



“Alongside this additional investment, the Government has a comprehensive programme in place to deliver efficiency savings at the front line to re-invest in priorities. For the NHS, work at a national level, including through the Public Value and Operational Efficiency Programmes, has identified several potential areas. But these savings can only be translated into reality by local NHS organisations, so will be challenged, tested, refined and supplemented as the NHS develops its local plans. **Budget 2010 confirms that the NHS will deliver annual efficiency savings of £15 to 20 billion by 2013-14.** Areas already identified include:

- **£3.5 billion through raising staff productivity by systematically spreading best practice, improving staff health and well-being and reducing dependency on agency staff;**
- **£2.7 billion by transforming the lives of people with long-term conditions, through best practice in care planning and case management, empowering patients to self-care, reducing emergency admissions levels to be on a par with the best levels internationally and providing more efficient, integrated community services;**
- **£2 billion through better procurement, savings in management and back office costs and more efficient use of the hospital estate; and**
- **£1.5 billion through more effective commissioning by reducing unnecessary referrals and prescriptions, and improving mental health services to ensure the most effective interventions in the most effective settings.**

Direct from the Red Book:

As an interim step, £10 billion of value for money and quality improvements will be delivered by 2012-13.”

Public sector pay and pensions

“Following substantial investment in public sector workforces since 1997, pay restraint will be important to support frontline service delivery, while ensuring sustainable public finances over the medium term. In the 2009 Pre-Budget Report, the Government announced that it will seek a one per cent cap on basic pay uplifts across the public sector for 2011-12 and 2012-13, generating savings of £3.4 billion a year by 2012-13.

The Government believes that senior staff should show leadership in pay restraint. On 10 March 2010, the Government announced that there will be no pay uplift in 2010-11 for senior public sector staff

including the senior civil service, the judiciary, consultant doctors, senior managers in the NHS and self-employed GPs and dentists.

At the same time, the Government announced that, excluding those on three-year deals, basic pay uplifts for other workforces will be capped at a maximum of one per cent in 2010-11. In recognition of the exceptional pressures the Armed Forces are facing, the Government accepted the Armed Forces Pay Review Body's recommendation that those below the rank of two-star should receive a two per cent increase in 2010-11.

The 2009 Pre-Budget Report set out an ambitious package of reforms to pay-setting for senior staff. Budget 2010 announces that the Government is accepting the results of the Senior Salaries Review Body (SSRB) review of senior pay in the public sector, including committing to a new Code of Practice on senior pay setting.

This recommends greater use of independent Remuneration Committees, which will include 'taxpayer champions' and escalation of decisions to ministers, or audit and regulatory bodies, where there is a proposal to pay above agreed norms. The Government is asking all public sector organisations to explain, publicly, how they will comply with the Code by the end of the year, and working with the SSRB, will consult on detailed implementation of the Code's provisions.

To support the taxpayer champions in their work, the SSRB will recommend new benchmarks in Non-Departmental Public Bodies (NDPBs), reporting by the summer. In addition, the Prime Minister will ask the SSRB, working with other relevant individuals as appropriate, to draw up sector-by-sector pay benchmarks for the wider public sector.

They will report on local authority chief executives and senior managers across the health sector by the end of 2010. The Government will work with the SSRB to determine what legislative and non-statutory means are most appropriate to enforce compliance.

Since 1997 the Government has implemented major reforms to public sector pensions and is committed to continuing to provide sustainable defined benefit pensions. As part of this, building on the commitments to full consultation and collaboration agreed at the 2005 Public Services Forum, cap and share provisions will be

implemented for Teachers, Civil Service, NHS and Local Government pension schemes.

These will cap the contribution to pensions made by employers, thereby limiting the liability of the taxpayer as pensions become more valuable. This is estimated to save £1 billion a year from 2012-13, as announced in the 2009 Pre-Budget Report."