



CabinetOffice



Making government
work better

This document is part of a series of Departmental Reports (Cm 7091 to Cm 7117) which, along with the Main Estimates 2007-08, the document Public Expenditure Statistical Analyses 2007 and the Supplementary Budgetary Information 2007-08, present the Government's expenditure plans for 2007-08, and comparative outturn data for prior years.

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Cabinet Office

Departmental Report 2007

The Cabinet Office Departmental Report is produced annually and published as a Command Paper which is presented by the Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office and Social Exclusion.



4	Foreword	
6	Introduction	
8	Cabinet Office Board	
10	Timeline	
14	Ensuring future capability	Improving the capability of the Civil Service to meet future delivery challenges
18	Building Cabinet Office capability	How we are responding to the findings of our own Capability Review
22	Taking a coordinated approach	Improving the efficiency and effectiveness of government's web presence
26	Reaching out	Coordinating government's social exclusion programme

Contents

Delivering a more effective and strategic centre of government that is truly a world-class centre of excellence

30 **Equipping the country for the future**

Assessing policy needs to address future challenges

32 **Being a better partner**

Creating an equal partnership between government and the third sector

36 **Supporting action against climate change**

Responding to the findings of the Stern Review

38 **Getting regulation right**

The Government's commitment to cutting red tape

42 **Putting our audiences first**

Delivering effective communication

44 **Coordinating across borders**

Taking a strategic role

45 **Proud of our people**

What our staff think and do

Performance report

50 Progress against Public Service Agreement (PSA) targets

62 Efficiency Programme

65 Cabinet Office groups contributing towards the Department's objectives

67 Cabinet Office Public Expenditure Data, including core tables

Other information

79 Better Regulation

81 Sustainability

82 Public Appointments

Foreword

**Hilary Armstrong MP,
Chancellor of the Duchy of Lancaster
and Minister for the Cabinet Office and Social Exclusion**

I am very pleased to introduce the Cabinet Office Departmental Report 2007. It sets out the Cabinet Office's main achievements over 2006–07, including progress against our Public Service Agreement targets and expenditure plans, in addition to our priorities for the new financial year.



Hilary Armstrong visiting Rosslyn Infant and Junior School, Aspley



The Cabinet Office has a unique coordinating and strategic role across government. Its overarching purpose is to 'make government work better'.

It sits at the centre, to support the Prime Minister in defining and delivering the Government's objectives; support the Cabinet by driving the coherence, quality and delivery of policy and operations across departments; and strengthen the Civil Service by ensuring it is organised effectively and has the capability in terms of skills, values and leadership to deliver the Government's objectives.

This year, we have made substantial achievements in respect of our key cross-cutting governmental responsibilities. Our work to support the most disadvantaged in society saw the creation of the Social Exclusion Task Force in June 2006. Working closely with other interested departments, we published *Reaching Out: An Action Plan on Social Exclusion* in September. The Plan explains our strategy to renew a cross-government effort to tackle persistent and deep-rooted exclusion and the role of the Cabinet Office to drive this from the centre. It represents our commitment to social justice, and to early identification and action on behalf of the individuals, families and communities who are particularly at risk.

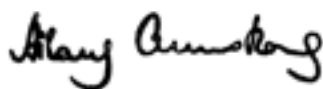
The creation of the Office of the Third Sector in May 2006, with Ed Miliband as Minister, marked the beginning of a new dialogue between government and the charities, voluntary and community groups and social enterprises. We recognise the benefits of a meaningful partnership with the third sector in terms of pursuing social justice, reforming public service delivery and building strong communities. The publication of two key documents: our *Social Enterprise Action Plan* and

Partnership in Public Services: an Action Plan for Third Sector Involvement were important milestones in this ongoing relationship.

In common with our many other partners, the third sector has also benefited from the Better Regulation Executive's pursuit of our radical agenda for regulatory reform. We have worked closely with other government departments, in our strategic capacity, to drive this agenda forward so that reductions in outdated or bureaucratic regulation have been made across government.

Lastly, the Cabinet Office has led the way in ensuring that government is equipped to meet the challenges of the future in a way that is relevant and represents excellent value to the public we serve. In addition to our Transformational Government Strategy and ongoing work on the departmental Capability Review programme, Pat McFadden, Parliamentary Secretary, and Ed Miliband are leading a landmark Policy Review programme, allowing us to invite and consider diverse views on some of the key challenges we will face over the next decade. These will quite rightly feed into the negotiation of the next generation of Public Service Agreements and the priorities of the next Comprehensive Spending Review period.

I would like to thank my colleagues Hazel Blears, Ed Miliband and Pat McFadden, as well as the many dedicated staff at the Cabinet Office, for some impressive achievements over the last year and I hope that we will continue to make a real difference to improving citizens' lives.






Introduction

Gus O'Donnell, Cabinet Secretary and Head of the Home Civil Service

My vision for the Cabinet Office is to provide a strong and effective centre that can support and enhance the work of government. It is no easy task, and that is why I want to pay a very clear tribute to the hard work and dedication of Cabinet Office staff over the past year. They have delivered a great many successes, and are constantly looking ahead to the challenges of the future, which will include delivering first-class support to a new Prime Minister.



As our Capability Review set out, the role of the Cabinet Office is to make government work better, and to deliver that I see three fundamental roles for us:

- supporting the Prime Minister;
- supporting the Cabinet; and
- strengthening the capability of the Civil Service.

This is a big challenge for a department of 1,500 staff, and one which, like the rest of government, will reduce in size further to meet the efficiency agenda.

I remain committed to celebrating our successes; it was with this in mind that the Cabinet Office led in organising our first ever Civil Servant of the Year Awards last year. As such, I take pride in celebrating the successes of the Cabinet Office over the last year. Our coordination of the inter-departmental machinery delivered policy agreement on vital long-term issues like energy, pensions and the nuclear deterrent. Good progress has been made on the better regulation agenda. Government objectives on social exclusion and the third sector have been refreshed through the work of the new Cabinet Office units. The Security, Intelligence and Resilience Units continued to drive our response to threats at home and abroad.

The nature of the challenges we face, however, continues to change and we as an organisation must adapt to

meet them. As our Capability Review has emphasised, we need to do more to sharpen our strategic focus as a department of the centre, as well as doing more to strengthen Civil Service governance and performance. Effective management, at all levels, will be essential in this and it is something to which the whole Board is fully committed.

The budgetary background against which we are doing this remains challenging, with a 5% real reduction each year to 2010–11. Through sharpening our focus on our core functions, and making efficiency gains, the number of staff in the Cabinet Office has already reduced from 2,200 in 2004 to around 1,500 now. In the years ahead, we will need to do more with less. We will continue to equip our staff with the skills they need to rise to this challenge, including through the Professional Skills for Government Programme. We are also firmly committed to meeting our goals in areas like diversity and sustainable development.

During my time as Cabinet Secretary, I have been continually impressed by the dedication and professionalism of staff both in the Cabinet Office and across the Civil Service. It is this commitment that I believe will continue to deliver better public services and better working in government in the year ahead.



Gus O'Donnell

Chair

Cabinet Secretary and Head of the Home Civil Service



David Bennett

Prime Minister's Head of Policy and Strategy



Paul Britton

Director General Domestic Policy



Kim Darroch

Permanent Secretary European Secretariat



Nigel Sheinwald

Permanent Secretary Defence and Overseas Secretariat



Howell James

Permanent Secretary Government Communications



Alternate attendance

Meet the BOARD



Roger Marsh

Director General
Strategic Finance
and Operations



Richard Mottram

Permanent
Secretary
Intelligence
and Resilience



Gill Rider

Director General
Corporate
Development



Oliver Robbins

Principal Private
Secretary to the
Prime Minister



William Sargent

Executive
Chair
Better
Regulation
Executive



Ian Watmore

Permanent
Secretary
Delivery and
Transformation

Non-executive Directors



Ruth Carnall



Karen Jordan



Baroness Prashar

Pace of CHANGE

Key events and achievements for 2006–07



Pat McFadden visiting the Brighton Crew Club, Whitehawk Estate

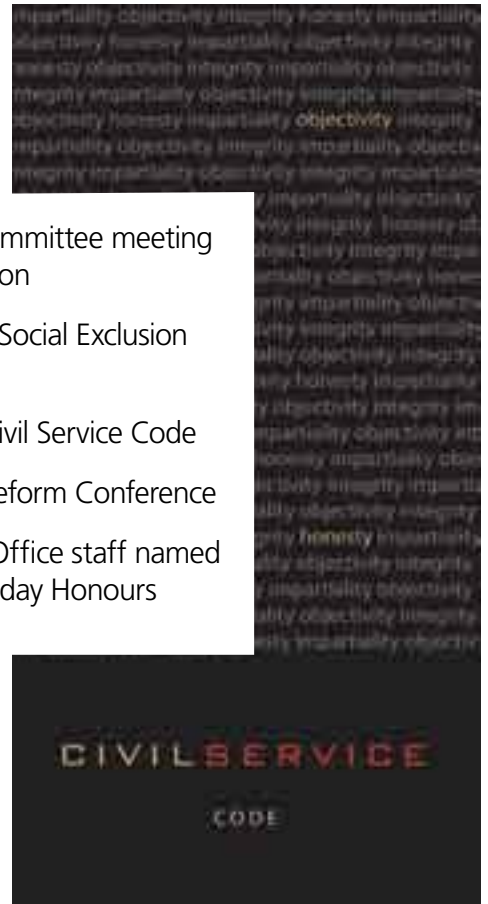


April

- Professional Skills for Government rolls out across the Department
- Launch of government communications Engage framework
- Electronic Records Management introduced
- John Suffolk announced as new government Chief Information Officer

June

- First Cabinet Committee meeting on social exclusion
- Creation of the Social Exclusion Task Force
- Publication of Civil Service Code
- Public Service Reform Conference
- Seven Cabinet Office staff named in Queen's Birthday Honours



May

- Cabinet Office welcomes new ministerial team following re-shuffle
- Gill Rider appointed as Director General, Corporate Development Group
- Launch of Drive for Change toolkit in partnership with Trades Union Congress
- Review of Charter Mark published

DRIVE FOR CHANGE

July

- Hilary Armstrong, Minister for the Cabinet Office, delivers keynote speech to Institute for Public Policy Research (IPPR) North, Newcastle: *Creating the conditions: social capital, economic development and social exclusion in the North East*
- Publication of first tranche of Capability Reviews
- Cabinet Office Capability Review gets underway



August

Launch of www.intelligence.gov.uk, public gateway to UK's intelligence community; receives 104,000 hits in first week

Cabinet Office prepares for disability equality duty



October

Hilary Armstrong delivers keynote speech to the British Urban Regeneration Association Annual Conference, Milton Keynes: *Cross Sector Collaboration*, on how sectors can work together to achieve mixed income communities

Pat McFadden, Parliamentary Secretary, speaks at the launch of *Who Shares Wins: Transforming Public Services with Intelligent Data*

Campbell Robb appointed Director General, Office of the Third Sector

Policy Review announced

Civil Service Diversity and Equality Awards

Meeting of the top 200 leaders from across the Civil Service

September

Launch of *Reaching Out: An Action Plan on Social Exclusion*

Ed Miliband, Parliamentary Secretary, announces Office of the Third Sector plans: *Finding a Voice for the Third Sector*

Cabinet Office, Home Office and the Department for Culture, Media and Sport publish London Resilience Report on 7/7: *Lessons Learned*

Cabinet Office Diversity Plan launched

November

Launch of Social Enterprise Action Plan

Hilary Armstrong delivers keynote speech at Association of Chief Executives and Voluntary Organisations conference. It covered social exclusion, voluntary sector and public service reform

Naomi Eisenstadt appointed Director of the Social Exclusion Task Force

Civil Service Awards 2006

Better Regulation Executive publishes the Macrory Review of Regulatory Penalties

December

Launch of *Partnership in Public Services: an Action Plan for Third Sector Involvement*

Second tranche of Capability Reviews published, including the Cabinet Office's own review. Launch of implementation plan setting out our response

National School of Government separates from the Cabinet Office and becomes a non-ministerial department

Prime Minister announces publication of simplification plans on regulation by 19 government departments and national regulators



February

Hilary Armstrong speaks at Better Regulation: From Enforcement to Compliance

Publication of emerging themes from the Policy Review

January

Prime Minister launches Citizens Forums, public engagement strand of the Policy Review

Launch of Transformational Government annual report with news that at least 551 government websites are to be cut to make access to information easier for citizens and businesses

New Year Honours List shows 40% of awards going to women, a 3% increase from last year following the 2006 communications campaign

Roger Marsh appointed as Director General, Strategic Finance and Operations

Gus O'Donnell speaks at the Guardian Public Services Summit

March

Machinery of government changes announced, including formation of a new Ministry of Justice. Cabinet Office retains its role in supporting the Prime Minister on national security and counter-terrorism


Gus O'Donnell speaks at the Public Service Reform Conference; Hilary Armstrong meets with front-line staff at a No.10 breakfast reception

Policy Review Citizens Forum report published

Third tranche of Capability Reviews published

First two Policy Review documents published: *Public Services* and *Security, Crime and Justice*

Making government work better by...



Ensuring **FUTURE** capability

The world is changing and for Britain to remain competitive, effective and successful, we need to keep pace with the challenges of tomorrow such as globalisation, migration, energy consumption and the environment. How can we make sure that government is equipped to do this?

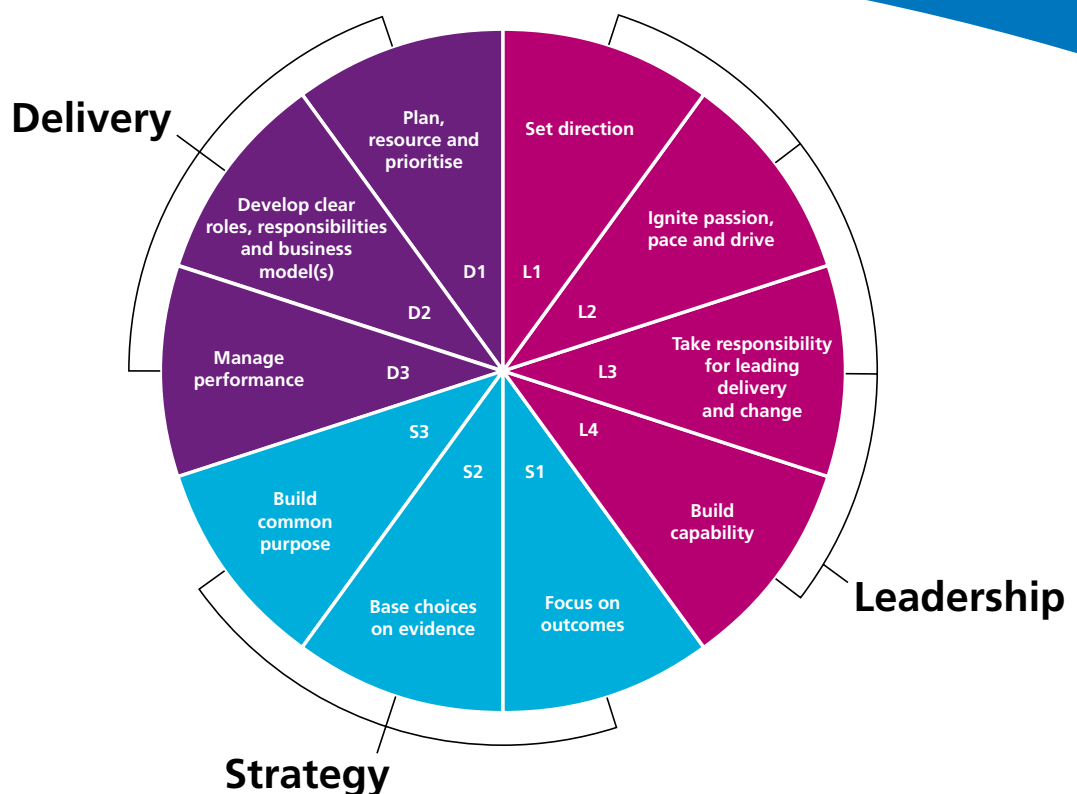


Capability Reviews, run by the Cabinet Office and a team comprised of Whitehall and independent assessors, seek to address this question by rigorously assessing the performance of each government department and its Senior Civil Service (SCS) team to establish whether they are capable of meeting these future challenges.

The reviews explore three key areas – leadership, strategy and delivery – with former Cabinet Secretary Lord Wilson describing them as, ‘rigorous to the point of self-flagellation’! The calibre of the assessors and the candour of the questions asked for each review bear testament to this. The reviewers are senior, highly credible individuals, many drawn from outside of Whitehall, such as Sir James Crosby, former Chief Executive of HBOS and Geoff Lamb of the Bill Gates Foundation and former Director of the World Bank.

Questions ranged from ‘Do departments know how well they are performing and do they have the tools to fix their problems when they underachieve?’ to ‘Do they engage effectively with their key stakeholders, partners and public?’

As well as assessing the performance of a department, each review triggers an implementation plan, which is owned and managed by the department, to address the issues raised by the review. Peter Thomas, Review Programme Director, emphasises this point, ‘The reviews are not just a historical record of performance. The implementation plans within them are a contract between the department and the Cabinet Secretary, and progress against these plans will be reviewed regularly.’



By March 2007, 12 departments had been reviewed: the Department for Constitutional Affairs, Department for Work and Pensions, Department for Education and Skills, Home Office, Cabinet Office, Department of Trade and Industry, Communities and Local Government, Department for International Development, Ministry of Defence, Foreign and Commonwealth Office, Department for Environment, Food and Rural Affairs and Department for Culture, Media and Sport. The remaining departments will be reviewed through 2007.

Already the review teams have identified cross-Whitehall issues in the management of the Civil Service, in particular the need for strong, dynamic, cohesive board leadership

Each report is published, a fact that has made quite an impression on one of the reviewers, Sir James Crosby, who says, 'I can't imagine any shareholder-owned company doing this in similar

circumstances.' He notes that 'the sheer number of people involved in workshops, interviews and repeat interviews ensures that each review is thorough. Publication ensures that each review is totally transparent.'

The public, now more than ever, have high expectations of public services, which they want to be tailored to their needs and delivered in a way that is convenient to them.

The aim of Capability Reviews is to make sure that the Civil Service is more professional, flexible and adaptable, in order to respond to the needs of the public and to the challenges of tomorrow.



External perceptions of the Civil Service have shifted because it was prepared to challenge itself in a rigorous fashion.

Absolutely the right thing to do at the right time.

Views from the top. What the Permanent Secretaries thought





Making the Civil Service better

Developing leadership skills

In March 2006, the Cabinet Office launched a new leadership framework for the top 200 senior civil servants. The leadership framework provides the focus for individuals to improve their leadership skills and self-confidence as leaders.

Enhancing the performance and reputation of the Civil Service

The Civil Service Steering Board was established in 2007 to enhance the performance and reputation of the Civil Service. It plays a key role in communicating the vision and values, ensuring that staff have the capabilities and skills to do their job and making sure the Civil Service is operationally sound.

Providing corporate leadership

The Permanent Secretaries Management Group was created in 2007 and meets every quarter to focus on those issues that are important to the Civil Service as a whole, such as HR, reputation management, risk, financial management and the overall capability of the Civil Service.

For more information, take a look at www.civilservice.gov.uk/reform

Making government work better by...

Building Cabinet Office **CAPABILITY**

In the last quarter of 2006 a group of independent impartial assessors examined the challenges the Cabinet Office is likely to face in the future, its level of capability to meet them, and what needs to be done to ensure success.





The results of the Cabinet Office's Capability Review were published on 13 December 2006 and highlighted areas of strength, such as setting a clear direction and focusing on outcomes, as well as specific areas for improvement.

Four particular areas for improvement were identified: defining more clearly how things get done across government; strengthening the Cabinet Secretary's capacity to lead transformation across the Civil Service; making the high-level vision for the Cabinet Office come alive for staff; and creating greater coherence to improve delivery.

In response to these points the Cabinet Office Board published a two-year change plan: the *Cabinet Office Capability Review Implementation Plan*.

The following are just some of the actions the Cabinet Office has set out in this plan.

Clear vision and purpose to unite the Cabinet Office and Civil Service

Sir Suma Chakrabarti, Permanent Secretary of the Department for International Development, along with input from other senior leaders, is leading a project to help make the role and aims of the Cabinet Office clearer to all. One potential output of this will be a 'compact' between the Cabinet Office and other departments spelling out what each can expect from the relationship between them. This will lead to greater cooperation and better results for the public.

Enabling and encouraging people to work across boundaries

The Board is devoting a significant proportion of its time to making the Cabinet Office a more coherent and effective department, by changing the way it operates internally to become more than 'the sum of its parts'.



This work has involved staff at all levels and looks at ways of improving how the different parts of the Department work together. It includes breaking down barriers, promoting more cross-unit cooperation and involvement in wider Cabinet Office and Civil Service initiatives.

Another project has explored how and why cross-cutting units are brought into the Department and how to make the process more systematic and sensitive to the needs of the people affected. The aim will be to make everyone clear about expectations in terms of processes and people, and this is currently 'work in progress'.

Developing people skills

The Cabinet Office People Strategy sets out a clear framework for achieving excellence in the way we lead, manage and develop our people to build longer-term capability. Consultation is happening in late spring/early summer.

The Corporate Development Group is also developing a People Strategy for the whole of the Civil Service to ensure that it has effective leaders, it recruits and develops staff, and it manages talent proficiently across departments.



Engaging and communicating with our people

Engaging Cabinet Office staff in how the Cabinet Office does business, through ongoing information sharing and activities and events, is clearly essential to our success.

Information sharing activities include articles in the Cabinet Office e-newsletter *Inside*, Board minutes, updates on the intranet and even videos, as well as dedicated webpages called One Cabinet Office.

In terms of activities and events, staff have an opportunity to take part in consultation on key Board papers and to hear updates on progress. We also run quarterly Senior Civil Service events, and will run a one-off event for staff in July 2007.

All senior leaders are committed to working together to ensure that the Cabinet Office rises to the challenges it faces and that the vision of making government work better through One Cabinet Office is achieved. We are confident, given the ability and commitment of our staff, that we can deliver these improvements. In our last staff survey, 94% said they would be willing to go the extra mile to help us reach our goals. As Gus O'Donnell wrote in his response to the Capability Review, 'A successful Cabinet Office is critical to a successful government.'



Making government work better by...

Taking a COORDINATED approach

The UK Government operates some of the world's largest computer systems; more and more services are being delivered online and people increasingly expect to access information in a way that suits them. In this environment, the Transformational Government strategy is more important than ever.

On 10 January 2007, for the first time in 30 years, the Government reported openly on its technology portfolio in the Transformational Government Annual Report.

John Suffolk, Government Chief Information Officer, emphasised the scale of the issues that face government IT, 'We operate in over 140 countries, spend some £12 billion a year across the whole public sector and run many of the world's largest computer systems. The Department for Work and Pensions makes 13 million benefits payments electronically every week – it's a complex operation.'

Transformational Government sets out three key transformations:

- Services enabled by IT must be designed around the citizen or business, and provided through modern, coordinated delivery channels.
- Government must move to a shared services culture – in the front office, in the back office, in information and in infrastructure.
- There must be a broadening and deepening of government professionalism in terms of planning, delivery, management, skills and the governance of IT-enabled change.



Vision for the future

The *Information Sharing Vision Statement*, published in September 2006, sets out the first steps towards developing the Government's strategy for data sharing across the public sector – one of the pre-requisites for delivering transformed services. The Government's vision is to ensure that information will be shared in order to expand opportunities for the most disadvantaged, fight crime and provide better public services for citizens and business, and in other instances where it is in the public interest.

And this vision is at the head of the changes that are happening to IT services.

Transformation in practice

More than 8,000 people have joined the Government IT Profession since it was launched in July 2005. In August 2006, the Technology in Business Fast Stream was launched, which will provide an entry route for talented

graduates who have the potential to become future chief information officers or leaders of large-scale, IT-enabled business change. In the 2006–07 pilot year over 350 people applied for five places.

What does a transformed service look like?

A notable example can be seen at the Department for Work and Pensions where State Pension and Pension Credit claims can now be made over the telephone in one short call. In some cases, several months of form filling have been reduced to one 20-minute phone call, and the information provided can also be used to assess eligibility for Housing Benefit and Council Tax Benefit. In transport, a trip to the post office with a pile of documents to renew your car tax has been transformed into a five-minute online transaction. This service has been used by over 9 million customers between April 2004 and September 2006.

HM Revenue and Customs' National Insurance Recording System is one of Europe's largest IT systems and provides information relating to 70 million records to over 66,000 users in private industry and government, processing 1 billion offline and 300 million online transactions each year.

Online services for the public

Transformational Government also called for a radical improvement in the way that online services are designed for the public, by rationalising the number of websites across government and focusing on the needs of citizens and businesses. In January 2007, the Cabinet Office published the results of the first round of reviews of central government websites, announcing that 551 websites were to close. But this is just the beginning of an exercise that will see a dramatic reduction in the number of websites owned by government.

The objective is to take a simple but effective approach to online delivery of services and information, by focusing on core audiences and bringing services together. Students, for instance, don't just think about applying for a student loan, they will be concerned more broadly with getting through university. So this could mean they want to access information about part-time employment, finances, higher education options, housing, health and a whole range of things. And they probably want to find it all in one place. The job of supporting government web managers in delivering the website rationalisation project falls to the Cabinet Office Delivery and Transformation Group.

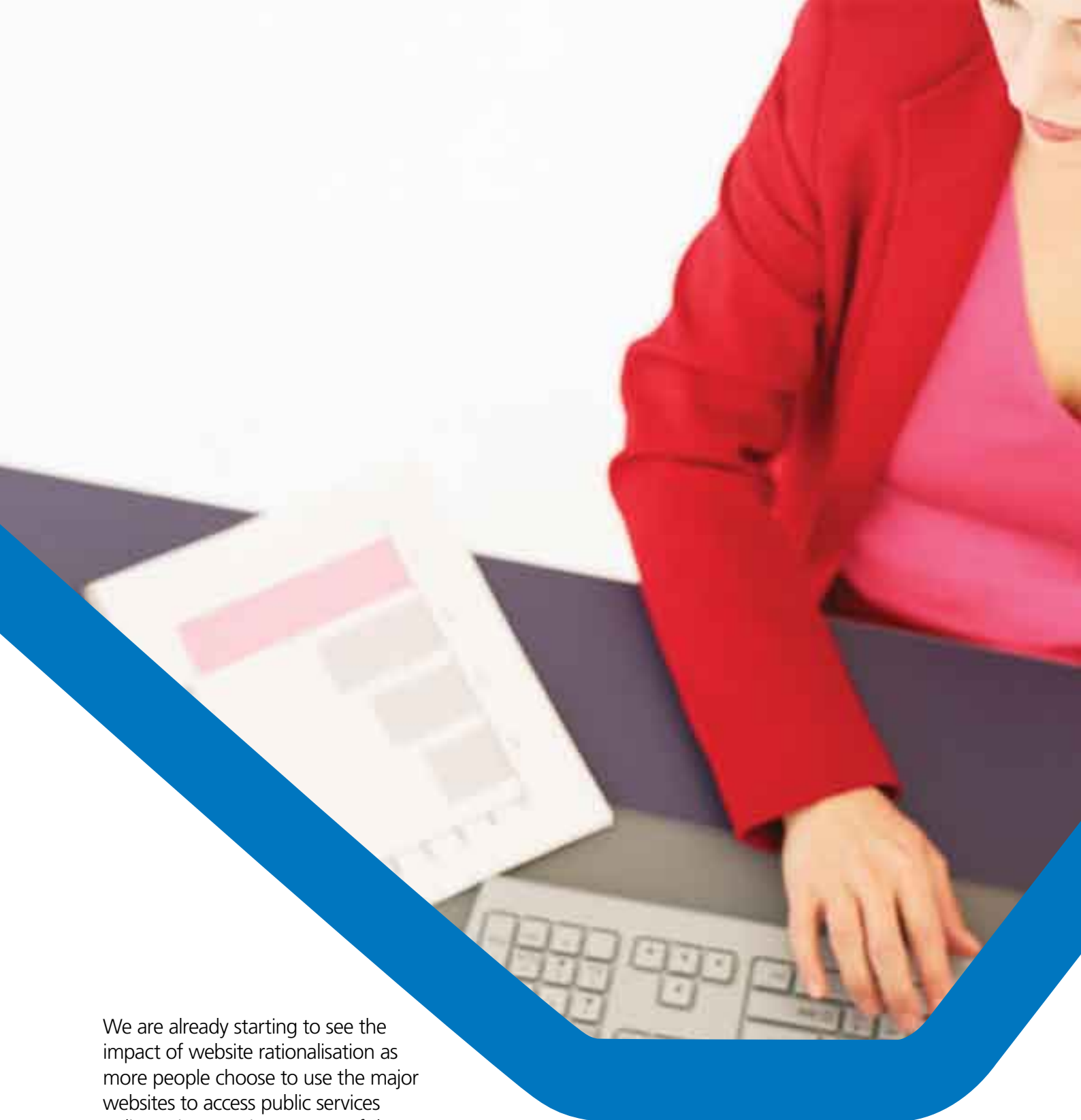
A rational approach

The rationale for reducing and amalgamating government websites is a clear one. People increasingly expect to find all the information they need in fewer, high-quality websites, such as the BBC site or Directgov, and duplication of the same type of content across websites is not only risky and potentially confusing for citizens, but is also wasteful and costly.

The website rationalisation project has focused on strengthening the availability and accessibility of information and services through a smaller number of high-quality websites, such as Direct.gov.uk and Businesslink.gov.uk, which are focused around audiences' needs.

Making an impact

Establishing strong relationships with government departments was key to enabling this process. Alex Butler, who is leading the project, worked closely with web teams in Communications Directorates to help them through the rationalisation process, and many departments took advantage of the new guidance to revisit their entire e-communications strategy.



We are already starting to see the impact of website rationalisation as more people choose to use the major websites to access public services online. Directgov is now one of the UK's 50 most visited sites.

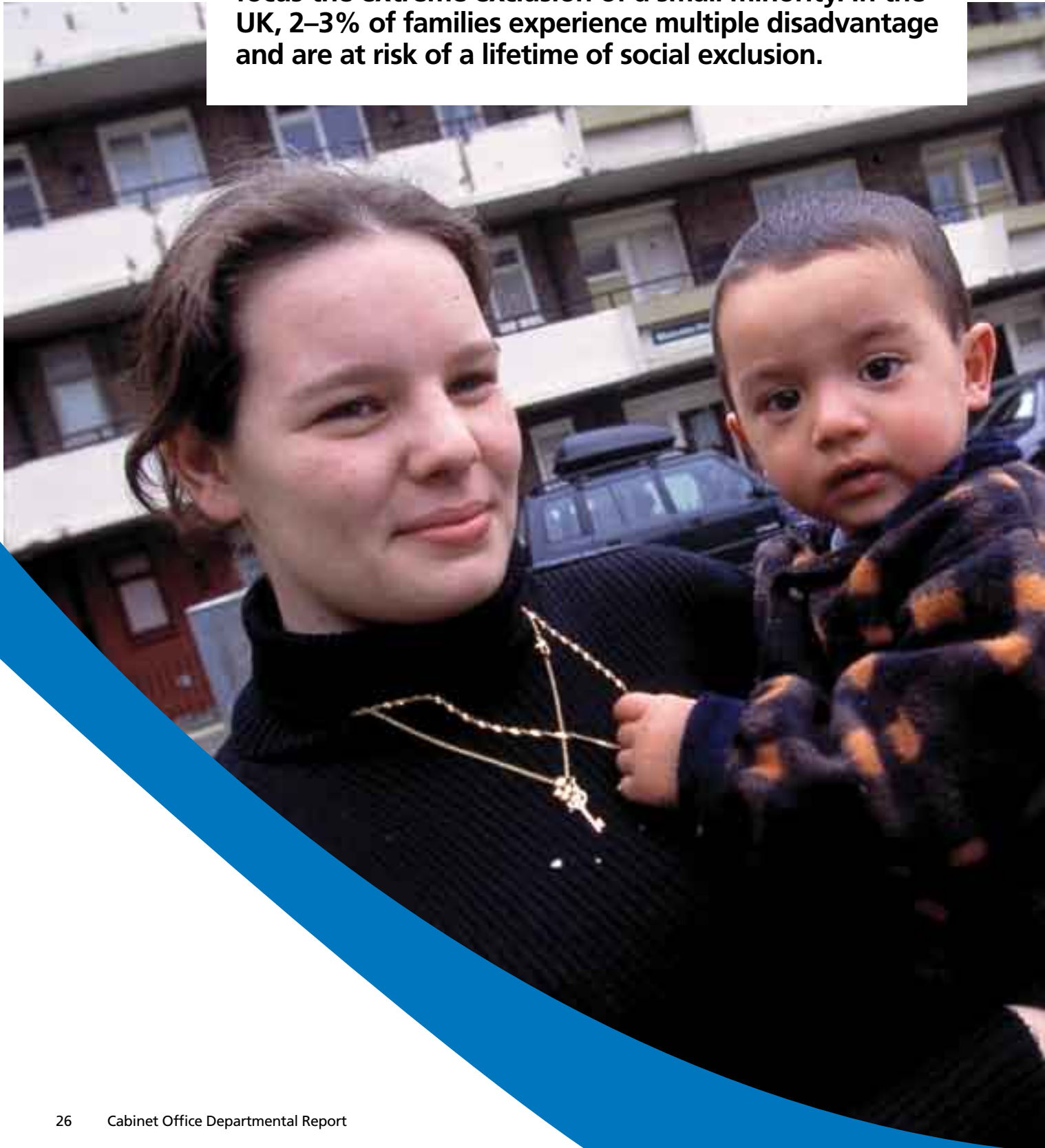
Momentum has continued to build around the website reviews as departments work with executive agencies and non-departmental public bodies to deliver new structures for government on the web, and we can expect to see a very different landscape by 2011.

One million primary school children now use e-learning in class each day and there is a threefold improvement in the computer-to-pupil ratio.

Making government work better by...

REACHING OUT

Since 1997, we have seen significant success in tackling poverty and exclusion. But this brings into sharper focus the extreme exclusion of a small minority. In the UK, 2–3% of families experience multiple disadvantage and are at risk of a lifetime of social exclusion.



No one should be shut off from the opportunities in life which most of us take for granted; but for a small group of people, turning the curve from persistent failure to success takes concentrated and sustained effort. The core purpose of the Social Exclusion Task Force is to get the systems in place so that support reaches those who need it most.

Since 1997, the number of children living in poverty has fallen by 600,000, more people have been brought back into employment, the number of rough sleepers has fallen by three quarters, and teenage pregnancies are at their lowest level since the mid-1980s. This success needs to be sustained, and more needs to be done to support those most at risk, through early identification and preventative action.

In May 2006, the Prime Minister appointed Hilary Armstrong as Minister for Social Exclusion – the first such Minister at Cabinet level – mandating her to, 'spearhead a renewed drive to address the most socially excluded in our society'. Hilary Armstrong announced the creation of the Social Exclusion Task Force on 13 June 2006 as the body responsible for driving this agenda forwards across government.

Social exclusion cuts across many issues, including work, health, education and crime. Hence it requires joined-up solutions. This is why the Task Force is based centrally in the Cabinet Office. It supports spending departments by fulfilling a strategic coordinating role on social exclusion policy across government, and works together with many other departments, notably the Department for Education and Skills, Department for Work and Pensions, Communities and Local Government, Home Office, Department of Health, Department for Constitutional Affairs

and HM Treasury, to champion the needs of the most disadvantaged members of society.

The Task Force published *Reaching Out: An Action Plan on Social Exclusion* on 11 September 2006, with contributions from many departments. This document sets out how government will address the most socially excluded members of society. Naomi Eisenstadt, who leads the Social Exclusion Task Force, stressed the main purpose of the plan, 'It is outcomes on the ground that really matter and the Action Plan gives us the blueprint to make things happen.'

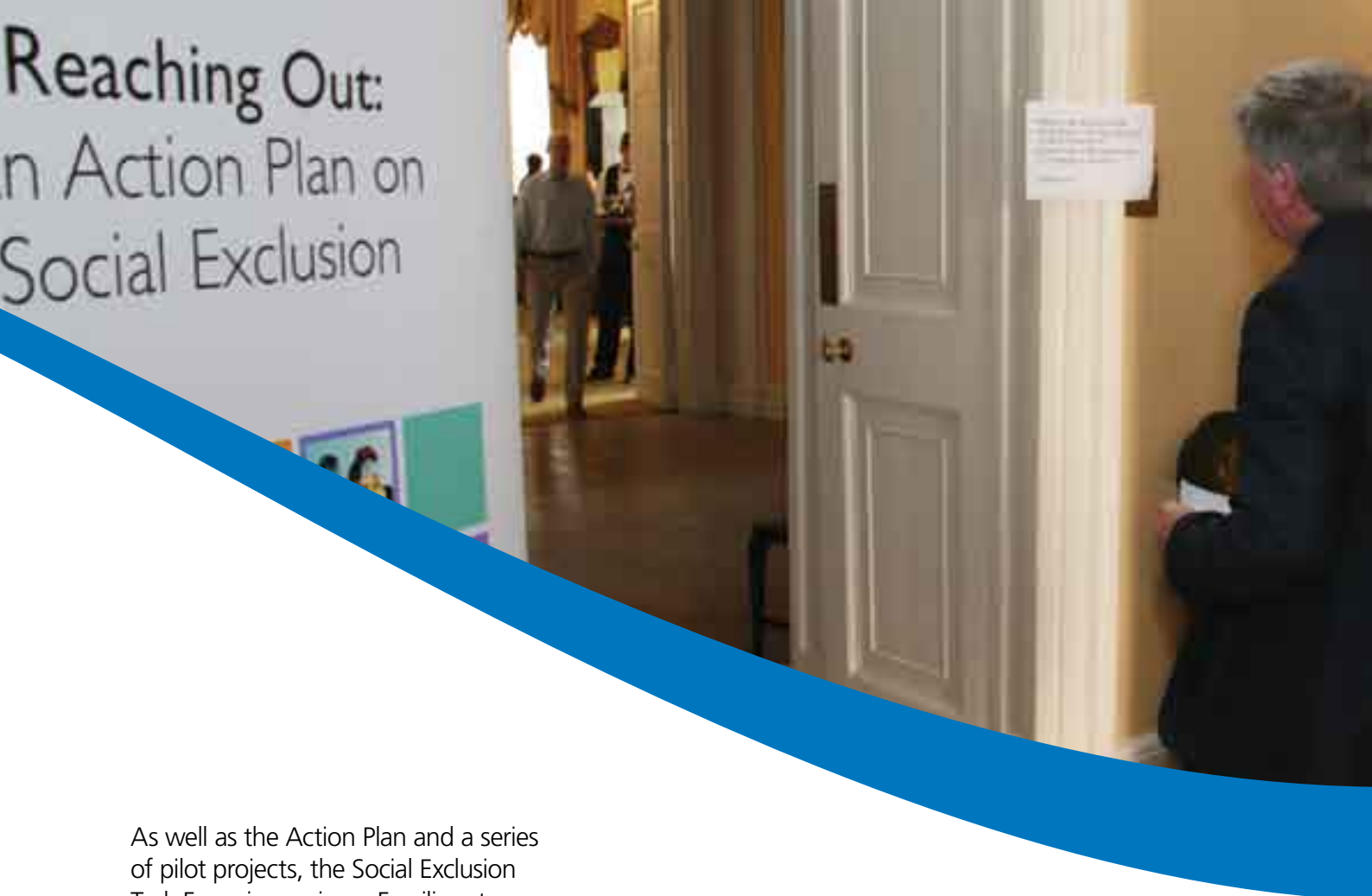
The Task Force has also worked to ensure the plan is reflected and reinforced in a number of other recent government strategy documents, including the local government White Paper, the children in care Green Paper called *Care Matters: Transforming the Lives of Children and Young People in Care*, and the revised Teenage Pregnancy Strategy.

The Action Plan underlines the Government's commitment to social justice through policies to expand opportunity and tackle the most deep-seated causes and symptoms of social exclusion.

Chris Cuthbert, who worked on it, referred to it as, 'an outstanding piece of joined-up government'. He continues, 'It's about identifying those who are most at risk, as early as possible and getting agencies to work together to intervene and respond.'

The Action Plan gives us the blueprint to make things happen.

Naomi Eisenstadt,
Director, Social
Exclusion Task Force



As well as the Action Plan and a series of pilot projects, the Social Exclusion Task Force is running a Families at Risk Review to look at how best to provide an effective family support system for excluded and at-risk families. It organised three regional conferences in late March to update stakeholders on progress, gain buy-in from the front line, and gather evidence for the Review.

The Task Force is also currently supporting the Department for Education and Skills in creating a Centre of Excellence for Children's and Family Services.


Going forward, the role of the Social Exclusion Task Force is to work alongside other departments, which continue to have responsibility for delivering social exclusion policies on the ground. Ann Watt, Deputy Director, summarises by saying, 'All our work is collaborative and we are working closely with HM Treasury, and across government, to ensure that the next generation of Public Service Agreement targets addresses the unique needs of the most socially excluded.'

Identifying and preventing social exclusion – pilot projects

Health-led parenting

This programme of intensive home visiting, based on a very successful US programme, will test a model of early identification and prevention by engaging the most at-risk families. Positive outcomes from the American programme, which has been running for 27 years, include fewer cases of child abuse and neglect, improved quality of mothers' prenatal diets, fewer arrests and fewer drug or alcohol related behavioural problems when the child is aged 15. 64 local authorities and primary care trusts jointly bid to run these projects. 10 have been selected and work went live in April 2007.

This project is jointly led by the Department of Health and Department for Education and Skills, with active support from the Social Exclusion Task Force.



Reaching Out: An Action Plan on Social Exclusion

Improving life opportunities – what's been done so far:

- Over £21 billion has been invested on early years and childcare services since 1997.
- Through tax credits and investment, 600,000 UK children have been lifted out of relative poverty since 1998–99 (both before and after housing costs).
- Early learning partnerships have been running in 19 areas since October 2006.
- We are on track to establish 50 Family Intervention Projects around the country.
- 2.5 million more people are in employment.
- Educational attainment has risen at every Key Stage.
- Rough sleeping has fallen by around three quarters.

Supporting excluded adults

These 12 pilot projects will test the effectiveness of alternative approaches to improving outcomes for adults facing chronic exclusion. The aims of the pilots are to improve individuals' ability to engage with services; increase the support available to excluded adults with multiple needs; and help people negotiate points of transition in their lives. An invitation to tender for the projects was published in the national press on 14 March 2007. Pilots will be announced by summer 2007 and launched in September 2007.

These projects are led by Communities and Local Government, with active support from the Social Exclusion Task Force, but jointly funded and overseen with the Home Office, Department of Health and Department for Work and Pensions.

Helping families

'Multi-systemic therapy' is an intensive, home-based intervention for families with children or teenagers who have social, emotional and behavioural problems. Therapists engage family members in identifying and changing individual, family and environmental factors thought to contribute to problem behaviour. Intervention may include efforts to improve communication, parenting skills, peer relations, school performance and social networks. The Department of Health is aiming to select up to six pilot sites by autumn 2007.

This project is led by the Department of Health, with active support from the Social Exclusion Task Force.

Making government work better by...

Equipping the country

for **THE FUTURE**



In a world where global challenges are speeding up the pace of change, how do we know if we've got the right policies for the next 10 years? In October 2006, the Cabinet set up the cross-departmental Policy Review to explore exactly this question, by examining every major area of government policy.

Led by the Cabinet Office, this wide-ranging review assesses the policies of the last decade and pulls together recommendations for the long-term strategic priorities of the UK. Two Cabinet Office Ministers, Pat McFadden and Ed Miliband, are coordinating the Policy Review to bring in a range of views from across government. This has involved seminars with ministers discussing topics such as NHS reforms, child poverty and behavioural change.

The six reviews, led by ministerial working groups, cover economic dynamism; energy and the environment; public services; security, crime and justice; the role of the state; and Britain in the world; and aim to address how the country can prepare for the impact of long-term changes. The Strategy Unit, along with other parts of the Cabinet Office, including

No.10 and other departments, have been supporting the ministerial groups and wider consultation and engagement on the review.

Public input to this review has been keenly sought and the review team has worked with Ipsos MORI to bring together a cross-section of 100 members of the public to consider three key strands of the public services working group: encouraging culture change; developing a new relationship between the citizen and the state; and improving customer care.

A national Citizens Forum was held at 10 Downing Street on 3 March to give people a chance to have their say and help the Government learn lessons that can be applied in future policy making. As Pat McFadden explains, 'Our Citizens Forums will be faced with real-life examples of the choices government faces.' The No.10



website, www.number10.gov.uk, has also helped people join the debate with online seminars and web chats involving senior ministers.

The review process will conclude in late spring 2007 and outputs are being published in a series of papers. The Policy Review process is informing the broad approach the Government will take across policy areas over the coming decade, and the outcomes of the review will feed into a range of different pieces of government business, including the 2007 Comprehensive Spending Review, Public Service Agreement targets, departmental plans and strategies, White Papers and other aspects of government business.

Further background on the Policy Review, as well as outputs published so far, are available at www.cabinetoffice.gov.uk/policy_review

It's been sincerely great to meet Cabinet ministers and to meet peers and different types of people from all across the country and share opinions.

I actually came here feeling like a statistic and I'm going away feeling like a citizen.

We had quite an in-depth conversation on all the subjects. There was a bit of disagreement but at the end of the day it was fantastic.

What's really struck me is what a difficult job the Government have truly got in terms of coming up with a blanket policy.

Quotes from some of the members of the public who attended the Downing Street forum

Making government work better by...

Being a better partner

Charities, social enterprises and voluntary groups are often at the front line of delivery and in a strong position to know what works and what doesn't. By working in equal partnership with the third sector, government can achieve more than either could when working alone.

Ed Miliband visiting Fifteen in Cornwall



In many areas of public service delivery, the third sector has the potential to achieve greater engagement and deliver better outcomes. The third sector can provide benefits both in terms of service quality for the public and value for money for the taxpayer.

In recognition of the importance of the third sector, the Prime Minister created a new Office of the Third Sector in May 2006 and appointed Ed Miliband as its first Minister.

Third sector organisations are non-governmental organisations, often working at the forefront of key social and environmental issues. The sector is diverse, ranging from small community groups to large charities and businesses trading with a social purpose (social enterprises). It makes sense for government to work with the third sector to achieve shared outcomes.

The Office of the Third Sector has worked closely with stakeholders in the third sector and other departments to develop *Partnership in Public Services: an Action Plan for Third Sector Involvement*. The plan, published on 6 December 2006, establishes the foundations for collaboration by seeking to ensure that the third sector can contribute to the way public services are designed, delivered, improved and held to account.

The plan also highlights that the sector has more to offer than just delivery – an Innovation Exchange, for example, will bring third sector innovators together to develop their work.

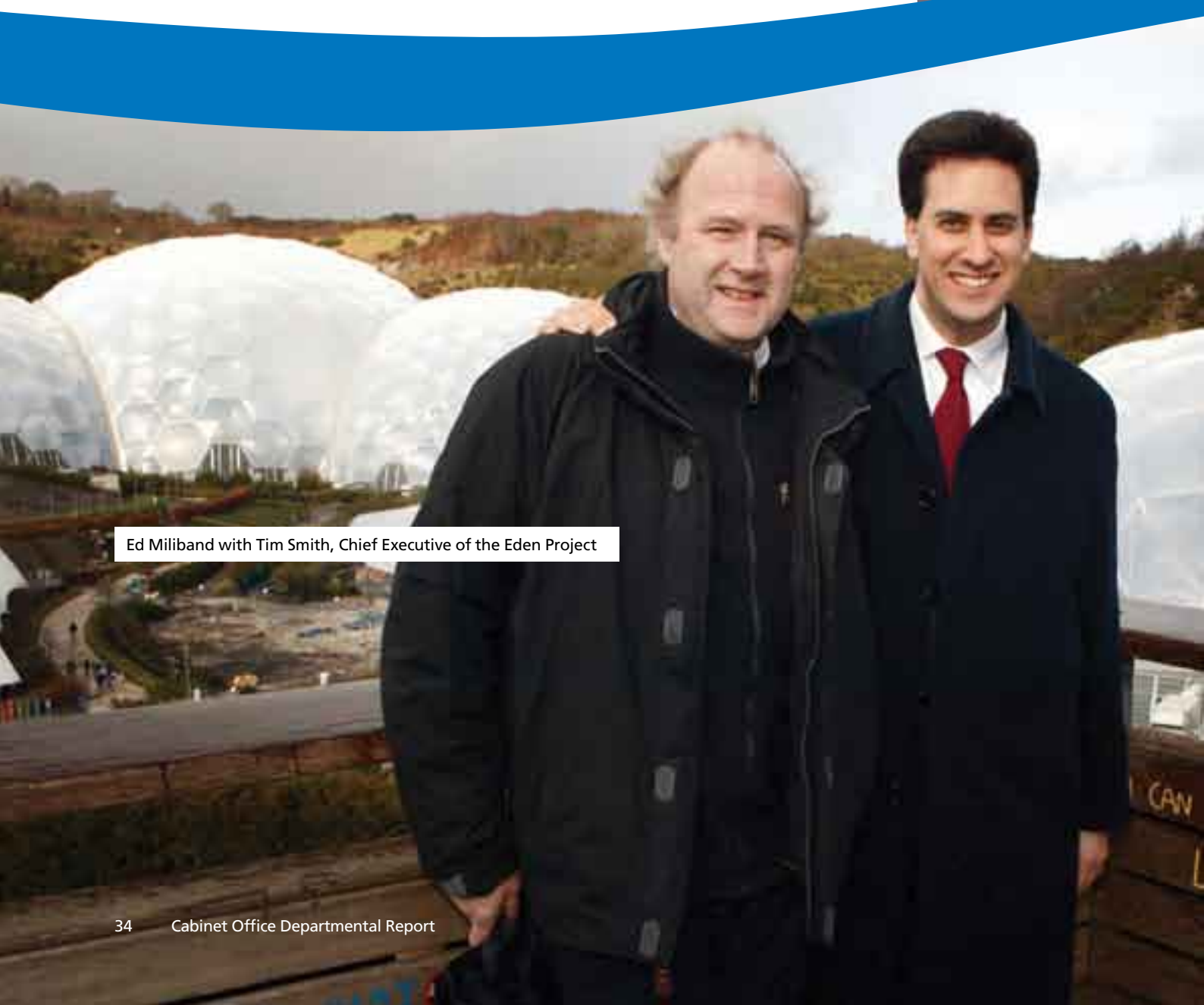


Additional key achievements

- Introducing a £1.2 million programme to help develop third sector innovation.
- Developing a new £2.4 million social enterprise strategic funding programme.
- Publishing, with HM Treasury, the interim report of the review of the future role of the third sector in economic and social regeneration. This involved the largest ever consultation with the sector, reaching over 2,000 people, representing over 1,000 organisations across the country.
- The Charities Bill received Royal Assent on 8 November 2006. The Charities Act 2006 is now being implemented.
- Introducing a new type of company (the first for 100 years) specifically for social enterprises – the community interest company. Over 500 companies are now registered.
- Investing £80 million in building the capacity of the voluntary and community sector through ChangeUp. Capacitybuilders, the sector-led, non-departmental public body that will manage the further £70 million of ChangeUp investment, opened for business on 3 April 2006.
- Launching a new independent youth-led charity, v, in May 2006 to take the lead on youth volunteering. The aim is to involve 1 million more young people in volunteering within the next five years.

In terms of practical actions, the plan announces the creation of a National Programme for Third Sector Commissioning, to build the skills of 2,000 commissioners of services, ensuring that those who plan public services involve the sector properly. It also announces a £30 million fund for refurbishing local assets, such as public buildings, and transferring them to the ownership or long-term management of third sector organisations.

Partnership in Public Services has been agreed by all major government spending departments, which will work together to deliver the plan. This is a critical and significant step in making government a better partner to the third sector.



Ed Miliband with Tim Smith, Chief Executive of the Eden Project



Enterprising ventures

The Eden Project, the *Big Issue* and Jamie Oliver's Fifteen are high-profile examples of successful social enterprises – businesses that are founded for a social or environmental purpose, reinvesting their profits in the company or the community and changing people's lives for the better.

A 2006 survey revealed that there are at least 55,000 social enterprises in the UK, operating across many sectors of the economy, and the Cabinet Office's *Social Enterprise Action Plan: Scaling New Heights* aims to open the door to thousands more.

A major strand of the Action Plan seeks to improve understanding of social enterprise by promoting it as an aspirational career choice, and enabling potential customers, investors or partners to make more informed choices.

The plan includes action to put social enterprise into the school curriculum and provide funding to support and raise the profile of social enterprises.

Overall, there is a commitment from government to make £18 million available over the coming years to help break down barriers to growth, for example by improving access to risk capital and improving Business Link's capacity to broker suitable business support.

It is fantastic to see social enterprise being taken seriously by the Government and to have a minister who has been so proactive in taking initiative within the sector. I feel that the Social Enterprise Action Plan is an excellent step in the right direction, but that it must be backed up by action if it is to achieve what it sets out to do.

Tom Savage,
social entrepreneur



A photograph of an industrial facility, possibly a refinery or power plant, silhouetted against a bright, hazy sunset sky. The sky is filled with warm orange and yellow tones, and some smoke or steam is visible rising from the facility. The industrial structures include tall chimneys, towers, and piping.

Supporting action against **CLIMATE CHANGE**

The latest climate change models predict that, without action, global temperatures could rise by 1.4 to 5.8 degrees centigrade over the next 100 years, causing widespread destruction of the Earth's ecosystems.

The UK is currently responsible for 2% of global emissions. Under the Kyoto Protocol the Government agreed a target of reducing the 1990 emissions levels of six greenhouse gases (GHGs) by 12.5% by 2012. In 2005, GHG emissions levels had dropped to 15.6% below 1990 levels, meaning that the UK is one of the only developed countries to have already met its Kyoto commitments, a full seven years early.

Commissioned in 2005 by the Prime Minister and the Chancellor, the Stern Review was published in October 2006. The most in-depth climate change review ever carried out, it revealed that only with immediate international action could the world still avoid the worst impacts of climate change.

Since the 1990s, the 10 hottest years on record have occurred globally. For the UK global warming would mean hotter summers and wetter winters.

Low-lying areas would be regularly flooded while rising seas would batter coastal villages with stormy waves. Further afield, climate changes would cause drought, disease and famine in vulnerable areas. In short, the economic and social impact of widespread climate change could be catastrophic.

Recognising that effectively tackling climate change requires committed long-term action, the UK published a draft Climate Change Bill in March 2007. Included in it was a challenging target to reduce the UK's carbon dioxide emissions by 60% on 1990 levels by 2050.

To reduce government impact on climate change, the Prime Minister set a range of Sustainable Operations Targets for the government estate, including a commitment to be carbon neutral by 2012. The Cabinet Office is fully committed to this and has put in place an Environmental Management System which sets out clear responsibilities and robust procedures to improve environmental performance.

- The Energy Efficiency Accreditation Scheme

The only scheme of its kind in Europe. Participating organisations must meet stringent requirements for organisation, investment and progressive improvement. The Cabinet Office has addressed many of the criteria already and plans are being undertaken to meet the rest as soon as possible.

- Office of Government Commerce Energy Efficiency Review

The Cabinet Office has joined this two-year programme, which provides a framework for achieving savings through making changes to current working practices. It focuses chiefly on energy procurement, financial management and energy consumption.

As part of the Government's commitment to tackling climate change, the Cabinet Office is taking decisive action to improve its environmental performance. It has signed up to several key initiatives focused on reducing climate change. These include:

- The Carbon Trust's Carbon Management Programme

A comprehensive carbon and energy 'audit' was carried out in 2006 covering the Cabinet Office's central London buildings. The team responsible for sustainable development will shortly report back to the Trust with an action plan to improve our future performance.

The Cabinet Secretary has taken a personal lead in promoting this work, and planet friendly improvements are taking place all over the Cabinet Office. A team of 'Green Coordinators' was recently launched, energy efficient light bulbs are being installed where possible, old computer monitors are being replaced with energy saving alternatives and over three quarters of the electricity supplied to the core London estate now comes from renewable sources. Recycling bins have been placed in all offices and campaigns are being run to make all staff more aware of how their day-to-day activities affect the planet.

Making government work better by...

Getting regulation **RIGHT**

The UK has one of the most radical regulatory reform agendas in the world committed to cutting red tape to help business be more competitive, make public services more efficient and free third sector organisations from needless bureaucracy.



Central government – through the Cabinet Office’s Better Regulation Executive – leads Britain’s work to promote better regulation. This means addressing regulation that is badly designed, outdated, ineffective or bureaucratic without compromising the protection that regulation provides.

But it is about more than what the law says. It is also about how the regulations are enforced. That is why the Government commissioned Philip Hampton (Chairman of J Sainsbury) to report on how to improve regulatory inspection and enforcement. Full implementation of Philip Hampton’s principles, with their emphasis on a more targeted and proportionate approach to the way regulatory inspection is carried out, will result in fewer forms, fewer inspections, better advice and better coordination between regulatory bodies.

This is about how regulators behave – and the Cabinet Office works closely with national regulators such as the Health and Safety Executive and the Environment Agency to embed the Hampton principles.

Delivering real change

The Better Regulation Executive recognises that it can’t deliver real change on the ground without local authorities. Local authorities carry out 80% of regulatory inspections of business. They can make the biggest difference to how regulation is perceived and ‘felt’ by business.

Often businesses and third sector organisations complain that local authority enforcement can be inconsistent in different parts of the country. Or that while the best authorities are very good at enforcement, others are less impressive. Tackling these issues is crucial and so the Better Regulation Executive has worked throughout the year on a number of measures to make this process better.

One of these has been the setting up of the Local Better Regulation Office (LBRO) in Birmingham. The new organisation will be up and running from the autumn. The Cabinet Office is also preparing a Bill to give it legal powers – a draft of the Regulatory Enforcement and Sanctions Bill was published on 15 May 2007.

Businesses and third sector organisations will benefit from a more consistent approach to regulation across local authorities, and consumers will gain from safer and fairer markets.

Flexible and fair

The draft Regulatory Enforcement and Sanctions Bill will also pave the way for a more flexible toolkit of enforcement powers available to regulators. At the moment, many regulators can only use criminal prosecution against most offenders – but the new powers would allow them to issue administrative fines or fixed penalty notices.

The Bill will aim for restorative justice – where offenders are brought face to face with those who have been harmed. This part of the Bill would make a reality of the recommendations from the report by Professor Richard Macrory of University College London published November 2006.

Another key part of the Government agenda is the proposed introduction of the Regulators’ Compliance Code, which was also published for consultation in May 2007. This statutory code of practice sets out how regulators should operate – focusing enforcement effort on businesses most likely to cause harm, while improving advice and reducing unnecessary burdens for others. For example,



the code says that where different inspectors visit the same premises on a planned basis, they should work together to minimise burdens. All regulators in scope will have to take account of this legal document in their work.

Listening locally

Regulation plays a crucial role in society, providing individuals and organisations with vital protections. From promoting improved health and safety at work, to protecting against food-related disease. From protecting the vulnerable from becoming victims of crime, to protecting consumers and businesses against rogue traders. But with so many different areas to address, how can local authorities know which to tackle first?

This is something that local authorities have found frustrating for years. The Cabinet Office decided to resolve this issue and set a small number of national priority areas for local authority

We welcome these proposals as a means to take forward the Government's commitment to ensuring a lighter touch on compliant businesses, but be tougher on rogue traders.

Sally Low, Director of Policy and External Affairs at the British Chambers of Commerce

trading standards, environmental health and licensing services. So it asked Peter Rogers, Chief Executive of Westminster City Council, to lead an independent review to establish national priorities. Over three months, the review team gathered evidence on the 90 or so policy areas which local authorities enforced and listened to the views of over 400 local authorities, businesses, citizens and regulators. They concluded that the national priorities should be air quality, alcohol licensing and its enforcement, hygiene of food businesses, improving health in the workplace, and fair trading, with animal and public health as an additional time-limited priority.

The Government accepted these as its priorities in March 2007. A clear set of priorities will help local authority regulatory services to deliver high-quality services to businesses and citizens, and demonstrate the crucial role they play in their local communities. Local authorities will start incorporating the national enforcement priorities into their service plans as soon as possible.





A targeted approach helps retail businesses

The Retail Enforcement Project (REP) seeks to demonstrate early practical delivery of the Hampton agenda in terms of reducing administrative burdens on business by improving the delivery of regulatory enforcement services. As such, it is a key regulatory reform project within the Better Regulation Executive.

The REP provides a framework for collaborative working between local authorities and national regulators which will:

- help reduce the burden of inspections upon compliant businesses;
- promote targeting of risk-based interventions across the regulatory piece;
- increase the efficiency of local authority regulatory services through joint local working; and
- enhance consumer and employee protection.

The regulatory domains covered by the REP include trading standards, health and safety, environmental health, alcohol licensing and fire safety. Through the use of mobile technology and data sharing, regulators work jointly across these domains and generate intelligence. By analysing this intelligence, regulators are able to assess the competence of businesses in how they manage risk. This allows regulators to act flexibly by differentiating between businesses and targeting their efforts away from well-run businesses and onto poor performing businesses and illegal traders.

The savings in regulatory capacity made from reducing routine visits can then be redirected into methods of alternative regulatory intervention such as business advice and information provision.

The Better Regulation Executive is rolling out REP in around 70 county, unitary and district councils nationwide during 2007/08. Such a diverse sample is necessary so that the methodology can be tested extensively and to provide robust evidence for an assessment by the LBRO board in early 2008 as to whether further roll-out should take place.

The Local Authorities Coordinators of Regulatory Services have supported the principle of a smaller number of national priorities which would enable councils to focus on the priority issues which are most important in their localities.

Making government work better by...

Putting our **AUDIENCES** first



Today's media landscape is increasingly competitive, and the public can be more selective than ever about what they do and don't tune into. The challenge for government communicators is how to ensure our messages cut through the clutter to reach often cynical or indifferent audiences.

This explosion of new channels, new media and new ways of communicating demands fresh approaches and tools, and this is what the Engage programme provides.

A small team from government communications worked with private sector marketing experts, colleagues from all the major departments and the Central Office of Information, to create a common framework for strategic communication in government. Embracing techniques such as segmentation, targeting and insight, the aim is to help government communicators deliver more effective communication that puts the audience first. The Engage framework is supported by an online knowledge bank of practical guidance for communicators and best practice case studies.

The core of Engage is based on gaining deep insights into what motivates people.

By basing your communication on genuine insight into your audience, real behaviour change can happen. The Department for Transport's rear seat belt campaign illustrates starkly how effective this can be. Research and analysis into why people in back seats didn't wear seat belts unearthed a key insight that would shake the audience out of their complacency: as an unbelted passenger you could end up killing or injuring the person in the front seat. The resulting campaign was extremely effective, delivering rapid behaviour change, with a 23% increase in seat belt wearing just one year after the campaign launched. Taking the time to gain true insight into their audience really paid off.



Designed as a three-year change programme, Engage was launched in April 2006, and since then over two thirds of Government Communication Network (GCN) members have been on an Engage learning event, and over 100 policy specialists have attended the Strategic Communications course at the National School of Government. The Chartered Institute of Marketing, the Chartered Institute of Public Relations, the National Social Marketing Centre, as well as Cranfield University, have all endorsed the Engage approach.

Engage principles are now being applied to a number of departmental communications projects, as well as on major cross-government communication strategies, such

as planning for a Winter Warmer Campaign (a joint initiative with the Department for Work and Pensions, Department of Health and Department of Trade and Industry). And recent research, in January and February 2007, has shown that Engage is off to a great start among government communicators. After its first year, 80% of GCN members are aware of the programme and over a third of those members who were aware of Engage had a detailed or good knowledge, largely due to all the events and training courses that have helped spread the word.

The GCN Engage Knowledge Bank was launched in April 2006 (www.comms.gov.uk/engage) and comprised 40 subject areas, 24 case studies and nearly 70 tools (checklists, guides, charts).

Cabinet Office Communication

Good communications require speed and coordination in a media world which never stops. The Cabinet Office Communications Group provides carefully targeted, specific communications to journalists, broadcasters, the public and its own staff.

The Press Office operates a 24/7 service to the media providing information, press notices, statements and speeches. It also handles publicity campaigns and supports ministers at events and launches. It works closely with the No.10 Press Office to coordinate government messages across Whitehall departments.

The Corporate Communications team communicates internally and externally with responsibility for internal web pages as well as the Cabinet Office and Civil Service websites. *Inside*, its weekly staff magazine, won the Communicators in Business Award of Excellence for its e-mail newsletter/e-zine for 2007.

The team published the government's Capability Reviews covering 11 departments and the Policy Review, announced by the Prime Minister in October 2006, and described as 'one of the most ambitious and demanding exercises ever conducted within Government'. Three papers covering public services, security, crime and justice and Britain in the world have been published so far.

We need a much more strategic approach to communication to ensure that communication is at the heart of the policy process.

Gus O'Donnell,
Cabinet Secretary
and Head of the
Home Civil Service

Making government work better by...

Coordinating ACROSS BORDERS

On New Year's Day 2007, two more countries joined the European Union (EU). But the preparations for Bulgaria and Romania's accession started many months before this.

The Cabinet Office has played a leading role in coordinating the preparations for the accession. This was an issue that affected the public, the UK economy and involved a wide range of government departments, as well as generating a great deal of media interest.

Issues that needed to be considered included evaluating the impact on the UK labour market; working closely with other EU member states to pursue our common interests and manage international relations; preparing enforcement agencies, stakeholders and employers for accession; and coordinating the Government's communications effort.

The Economic and Domestic Affairs Secretariat and European Secretariat worked hand in hand with other

departments, No.10 and the Strategy Unit to coordinate the various strands of work across Whitehall. The aim was to ensure that ministers were equipped with the right information and analysis to base their decisions upon, and to promote a joined-up approach to the UK's preparations.

Coordinated communications in the run up to accession meant that the press coverage presented both sides of the argument, and it is testament to the hard work of all the officials working across government that we were fully prepared for the accession of Bulgaria and Romania to the EU on 1 January 2007.

There are four main Secretariats that provide support to Cabinet and its Committees:

- The **Economic and Domestic Affairs Secretariat** deals with all domestic issues and manages the legislative programme.
- The **European Secretariat** coordinates EU policy across departments and drives forward the Prime Minister's EU priorities.
- The **Defence and Overseas Secretariat** is responsible for coordinating a wide range of defence, security and foreign policy issues.
- The **Civil Contingencies Secretariat** is responsible for improving the UK's resilience to disruptive challenges.

Deciding government policy

The Cabinet Secretariats help the Government take timely, well-informed decisions. Decisions on government policy are taken collectively by the Cabinet. Given the wide range of issues to be covered, their business is managed through a series of Cabinet Committees. The Secretariats coordinate Cabinet Committees and provide advice to the Prime Minister and other Committee Chairs.



Proud of OUR PEOPLE

Tom Roundell-Greene

Last year's Capability Reviews highlighted that it's more important than ever to have a Civil Service that is flexible, professional and ready to face the challenges of running a 21st-century government. After all, the achievements and successes of the Cabinet Office would not be possible without the dedicated commitment of our staff. We caught up with some of them to ask what they loved about working in Whitehall.

We're committed to creating a strong, focused team who embody the Cabinet Office's vision and values, so we're especially proud that in addition to their dedicated daily work our staff still find time to give something back to the charities, communities and people with whom they work.

The glamour and glitz of Bollywood came to the Cabinet Office in April 2006 when dancers and comedians descended on Whitehall to celebrate the diversity of India. The colourful event was organised by the Cabinet Office Black and Asian Network (COBAN) and highlighted the Cabinet Office's commitment to ensuring equality and

diversity throughout the Civil Service. COBAN is one of many committed networks throughout the Department, among them the Carers' Network, the Women's Network and the Rainbow Network. Baroness Prashar, a Cabinet Office Non-executive Director, opened the event with a reminder that diversity is also about building new relationships, developing curiosity about others, asking questions and accepting differences. Her statement reflected the ideals and aims behind the Trading Perspectives initiative, which aims through a mentoring programme to increase the understanding of diversity issues for Civil Service staff.



Natasha Simms

Matt Robinson

The Cabinet Office goes to great lengths to ensure that it is a diverse organisation. The culture is relaxed and open, self-evaluating in the way it works and innovative in how it approaches solutions to the problems it encounters.

Will Fordham, Better Regulation Executive

Senior communications staff from the Press Office, Marketing, E-media and Internal Communications teams put their skills to good use at a Cabinet Office Communications Group volunteer day in January 2006. Organised by the Media Trust, 10 Cabinet Office staff took part in a 'media matching day' where they advised charities about communications planning and how to achieve press coverage on a budget. The day served not only to reinforce the importance of sharing knowledge and expertise, but also highlighted the relationship with and commitment to the Office of the Third Sector, which joined the Cabinet Office last year.

The Cabinet Office is dedicated to promoting a strong learning culture throughout its units. Our staff come from a multitude of different backgrounds, each bringing with them different skills and knowledge. One such person is Zamila Bunglawala who, before joining the Better Regulation Executive, worked as the UN Head of Office in North Darfur. During her time there, the ongoing conflict displaced more than 2 million people and Zamila

was responsible for implementing security and placement programmes for the thousands of refugees in her area. She shared her experiences, inspirations and achievements with Cabinet Office staff at a Women's Network meeting in March 2007.

As part of its commitment to charity and local communities, the Cabinet Office allows staff to take one volunteer day per year to contribute to community-led activities. Taking their day together, 11 members of the Better Regulation Executive team transformed a run-down two-bedroom flat on a Thurrock housing estate into an outreach centre for abused women. After convincing local businesses to donate supplies and furnishings, the team scrubbed, painted and decorated tirelessly on the day-long project, which could have otherwise taken weeks to achieve.

Looking forward, it is the Cabinet Office's aim that every member of the Civil Service shares a vision and a desire to make both government and the UK better, fairer and stronger.



I'm proud to work on such an interesting range of issues that face the country, from a position at the heart of government. I'm also proud of the people I work with, of their focus and talent. It's thanks to their constant dedication that the Department is committed to renewing and improving itself.

Matt Robinson, Policy Adviser

As a Learning and Development Coordinator, I really enjoy the feeling and satisfaction I receive when delegates let me know they have enjoyed a course. I'm proud that I am able to contribute to our teams' personal and professional development.

Natasha Simms, Learning and Development Coordinator

There are some world-class, intelligent people here and it's incredibly stimulating to work with them on a daily basis. I know that I am part of an organisation that works to make government and the UK a better place.

Cass Chideock, Assistant Director, Strategy and Policy

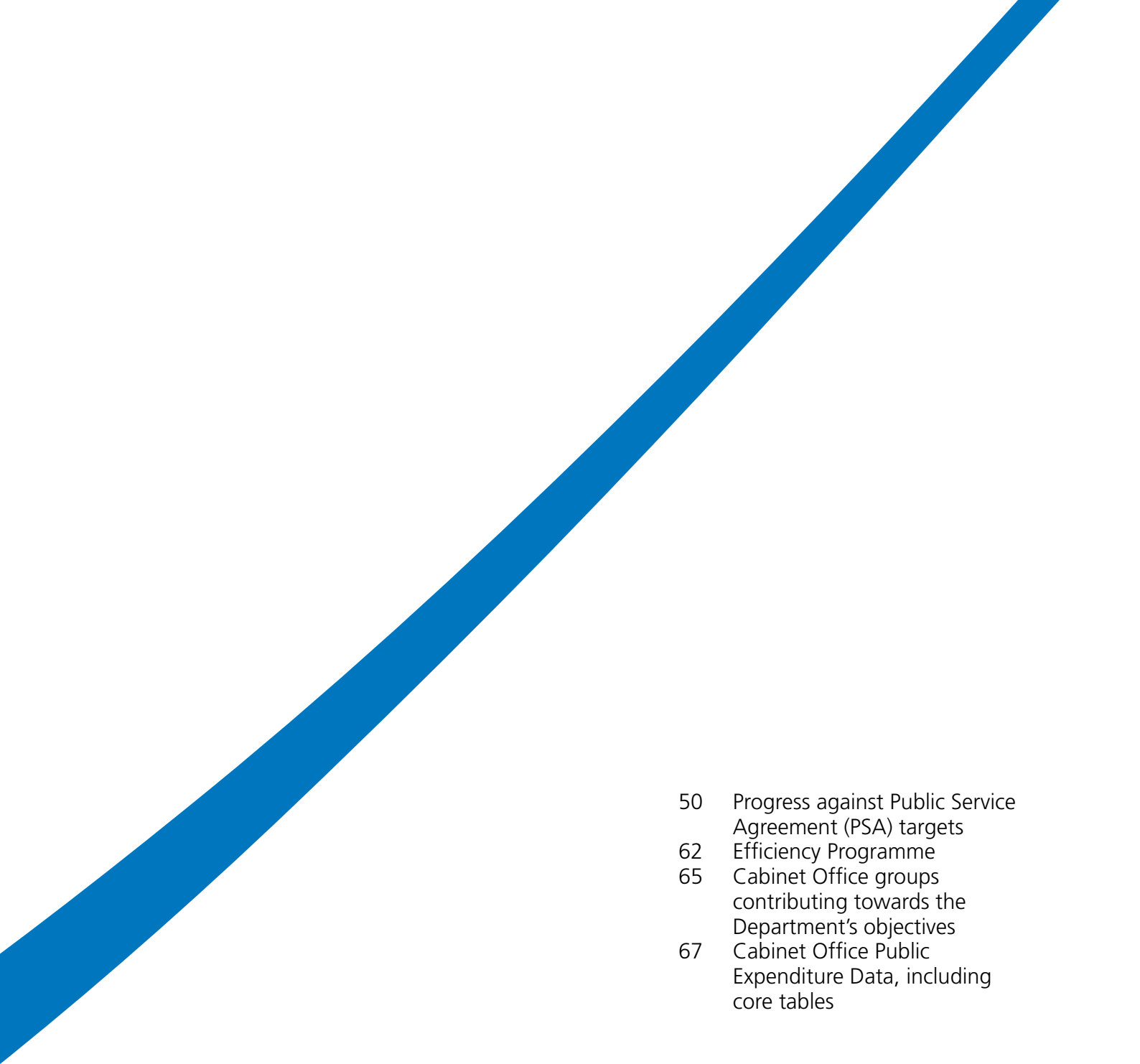


The culture in the Cabinet Office is one of dedication, hard work and professionalism. It is clear that the staff who work here are proud to do so and are keen to embed the Department's core values in all that they do.

Tom Roundell-Greene, Sustainable Development Policy Adviser







50	Progress against Public Service Agreement (PSA) targets
62	Efficiency Programme
65	Cabinet Office groups contributing towards the Department's objectives
67	Cabinet Office Public Expenditure Data, including core tables

Performance report

Progress against Public Service Agreement targets

Introduction

Public Service Agreement (PSAs) set out each government department's aims, objectives and key outcome-based targets. They form an integral part of departments' spending plans, as set out in Spending Reviews, which are the means by which government makes decisions about the allocation of public funds over a three year period.

The outcome of the 2004 Spending Review (SR 2004) was announced in July 2004. SR 2004 established the funding available to the Cabinet Office for the period 2005–06 to 2007–08 and set the targets to be achieved. The Cabinet Office is responsible for delivery of four targets, which will continue to drive progress towards achieving key goals in the areas of public service delivery, Civil Service capacity (incorporating leadership, skills and diversity), better regulation, and the voluntary and community sector. HM Treasury is jointly responsible for delivery of the first target.

SR 2002 was announced in July 2002 and established the funding available to the Cabinet Office for the period from 2003–04 to 2005–06. There is one outstanding SR 2002 target which is being reported on for the final time this year as the full survey results were not ready in time for last year's Departmental Report.

The last assessment of performance against the four SR 2004 targets was made in the Cabinet Office Autumn Performance Report 2006 (Cm 7004), published in December 2006, and available at:

www.cabinetoffice.gov.uk/publications/reports/psa/autumn_delivery/apr2006.pdf

Progress against SR 2004 PSA targets

Target 1 Improve public services by working with departments to help them meet their PSA targets, consistently within the fiscal rules. This is a joint target with HM Treasury.

Progress On course.

Commentary The Prime Minister's Delivery Unit (PMDU) and the Treasury have continued to work collaboratively to align and strengthen effort in supporting the effective planning, management and delivery by departments of their PSA targets, for example, through the further sharing and spreading of good practice and lessons learnt from delivery. Responsibility for delivery of specific targets rests with departmental Secretaries of State, as set out in the 'who is responsible' section of each PSA.

Departments are working towards delivery of the PSA targets set by SR 2004 and continue to report progress on targets from the SR 2002 set. The majority of SR 2004 targets were given overall summary assessments by departments in their 2006 Autumn Performance Reports (APRs). Of those, around 75% were reported as being on course. These represent interim progress assessments which can of course vary up to the point a final assessment is made.

The majority of SR 2002 targets were given overall summary assessments by departments in their 2006 APRs. Of those, around 83% were reported as being met or on course. Although the SR 2002 period ended in March 2006, data for the full period is not yet available as some targets have a longer horizon than the SR 2002 period.

The data systems underpinning the measurement of this PSA target are validated by the National Audit Office (NAO). In December 2006, the NAO published a report on data systems for 2005–08 PSA targets for six departments, including the Cabinet Office. In reporting on the data systems for this target, the NAO commented that there is an effective system for measuring other departments' progress in achieving their PSA targets. The NAO also concluded that nearly three quarters of the data systems developed by these departments provided a broadly appropriate basis for measuring progress against their PSA targets.

Target 2 By April 2008, work with departments to build the capacity of the Civil Service to deliver the Government's priorities, by improving leadership, skills and diversity. On diversity meeting the specific targets of:

- 37% women in the Senior Civil Service (SCS);
- 30% women in top management posts;
- 4% ethnic minority staff in the SCS;
- 3.2% disabled staff in the SCS; and
- in the longer term, work to ensure that the Civil Service at all levels reflects the diversity of the population.

Progress On course.

Commentary Leadership indicators show steady progress. However, the Capability Review process generally, and the 2006 SCS Survey specifically, have highlighted areas where more work needs to be done and efforts are being focused accordingly. Since April 2006, Government Skills, the Sector Skills Council (SSC) for central government, has started to roll out the Professional Skills for Government (PSG) programme to all civil servants.

Progress towards diversity targets continues, although they remain challenging. Representation at SCS level has increased across the board for women, women in top management positions, minority ethnic staff and staff with disabilities since the targets were set in October 2003. In November 2005, the Civil Service launched *Delivering a Diverse Civil Service* (www.civilservice.gov.uk/diversity/10_point_plan/index.asp). While there is much further to go in order to achieve the aims of the plan, progress has been made.

The NAO has reported that the data systems chosen for this target address many of the risks to data quality when measuring across the Civil Service.

A number of workforce methods for measuring improvements in **leadership** have been identified. These include turnover, external recruitment levels, breadth of experience and perceptions, and show that progress is on course:

- Turnover in the SCS during 2005–06 was 11.7%, up from 9.8% in 2004–05 and 8.6%¹ in 2002–03.
- The median length of time in completed post at April 2006 was 2.7 years, up slightly from 2.6 years at April 2005 and still down from 3.3 years at April 2003. There is an expectation of a four-year norm for SCS postings.
- In 2005–06, 39% of SCS posts were filled by open competition. Two thirds of those were filled by external candidates (just over a quarter of all appointments).
- At April 2006, 60% of members of the SCS had experience of working outside the Civil Service of more than 12 months, the same as in April 2005 (up from 40% in April 2004).
- The expected impact of action to ensure more active career management is an increase in the proportion of the SCS working a flexible pattern (part time/job share). As at April 2006, 5% of all SCS staff worked a flexible pattern compared with 4.7% in April 2005 and 4.5% as at April 2003.

The results of the 2006 SCS Survey are available on the Civil Service website (www.civilservice.gov.uk/reform/leadership/scssurvey.asp). The Cabinet Office has started a number of initiatives to tackle the issues raised in the survey, which include:

- a people strategy for the Civil Service which will set out the strategies, competences and behaviours needed for the future;
- building key groups, including the 'top 200' SCS and the HR profession, so that they work together across government;
- embedding Professional Skills for Government in all departments; and
- improving performance management and reward, starting with the SCS.

¹ Turnover calculated as number of leavers during the year as a proportion of the number of average staff in post during the year. Figures reported in the 2006 Departmental Report have been revised.

Specific Cabinet Office activities over the past year in support of delivering this target have included:

- piloting an assessment tool for director generals in collaboration with an external consultancy firm: this will enable objective cross-departmental assessment of the leadership capability of senior leaders in the Civil Service;
- promoting more corporate management of the 'top 200' through improved central succession planning and development to cement this group as a leadership cadre;
- progressing the High Potential Development Scheme, which is designed to provide tailored developmental support for SCS staff with the potential to rise quickly to board level. Another cohort will be selected in spring 2007;
- working with HR and business leaders to accelerate the implementation of the leadership framework, launched in March 2006;
- supporting leadership within departments. For example, sessions have been held for permanent secretaries on leading a board. Six director generals have now agreed to provide work shadowing and support on developing board effectiveness; and
- establishing, in partnership with the National School for Government, the Sunningdale Institute, a virtual academy of leading thinkers, to help build strategic capability.

On **skills**, in February 2006, Government Skills, the SSC for central government, was established. It is one of 25 SSCs covering around 80% of employees across the UK economy, and its 'footprint' covers Civil Service departments and agencies, non-departmental public bodies and the Armed Forces (around 775,000 staff). A decision was taken in 2006 to establish Government Skills as an executive agency of the Cabinet Office. It is expected that this will happen later in 2007.

All SSCs have the same broad responsibilities which are to identify (on behalf of employers in its sector) what skills are required and where the gaps lie; and then to create, agree and deliver a plan to fill the gaps.

To do this, Government Skills is currently working on behalf of departmental employers and others to deliver four main programmes:

- **Professional Skills for Government programme (PSG):** this is covered in more detail below.
- **Skills Strategy for Government:** we are identifying our sector's skills needs at a strategic level and plan to secure collective agreement with employers and others on structured ways to meet them – for example by influencing the supply side (education and training providers etc.). In February 2007, we completed a survey of employers, which will be complemented by a separate survey of employees. Together these surveys will help us identify skills required, skills gaps and available provision. The Skills Strategy is due to be completed by January 2008.
- **Qualifications strategy:** this covers identifying the role that qualifications will have in driving improvements in skills and the action to be taken in response. We are developing an outline strategy to establish National Occupational Standards in key areas and assess the need for new qualifications.
- **Skills for Life:** in partnership with Civil Service unions, we are currently delivering an action plan within the sector for Skills for Life – the national programme for improving adult basic skills. Phase 1 concluded in February 2007 with a very successful conference

to share best practice, showcase assessment tools and launch new marketing materials. This was attended by project workers from across the Civil Service and union learning representatives who are partners in delivering the programme.

We are reviewing all our programmes in light of the Leitch Review of Skills, which was published in December 2006. More information about the work of Government Skills can be found at: www.government-skills.gov.uk

PSG is designed to improve the delivery of services to the public by raising the skills levels (and hence performance) of individual civil servants. It sets out the minimum leadership skills, core skills, professional expertise and broader experience requirements which all civil servants need. More information about the programme, including the skills themselves, is available at: <http://psg.civilservice.gov.uk/>

PSG started to be rolled out at Grade 7 and above in autumn 2005. Since then, progress has been as follows:

- Spring 2006: departments provided data on attainment levels within the SCS against the six core skills. This showed a mix of reported skills levels. Further information is available at: http://psg.civilservice.gov.uk/uploaded_files/19/hgpsg%20report%20october.doc
- April 2006: PSG started to be rolled out by employers for staff at all levels.
- May 2006: permanent secretaries provided their first annual reports on implementation progress. These confirmed that HR systems either had been, or were in the process of being, aligned with PSG. Permanent secretaries also confirmed they believed that PSG would have a positive impact on skills development but that, as a long-term programme, it was too early to make a full judgement on its effectiveness.
- In light of the above, we are updating our implementation plan, including a review of our evaluation strategy.

As part of our work to monitor progress on PSG, we have also been continuing to track data on qualifications and professions. Data from the SCS database shows:

Date	Professional qualifications	Recorded professions	
		Recorded profession	Profession not recorded or not known
April 2004	36%	36%	64%
April 2005	40%	60%	40%
April 2006	43%	75%	25%

Note: no assumptions are made about the professional qualifications or professions of staff for whom no relevant data is available.

The Civil Service is making progress towards meeting the 2008 **diversity** targets, although we knew when they were set in October 2003 that they would be challenging. Even taking this into account, actual progress has not so far met our expectations.

October 2006 data shows that:

- 31.2% of the SCS are women, up from 27.5% in October 2003. The target continues to be a challenging one, although the percentage of women in the SCS has been rising steadily during the last two years;
- 26.8% of those in the very top management positions are women, up from 23.9% in October 2003. This includes two women at permanent secretary level;
- 3.2% of staff at SCS level are from black and minority ethnic backgrounds, up from 2.4% in October 2003; and
- 2.8% of staff at SCS level are disabled, up from 2.1% in October 2003.

All targets and statistics for the SR 2004 targets use figures from the SCS database to ensure consistency of measurement across the four targets. Ethnicity and disability percentages are based on those senior civil servants whose ethnicity/disability is known. The proportion of staff at SCS level who have declared their ethnicity at October 2006 is up to 88.3%, from 83.4% in October 2003. The proportion of staff who have declared their disability status at October 2006 is up to 87.2%, from 70.7% in October 2004.

Actions to make further progress include the 10-point plan on delivering a diverse civil service, launched in November 2005. The plan introduced strengthened targeted action and accountability in departments for delivering improved diversity, with a particular focus on the SCS. There is much further to go in order to achieve the aims of the plan; however, much has been accomplished, including:

- **departmental targets and action plans:** departments have set their own diversity targets for their SCS and feeder grade populations, underpinned by delivery plans that have been subject to peer review by the Diversity Champions' Network (DCN). Departments have reported on their progress against their plans to the DCN's review board;
- **recruitment/selection:** the DCN has commissioned a project to examine approaches to recruitment, including the way search consultants are managed. Conclusions and recommendations from this project will be distilled into practical guidance;
- **developing the talent pool:** a new positive action corporate diversity development scheme, Leaders Unltd, was launched in December 2006; and
- **identifying, celebrating and sharing good practice:** a Civil Service Diversity and Equality Awards event that attracted over 170 entries across seven award categories was celebrated in October 2006.

At their October 2006 discussion the Permanent Secretaries Management Group acknowledged these steps, but noted that we will not meet our targets unless there are more direct interventions on the supply and demand side.

Figure 1: Progress against SR 2004 PSA target 2



Target 3 By April 2008, ensure that departments deliver better regulation and tackle unnecessary bureaucracy in both the public and private sectors through:

- reducing the overall administrative burden;
- maintaining the UK's international standing on better regulation; and
- improving the perception of regulation.

Progress Broadly on course. (Too early to tell.)

Commentary 1. Overall Administrative Burden

The overall administrative burden will be reduced by 25% within the framework of departmental simplification plans by 2010. The administrative burdens exercise in 2005–06 measured the cost of regulations across 19 government departments and agencies that impose administrative burdens.² The baseline figures of May 2005 will be published in departments' 2006 simplification plans. The administrative burdens are classified into categories A, B and C:

A. Data requirements that are exclusively and completely a consequence of European Union (EU) rules and other international obligations. The international rules describe which information businesses have to produce.

² NB: in particular, this exercise excludes the Financial Services Authority (FSA) and HM Revenue and Customs (HMRC).

- B. Data requirements that are a consequence of EU rules and other international obligations. The purpose will be formulated in the international rules, while implementation (including formulation of the specific data requirements) will be left to the member states. The international rules do not describe which information businesses have to produce.
- C. Data requirements that are exclusively a consequence of rules formulated at national level.

The majority of government departments have agreed a target of a 25% reduction in their administrative burdens by 2010 for the total of categories A, B and C. Some have set targets only for the total of categories B and C and/or over a slightly longer period.

The performance measure will be that departments will be on target to deliver a 25% reduction by 2010 in the cumulative total of administrative burdens for the 19 departments and agencies, including all categories.

Annual departmental simplification plans will monitor the reductions achieved and set out the future actions planned to contribute to the target. The Better Regulation Executive will continue to work with departments to bring forward simplification ideas and facilitate administrative burdens reduction.

Progress – on target

- Following on from the Government's response to the Better Regulation Task Force's report *Less is More*, all departments published simplification plans by 11 December 2006.
- The Administrative Burdens Measurement Exercise identified approximately £14 billion in administrative burden. Government committed to removing £3.5 billion of this burden by 2010. £2 billion of this the Government is already committed to remove through 500 different initiatives, with more to follow.
- Simplification plans outline how departments will reduce that burden. Departments have set a target to reduce the burden by 25% by 2010. The Cabinet Office is aiming for 35%.
- The simplification plans have been independently scrutinised by the Better Regulation Commission, and its opinion of each plan is available at: www.brc.gov.uk

2. International Standing

The UK wants to remain well placed in international comparisons of regulatory burdens and regulatory reform, defined as remaining within the top 10 internationally and within the top 3 in the EU based on the following surveys:

- World Bank Doing Business survey (published annually).
- Organisation for Economic Co-operation and Development (OECD) Structural Policy Indicators and Priorities for 'product market regulation' and 'barriers to entrepreneurship' (on the basis of surveys carried out in the publication *Going for Growth*).

BRE will work with departments to ensure that the sum total of changes to the regulatory environment do not impact negatively on our performance against these indicators.

Progress – on target

- The OECD Economic Survey of the United Kingdom 2005 (12 October 2005) ranked the UK top among the G8 countries and second among all OECD countries for liberal product market regulation.
- The World Bank's study of 155 countries – *Doing Business in 2007* (September 2006) – placed the UK first in the EU and sixth in the world for the best business conditions.

3. Business Perception of Regulation

The success of regulation in improving outcomes depends in part upon the acceptance by business of the purpose of regulations. Business perception of the proportionality of regulation is also a sound test of how regulations have been designed and are being implemented on the ground.

The NAO is currently developing an annual survey on business's perception of regulation to evaluate government efforts in better regulation. This will involve surveying 2,000 businesses with a baseline to be provided in late spring 2007 after a piloting of the questionnaire in late 2006.

One element of the survey will measure the extent to which businesses understand the purpose of regulation, the ease of compliance and the perceived proportionality of the regulations. It will be based on performance against a basket of the policy areas that were the most important in the administrative burdens exercise, e.g. employment law, health and safety law, consumer protection, etc.

The performance measure will be based upon an improvement in the results of this part of the survey.

Including this measure into the BRE's performance framework reflects the importance of business perception as a focus for ongoing work to 2008 and beyond. This will encourage BRE efforts to be directed in policy terms to the main irritants for business and help drive culture change for the implementation of regulation.

This technical note was revised in December 2006. The latest progress and the reasons for revising the technical note can be found in the Cabinet Office *Autumn Performance Report 2006*, which is available at:

www.cabinetoffice.gov.uk/publications/reports/psa/autumn_delivery/apr2006.pdf

Progress – on target

- The NAO has not yet completed the baselining exercise for this survey. The initial results are expected in summer 2007.

Increase Voluntary and Community Engagement

Target 4 Element 1: increase voluntary and community engagement, especially among those at risk of social exclusion.

Progress On course.

Commentary Voluntary activity by individuals at risk of social exclusion has increased and is on course. The 2005 Citizenship Survey found that the proportion of people who had no qualifications, were members of minority ethnic groups, or had a disability, who volunteered at least once a month over a 12-month period rose from 41% in 2001 to 43% in 2005. This increase over the years is supported by the findings of the quarterly monitoring surveys carried out as part of the Citizenship Survey evaluation process.

Voluntary activity by individuals includes both informal volunteering (giving unpaid help to an individual who is not a member of the family) and formal volunteering (giving unpaid help to groups, clubs or organisations). These are measured using the biennial Communities and Local Government Citizenship Survey.

This target covers people with no qualifications (11 million people in England), people from black and minority ethnic communities (3 million in England) and people with disabilities or limiting long-term illnesses (6 million in England). Volunteering in this group (15.5 million people in total) is measured as those who have volunteered at least once a month in the 12 months prior to interview. Evidence from the Citizenship Survey shows that these are the groups, among all of those at risk of social exclusion, who are least likely to volunteer.

A series of measures and programmes led by the Office of the Third Sector (OTS) is helping deliver this target, including the Volunteering for All and GoldStar programmes, which are both targeted exclusively at adults at risk of social exclusion. Together, they represent an £8 million investment by government. Both are funding exemplar volunteering projects, although Volunteering for All includes additional work to create awareness-raising campaigns targeted at excluded communities and GoldStar has a special focus on the dissemination of good practice in volunteer management in excluded communities.

In addition to these programmes, there is now a Local Area Agreement (LAA) target to require local authorities to increase the number of volunteers in their local area, with financial incentives to help them prioritise adults who are socially excluded. The OTS is working with the Department for Communities and Local Government (DCLG) and Government Offices for the Regions to ensure that this target is taken up by local authorities.

The Cabinet Office has also established a network of strategically funded third sector organisations, selected in part for their record in working with excluded communities as volunteers in addition to their ability to influence the national volunteering debate. Funding for these partners began in April 2006, and will continue for between three and five years.

Increase Voluntary and Community Engagement

Target 4 Element 2: the capacity and contribution of the voluntary and community sector to deliver more public services.

Progress Broadly on course.

Commentary Element 2 is measured on the basis of the findings of the State of the Sector Panel. The State of the Sector Panel is an in-depth survey of over 3,000 voluntary and community sector organisations, designed to measure change in activity in the sector. News from the Panel 2 was published in August 2006 and compares year 2 data (2003–04) with data from 2002–03. The survey reports that funding within the sector has increased. The number of volunteers within Panel member organisations has also increased from 3.1 million to 4.1 million, but the median value has dropped, suggesting that larger organisations may be benefiting more than smaller organisations from increased volunteering.

More than half the organisations reported that they were either very or fairly satisfied with the public body processes in place for funding, payment, monitoring and evaluation of their funding schemes. However, four out of five organisations identified funding as one of the top three factors holding back their activities – representing no change on the previous year.

The proportion of funding received by panel members from local authorities also increased from 34% to 39%, while the proportion distributed by central government fell from 50% to 46%, suggesting that government money is moving closer towards the point of delivery, enabling decisions to be made a level closer to service users.

A key output in 2006 to support the delivery of this target was the publication of *Partnership in Public Services: an action plan for the third sector*. The plan will remove barriers to third sector organisations wishing to become involved in delivering and designing public services, and was published in December 2006 alongside the Chancellor's Pre-Budget Report.

From the National Offender Management Service (NOMS) to Jobcentre Plus, the action plan brings together the opportunities for the third sector to play an enhanced role in public services. Actions include a national programme to train 2,000 of those who commission public services on how to involve the third sector in services and £30 million funding for community groups to work with local authorities to take over management or ownership of local assets.

The OTS has also undertaken a range of additional activities to support the delivery of the target. Working closely with DCLG, it ensured that the third sector was embedded in the local government White Paper, particularly its chapter on the third sector. The appointment of the first Commissioner for the Compact in October will also support strong public and third sector partnerships. The aim of the Commissioner will be to promote good practice in partnership working between government and the voluntary and community sector through the Compact, overseeing its operation. The OTS will continue to work across these areas in the year to come.

The NAO is currently reviewing the data systems for this PSA target and should report later in the year.

Progress against the outstanding SR 2002 PSA targets

Target 3 Ensure departments meet the Prime Minister's targets for electronic service delivery by government; 100% capability by 2005, with key services achieving high levels of use.

Progress Analysis of the final data has been completed. The final status of this target is that it was not met.

Commentary **Electronic Service Delivery**

The electronic service delivery PSA target included the requirement to achieve capability by 2005. The survey results of departments show that, by the end of March 2006, 92% of services had met the target (figure subject to audit). This result and the detailed list of the services that have been e-enabled have been reported to Parliament.

Key Services Achieving High Usage Levels

A final survey was conducted in early 2007. The survey found that 33 out of the 37 services (89%) defined as 'key' had successfully achieved high levels of take-up. Take-up has been measured against the targets set by the departments themselves, and were first outlined in the Cabinet Office *Autumn Performance Report 2003*.

Note: This target became one of inspiration following the move of electronic service delivery by government to a less burdensome reporting process with departments for reviewing progress on service roll-out. This was based on exception reporting against services that were in danger of slipping. This allowed for a real-time assessment of progress against a 96% forecast.

The focus of delivery shifted away from enforced service roll-out and departments being held directly responsible for take-up, towards priorities of supporting departments to achieve more customer-centred delivery. Within this new environment for delivery, this target was, as a result, not achieved.

Efficiency Programme

The Spending Review 2004, incorporating the outcomes of the Lyons and Gershon reviews, resulted in the following targets for the Cabinet Office:

- save £25 million in annual efficiencies by end of 2007–08 (3% per annum);
- relocation of 250 posts outside London and the South East by 31 March 2008; and
- a headcount reduction of 150 posts.

(includes National School of Government (NSG))

The Cabinet Office continues to achieve genuine efficiencies through a range of measures designed to improve as well as make more cost effective our back office and procurement systems. A number of individual projects and activities were identified which will either directly deliver efficiencies or will enable efficiencies to be delivered further downstream.

The table below sets out our current estimates of the level of efficiency gains that the Cabinet Office anticipates securing from each area by March 2008. This represents current planning assumptions. The expected gains from work streams are not targets in themselves but contribute to our overall target. Proportioning of savings between years, activity and work stream may be adjusted as project business cases and plans develop.

Efficiency gains by area

Area	£m
Corporate Services	4.2
Procurement	14.5
Centre of Government	5.7
Contingency	0.6
Total	25.0

Progress

A number of the projects making up the Efficiency and Relocation Programme are enabling projects which will ensure efficiencies further downstream. Highlights of what has been achieved so far include:

- savings amounting to £0.77 million have been achieved through challenging requirements by a central procurement team, and negotiating better rates for new and existing contracts;
- savings of £2.6 million have been achieved on a range of items, including IT and property maintenance. Analysis of spend undertaken is continuing to help identify scope for additional efficiencies;
- new corporate arrangements for agency staff for general management, clerical and secretarial roles using a collaborative framework was piloted in May 2006 and rolled out from September 2006;
- other procurement improvements, such as the use of the Government Procurement Card, use of Office of Government Commerce (OGC) Buying.solutions and a range of front-line support services was released efficiency savings of over £7 million; and
- estate consolidation savings are likely to increase as further buildings are released.

In total, the Cabinet Office has delivered £15.9 million in efficiency savings up to 31 March 2007. All of these savings are cashable, meaning that this is public money that can be spent elsewhere.

Ongoing projects

Improved Procurement. The Investment and Procurement Team was created to improve investment decision making and strengthen project, programme and procurement capability in the Cabinet Office. This has now implemented some new procurement processes and further deliveries are planned.

Information and Communication Technology (ICT). The Cabinet Office has negotiated changes to the scope and pricing of IT services. It is now developing a project to put in place a new IT services contract, and efficiencies will be delivered in 2007–08. These are estimated at around £2 million.

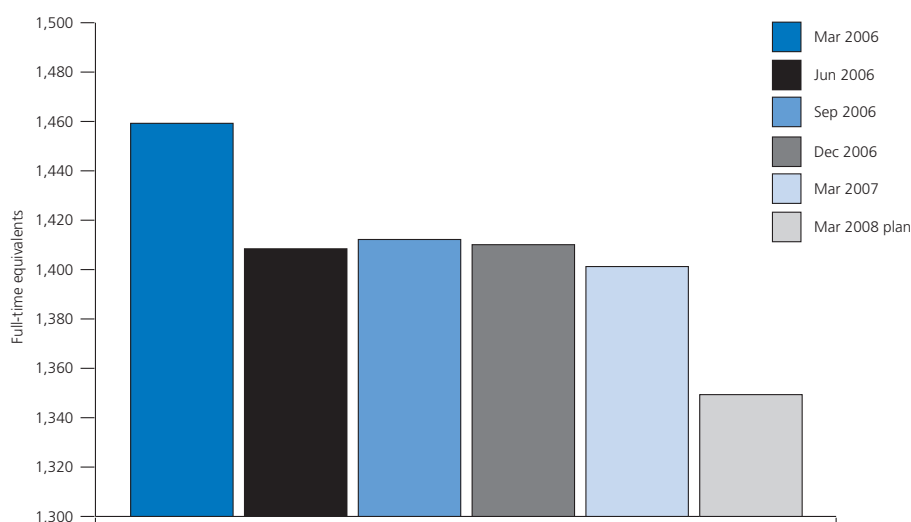
Communications. Further efficiency savings will be delivered by the Better Internet Project which has unified more than 60 existing websites managed across the Department into a single, high-quality, coherent, user-focused and friendly site.

Relocation. To date, 41 posts have been relocated. A recent joint review with the OGC of our ability to meet our relocation target concluded that, due to changes in the structure and function of the Cabinet Office since the Lyons Report was published in 2004, continued opportunities for further relocations were limited. The review recognised that the Cabinet Office had made serious efforts to achieve its target and the business cases for a few units would be re-examined.

Reduction of Civil Service Posts. The Cabinet Office plans to reduce posts through a number of projects, particularly building a leaner and more efficient centre of government. This work will be taken forward in achieving the Cabinet Secretary's aim to make the Cabinet Office more strategic and better focused on its core objectives. The Cabinet Office reports progress in reducing posts from a baseline of -100. By 31 March 2007, 105 post reductions had been achieved; reported as 5.

Efficiency Summary

Cabinet Office Headcount



Full-Time Equivalent Staff in Post

Area	Mar 2006	Jun 2006	Sep 2006	Dec 2006	Mar 2007	Mar 2008 plan
Core Cabinet Office*	1,459.25	1,408.43	1,412.19	1,410.09	1,401.23	1,349.35
Inward Machinery of Government Changes	0	0	3.00	71.14	77.94	0
Outward Machinery of Government Changes	0	0	0	25.00	25.00	0

The above figures are snapshots of full-time equivalents in post on the last day of the named month. They reflect the continuing decline in core Cabinet Office staff as efficiency savings and rationalisation reduce our staffing requirements. We remain on course to meet our 2008 headcount target of around 1,350 staff, a reduction of almost 40% since 2004.

The table below shows that the Cabinet Office is well on the way to meeting its 2008 efficiency targets, with savings of £15.9 million. The breakdown by unit is indicative of where we expect savings to emerge, rather than being set targets.

Initiative title	Anticipated efficiency saving (target) (£m)	Reported at 31 March 2007 (£m)	Required by 31 March 2008 (£m)
Corporate Services	4.2	3.4	0.8
Procurement	14.5	10.9	3.6
Centre of Government	5.7	1.6	4.1
Estate Rationalisation	0.6	0.0	0.6
Total	25.0	15.9	9.1

* Excludes National School of Government (NSG)

Cabinet Office groups contributing towards the Department's objectives

The Cabinet Office has one core aim: **'Making government work better'** which is supported by the four objectives outlined below. Each group within the Department contributes to one or more of these objectives. The table below sets out, by group, the number of staff working towards each of the Department's objectives.

The numbers below represent the proportion of each units' work on the objectives described in full-time equivalent members of staff. These numbers do not necessarily represent in every case identifiable members of staff.

Objectives in full

Number	Description	Total staff
Objective 1	Supporting the Prime Minister – to define and deliver the Government's objectives	364
Objective 2	Supporting the Cabinet – to drive the coherence, quality and delivery of policy and operations across departments	537
Objective 3	Strengthening the Civil Service – to ensure that the Civil Service is organised effectively and has the capability in terms of skills, values and leadership to deliver the Government's objectives	300
Objective 4	Business support	277

Relationship between management groups and objectives with staff numbers

Group	Objective	Staff
Better Regulation Executive	Supporting the Prime Minister	9
	Supporting the Cabinet	73
	Strengthening the Civil Service	9
Domestic Policy Group	Supporting the Prime Minister	18
	Supporting the Cabinet	88
	Strengthening the Civil Service	3
Intelligence Security and Resilience Group	Supporting the Prime Minister	34
	Supporting the Cabinet	184
	Strengthening the Civil Service	7
Committee on Standards in Public Life	Supporting the Prime Minister	5
Government Communications Group	Supporting the Prime Minister	12
	Supporting the Cabinet	5
	Strengthening the Civil Service	13
	Business Support	54
Corporate Development Group	Strengthening the Civil Service	173
	Business Support	35
Overseas and Defence Secretariat	Supporting the Prime Minister	25
	Supporting the Cabinet	25

Group	Objective	Staff
Delivery and Transformation Group	Supporting the Prime Minister	55
	Supporting the Cabinet	14
	Strengthening the Civil Service	68
	Business Support	12
European Secretariat	Supporting the Prime Minister	12
	Supporting the Cabinet	10
	Strengthening the Civil Service	2
Business Support Group	Business Support	147
Independent Offices	Business Support	24
Intelligence and Security Committee Secretariat	Business Support	5
Office of the Third Sector	Supporting the Cabinet	44
	Strengthening the Civil Service	11
Parliamentary Counsel	Supporting the Cabinet	75
Prime Minister's Office	Supporting the Prime Minister	178
Private Office Group	Supporting the Prime Minister	16
	Supporting the Cabinet	19
	Strengthening the Civil Service	14
Total (March 2007)		1,479

Cabinet Office Public Expenditure Data, including core tables

This section is a statistical account of the costs of running the Cabinet Office. To present this information more effectively, Part 2 of this section disaggregates the core Cabinet Office from other functions and entities. Part 1 sets out the tables for the whole department in the same format as other departmental reports. Fuller information on the public expenditure of the Department as a whole can also be found in the Cabinet Office Annual Report and Resource Accounts.

In 2006–07 some Machinery of Government (MOG) changes took place involving transfers of responsibility between departments. Transfers out were DirectGov to Central Office of Information (COI), Office of Public Sector Information (OPSI) to The National Archives (TNA), Personnel Statistics to the Office for National Statistics (ONS), Equalities Review Team to Communities and Local Government (DCLG) and the establishment of the National School of Government (NSG) as a non-ministerial department.

Transfers in to the Cabinet Office were the Office of the Third Sector (OTS) from the Home Office and the Department of Trade and Industry (DTI) and the Social Exclusion Task Force (SETF) from DCLG. The figures in Part 1 (Tables 1, 2, 3 and 5) reflect the Machinery of Government changes taking place from 1999–2000 to 2008–09.

Part 1: Spending by the Cabinet Office

Part 1 of this section contains public expenditure data for the Cabinet Office as a whole. For more information, refer to HM Treasury Estimate published as part of the Main Supply Estimates for Government in May 2007. The format of the tables in this section is common to all departmental reports. The figures in these tables differ from the published Supplementary Budgetary Information (SBI) tables due to more up-to-date figures used in the Departmental Report.

Note: The following tables reflect Machinery of Government changes which resulted in a number of increases the most significant being the move to the Cabinet Office of the Office of the Third Sector in 2006/07. OTS budget is made up of approximately £4 million admin., £110 million programme and £45 million capital.

Part 1 Table 1 Total public spending for the Cabinet Office (including Civil Superannuation)

Table 1 is a high-level summary of spending from 2001–02 to 2007–08, showing a breakdown by resources and capital. Year on year rises in Resource DEL are due to programmes undertaken by the Office of the Third Sector. Noteworthy amongst them are the Futurebuilders programme from 2004–05 onwards and the Capacitybuilders programme from 2006–07 onwards. (See also note on page 67.)

	£ '000						
	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans
Resource budget							
Resource DEL							
Cabinet Office	235,717	274,340	289,019	297,402	312,987	335,140*	363,343
Total resource budget	235,717	274,340	289,019	297,402	312,987	335,140	363,343
<i>of which:</i>							
Near-Cash	211,804	229,496	236,848	240,551	267,956	278,382	318,482
Resource AME							
Cabinet Office	–	–	450	–	–	–	–
Civil Superannuation (Civil Service Pensions)	4,697,780	4,577,214	5,014,217	5,378,416	5,724,890	6,050,550	7,616,000
Total resource budget	4,697,780	4,577,214	5,014,667	5,378,416	5,724,890	6,050,550	7,616,000
<i>of which:</i>							
Near-Cash	934,954	–1,370,270	1,078,235	1,040,935	33,342	629,062	1,031,765
Total resource budget	4,933,497	4,851,554	5,303,686	5,675,818	6,037,877	6,385,690	7,979,343
<i>of which:</i>							
Depreciation	14,588	29,604	40,179	48,608	37,795	35,335	36,336
Capital budget							
Capital DEL							
Cabinet Office	80,064	58,085	57,779	40,582	18,508	145,171 ^{**}	48,907
Total capital budget	80,064	58,085	57,779	40,582	18,508	145,171	48,907
Capital AME							
Total capital budget	–	–	–	–	–	–	–
Total capital budget	80,064	58,085	57,779	40,582	18,508	145,171	48,907

* 2006–07 Estimated Outturn is lower than when compared to the Spring Supplementary Estimate for 2006–07 and the Plans for 2007–08 largely due to a forecast under spend on grants to the third sector.

** 2006–07 Estimated Outturn is exceptionally high due to a £23 million draw-down of end year flexibility to cover capital expenditure for the SCOPE programme and security works to buildings on the Cabinet Office estate and due to a £67 million Machinery of Government transfer of end year flexibility from the Home Office to cover grant expenditure for the Futurebuilders programme.

Table 1 Continued

	£ '000						
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans
Total departmental spending*							
Cabinet Office	301,193	302,821	307,069	289,376	293,700	444,976	375,914
Civil Superannuation (Civil Service Pensions)	4,697,780	4,577,214	5,014,217	5,378,416	5,724,890	6,050,550	7,616,000
Total departmental spending*	4,998,973	4,880,035	5,321,286	5,667,792	6,018,590	6,495,526	7,991,914
<i>of which:</i>							
Total DEL	301,193	302,821	306,619	289,376	293,700	444,976	375,914
Total AME	4,697,780	4,577,214	5,014,667	5,378,416	5,724,890	6,050,550	7,616,000

* Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

Spending by local authorities on functions relevant to the Department

Current spending	27,238	28,845	29,857	36,079	49,083	55,754	
<i>of which:</i>							
financed by grants from budgets above	18,753	18,634	18,901	19,915	1,373	449	
Capital spending	-	-	-	-	-	-	
<i>of which:</i>							
financed by grants from budgets above	-	-	-	-	-	11,074*	

*This includes loans written off by mutual consent that score within non-cash Resource Budgets and aren't included in the capital support to local authorities line in Table 3.

Table 2 Resource budget for the Cabinet Office (including Civil Superannuation)

Table 2 shows a breakdown of resource spending by function from 2001–02 to 2007–08. Year on year rises in Resource DEL are due to programmes undertaken by the Office of the Third Sector. Noteworthy amongst them are the Futurebuilders programme from 2004–05 onwards and Capacitybuilders programme from 2006–07 onwards. (See also note on page 67.)

	£ '000						
	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans
Resource DEL							
Cabinet Office	235,717	274,340	289,019	297,402	312,987	335,140*	363,343
<i>of which:</i>							
Cabinet Office	235,717	274,340	289,019	297,402	312,987	335,140	363,343
Total resource budget	235,717	274,340	289,019	297,402	312,987	335,140	363,343
<i>of which:</i>							
Near-Cash	211,804	229,496	236,848	240,551	267,956	278,382	318,482
<i>of which:**</i>							
Pay	74,374	91,428	92,006	93,785	111,546	77,166	
Procurement	89,979	83,822	88,337	78,528	65,332	137,416	121,574
Current grants and subsidies to the private sector and abroad	28,698	35,612	37,604	48,323	89,705	95,681	87,459
Current grants to local authorities	18,753	18,634	18,901	19,915	1,373	449	4,881
Depreciation	14,588	29,604	40,179	48,608	37,795	35,335	36,336
Resource AME							
Cabinet Office	–	–	450	–	–	–	–
<i>of which:</i>							
Cabinet Office	–	–	450	–	–	–	–
Civil Superannuation (Civil Service pensions)	4,697,780	4,577,214	5,014,217	5,378,416	5,724,890	6,050,550	7,616,000
<i>of which:</i>							
Civil superannuation (Civil Service pensions)	4,697,780	4,577,214	5,014,217	5,378,416	5,724,890	6,050,550	7,616,000
Total resource budget	4,697,780	4,577,214	5,014,667	5,378,416	5,724,890	6,050,550	7,616,000
<i>of which:</i>							
Near-Cash	934,954	–1,370,270	1,078,235	1,040,935	33,342	629,062	1,031,765
<i>of which:*</i>							
Pay	57,000	47,000	35,500	23,000	12,500	4,500	
Procurement	–	–	–	–	–	–	–
Current grants and subsidies to the private sector and abroad	–	–	–	–	–	–	–
Current grants to local authorities	–	–	–	–	–	–	–
Depreciation	–	–	–	–	–	–	–
Total resource budget	4,933,497	4,851,554	5,303,686	5,675,818	6,037,877	6,385,690	7,979,343

* 2006–07 Estimated Outturn is lower than when compared to the Spring Supplementary Estimate for 2006–07 and the plans for 2007–08 largely due to a forecast spend on grants to the third sector.

** The breakdown of near-cash in Resource DEL by economic category may exceed the total near-cash Resource DEL reported above because of other income and receipts that score in near-cash Resource DEL but aren't included as pay, procurement, or current grants and subsidies to the private sector, abroad and local authorities.

Table 3 Capital budget for the Cabinet Office

Table 3 shows a breakdown of capital spending by function from 2001–02 to 2007–08. (See also note on page 67.)

	£ '000						
	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans
Capital DEL							
Cabinet Office	80,064	58,085	57,779	40,582	18,508	**** 145,171	48,907
<i>of which:</i>							
Cabinet Office	80,064	58,085	57,779	40,582	18,508	145,171	48,907
Total capital budget	80,064	58,085	57,779	40,582	18,508	145,171	48,907
<i>of which:</i>							
Capital expenditure on fixed assets net of sales*	75,741	51,212	54,075	17,648	16,768	28,189	7,276
Capital grants to the private sector and abroad	–	–	–	–	–	–	–
Net lending to private sector	–29	–193	–31	–22	–21	–22	–21
Capital support to public corporations	525	2,407	1,247	–	–	–	–
Capital support to local authorities**	–	–	–	–	–	11,074	8,449
Capital AME							
Total capital budget	–	–	–	–	–	–	–
Total capital budget	80,064	58,085	57,779	40,582	18,508	145,171	48,907
<i>of which:</i>							
Capital expenditure on fixed assets net of sales**	75,741	51,212	54,075	17,648	16,768	28,189	7,276
Less depreciation***	14,588	29,604	40,179	48,608	37,795	35,335	36,336
Net capital expenditure on tangible fixed assets	61,153	21,608	13,896	–30,960	–21,027	–7,146	–29,060

** This does not include loans written off by mutual consent that score within non-cash Resource Budgets.

**** 2006–07 Estimated Outturn is exceptionally high due to a £23 million draw-down of end-year flexibility to cover capital expenditure for the SCOPE programme and security works to buildings on the Cabinet Office estate, it is also due to a £67 million Machinery of Government transfer of end-year flexibility from the Home Office to cover capital grant expenditure for the Futurebuilders programme.

* Expenditure by the department and NDPBs on land, buildings and equipment, net of sales. Excludes spending on financial assets and grants, and public corporations' capital expenditure.

*** Included in Resource Budget.

Table 4 Capital employed for the Cabinet Office

Table 4 shows a breakdown of capital employed in a balance sheet from 2001–02 to 2007–08.

Outturn is as reported in the Cabinet Office Annual Report and Resource Accounts published for that year. (See also note on page 67.)

	£ '000						
	2001–02 Outturn	2002–03 Outturn	2003–04 Outturn	2004–05 Outturn	2005–06 Outturn	2006–07 Forecast	2007–08 Projected
Assets on balance sheet at the end of year:							
Fixed assets							
<i>of which:</i>							
Tangible assets							
Land and Buildings	126,676	156,221	130,126	146,273	162,998	144,915	151,011
Dwellings	–	905	15,836	16,013	12,382	11,928	11,928
Transformational Government Projects	32,172	62,015	63,602	37,116	16,931	6,817	6,817
Information Technology	5,743	6,432	7,242	6,486	5,514	9,122	30,800
Plant and Machinery	4,021	4,760	6,253	4,945	4,087	3,234	3,533
Furniture and Fittings	3,137	3,397	2,742	2,205	1,724	1,081	1,081
Art and Antiques	7,668	7,696	7,746	8,297	10,196	10,170	10,170
Assets under construction (AUC)	50,127	1,322	16,609	14,287	13,688	28,880	28,130
AUC – Transformational Government	25,008	1,659	5,195	3	328	1,173	1,173
Intangible assets	2,936	2,397	2,073	772	220	107	107
Investments	703	510	479	457	436	415	394
Total fixed assets	258,191	247,314	257,903	236,854	228,504	217,842	245,144
Debtors (amounts falling due after more than one year)	–	8,354	7,717	8,047	–	–	–
Current Assets	46,696	48,049	53,936	49,880	34,145	122,069*	32,000
Creditors (amounts falling due within one year)	–60,718	–45,129	–56,751	–59,793	–63,349	–77,993*	–63,000
Creditors (amounts falling due after more than one year)	–103	–64	–38	–	–3,497	–1,338	–
Provision for liabilities and charges	–8,487	–5,257	–7,589	–7,321	–7,053	–87,022*	–5,000
Total capital employed in Cabinet Office	235,579	253,267	255,178	227,667	188,750	173,558	209,144

* 2006–07 forecast balance sheet includes assets and liabilities relating to the Futurebuilders Programme.

Table 5 Administration Budget for the Cabinet Office

Table 5 shows a breakdown of administration expenditure from 2001–02 to 2007–08.

	£ '000						
	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans
Administration Expenditure:							
Paybill	68,834	85,485	84,710	85,511	98,696	74,397	
Other	122,043	103,314	100,242	105,334	120,232	141,396	
Total administration expenditure	190,877	188,799	184,952	190,845	218,928	215,793	270,034
Administration income	–19,025	–24,376	–25,768	–32,893	–56,866	–44,333	–33,434
Total administration budget	171,852	164,423	159,184	157,952	162,062	171,460	236,600

Analysis by activity

Cabinet Office	171,852	164,423	159,184	157,952	162,062	171,460	236,600*
Total administration budget	171,852	164,423	159,184	157,952	162,062	171,460	236,600

* 2007–08 plans are higher since they include the full cost of capital charges which on outturn will be attributed as appropriate to both administration and programme activities.

** Increase on administration budget results from Machinery of Government changes and reduced income.

Table 6 Staff Numbers for the Cabinet Office

Table 6 shows staff numbers from 2000–01 to 2007–08 by function expressed in full-time equivalents.

	2000–01 Actual	2001–02 Actual	2002–03 Actual	2003–04 Actual	2004–05 Actual	2005–06 Actual	2006–07 Plans	2007–08 Plans
Cabinet Office								
CS FTEs	2,185	2,134	1,994	1,790	1,795	1,735	1,455	1,368
Casuals (including short-term/ fixed term appointments)	39	80	74	50	145	95	24	25
Total	2,224	2,214	2,068	1,840	1,940	1,830	1,479	1,393

Notes:

- 1) To ensure consistent comparisons can be made with figures published in Civil Service Statistics and by the Office for National Statistics (ONS) across the Efficiency Review Period (2003–04 to 2007–08), the staff numbers for 2003–04 and 2004–05 are the same year-end staff in post figures published by Civil Service Statistics.
- 2) Further Machinery of Government changes are being considered, to ensure that the Cabinet Office is fully focused on delivering core activities and objectives.
- 3) The figures above include the Cabinet Office target of 150 Civil Service workforce reductions, agreed in Spending Review 2004 as the Cabinet Office contribution to the Efficiency Review.
- 4) From 2004–05, in accordance with current Civil Service Statistics and ONS methodology, the figures for casuals include those individuals on Fixed Term Agreements
- 5) Staff numbers for the National School of Government (NSG) are included within Cabinet Office numbers up to 2005–06, whereafter NSG transferred out of Cabinet Office to become a non-ministerial department.
- 6) Further explanation of the effect of Machinery of Government changes on staff numbers can be found in Part 2.

Table 7 Total public spending for the Security and Intelligence Agencies

Table 7 is a high-level summary of spending from 2001–02 to 2007–08, showing a breakdown by resource and capital.

£ '000

	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans
Resource budget							
Resource DEL							
Security and Intelligence Agencies	909,003	939,994	1,091,660	1,126,631	1,259,152	1,466,896	1,482,203
Total resource budget	909,003	939,994	1,091,660	1,126,631	1,259,152	1,466,896	1,482,203
<i>of which: near-cash</i>	729,054	787,069	829,659	990,712	1,099,159	1,260,109	1,243,888
Resource AME							
Total resource budget	–	–	–	–	–	–	–
<i>of which: near-cash</i>							
Total resource budget	909,003	939,994	1,091,660	1,126,632	1,259,152	1,466,896	1,482,203
<i>of which: depreciation</i>	162,004	134,007	150,979	118,306	135,526	175,778	160,313
Capital budget							
Capital DEL							
Security and Intelligence Agencies	107,671	114,983	509,808	150,814	204,399	259,732	274,294
Total capital budget	107,671	114,983	509,808	150,814	204,399	259,732	274,294
Capital AME							
Total capital budget	–	–	–	–	–	–	–
Total capital budget	107,671	114,983	509,808	150,814	204,399	259,732	274,294
Total departmental spending*							
Security and Intelligence Agencies	854,670	921,087	1,450,489	1,159,140	1,328,025	1,550,850	1,596,184
Total departmental spending*	854,670	921,087	1,450,489	1,159,140	1,328,025	1,550,850	1,596,184
<i>of which:</i>							
Total DEL	854,670	921,087	1,450,489	1,159,140	1,328,025	1,550,850	1,596,184
Total AME	–	–	–	–	–	–	–

* Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

Table 8 Administration Budget for the Security and Intelligence Agencies

Table 8 shows a breakdown of administration expenditure from 2001–02 to 2007–08 and analysis by activity.

	£ '000						
	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans
Administration Expenditure:							
Paybill	290,631	306,280	336,907	367,678	433,168	482,725	
Other	208,848	201,842	232,268	285,312	286,778	384,471	
Total administration expenditure	499,479	508,122	569,175	652,990	719,946	867,196	899,148
Administration income	–47,708	–18,281	–46,335	–43,434	–61,459	–65,573	–74,654
Total administration budget	451,771	489,841	522,840	609,556	658,487	801,623	824,494
Analysis by activity							
Security and Intelligence Agencies	451,771	489,841	522,840	609,556	658,487	801,623	824,494
Total administration budget	451,771	489,841	522,840	609,556	658,487	801,623	824,494

* 1. The Administration budget has risen significantly since 2004/05 as a result of planned enhancements in capacity and capabilities of the Security and Intelligence Agencies.

* 2. Owing to data quality issues, figures differ from those incorporated into Public Expenditure Statistical Analysis 2007. The only significant difference is in the outturn figures for 2004/05.

Table 9 Staff numbers for the Security and Intelligence Agencies

Table 9 shows staff numbers from 2000–01 to 2007–08 by function, expressed in full-time equivalents.

	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	Actual	Actual	Actual	Actual	Actual	Actual	Estimated	Plans
Security and Intelligence Services								
CS FTEs	7,730	7,952	8,655	8,955	9,176	9,698	10,223	11,515
Casuals	40	88	89	114	149	151	161	173
Total	7,770	8,040	8,744	9,069	9,325	9,849	10,384	11,688

Part 2: Core Cabinet Office Costs

This table shows the projected spending for the core Cabinet Office up to and including 2007–08, the final year of the 2004 Spending Review.

	£ million							
	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Estimated Outturn	Plans
Significant Items								
Supporting the Prime Minister	19	24	47	46	44	49	49	49
Supporting the Cabinet	62	83	76	92	102	100	101	101
Strengthening the Civil Service	12	35	29	18	19	20	21	21
Core underlying costs	93	141	152	156	165	169	171	171
Social Exclusion Task Force							1	2
Office of the Third Sector							102	125**
Better Regulation Executive*							1	4
Other	9	51	31	32	24	3	0	0
Machinery of Government								
Transfers	9	51	31	32	24	3	104	131
Non-Core costs								
Parliamentary Counsel Office	5	5	6	8	–1	–1	–1	–1
ERM Project							1	0
Independent Offices	2	1	4	2	2	2	2	2
Comm. On Standards in Public Life	0.4	0.5	0.6	0.5	0.5	0.5	0.6	0.6
Civil Service Welfare Grants				2	3	2	2	2
MEP Salaries							6	7
Other	0	1	2	2	1	0	0	0
Core Cabinet Office Costs	109	200	195	202	193	176	285	313

Note: The Cabinet Office settlement for the CSR07 period includes a 5% real decrease, year on year, in the DEL Figure. The 2007–08 Figures do not include the Privy Council Office as the figures are not yet finalised.

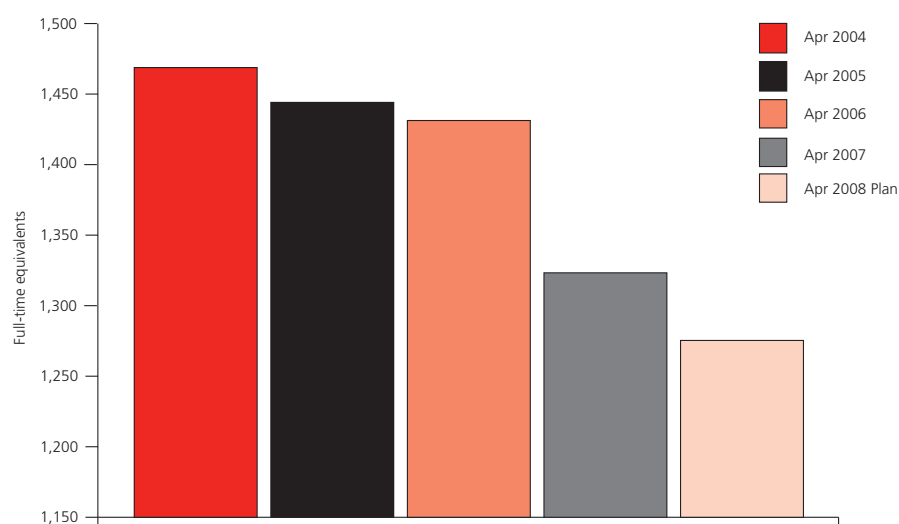
* Consisting of the Local Better Regulation Office (LBRO) and Retail Enforcement Pilot (REP).

** Increase of £23 million consists of £15 million for “v” programme; the remainder is due to outturn in 2006–07 lower than budget available.

Cabinet Office Headcount

	Apr 2004	Apr 2005	Apr 2006	Apr 2007	Mar 2008 plan
Core CO ¹	1,468.8	1,444.1	1431.25	1,323.29	1275.35
Government Car and Despatch Agency	300	300	0	0	0
Government News Network	121.6	130.4	0	0	0
Government Social Research Unit	13	13	0	0	0
Whips (Commons)	17	21	0	0	0
Whips (Lords)	5	9	0	0	0
DirectGov	18	18	18	0	0
Office of Public Sector Information	26.4	27.46	0	0	0
Statistics Collection	8	8	8	0	0
Media Monitoring Unit	15	15	0	0	0
Social Exclusion Task Force	0	0	0	22.11	19
Office of the Third Sector	0	0	0	55.83	55

Core CO Headcount



¹ Excludes the National School of Government which became a Non-Ministerial Department on 1 January 2007.

Better Regulation

The Cabinet Office does not legislate in high volumes and as such produces very little regulation of its own. Key functions of the Cabinet Office are to co-ordinate and promote good policy-making across government. It also has a key role to play in delivering the Government's Better Regulation agenda.

Simplification and Administrative Burden reductions

The Better Regulation Executive within Cabinet Office plays a key role in delivering the simplification programme across government. The Cabinet Office is not a significant regulator itself but does have units and agencies that contribute to regulation. As with all government departments, the Cabinet Office published its own simplification plan in December 2006 which will be reviewed and updated every year. With a measured burden at £15.4 million per year, the plan sets out how it will achieve over 30% savings in two main areas – the Third Sector and Security, Intelligence and Resilience.

Following the Civil Contingencies Act 2004, three **non-legislative simplification measures** have been introduced in 2006 to ensure that the requirements of the legislation do not impose a disproportionate burden on those affected. These include revisions to the Civil Contingencies websites; establishment of a 'one-stop shop' online portal to manage the demand for information from the transport and utilities sectors; and a project to identify and disseminate good practice on newer aspects of the legislation, producing centrally provided material where appropriate.

Delivery of Regulatory Reform Orders (RROs): On 8 January 2007, the Legislative and Regulatory Reform Act 2006 (LRRRA) got Royal Assent. It replaces the Regulatory Reform Act 2001 and will make it easier and quicker to remove outdated legislation by Legislative Reform orders. The first orders are in preparation – including one to simplify local authority consent requirements.

The **Hampton Review** recommended that action needed to be taken to make inspection and advice services of local authorities and national regulators more consistent across the country, and recommended that a Consumer and Trading Standards Agency be created to coordinate this work. In the Pre-Budget Report (December 2005), it was announced that the Government intended to proceed through the creation of a new **Local Better Regulation Office**. The Cabinet Office, working with HM Treasury and DTI, is currently driving this work forward and the Local Better Regulation Office was established on 4 May 2007. The new organisation would be set up on a statutory footing under legislation being prepared by the Cabinet Office.

To improve stakeholder engagement, the Cabinet Office launched the web portal www.betterregulation.gov.uk in September 2005. It is the means by which better regulation audiences – businesses, third sector organisations and front-line public sector staff – can submit ideas to simplify regulation to government. In response to feedback and to increase stakeholder participation by making the process more transparent and government more accountable, the web portal was revised and re-launched in May 2007.

A key element of making simplification work is achieving a change in the **culture** of government. The Cabinet Office believes that understanding what it feels like to be regulated and listening to what difficulties our stakeholders experience is essential if we are to promote the agenda and tackle the issues. We have and will continue to encourage Better Regulation Executive staff to spend time with businesses and the front line, and bring what they have learnt back to the office and to their work with the rest of government.

The Cabinet Office is working with departments to **improve Regulatory Impact Assessment quality**. In summer 2006, the Cabinet Office launched *The Tools to Deliver Better Regulation*, a consultation on reforms to Regulatory Impact Assessments. On 14 May 2007, the Government launched the new Impact Assessment. The revised process and guidance aims to embed Impact Assessments at the heart of policy making; to improve the quality of economic and other analysis that underpins policy making; and to increase the transparency of Impact Assessments.

The Cabinet Office also published **Administrative Burdens – Routes to Reduction**. This guidance has been developed for policy officials who are developing new policy, as well as those who are making administrative burdens reductions within their departmental Simplification Plan. The guide provides examples of some approaches taken by departments to help provide inspiration for creative and strategic approaches to reducing administrative burdens.

The Cabinet Office has conducted **4 formal public consultations** since January 2006: the final Legislative and Regulatory Reform Bill, reforms to improve impact assessments, the Social Enterprise Action Plan (ongoing) and the Third Sector Review jointly undertaken with HM Treasury. **All lasted 12 weeks.**

The Cabinet Office European Secretariat works with the Better Regulation Executive and Whitehall to ensure that departments are aware of the **European Commission's** work streams and better regulation priorities. The Cabinet Office has successfully influenced the European Commission's approach to administrative burden reduction with the European Council agreeing to a target to reduce administrative burdens by 25% by 2012.

The Cabinet Office has not implemented any **European legislation** in the period covered by this report and there are no forthcoming Cabinet Office regulations that impact on business. Therefore, no **Common Commencement Date Statement** was made. This will be reviewed in June 2007.

Sustainability

The Cabinet Office is committed to embedding sustainable development issues in all we do.

The Cabinet Office's first Sustainable Development Action Plan has been developed to demonstrate how the Cabinet Office will continue to support, contribute to and deliver the commitments and objectives within the UK sustainable development strategy, *Securing the Future*, that apply to the Cabinet Office. The Action Plan builds on past successes and highlights what we will do to continually improve our performance.

In seeking to minimise and continuously reduce the negative environmental impacts of our day-to-day estate management operational activities, we have implemented an ongoing system of environmental management and improvement. This enables us to measure and monitor our impacts, commit to improvements within set timeframes and report publicly on progress. Our Environmental Management System is certified to ISO14001 environmental standards.

Details of how we minimise any adverse effects of our activities are contained in our Environmental Policy and progress towards meeting cross-departmental and local targets will be published annually.

We are equally committed to achieving the targets for sustainable operations on the government estate launched by the Prime Minister in June 2006. These new targets replace those in the *Framework for Sustainable Development on the Government Estate* (originally published between 2002 and 2004).

Public Appointments

This section covers the Non-Departmental Public Bodies sponsored by the Cabinet Office and a number of units and organisations that have links to the Cabinet Office but whose work does not contribute directly to the achievement of the Department's objectives or whose funding arrangements are separate.

Civil Service Appeal Board

The Civil Service Appeal Board is an independent body sponsored by the Corporate Development Group. It hears appeals from civil servants and staff bodies which offer analogous terms and conditions of service against:

- dismissal and early retirement;
- the non-payment of compensation or the amount of compensation paid under the Civil Service Compensation Scheme to civil servants dismissed on inefficiency grounds;
- refusal to allow participation in political activities; and
- forfeiture of superannuation.

If the Board concludes that a Department or Agency's decision has been unfair, it has the power, as appropriate, to:

- recommend reinstatement, reinstatement with a lesser penalty or re-engagement;
- order the payment of compensation in line either with Employment Tribunal guidelines (in dismissal appeals) or under the inefficiency terms of the Civil Service Compensation Scheme;
- recommend the granting of permission to take part in political activities; or
- order the payment of compensation.

The Civil Service Appeal Board is chaired by an external recruit supported by two Deputy Chairs, one appointed from the management side and the other from the trade union side. They are supported by 18 Board members, nine from the management side and nine from the trade union side. All appointments to the Board are made in line with the guidance on public appointments to advisory non-departmental public bodies issued by the Office of the Commissioner for Public Appointments.

You can access more information, including the Board's Annual Report, on the website at: www.civilserviceappealboard.gov.uk

House of Lords Appointments Commission

The House of Lords Appointments Commission makes recommendations on the appointment of non-party political peers. The Commission also vets for propriety nominations for life peerages, including those made by the political parties.

You can find more information at: www.lordsappointments.gov.uk

Capacitybuilders

Capacitybuilders was established in April 2006 with responsibility for managing the ChangeUp programme for financial years 2006–07 and 2007–08. ChangeUp is a government funding programme, developed with voluntary and community organisations, to build capacity and infrastructure in their sector.

Capacitybuilders' mission is to secure a high-quality, sustainably funded infrastructure for front-line voluntary and community organisations. This will allow organisations to achieve their aims better and use their resources more effectively. Their vision is of a third sector that is independent, innovative, flexible, responsive and sustainable, and that achieves its full potential in:

- service delivery;
- social innovation;
- policy analysis;
- campaigning; and
- exercising its voice or representational role.

The legal form of Capacitybuilders is a Company Limited by Guarantee; it has not been established in statute. Capacitybuilders is led by a board of ten directors. Seven of the directors are ministerial appointments and are non-executive directors.

For further information, see: www.capacitybuilders.org.uk

Futurebuilders Advisory Panel

The Futurebuilders Advisory Panel was set up in 2005 originally by the Home Office to provide independent advice to Ministers on how the Futurebuilders programme is progressing. This responsibility was transferred to the Cabinet Office in summer 2006. The Advisory Panel acts as a 'critical friend' to the programme and provides a sounding board for Ministers.

The Futurebuilders programme is a new concept in public funding for the third sector. The emphasis is on a range of investments and loans rather than grants, so it is very important to ensure that we all learn as much as possible about how it works and how effective it is at helping the third sector to deliver more effective public services.

The Advisory Panel is chaired by Baroness Jill Pitkeathley, and the other members are:

- Dr Mohammed Amran;
- Mr Imtiaz Farookhi;
- Ms Margaret Hyde;
- Mrs Pamela McHale;
- Mr Bhupendra Mistry;
- Ms Maureen Salmon;
- Ms Anna Southall;
- Mr Ted Unsworth; and
- Ms Sarah Wood.

The Panel was appointed after public advertisement and we have been fortunate to attract people who have such wide-ranging experience and knowledge across the public, voluntary and private sectors. In addition, the Panel is advised by observers (senior officials) from key departments of state with an interest in the third sector.

The Advisory Panel has been set up as a Non-Departmental Public Body and its terms of reference are to:

- advise on progress, effectiveness and future developments relating to the fund;
- scrutinise and evaluate the activities of the fund; and
- influence the development of the fund.

The Advisory Panel works in close cooperation with the Futurebuilders Board and with its other evaluation programmes, while maintaining the independence that a 'critical friend' requires. Members of the Advisory Panel are undertaking a number of activities, including a programme of service visits to increase their knowledge and receive direct feedback from investees and potential investees.

For further information, see: www.futurebuilders-england.org.uk

Commission for the Compact

The Commissioner for the Compact, John Stoker, took up office in October 2006, and the Commission was formally launched during April 2007. It is being established as an independent body sponsored by the Office of the Third Sector, in consultation with Compact Voice.

The aim of the Commissioner is to promote good practice in partnership working between government and the voluntary and community sector through the Compact, overseeing its operation. The Compact on relations between government and the voluntary and community sector, first introduced in 1998, is the framework agreement for how they should work together for mutual benefit. The Commissioner will:

- research key issues and problems;
- publish findings and recommendations;
- investigate the position on Compact adherence;
- work with Government Departments and others to assess their systems for ensuring Compact compliance and advise on how to embed the Compact in their corporate cultures; and
- make advice and information on best practice available to Compact partners at all levels in both sectors.

Further information can be found at: www.thecompact.org.uk

In the run-up to the launch of the Commission, the Cabinet Office has incurred expenditure on implementation and other costs.

Advisory Committee on Business Appointments

The Advisory Committee on Business Appointments provides advice to the Prime Minister on applications from the most senior members of the Civil Service and Armed Forces who wish to take up outside appointments within two years of leaving Crown service. Similarly, the Committee provides advice to the Foreign Secretary on applications from senior members of the Diplomatic Service. The Committee also offers advice direct to former ministers if they wish to accept any employment outside government. You can find more information at: www.acoba.gov.uk

Better Regulation Commission

The Better Regulation Commission (BRC) was launched in 2006 following the Government's decision to put the Better Regulation Task Force (BRTF) onto a permanent footing. It exists to provide independent advice to government, from business and other external stakeholders, about new regulatory proposals and about the Government's overall regulatory performance.

The BRC has continued the challenging role carried out by the BRTF, as well as taking on new responsibilities including vetting departmental plans for simplification and administrative burden reduction.

The BRC is an independent advisory body whose terms of reference are to:

- reduce unnecessary regulatory and administrative burdens; and
- ensure that regulation and its enforcement are proportionate, accountable, consistent, transparent and targeted.

The work of the BRC includes:

- challenging departments and regulators to ensure that regulation and its enforcement accord with the five principles of good regulation;
- vetting plans from departments and regulators to reduce administrative burdens;
- scrutinising progress by departments and regulators to reduce wider burdens, including use of alternatives and deregulation;
- investigating specific regulatory and policy issues and making recommendations to Government through published independent reports for Government to respond to within 60 days; and
- working with business and other external stakeholders in the EU Member States, and the EU Institutions, to promote better regulation in Europe.

The scope of the work carried out by the BRC covers the private sector, public sector, voluntary sector and EU regulatory issues.

The BRC has continued the BRTF's tradition of researching and publishing studies of particular regulatory issues. These reviews are taken forward by sub-groups of Commission members who set their own working methods and priorities.

During the period under review, the BRC published the following reports:

- *Implementation of the Licensing Act 2003* (April 2006) which looked at the lessons that could be learnt from the implementation of this Act;
- the revised *Five Principles of Good Regulation* (April 2006);
- *Risk, Responsibility and Regulation* (October 2006) which examines the UK's disproportionate attitude to risk and the effect this has on the way risk is managed; and
- its Annual Report 2006 which looked at the highlights of the year and the challenges ahead.

The BRC also published its official responses to every government department's simplification plan.

You can find out more about the Better Regulation Commission and its work at: www.brc.gov.uk

Senior Salaries Review Body

The Senior Salaries Review Body provides independent advice to the Prime Minister, the Lord Chancellor and the Secretary of State for Defence on the remuneration of senior civil servants, holders of judicial office and senior members of the Armed Forces. It also advises the Prime Minister from time to time on the pay, pensions and allowances of Members of Parliament and ministers and, if asked to do so, it may advise the devolved administrations and Greater London Authority on the remuneration of their members and office holders.

Appointments to the Review Body are made in accordance with the requirements of the Commissioner for Public Appointments. Its secretariat is provided by the Office of Manpower Economics.

More information about the Office of Manpower Economics and the Senior Salaries Review Body can be found at: www.ome.uk.com

Main Honours Advisory Committee

The Main Honours Advisory Committee is formed by the chairs of the eight specialist committees which look at nominations for honours from members of the public, government departments and others. Other members of the committee are the Chief of Defence Staff, the Permanent Secretary, Foreign and Commonwealth Office and another Permanent Secretary. The Committee is chaired by the Cabinet Secretary and Head of the Home Civil Service.

The Committee, and the sub-Committees, each normally meet twice a year to consider candidates for the New Year and Birthday Honours rounds. The Main Honours Advisory Committee was established as part of the programme of reform to the honours system set out in Cm 6479: *Reform of the Honours System*, published in February 2005. The individual specialist committees comprise a non-civil service chair and a majority of non-

civil service members, all selected after open advertisement. There are also permanent secretaries and other officials on the specialist committees, depending on the subject matter. Details of the composition of the committees can be found at: www.honours.gov.uk

Committee on Standards in Public Life

The Committee on Standards in Public Life is an advisory non-departmental public body. It is charged to examine current concerns about standards of conduct of all holders of public office, including arrangements relating to financial and commercial activities, and make recommendations for any changes in present arrangements that might be required to ensure the highest standards of propriety in public life.

To fulfil this role and in addition to its formal inquiries, reports and research into public attitudes, the Committee devotes time throughout the year to discussing current issues and concerns relating to standards in public life. These considerations may, and sometimes do, result in full-scale inquiry. Even where no inquiry is conducted, these are regarded by the Committee as a useful check on current standards and the effectiveness, or otherwise, of the arrangements in place to ensure the highest standards of propriety in public life.

The Committee's consideration of these specific standards issues takes place within an overall appreciation of the level of trust in public institutions. The issues considered by the Committee come from a wide range of sources, including correspondence received, debates in Parliament and issues raised by the media. Not all these issues are about 'current concerns' with standards in public life. The Committee is equally interested to see and consider issues that demonstrate that arrangements already in place are working to ensure the highest standards of propriety in public life.

The Committee reports to the Prime Minister, who appoints the chair and members. You can find the Committee's consultation papers, reports and evidence submitted, and other publications at: www.public-standards.gov.uk

Security Commission and Security Vetting Appeals Panel

The Security Commission and Security Vetting Appeals Panel are independent bodies sponsored by the Intelligence and Security Secretariat (Security Policy Division).

The Security Commission is available, at the request of the Prime Minister, to investigate and report on the circumstances in which a breach of security has occurred in the public service and to advise whether any change in security arrangements is necessary or desirable.

The current membership of the Commission is Sir Charles Mantell (Deputy Chairman), Sir John Foley, Sir Clive Whitmore and Sir John Goulden. There are currently three vacancies.

The Security Vetting Appeals Panel exists to provide an independent avenue of appeal for existing staff and contractors whose security clearance has been refused or withdrawn and to make recommendations to the appropriate head of department.

The current membership of the Panel is Dame Janet Smith (Chairman), Sir David Penry-Davey (Deputy Chairman), Sir Peter Woodhead, Sir John Blelloch, Dr George Gray and Mr Peter Jones.

Advisory Committee on Advertising

The Advisory Committee on Advertising is a group of recognised industry experts providing independent validation that government advertising is conducted in an effective, transparent and efficient manner. Its role is to help government ensure that its development of advertising and buying of advertising and media is done in a way that ensures best value for the taxpayer.

Members are appointed by and report to the Minister for the Cabinet Office.

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