation, and measures.	We will compare future survey data with current estimates of compliance costs to colleges and other LSC-funded providers of the accountability system.
Monitoring	Through the Department's Success for All Programme Board
Data sources	Surveys of the costs to colleges of compliance with accountability mechanisms.
Data validation and control	Definitions of burden and related costs identified, and monitoring against these specific measures. Based on work by Bureaucracy Review Group.
Data issues and risks	Sampling.
Baselines	2004/05 data

Element	C3 b) Single lead agency for quality improvement.
Description of efficiency	This efficiency will result from the combination of current agencies into one Quality Improvement Agency for the lifelong learning sector.
Recyclable?	Yes.
Type	Reduced input for same or better output.
Assumption: what would otherwise happen?	The current system with different agencies would remain, with costs rising in line with inflation.
Benefit calculation, and measures.	The baseline will be the current costs for each agency. This will be compared with the future costs of the single agency.
Monitoring	This data is available from the Department's financial systems and will be monitored on an annual basis.
Data sources	DfES financial systems.
Data validation and control	DfES audit.
Data issues and risks	No material issues or risks with the data.
Baselines	The baseline will be the total costs for the current agencies in 2004-05.

C4: Reducing bureaucracy in higher education

Element	C4 Reducing bureaucracy in HE.
Description of efficiency	The cost to higher education institutions of accountability, quality and reporting requirements will reduce as a result of work to streamline these systems.
Recyclable?	No.
Type	More or better output for same input.
Assumption: what would otherwise happen?	Current accountability costs would remain, increasing in line with inflation.

Benefit calculation, and measures.	<p>We will measure the efficiency gains through a range of activities:</p> <ul style="list-style-type: none"> i) HEFCE will commission a follow up study to the 2004 PA consulting study, in 07-08. In line with previous studies, this will look at overall burdens. ii) Costs and benefits of external quality review/inspection will be calculated towards the end of each QAA review cycle. The first review has been established and will report by Spring 2005; it will encompass a costs-benefits analysis in line with Treasury guidelines and guidance from PSX(I). iii) HEFCE will consult the Committee of University Chairmen (CUC) in Autumn 2004 in order to develop agreement on what constitutes necessary bureaucracy in order to provide accountability and assurance of value for public money. This will inform future work. iv) The Higher Education Regulation Review Group (HERRG) will be asked to report on progress towards reduced bureaucracy in its annual report.
Monitoring	An annual assessment by DfES based on each year's data, the first one in Spring 2005.
Data sources	HEFCE studies. QAA reviews. HERRG annual reports.
Data validation and control	<p>HEFCE agreement of acceptable levels of bureaucracy with the Sector through CUC.</p> <p>HEFCE review of baseline data from 2001 and 2004 in 2007/08.</p> <p>DfES/Privy Council Office guidelines on areas of governance to be controlled and monitored.</p>
Data issues and risks	Sampling of institutions and extrapolating results likely to create some marginal uncertainty about the measurement of benefits.
Baselines	2004 data.

C5: Children and families sector efficiency improvements

Element	C5 a) Improving the structures and delivery of local government services for children and families
Description of efficiency	<p>The benefit from streamlining of local authority services and improved management.</p> <p>The creation of Children's Trusts bringing together all relevant local authority services. This will lead to a streamlining of local authority structures and a new, more streamlined system of field forces. Improved management should lead to higher quality management structures in Local Authorities / Children's Trusts.</p> <p>Improvement programmes such as the Choice Protects programme to improve the availability and skills of foster carers, and the joint Making a Difference Projects with Cabinet Office, will improve the efficiency of children's services.</p> <p>Work on rationalising and improving processes includes our programme to rationalise local authority funding streams; better process of assessment, inspection and improvement of Local Authorities; improvement in Local Authority service performance, reducing expenditure caused by service failure; integrated inspection of children's services; and work to pull together the two existing mechanisms for barring unsuitable adults from working with children, creating a new unified barring system that is both more effective and more efficient, and a new Children's Services Card for staff across the Children's Workforce.</p> <p>With the development of more extended services based in schools, there should be efficiencies at Local Authority level in areas such as planning and capacity building of providers for child care, programmes for looked after children etc.</p>
Recyclable?	No.
Type	More or better output for same input
Assumption: what would otherwise happen?	<p>The current structures at local level would continue.</p> <p>No changes in the process of assessment, inspection and improvement of Local Authorities. No reduction in the expenditure caused by service failure. No change in the arrangements for barring unsuitable adults from working with children.</p>

Benefit calculation, and measures.	<p>ODPM commissioned a survey of local authorities in November about options on the measurement of efficiency gains made by local government. The response indicated a strong preference for a self assessment approach, which the Government has accepted is the approach to be adopted.</p> <p>The approach will be supported by tool kits to be produced by ODPM and other Departments. The tool kit from DfES for children's services will consist of good practice examples, practical experiences of where savings have been made and some examples of quality indicators which will enable councils to ensure they are achieving efficiency outcomes rather than delivering service cuts.</p> <p>The primary source of information on efficiency gains by each council is a self assessment efficiency statement to be signed by the leader of the council and chief executive. Information for local authorities produced by ODPM provides details of the timescale and process for producing this statement.⁵</p>
Monitoring	<p>In June of each year local authorities will complete a return, again signed by the leader of the council and chief executive, setting out the actual efficiency gains achieved in the previous year.</p> <p>By mid December each year the Audit Commission to review Council's reported efficiency savings and provide results to ODPM, for onward transmission to DfES.</p>
Data sources	Local Authority efficiency statements.
Data validation and control	Efficiencies will be verified by the Audit Commission.
Data issues and risks	The availability of data on efficiency in local government, including children's services and wider children, young people and families sector, has been a limiting factor in work so far to defining how efficiency gains will be measured and monitored.
Baselines	2004-05 Local Government Budget Provision

Element	C5 b) Benefits of the Sure Start Programme.
Description of efficiency	<p>Investment in children's centres should contribute towards:</p> <ul style="list-style-type: none"> • Reduced pressures on and costs for children's services, education and social services as children get older, through early intervention to narrow the gap in outcomes for the most disadvantaged children and

⁵ The ODPM ETN can be downloaded from the ODPM website, see: http://www.odpm.gov.uk/stellent/groups/odpm_localgov/documents/page/odpm_lcgov_032805.pdf

	<p>families</p> <ul style="list-style-type: none"> • Better prioritisation and greater flexibility in allocation of funds, leading to less waste • One-stop access to a range of services, better integrated and at less cost • Rationalisation of management structures • Fewer co-coordinators and less bureaucracy • Fewer competing and overlapping initiatives and programmes • Simpler, more efficient and more responsive planning of services <p>Better workforce development and lower staff turnover.</p>
Recyclable?	Yes.
Type	More or better output for same input.
Assumption: what would otherwise happen?	No improvements to Children's services or reductions in bureaucracy.
Benefit calculation, and measures.	We are working to firm up our plans in this area and will ensure that issues are resolved and the Technical Note revised by Autumn 2005.
Monitoring	See above.
Data sources	See above.
Data validation and control	See above
Data issues and risks	See above
Baselines	2004-05 Budget Provision

Element	C5 c) Efficiency savings in Children's Fund partnerships..
Description of efficiency	Partnerships will either reduce their central management costs and divert this funding to front line services or achieve 2.5% net increases in the number of children and young people receiving regular support from the Children's Fund - with particular emphasis on services aimed at difficult to reach children and with the quality of provision at least maintained at 2004-05 levels.
Recyclable?	Yes.

Type	More or better output for same input.
Assumption: what would otherwise happen?	Central management costs would rise at the rate of inflation and the number of children and young people receiving support would not be able to rise without extra resources.
Benefit calculation, and measures.	The benefit is the either the reduction in management costs, or the increased number of children and young people receiving regular support, for the same level of resource.
Monitoring	<p>In their 3-year plans, CF partnerships are required to set out the services that they intend to fund over the period and detail how they are to meet their required efficiency gains. Regional Managers will use these plans as the basis for ensuring the efficiency gains are genuine, i.e. they are either (1) reducing central management costs and redeploying the savings to front-line services or (2) increasing the number of children and young people reached - based on local needs and priorities and with particular emphasis placed on extending services to more difficult to reach children. Regional Managers will keep written records of their assessments, which will be made available to auditors as necessary.</p> <p>If Regional Managers are not satisfied with the proposals in the partnership plan relating to efficiency they will not sign it off and the partnership will not receive funding. Regional Managers have been given the clear message that proposed efficiency gains that seek to extend services that are either (1) aimed at 'easy to reach' children at the expense of services aimed at 'difficult to reach' children or (2) that are not consistent with local needs and priorities must be refused.</p> <p>On a quarterly basis throughout the year, Regional Managers will have both financial information (from partnerships' financial statements) and also output information (from the web-based monitoring system) that shows the number of services provided, the type of services provided, the number of children / young people in each service and partnership expenditure. With this information they will be able to determine which services have increased throughput, and thus challenge those partnerships who are securing increased numbers through 'low contact' services, contrary to their approved delivery plans. Alternatively, they will also be able to monitor the split between management costs and front line services, and challenge those partnerships who are not delivering on management cost reductions as set out in their approved delivery plans.</p> <p>On a six-monthly basis, reviews by the Regional Manager with the Children's Fund partnership will ensure that quality is sustained through assessment discussions and analysis of user feedback.</p> <p>CF funding can only be used for the purposes described in the CF plan. Partnerships cannot therefore deviate from their plan without being in breach of their Terms & Conditions of funding.</p>

	Regional Managers will review progress against the plan with Partnership Programme Managers at review meetings. Any breaches of Terms & Conditions will be taken very seriously and could result in the withdrawal or recovery of grant funding.
Data sources	Delivery plans, quarterly expenditure returns and monitoring returns, six-monthly review meetings.
Data validation and control	<p>Delivery plans are scrutinised by assessment panel (chaired by the relevant Regional Manager) and plans that do not meet the criteria set out (including reducing management costs or increasing the number of children and young people receiving support - with particular emphasis on difficult to reach children) will not be approved. CF partnerships that have local authority-led accountable bodies have their accounts audited annually by the Audit Commission. We plan to open discussions with the Audit Commission about the role they can play in verifying partnership efficiency gains as part of the annual auditor certification process. We will look to have a similar process for partnerships with voluntary-led accountable bodies and their auditors.</p> <p>Quarterly expenditure returns and monitoring returns scrutinised to ensure adherence to delivery plans. Partnerships that deviate from delivery plan will be challenged and funding may be withdrawn.</p>
Data issues and risks	As part of the PM's Reducing Bureaucracy initiative, the Department's Children, Young People's and Families Directorate (CYPFD) is looking to reduce the funding streams paid to local authorities and the voluntary sector. Part of this will inevitably include reducing the level of monitoring currently in place with relevant organisations, which would mean we have less data to analyse when measuring efficiency gains.
Baselines	2004-05 data.
Element	C5 d) Connexions services.
Description of efficiency	Partnerships will be expected to achieve efficiency gains through reductions in central administrative costs.

Recyclable?	Yes
Type	More or better output for same input.
Assumption: what would otherwise happen?	No change.

Benefit calculation, and measures.	The benefit is the reduction in administration costs, while overall the quality of service provided is maintained or improved.
Monitoring	Will be monitored through the quarterly financial returns and the normal Connexions Service performance indicators.
Data sources	The amount of administrative savings is monitored through Partnerships' quarterly management accounts.
Data validation and control	Quarterly expenditure returns scrutinised and anomalies challenged. Partnership accounts are audited annually by Audit Commission.
Data issues and risks	As mentioned above, as part of the PM's Reducing Bureaucracy initiative, CYPFD is looking to reduce monitoring arrangements for its programmes which will mean we have less data to analyse when measuring efficiency gains.
Baselines	2004 – 2005 Budget Provision

Element	C5 e) Increased outputs from CAFCASS
Description of efficiency	<p>This efficiency gain will result from improved service by the Children and Family Courts Advisory and Support Service (CAFCASS).</p> <p>CAFCASS is looking to manage its estates more efficiently, which will free up resources for front line work. The organisation will also be able to achieve efficiencies in its front line operations through the way its work is structured:</p> <ul style="list-style-type: none"> - The introduction of the Protocol for Judicial Case Management in Public Law Children Act Cases will mean CAFCASS Guardians will spend less time on cases if social services commence care proceedings only when all the necessary work has been done, so CAFCASS Guardians do not have to undertake additional work beyond their own remit. - Recommendations from the Ernie Finch report, "Delays in Public Law Children Act Cases" will be progressed within a Ministerial Strategic Group on Reducing Delay, resulting in more efficient handling of cases. - The Green Paper "Children's Needs and Parents' Responsibilities" proposes a new way of working for CAFCASS practitioners in private law cases (e.g. contact and residence applications). Instead of writing reports for the court, practitioners will help separating parents to reach agreement over contact and residence arrangements for their children, without the need for the court to decide. If more lasting agreements can be reached out of court, the number of repeat applications and protracted disputes should reduce, freeing up CAFCASS practitioners to deal with new cases.

Recyclable?	Yes.
Type	More or better output for same input.
Assumption: what would otherwise happen?	No efficiencies in CAFCASS estates or front line work.
Benefit calculation, and measures.	We have agreed key performance indicators (KPIs) for 2004-05 to measure CAFCASS performance. From 2005-06 these will include indicators which will enable us to measure efficiency. CAFCASS produced a draft Business Plan which will be published when all the KPIs are finalised. The precise calculation of the benefit will be finalised later, in light of these indicators. We aim to complete the process by the end of 2004.
Monitoring	<p>Progress against the plan will be reviewed by the CAFCASS Board and the Sponsorship Unit – it will be discussed with CAFCASS in Sponsorship meetings with officials (held every 6 weeks). In addition, performance will be discussed with Ministers every 8-12 weeks. Expenditure is monitored every month by DfES. The CAFCASS sponsorship Board will also consider performance against targets.</p> <p>CAFCASS will be asked to produce quarterly reports on efficiency savings.</p>
Data sources	CAFCASS management information.
Data validation and control	Performance and financial returns made regularly by CAFCASS and scrutinised by the Department.
Data issues and risks	No material issues or risks with the data
Baselines	2004-05 Budget Provision

C6: Reduction in policy funding and regulation costs of DfES, OFSTED and Non-Departmental Public Bodies

Element	C6 Reduction in PFR costs of DfES, OFSTED & NDPBs.
Description of efficiency	This efficiency gain will result from an overall planned reduction in the size and cost of the policy, funding and regulation (PFR) function in DfES, its NDPBs, and OFSTED. For the inspectorates, ALI and OFSTED, this includes the costs of inspection even where these fall outside the administration cost of these organisations. The Department will adopt a more strategic role and the way the Department works together with NDPBs and OFSTED will be streamlined. There will be further savings within these organisations from the use of simpler PFR mechanisms such as the New Relationship with Schools.
Recyclable?	Yes.

Type	Reduced input for same or better output.
Assumption: what would otherwise happen?	Staffing levels would stay at the same levels, and costs would increase in line with inflation, with no reduction in the costs of producing and implementing new policies.
Benefit calculation, and measures.	To calculate the efficiency gain, expenditure in future years will be compared with the baseline uprated for inflation (using the GDP deflator).
Monitoring	Data will be regularly collated and reported to the Department's Efficiency Board.
Data sources	Internal finance and accounting systems for DfES, OFSTED and NDPBs.
Data validation and control	The savings in DfES, OFSTED and NDPB procurement, PFR, and corporate services will be monitored collectively as a reduction in the administration cost of these individual organisations and accounted for cumulatively by the DfES. Progress will be tracked and verified through the Department's financial systems and the accounts, which are subject to audit. Reductions in PFR will be separated out and declared.
Data issues and risks	No material issues or risks with the data.
Baselines	2004-05 for most organisations. For some, savings between 2002-03 and 2004-05 will also be taken into account. For DfES we have used October 2003 – the starting point for the Department's restructuring programme - as the baseline against which to compare staff reductions, including the cost savings that these will deliver.

D: TRANSACTIONAL SERVICES WORKSTREAM**D1: Savings from improvements in student support processes**

Element	D1 a) Improving collection of Student Loans.
Description of efficiency	Increase in the proportion of student loans repayments due that are collected.
Recyclable?	Yes.
Type	More or better output for same input.
Assumption: what would otherwise happen?	Proportion of repayments per year would stay at the same level therefore reducing the amount available for redeployment.
Benefit calculation, and measures.	<p>Efficiency is being achieved through new recovery arrangements in partnership with Inland Revenue and the Student Loans Company (IR/SLC).</p> <p>Measured by returns from the IR/SLC of the annual repayments from graduates, reported in July of each year. There has been a cost-benefits analysis of initiatives which will improve the efficiency of the collection process which is the basis for the savings identified i.e. more borrowers will be traced and put into repayment than under the previous collection system.</p> <p>Revised targets will be detailed in the SLC remit letter and revised service level agreements with the IR to ensure that service standards are maintained.</p>
Monitoring	Higher Education Analytical Services Division (HE:AD) has a model to forecast repayments due against which we will monitor actual annual returns notified by the Student Loans Company annually.
Data sources	Returns from IR /SLC on annual repayments.
Data validation and control	<p>Outputs required through SLC remit letter and Service Level Agreements with Inland Revenue will be reported to DfES.</p> <p>Early monitoring of quarterly returns from SLC of previously 'unmatched' borrowers who are now moving into repayment.</p>
Data issues and risks	No material issues or risks with the data.
Baselines	2004 data.

Element	D1 b) LEA cost savings arising from changes to administration of Student Support.
Description of efficiency	Centralisation and electronic processing of applications for student support. The delivery mechanism for this saving is the PROtoCOL system for the electronic processing of applications for student support.
Recyclable?	Yes.
Type	Reduced input for same or better output.
Assumption: what would otherwise happen?	LEAs would continue to process applications for student support.
Benefit calculation, and measures.	<p>Progress against the Cost Benefit Analysis (CBA) and any revisions will be measured and reported through existing criteria to the Student Finance Programme. This includes specific targets for managing benefits – ensuring improvements to efficiency and effectiveness of business operations and customer satisfaction. Further work is being undertaken to identify and clarify data from existing LEA returns. On-line application estimates have been taken from the initial SLC projections against which outturn will be monitored.</p> <p>Key delivery IT systems - PROtoCOL and SuperJanet5 - will monitor quality and service standards as an integral part of their activities to ensure these do not deteriorate.</p>
Monitoring	A full cost benefit analysis (CBA), from the start of the project in 02-03 has been undertaken by Student Finance Delivery Division, against which achievements will be measured. Assumptions in the CBA are continually being monitored. Academic year 04/05 will be a key year in monitoring the LEA savings at the end of which we will report on benefits actually accrued, compared to the forecasts in the CBA.
Data sources	PROtoCOL system, SLC projections.
Data validation and control	<p>Monitoring of the Cost Benefit Analysis for the project reported to the Student Finance Programme Board.</p> <p>Clarification of existing LEA Section 52 returns.</p> <p>PROtoCOL and SLC assessment validation.</p>
Data issues and risks	A risk if Section 52 data different to that from LEA responses.
Baselines	2002-03 will be the base year for monitoring of achievement.

E: CORPORATE SERVICES WORKSTREAM

E1: Corporate services savings in DfES, OFSTED and Non-Departmental Public Bodies

Element	E1: Corporate services savings in DfES, OFSTED and Non-Departmental Public Bodies.
Description of efficiency	This efficiency gain consists of the reduction in cost of the Corporate Services of DfES, its NDPBs and OFSTED. Those services include HR (including Learning and Development running costs), IT, Finance, Marketing and Communications, Facilities Management, running costs of the Procurement function, Travel Services and Legal Services.
Recyclable?	Yes.
Type	Reduced input for same or better output
Assumption: what would otherwise happen?	Cost of corporate services would increase in line with inflation.
Benefit calculation, and measures.	To calculate the efficiency gain, expenditure in future years will be compared with the baseline updated for inflation (using the GDP deflator).
Monitoring	Data will be regularly collated and reported to the Department's Efficiency Board.
Data sources	The data will be derived from the internal finance, accounting and performance management systems of the Department, its NDPBs and OFSTED.
Data validation and control	The savings in DfES, OFSTED and NDPB procurement, PFR, and corporate services will be monitored collectively as a reduction in the administration cost of these individual organisations and accounted for cumulatively by the DfES. Progress will be tracked and verified through the Department's financial systems and the accounts, which are subject to audit. Corporate services savings will be separated out and declared.
Data issues and risks	The accounting systems have been in operation for a number of years and are subject to external audit. Therefore the data derived from these systems carries a high degree of reliability. The finance and performance management systems, however, have been developed more recently. Data extracted from these systems, therefore, does not carry the same level of reliability as that from the accounting system.

Baselines	<p>2004-05 for most organisations. For some savings between 2002-03 and 2004-05 will also be taken into account.</p> <p>For DfES we have used October 2003 as the baseline against which to compare staff reductions, including the cost savings that these will deliver.</p>
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E2: Improving corporate services efficiency in further education.

Element	E2: Improving corporate services efficiency in FE
Description of efficiency	This efficiency will be achieved by reducing the expenditure on corporate services functions within colleges in the bottom 50% to the level achieved by the current average.
Recyclable?	Yes.
Type	Reduced input for same or better output
Assumption: what would otherwise happen?	Many colleges would retain, as at present, corporate services functions that were not as efficient as those of the best.
Benefit calculation, and measures.	The benefit is the reduction in corporate service cost per student achievement in the FE sector. Current expenditure will be monitored against output.
Monitoring	College financial data will be used to assess progress.
Data sources	College financial systems and survey.
Data validation and control	College audits.
Data issues and risks	No material issues or risks with the data.
Baselines	2004-05 data.

F: STAFFING WORK STREAM: RELOCATION AND STAFF REDUCTIONS

Measurement in this work stream is not about quantifying financial efficiency gains but about measuring progress against the Department's target for public sector relocation (following Sir Michael Lyons' review) and measuring the staff reductions in the Department and OFSTED announced in the 2004 Spending Review White Paper.

F1: Relocation of DfES and NDPB staff

Element	Relocate out of London and the South East around 800 posts from DfES and its partner organisations by 2010.
Type	Relocation of posts.
Assumption: what would otherwise happen?	No particular movement of posts from London and the South East.
Benefit calculation, and measures.	<p>The total figure for relocated posts (FTEs) will be the sum of:</p> <ul style="list-style-type: none"> • existing posts that are moved from London/SE to other locations (except for the Eastern region) and; • new posts that are located outside London/SE/E instead of within London/SE/E. <p>The organisations in scope are DfES, its NDPBs and OFSTED.</p> <p>The measure will be the net FTE posts relocated.</p>
Monitoring	DfES will monitor posts relocated every six months starting Autumn 2005.
Data sources	HR information systems and business plans of DfES, NDPBs and OFSTED..
Data validation and control	Validation arrangements being developed alongside relocation plans, need to ensure proper checking of data from each organisation.
Data issues and risks	Compatibility of data from different organisations. Change programmes over the period to 2010 will continue to impact on the posts available for relocation.
Baselines	Post and staff numbers as at 1 April 2004

F2: Reduction in DfES and OFSTED staff numbers

Element	Reduce the total number of civil servant posts by 1,960 with 1,460 in the core department and 500 in the Office for Standards in Education (OFSTED)
Description of	The number of civil service posts in DfES and OFSTED will

efficiency	reduce by 1,960 by April 2008.
Type	Reduction in staffing.
Assumption: what would otherwise happen?	Staff numbers would remain static.
Benefit calculation, and measures.	Net staff reductions against the DfES Oct 03 baseline of 4,660 and the OFSTED 2003-04 baseline of 2,562.
Monitoring	Monitoring of progress will be carried out by the Department's Corporate Services and Development Directorate, reporting via the Departmental Reform Board to the Permanent Secretary and ministers. OFSTED monitoring will be through the DfES OFSTED liaison team.
Data sources	DfES and OFSTED personnel systems.
Data validation and control	Staff numbers are collected through the HR systems which include their own processes for validation. They are also part of a reporting process to HMT and the Cabinet Office (i.e. Mandate).
Data issues and risks	No material issues or risks with the data.
Baselines	The DfES baseline is October 2003, which is the start point for the Department's restructuring programme. The OFSTED baseline is 2003-04.