

**DEPARTMENT OF ENTERPRISE, TRADE AND INVESTMENT
CSR EFFICIENCY DELIVERY PLANS 2008-2011**

Introduction:

The Department of Enterprise, Trade and Investment has developed delivery plans for targeted 3% per annum cumulative efficiency gains over the CSR07 period. This target includes 5% annual real terms delivery in DETI (excluding NDPBs and North / South Bodies) administrative efficiencies.

The 5% real reduction in administration costs was originally to be implemented on the basis of 2.2% inflation and a nominal 2.8% nominal reduction. In light of the impact from the NICS pay settlement, estimated at 4%, the nominal savings rates for 2008-09 only has been reduced to 1%, with the overall 3% savings rate remaining constant.

In 2009-10 the pay increase is estimated at 4% for the first 4 months of the year with an estimated 2.2% increase for the remainder of the CSR period. The efficiencies required for 2008-09 therefore amount to 5.6% in real terms, with 2.8% required for pay increases together with a nominal reduction of 2.8%.

The efficiencies required for 2010-11 amount to 5% in real terms, with 2.2% required for pay increases together with a nominal reduction of 2.8%.

DETI has identified cumulative **efficiencies** of £45.4m by 2010-11.

Total departmental efficiencies comprise two main measures. These are:

- Departmental Administration (**Annex A1**)
- Electricity Contract Buy-Out and general DETI Budget (**Annex A2**)

Annex A3 details the impact of the efficiencies across each business area.

Annex B categorises the efficiencies in a standardised format.

In summary, the efficiency gains identified are as follows:

Efficiency Programme Summary Table

£m	2007-08 Baseline	2008-09	2009-10	2010-11
EFFICIENCY SAVINGS ACCRUING TO DEPARTMENT				
Near Cash Resource DEL ¹ (RDEL)				
Departmental Admin	14.5m	0.1m	0.5m	0.9m
Electricity Contract Buyout	21.6m	7.6m	14.7m	21.6m
TOTAL NEAR CASH RDEL (a)	36.1m	7.7m	15.2m	22.5m
Capital DEL (CDEL)				
TOTAL CDEL (b)	0	0	0	0
TOTAL DEPARTMENTAL SAVINGS (a+b)	36.1m	7.7m	15.2m	22.5m

Departmental Administration, Annex A1 - £1,571k

In relation to DETI's central administration budget, we have identified £1,571k (1% for 2008-09 and 2.8% for 2009-10 and 2010-11) which will transfer to DFP for reallocation and £3,147k (4.0% for 2008-09, 2.8% for 2009-10 and an estimated 2.2% for 2010-11) which is required to cover inflationary pay increases.

Electricity Contract Buy-Out (CBO), Annex A2 – £43,830k

The CBO Policy was announced by Ministers in 2003. In September 2006, the decision was taken not to further pursue a State Aid application for the CBO. Given the combined effect of the loss of the first three years of the funding and the expenditure requirements for the benefit to be spread over all customers, this would have substantially reduced the impact on business costs. The decision was taken that there may be more effective ways of achieving our policy. In light of this, DETI has identified efficiencies of £7,580k, £14,681k and £20,707k from the Electricity CBO budget. A further £862k efficiencies in 2010/11 in the general DETI budget has been identified. Therefore a total of £43,830k will be delivered.

¹ Near-Cash is an accruals measure of transactions that normally turn into cash flows soon. The main components of near-cash in resource budgets are: pay, current procurement, grants and subsidies to the private sector and subsidies to public corporations.

DELIVERY PLAN PRO FORMA

Annex A1

1. Title of Efficiency Measure

Department	Enterprise, Trade and Investment
Efficiency Measure	Departmental Administration
Ministerial Agreement to plan received	Yes/No
Senior Responsible Officer	G3/HODs/HOBs

2. Forecast of Savings Accruing from Efficiency Measure (£m)

	Baseline	Savings		
	2007-08	2008-09	2009-10	2010-11
Admin	14.5	0.1	0.5m	0.9m
Resource				
Capital				
Total	14.5	0.1	0.5m	0.9m

N.B. 2007/08 baseline budget excludes central initiatives and reclassification to Resource Budget of front line services relating to Insolvency Service, Consumer Affairs and the Health & Safety Executive for Northern Ireland .

3. Summary of evidence supporting scope for realising savings

The forecast savings will lead to indicative reductions in headcount across DETI divisions.

It is forecast that headcount at various grades across DETI may be reduced by 18 in 2008-09, 29 in 2009-10 and 0 in 2010-11, with the cumulative indicative headcount reduced by 47.

Efficiencies from the integration of Companies Registry with Companies House are due in October 2009. £341k will be realised in 2009-10 and £691k will be realised in 2010-11. .

4. Summary of any potential wider benefits (including non-resource releasing gains)

Within Business Regulation Division, primary benefit of Companies Registry inclusion of NI into UK company legislation is to ensure that NI businesses would enjoy the benefits of regulatory reform offered to their GB counterparts in the same way and at the same time.

5. Summary of Key Actions and any Up- Front Costs

5a: Description of Key Actions

KEY ACTIONS:

Personnel and Central Support Division (PCSD) enabling actions:

- Planning and management of release and redeployment for posts surplus to DSTI Divisions, including NICS co-ordination.
- Liaise with Finance Division to plan and manage staff redeployment and efficiencies arising from Central Reforms.

Other Key Actions:

- All DETI Divisions to plan and manage release and redeployment of posts.
- Restructure branches / staff responsibilities to take account of staff reductions in IT Branch, Corporate Services, Training and Consultancy, Information Management and Private Office.
- Plan Business Improvement Team workload to match reduced resources.
- Obtain any non-generic IT training from external sources.
- Prioritise library purchases and requests for externally purchased training.
- Establishment of Project Board to manage integration of Companies Registry.
- Economics to carry out a regrading exercise across the Branch.
- Strategic Policy Division to cease production of the Annual Economic Bulletin, contributing instead to the Quarterly Economic Review. Increased efficiencies in production of the Census of Employment and Annual Business Inquiry to be addressed when re-contracted.

5b: Details of any Up-Front Costs

- **Should wider NICS not be able to manage redeployment of surplus staff across all Departments, severance costs will be incurred. These costs have not been accounted for by DETI.**
- Data migration costs from DETI to Companies House IT systems relating to the integration project are currently estimated at £200k.
- There will be additional costs in re-contracting the production of the Census of Employment and Annual Business Inquiry to offset the loss of DETI staff. The costs are expected to be at least £30k.

6. Timetable

TIMETABLE FOR DELIVERING EFFICIENCIES- 2008/09 Year 1			
Date	Action	Owner	Outcome
April 2008 to March 2009	Headcount may be reduced by 18 posts	Relevant DETI Heads of Divisions	Reduced indicative headcount and budget
April 2008 to March 2011	Cease production of Annual Economic Bulletin	Head of Strategic Policy Division	The Northern Ireland Economic Bulletin will cease from 2008. Re-contracting of the Census will commence in 2008-09, to be followed by the Annual Business Inquiry.
TIMETABLE FOR DELIVERING EFFICIENCIES- 2009/10 Year 2			
Date	Action	Owner	Outcome
April 2009 to March 2010	Headcount may be reduced by a further 1 post whilst maintaining efficiencies achieved in 2008-09	Relevant DETI Heads of Divisions	Reduced indicative headcount and budget
April 2008 to October 2009	Integration and harmonization of registry systems and processes with Companies House,	Head of Business Regulatory Services Division.	Transfer of functions and operations of Registry to Companies House. NI businesses would enjoy the

	Cardiff with transfer of 28 staff from DETI to Companies House.		benefits of regulatory reform offered to their GB counterparts in the same way and at the same time.
TIMETABLE FOR DELIVERING EFFICIENCIES – 2010/11 Year 3			
Date	Action	Owner	Outcome
April 2010 to March 2011	Headcount to be maintained at 2009-10 levels	Relevant DETI Heads of Divisions	Reduced budget

7. Summary of monitoring arrangements to ensure forecast level of savings are delivered without a detrimental impact on high priority services.

Indicator	Data Source	Who monitors?	How often?
Headcount by grade	Financial Management Systems	Head of Division	Monthly / Quarterly at HOB meetings
Unit Costs	Staffing reports from Personnel Branch	Departmental Board.	Quarterly.
Monthly expenditure against revised budgets	Management Accounts Monthly Profiles		

8. Summary of equality impact assessment and details of any mitigating actions.

Equality Impact	Mitigating Action
N/A	N/A

9. Key risks and interdependencies to implementation and details of contingencies.

Key risks	Contingent Action
<p>DETI: Ability of NICS to manage redeployment</p> <p>Economics: Regrading of posts in Economics - Potential inability of Division to deliver quality and timely economic advice</p> <p>Business Regulation Division: Date of integration dependant on legislative schedule coming into operation of the Companies Act.</p> <p>PIMS: Overall staff reductions dependant on external reforms.</p>	<p>Central NICS contingency required.</p> <p>Monthly review of workload of Division and regular review of quality of output.</p> <p>Review of branch structure on biannual basis.</p> <p>Ongoing risk assessment, with view to Resource Group consideration of need to redeploy resources.</p> <p>Project Board managing options for integration</p> <p>Contingent action required centrally to ensure delivery of reform.</p>

3. Title of Efficiency Measure

Department	Enterprise, Trade and Investment
Efficiency Measure	Electricity CBO and general DETI Budget
Ministerial Agreement to plan received	Yes
Senior Responsible Officer	Jenny Pyper and Trevor Cooper

2. Forecast of Savings Accruing from Efficiency Measure (£m)

	Baseline	Savings		
	2007-08	2008-09	2009-10	2010-11
Admin				
Resource	£21.6m	£7.6m	£14.7m	£21.6m
Capital				
Total	£21.6m	£7.6m	£14.7m	£21.6m

3. Summary of evidence supporting scope for realising savings

Electricity Contract Buyout (CBO). In September 2003, Minister Pearson announced a budget proposal for a Government intervention of some £30m per year aimed at bringing about an average decrease in electricity prices across the business sector of some 10% below the levels they would otherwise have been commencing 2004/05.

A formal State Aid notification was submitted to the European Commission (EC) and DETI has been engaged in correspondence with the EC on clarification of aspects of the notification. In September 2006 the decision was taken not to pursue this application further on the basis that it was not the most efficient way to proceed.

4. Summary of any potential wider benefits (including non-resource releasing gains)

These resources will be reallocated to front line services in the Budget exercise.

5. Summary of Key Actions and any Up- Front Costs

5a: Description of Key Actions
The Electricity CBO initiative will no longer be brought forward thereby freeing up resources to be used on other projects during the period of the CSR.
5b: Details of any Up-Front Costs
None

6. Timetable

TIMETABLE FOR DELIVERING EFFICIENCIES			
Date	Action	Owner	Outcome
1/4/08	Releasing £7.580m from Energy CBO Budget	HOD	Full efficiencies released.
1/4/09	Releasing £14.681m from Energy CBO Budget	HOD	Full efficiencies released.
1/4/10	Releasing £20.707m from Energy CBO Budget	HOD	Full efficiencies released.
1/4/10	Releasing £0.862m from general DETI Budget	HOD	Full efficiencies released.

7. Summary of monitoring arrangements to ensure forecast level of savings are delivered without a detrimental impact on high priority services.

Indicator	Data Source	Who monitors?	How often?
Not applicable. Full efficiencies have been realised by the release of the Electricity CBO efficiencies over the CSR period.			

8. Summary impact of taking Options for Reduction

Political and Business criticism resulting from the failure to deliver the full CBO reductions to electricity prices (particularly to businesses).
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9. Summary of equality impact assessment and details of any mitigating actions.

Equality Impact	Mitigating Action
None	

10. Key risks and interdependencies to implementation and details of contingencies.

Key risks	Contingent Action
Inability to reduce electricity costs particularly business customers by means other than the Electricity CBO	

Summary impact of taking Options for Reduction

Departmental Admin

Strategic Policy Division:

- Cessation of the Economic Bulletin reduces dissemination of government sponsored articles of this type.
- The staff reductions in the production of the Census of Employment and Annual Business Inquiry will reduce the level of manual checks undertaken by the Department. This will be addressed by improving the automated processing of the Census and ABI to maintain quality.

Business Regulation Division:

- Transfer of functions and operations of Companies Registry to Companies House. Northern Ireland business would enjoy the benefits of regulatory reform offered to their GB counterparts in the same way and at the same time.

Personnel & Central Support Division:

- Reduced efficiency review work output – could result in some buying in.
- Reduced scope to engage external trainers – knock on effect to effective delivery of DETI business objectives
- Reduced stocking of Library.
- Additional responsibilities for staff as result of reduced staffing levels.
- Potential in-year bids for GAE to meet inescapable pressures. commitments

Annex B

Standard Categorisation of Savings

Savings accruing to Departmental DEL

£m cumulative to 2010-11	Procurement	Productive time	Corporate services	Transactions	Admin/PFR	Allocative efficiency	Other	TOTAL
Departmental Admin		0.1	0.3	0.05	0.4	0.05		0.9
NDPB Admin								
CBO Electricity						21.6		21.6
TOTAL		0.1	0.3	0.05	0.4	21.65		22.5