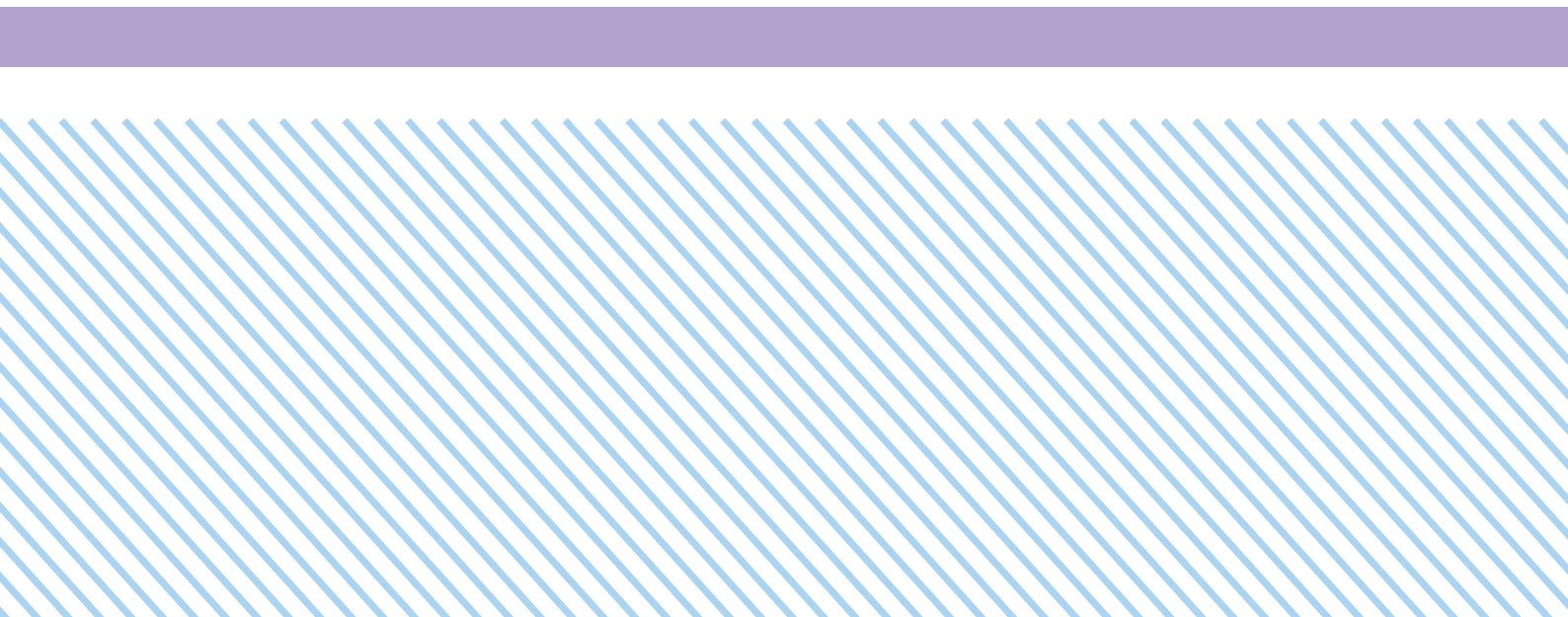


# Benchmarking the Back Office: Central Government





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# FOREWORD BY THE CHIEF SECRETARY TO THE TREASURY

As set out in *Putting the Frontline First: smarter government*, the government is committed to improving public services and halving the deficit within four years. To do this we must bring all of Whitehall, and public services more widely, up to the standards of the best. In April 2008 we asked five experts from both the private and public sectors to challenge our ambition on efficiency and help us reduce costs. At Budget 2009 in the Operational Efficiency Programme Final Report (OEP) they estimated the government could save £15bn a year across key areas of operational spend by 2013-14 and made recommendations to help drive out these savings.

Central to this was the need for government to run smarter and leaner back office functions that enable public services to be delivered efficiently. Government currently spends about £18bn a year on back office functions like HR and Finance, but by managing them in a smarter, more efficient way, the OEP suggested we could save £4bn, which could be redirected to Government priorities.

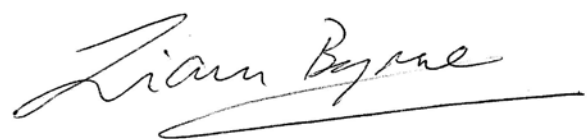
In the current economic climate, the public not only expect greater efficiency, but also greater accountability and transparency over the way government is run. The OEP recognised that comparable data was key to being able to deliver the transformational change required to deliver these savings and therefore made a specific recommendation to collect benchmarking data on back office operations to drive improvement.

Now, for the first time we have brought together and are publishing benchmarking data across the whole of central government, covering 153 organisations and over 770,000 employees. This goes further than any Government before.

This exercise has highlighted that some public sector organisations are performing at levels consistent with private sector best-practice benchmarks. However, the variation shows there is scope to go further and this benchmarking data can be central to helping us question the way we currently do business and drive out new efficiencies. In *Putting the Frontline First* we have announced a set of clear comparators and all departments and their arms length bodies will aim to improve in line with these levels. Whilst these will not be appropriate for every function in every public sector organisation, they are indicative of our ambition and are a means of driving open, transparent public debate.

This document represents a step-change in improving the transparency of government. However, it is also the first step of a journey and it is important not to draw sweeping conclusions about organisations that may have very different business models, for example large operational departments, small regulatory bodies and small grant-giving organisations. There is no definitive 'right or wrong' answer on much of this, but having the data allows us to ask the questions.

We will continue to publish this data annually and over time the quality of the data and metrics will improve, but more importantly it will show how standards are improving, while efficiencies are being delivered.



Liam Byrne  
Chief Secretary to the Treasury

# CHAPTER ONE: INTRODUCTION

## Context

This document publishes the results of the first annual benchmarking exercise across central government. This is the largest exercise of its kind undertaken in central government and was a recommendation in the Final Report of the Operational Efficiency Programme (OEP)<sup>1</sup> review, published in April 2009.

“All public sector organisations employing more than 250 people must collect and publish data using the Audit Agencies’ approved value for money indicators for back office operations with effect from June 2009 for central departments, agencies and NDPBs.”<sup>2</sup>

The OEP estimated £15bn of per annum savings could be made through improved management of areas of operational spend. The report made 35 headline recommendations to drive improved management including around recognising the need for comparable data across back office functions in the public sector in line with private sector practice. These recommendations were endorsed by Cabinet.

As recommended by OEP, this benchmarking exercise has been led by the Government Heads of Professions and has built on their work. The role of Government Heads of Professions includes supporting and enabling best practice within their respective fields. This has included developing and championing benchmarking to

<sup>1</sup> See HM Treasury website [http://www.hm-treasury.gov.uk/vfm\\_operational\\_efficiency.htm](http://www.hm-treasury.gov.uk/vfm_operational_efficiency.htm)

<sup>2</sup> *Operational Efficiency Programme: Final Report*, p 9

better understand current performance, spend, and capability. In this report they have each provided expert commentary.

## Benchmarking Data

Data for this exercise has been collected from all ministerial departments<sup>3</sup>, except the Scotland Office and Wales Office which form part of the Ministry of Justice for administration purposes. The devolved administrations in Scotland, Wales, and Northern Ireland have not been included. A summary of the information received is given in Table 1.A.

The current benchmarking data covers five back office functions: Finance, HR, IT, Procurement and Property. This data will be gathered and published annually going forward, increasing the transparency and accountability of public bodies. Over time the data set will expand to include additional detail and other corporate services functions – for example Communications & Marketing and the Legal professions.

## Why Collect Data?

Government departments and the broader public sector help vast numbers of people, process massive amounts of information and manage millions of transactions every day. This capability comes at a cost to the taxpayer,

<sup>3</sup> Departments: Business Innovation and Skills (BIS), The Chancellor’s Departments, The Foreign & Commonwealth Office (FCO), Ministry of Justice (MoJ), Home Office (HO), Environment Food and Rural Affairs (DEFRA), International Development (DfID), Communities and Local Government (CLG), Schools Children and Families (DCSF), Energy and Climate Change (DECC), Health (DH), Northern Ireland Office (NIO), Cabinet Office (CO), Work and Pensions (DWP), Defence (MoD), Transport (DfT), and Culture Media and Sport (DCMS).

**Table 1.A: Headline statistics from the benchmarking data set reproduced at Annex A**

Type of Body	Number <sup>1</sup>	Headcount <sup>2</sup>	Total Cost Finance, HR, IT, & Procurement functions <sup>3</sup> (£m)	Total Cost of Property <sup>4</sup> (£m)
Ministerial Department <sup>5</sup>	18	431,237	4,504	1,789
Agency	32	120,291	1,507	509
Non-Departmental Public Body	69	85,118	1,055	353
Non-Ministerial Department	15	110,642	1,401	432
Other <sup>6</sup>	19	26,136	137	112
<b>Total</b>	<b>153</b>	<b>773,424</b>	<b>8,604</b>	<b>3,195</b>

*Source: Analysis of FY 2008-09 benchmarking data returns*

All data in this table is calculated from benchmarking data returns submitted, which have not been subject to audit or independent verification. All data is derived from simple addition of figures submitted, specifically:

1. The number of organisations describing themselves as the “type of body” indicated. Of these, some organisations submitted nil returns (for instance the Department for Energy and Climate Change (DECC) which did not exist at start of FY08-09, and for which a meaningful return would not have been possible). Organisations submitting nil returns are listed in the data table at Annex A.
2. Each organisation’s benchmarking return included the number of organisation employees (full time equivalents), which was used to derive the key HR ratio published at Annex A.
3. Each organisation’s benchmarking return included the cost of the Finance function, HR function, spend on IT, and Procurement function – each used to derive the % cost of “function” published at Annex A.
4. Each organisation’s benchmarking return included the cost per full-time-equivalent (FTE) of property. This has been combined with the number of organisation employees to provide this number, which may be misleading where employees are not routinely based in an office environment. Consequently, these estimate figures are likely to be above the actual values.
5. Of the 18 Departments, the Department of Energy & Climate Change (DECC) did not provide information, due to being formed during financial year 2008-09.
6. The 17 bodies describing themselves as “Other” are listed at Annex A with a description. The two organisations listing themselves as Wider Public Sector Bodies have been included in Other.

ranging from £2.4bn to £4.8bn for Finance and between £0.9bn and £2.1bn for Procurement<sup>4</sup>. Yet there has not been a comprehensive attempt previously undertaken to estimate the cost of operational areas of government. Government does, however, understand what it spends and confirmed its procurement spend<sup>5</sup> as £221bn for 2008/09. This benchmarking exercise provides the first such opportunity to gather more detailed cost information on the five areas of back office operational activity addressed in this work.

Likewise, robust performance and management data can be hard to obtain across public bodies. Such data is crucial in being able to compare the performance of various organisations within the public sector, and for comparing the public sector to private sector experiences. This data can be used to inform potential savings in the five functions that were examined in this exercise. Benchmarking can enable increased innovation and collaboration in the public sector that should release resources to be used more effectively and improve public service delivery.

<sup>4</sup> *Operational Efficiency Programme: back office operations and IT*, HM Treasury, May 2009.

<sup>5</sup> This figure is derived from the estimated outturn figures from the Public Expenditure Statistical Analysis (PESA) 2009, published by the ONS and HM Treasury.

This benchmarking exercise provides the first step in gaining the cost and performance information that will drive future savings and improve performance across the wider public sector. While some data sets are incomplete and improvements can be made, successive benchmarking exercises will improve the quality of information available to the public and will contribute to better management of operational activities.

### Data Quality

As with any data gathering exercise of this scale, there have been significant challenges. In particular it has been a complex task to define a common language and definitions to capture consistent and comparable data. This has been achieved in part, but it is clear that more remains to be done to improve consistency and comparability of information and expand the coverage in line with the Public Audit Forum's<sup>6</sup> Audit Agency Indicators<sup>7</sup>. To this end, the Government Heads of Professions and their teams continue to work with the Audit Agencies to clarify and confirm the data sets and definitions for future use.

While steps have been taken to validate the quality of the data, the data has not been

<sup>6</sup> The Public Audit Forum is comprised of senior representatives of the five national audit agencies and includes Amyas Morse, Comptroller and Auditor General; Steve Bundred, Chief Executive, Audit Commission; Robert Black, Auditor General for Scotland; Jeremy Colma, Auditor General for Wales; and Kieran Donnelly, Northern Ireland Comptroller and Auditor General. It provides a strategic focus on issues cutting across the work of the national audit agencies.

<sup>7</sup> The Audit Agencies represented at the Public Audit Forum have worked together since 2007 to attempt to define a common set of value-for-money indicators (Audit Agency Indicators), with common data definitions, that can be applied consistently across the UK public sector. The Government Heads of Professions and their teams, with remits that extend across the centre of government, have worked closely with the Audit Agencies to refine and improve the data set and definitions to apply to central government. It was not possible to agree robust data and definitions across the full set of indicators in time for use in this exercise. Work continues towards the objective of a single set of consistent indicators for the whole public sector.

audited and there remain issues of comparability. In particular, different bodies in central government have very different business models to deliver their different services (for example large operational departments, small regulatory bodies and small grant-giving organisations). Interpreting data requires a keen understanding of that organisation – some business models are capital intensive, others have significant overseas demands, while others process large volumes of low value grants.

Some benchmarked areas can also overlap, for instance: IT spend and third party procurement spend and property costs that may include procured facilities management or utilities costs.

The professions will work to develop a much better understanding of how to make comparisons between organisations that are meaningful and enable managers to target and drive efficiencies. The data in this report demonstrates significant variations in the function, context and business model of the organisations and professions covered – impacting the ability to make simple or direct comparisons. The data in this report enables the professions to ask better questions. At this stage caution should be exercised in drawing firm conclusions.

The full value of benchmarking is realised only with successive years of data – to be able to analyse trends and identify the impacts of past decisions, and understand underlying causes of data discrepancies to take steps to address or account for them. Over time this benchmarking exercise should provide the basis for such analysis.

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Within the benchmarking data and commentary, there are comparators with private sector best practice. There are significant differences in operating model and the operating environment between public and private bodies. Care should be taken in using these comparators to draw direct comparisons, however, they are a useful starting point for improving the performance of the public sector and raising expectations of what citizens can expect from public bodies.

### **Findings and Next Steps**

Public sector performance varies considerably, with some instances that excel and others that lag. Comparison with external benchmarks demonstrates that public sector performance at its best can exceed or match private comparators but that, on average, improvement is needed. This is consistent with the findings of the Operational Efficiency Programme, which is already targeting performance improvement in the areas covered by this benchmarking.

Each government Head of Profession is already engaged in activity to improve the performance and efficiency of their respective corporate service. These activities will continue, and will benefit from this benchmarking data as a route to gauge progress, understand performance, and improve the management information available for decision-making. Links to ongoing activities are made in each section (2-6) by the respective Head of Profession, and they include:

- ongoing work to develop world class financial management;
- the “Next Generation HR” Programme;
- delivering an IT Strategy for Government;
- OGC’s Procurement Capability Review Programme; and
- the High Performing Property initiative, led by OGC, working with Departments.

# CHAPTER TWO: FINANCE PROFESSION

## Commentary from the Head of the Government Finance Profession, Jon Thompson.

### Finance Data

The programme to develop world-class financial management uses a combination of financial benchmarking with a quality assessment model. It addresses not just cost but also the effectiveness of the finance function, which need to be seen together. The Finance function ran preliminary benchmarking in 2008 and this new, and more expansive data is an important further step in developing our understanding of costs, identifying potential opportunities for cost efficiency as well as exemplar organisations which can share best practice.

This important data provides significant and new information, but should be treated with some caution, since both the definitions and data collection approach have yet to bed in. This information provides a good initial baseline from which to build – both greater detail, and greater rigour – for future use.

Three finance indicators were collected, tracking a subset of the Audit Agency Indicators for Finance<sup>8</sup>. These indicators relate to the three principal perspectives for assessing finance functions: cost, quality, and capability. Definitions are given in Annex B, and the indicators are:

- Cost of Finance** This indicator examines the costs of running the finance function in relation to the resources that are used by the organisation as a whole to deliver its responsibilities. It should enable organisations to explore the potential drivers of the costs borne by their finance functions, so that they can manage demand and reduce expenditure. It also supports analysis into different organisational and financial operating models, such as the extent of shared service usage and business partnering.
- Report Cycle Time** This indicator measures the number of days it takes the finance function to produce meaningful financial information. It identifies the extent to which boards, Finance and budget managers can take timely financial decisions. It provides a measure of the quality of the finance function, for which provision of useful information in a timely manner should be a high priority.
- Percentage of Professionally Qualified Finance Staff** This indicator assesses the capacity and competency of the finance department by identifying the proportion of staff with a professional accountancy qualification<sup>9</sup> in the key areas of reporting and decision support. It is useful as a means of gauging organisational capability by determining the balance of professionally qualified and unqualified finance staff. Also, it helps to ensure that qualified professionals are in positions where their capabilities can provide best value to the organisation.

### Quality of Finance Data

Collecting data about finance operations has been a very valuable exercise. Data collection processes have been developed and implemented,

<sup>8</sup> *Value For Money in public sector corporate services report*. A joint project by the UK Public Sector Audit Agencies, published May 2007

<sup>9</sup> Consultative Committee of Accounting Bodies (CCAB) recognised qualifications, see: <http://www.ccab.org.uk/>

**Table 2:A Size banding for finance analysis**

Category	Organisation spend, size bandings (organisation running costs)
Smallest	Less than £50m
Mid/Small	More than £50m, less than £100m
Mid/Large	More than £100m, less than £500m
Largest	More than £500m

while issues about consistency, interpretation and relevance of the indicators have been identified. A wider set of indicators beyond the initial three are being developed for future years.

The finance function is committed to the publication of meaningful benchmarks and has worked with representatives from the Audit Agencies and other technical experts from across government to clarify issues of interpretation and improve the consistency of the data collected.

As with other professions, there are issues with comparability. In particular, cost data about finance appears to be most variable depending on how organisations have captured and classified their running costs, it is also impacted by the very different nature of the role finance plays across departments:

- Organisational running cost should capture the spend needed to operate the business model – the cost of staff, buildings, stationery, IT, and so forth. The use of this definition is complicated when applied to different organisations – some of whom provide direct services, others are largely providing grants, and others mainly manage large capital programmes. Further complexities arise where shared services and outsourcing arrangements are in place.
- The nature of the finance function varies significantly according to the primary role of the organisation. The size of this impact cannot be assessed directly

from the data collected – and is likely to significantly distort comparison with external benchmarks and other public bodies.

## Data Analysis

Analysis of financial data has used groupings of organisational type and, where appropriate, size of organisational spend. Organisations employing less than 250 staff, and those not supplying headcount data, have been excluded from the analysis.<sup>10</sup> Key charts from the analysis are shown below. When grouping data by size of organisational spend, bandwidths have been applied: as a Table 2.A

## Cost of Finance as % of Organisational Spend

This measure enables the costs of an organisation’s finance function to be compared over time and, subject to consistency, with other organisations. This is purely a cost measure, and does not assess efficiency or effectiveness.

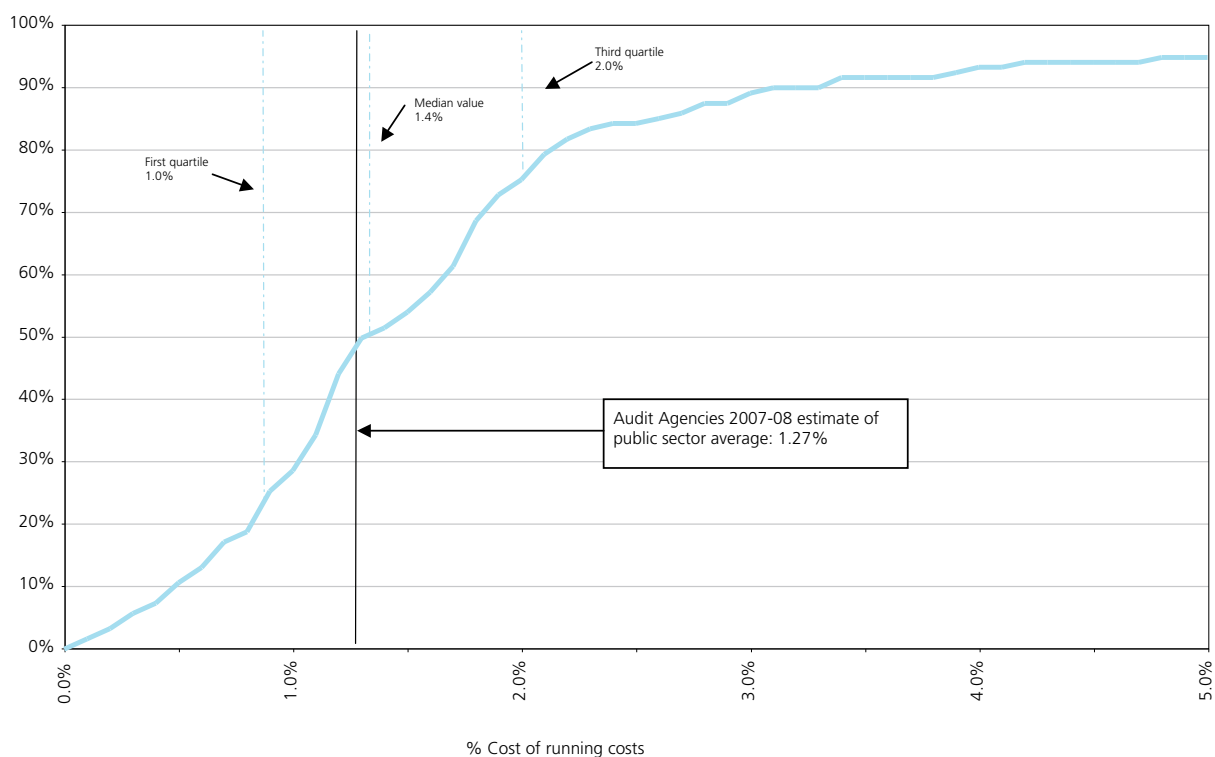
Headline comparators:

- Around 37% of the organisations report that their finance functions cost less (as a percentage of expenditure) than the public sector average of 1.27% (2007/08, derived from across the whole public sector, which includes some local authorities and NHS bodies).
- The median (50%) for the data in this sample is 1.4%. Lowest quartile (25%) value is 1.0%, and highest quartile (75%) value is 2.0%.

Chart 2.A indicates the spread of returns across the data set, and the Audit Agencies’ benchmark average for 2007-08.

<sup>10</sup> Both FCO Services and the Office of Fair Trading (OFT) have been included in the ‘Other’ category of organisations throughout the finance profession’s analysis, both list themselves as a Wider Public Sector Body.

**Chart 2.A: Cumulative frequency plot – illustrating the spread in % cost of the finance function (x-axis) across 0-100% of the organisations in the finance sample (y-axis)**



Source: Analysis of benchmarking returns

The performance of different organisation types, and performance between different sizes of organisation is given in Chart 2.B.

These indicate that median spend is broadly similar across all types of organisation, but both NDPBs and Non-Ministerial Departments are higher. This may reflect the types of activity undertaken by these organisations and the level of expenditure they incur. As expected, the organisations with the highest level of expenditure show the lowest median spend on the finance function and the narrowest range from highest to lowest. This is likely to reflect the relationship between the fixed cost of an effective finance function and the variable cost related to level of spend.

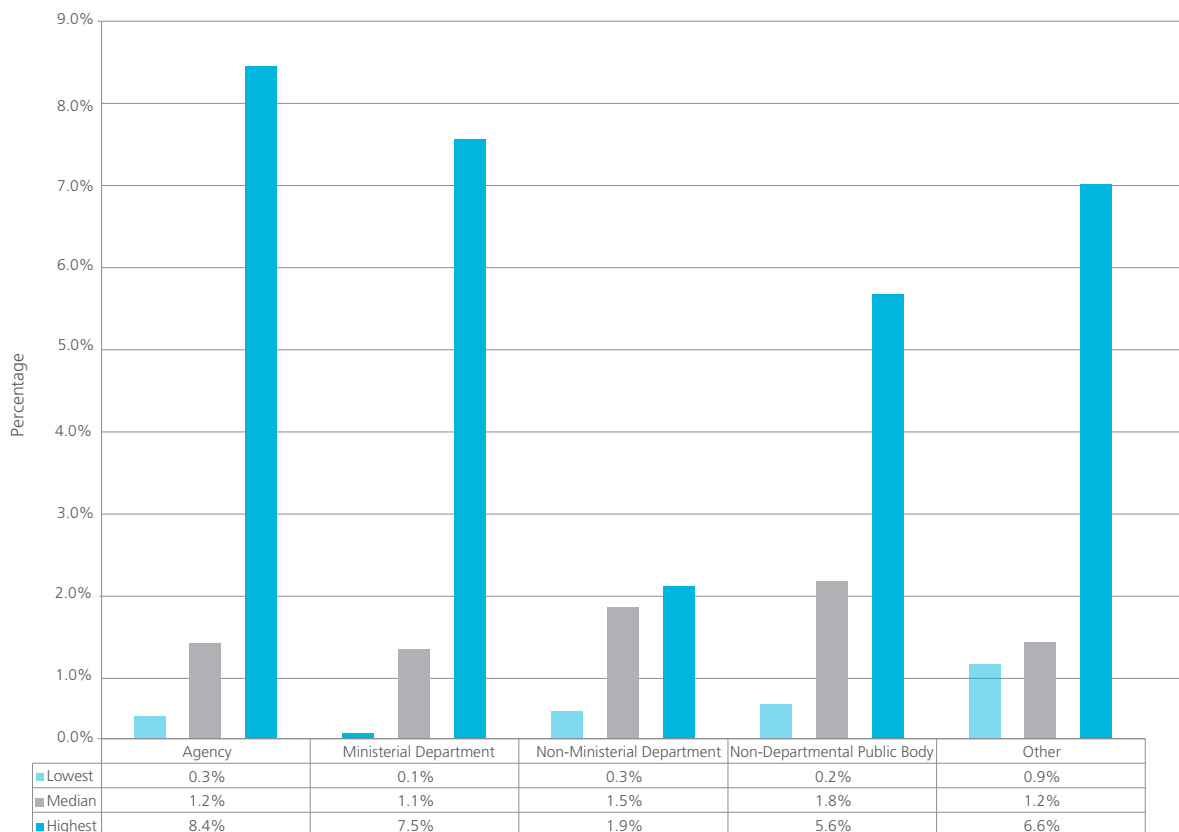
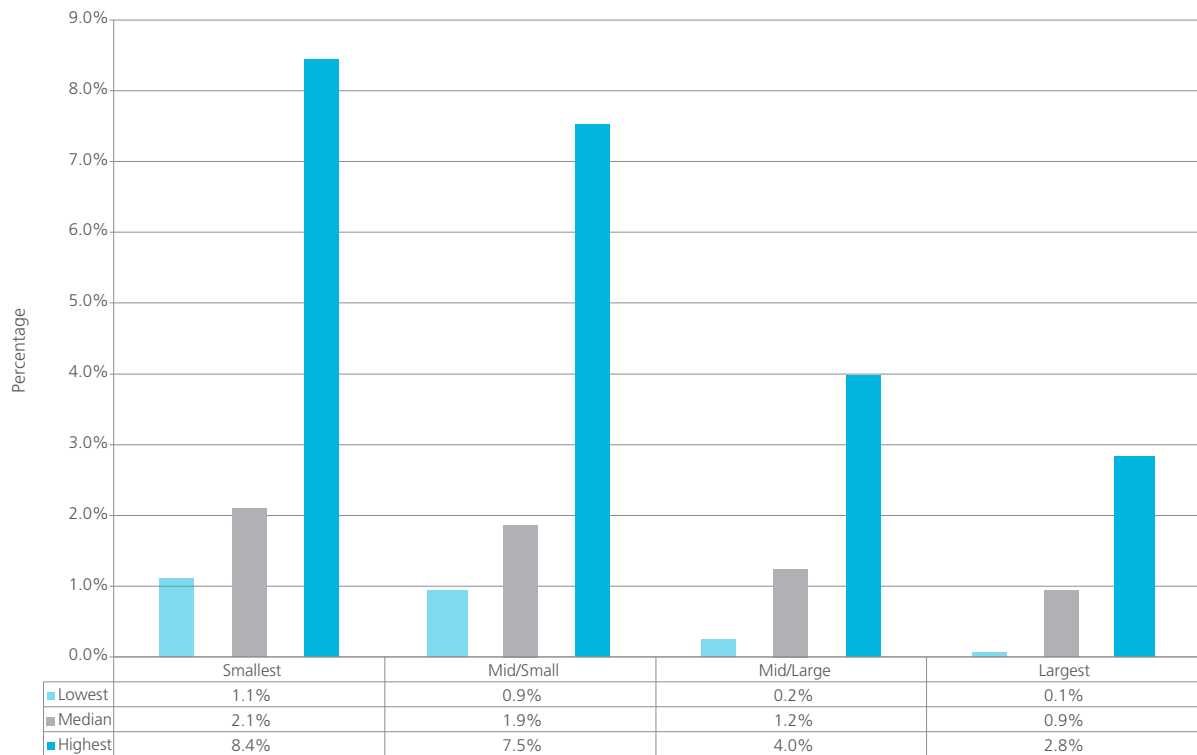
### Report Cycle Time

This measure compares the time taken to produce meaningful financial reports and provides an indicator of the timeliness of management information and process efficiency.

In most circumstances, organisations should aim to reduce the number of working days taken to produce meaningful financial reports, to a level that enables decision-makers to manage resources effectively. Comparators:

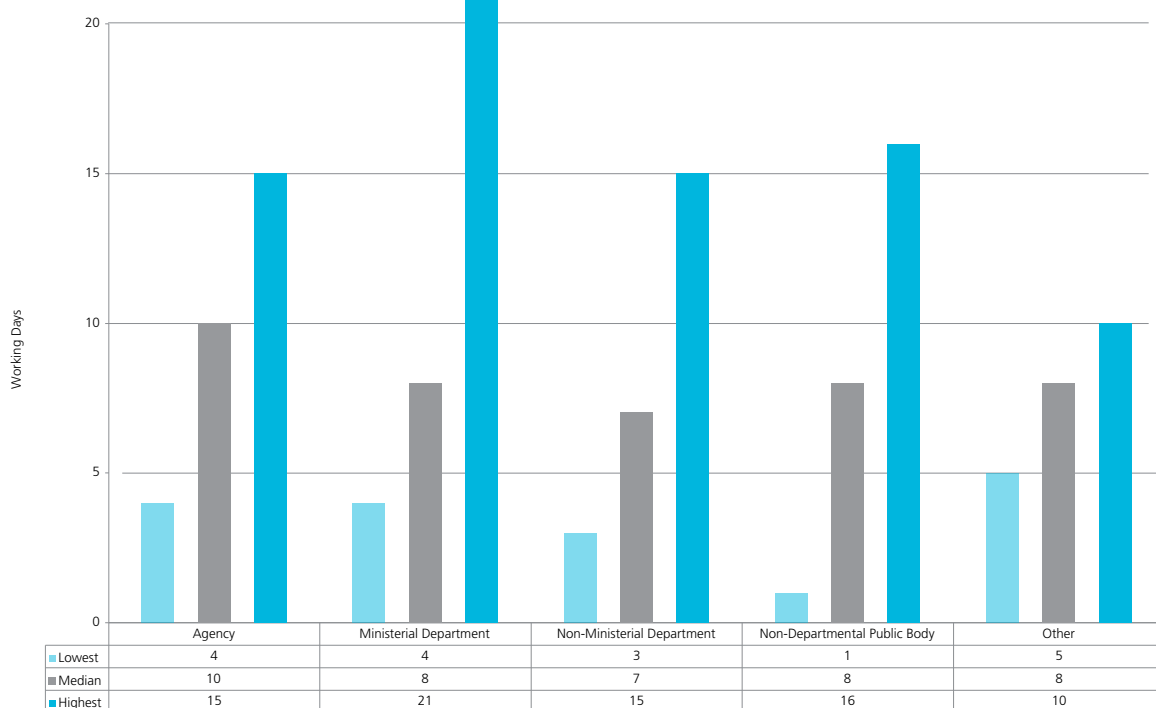
- The majority of organisations (over 80%) have reported report cycle times at or below the public sector average for 2007-08 of 10 days.
- The median (50%) for the data in this sample is 8 days. Lowest quartile (25%) value is 5 days, and highest quartile (75%) value is 10 days.

**Chart 2.B: Analysis of % cost of finance (FY2008-09 across different types of organisation, and by size of organisation)**



Source: Analysis of benchmarking returns

**Chart 2.C: Finance Report Cycle Time (working days) FY2008-09, by organisation type**



Source: Analysis of benchmarking returns

Significant improvements in report cycle times have already been delivered as part of the drive to modernise and professionalise finance functions in government, including the *Faster Closing* initiative.

Chart 2.C shows cycle time by type of organisation. The range of medians from 7 to 10 days, depending on organisational type, is broadly similar but there is significant spread from highest to lowest, 1 to 21 days, that needs to be better understood.

### Percentage of Professionally Qualified Staff

This measures the proportion of finance staff, excluding those in transaction processing, that hold a recognised finance qualification. Organisational business models drive different

resource profiles – with large numbers of complex programmes, procurement activity, and/or change likely to increase the need for higher-skilled staff.

In most cases, organisations would expect this percentage to increase over time, as the finance functions takes on a more strategic value-adding role. Comparators:

- The overall average number of finance staff with a professional finance qualification is approximately 24%.<sup>11</sup> This is less than the public sector average for 2007-08 of 34%.
- The median (50%) for the data in this sample is 29% qualified. Lowest quartile (25%) value is 20% qualified, and highest quartile (75%) value is 40% qualified. The figures do not, however, reflect

<sup>11</sup> Average excludes bodies with less than 250 staff (total) and less than 10 staff in the finance function.

the full range of professionally qualified staff in finance; for example, many larger finance functions are supported by professional economists and statisticians. Chart 2.D illustrates variations.

Strong progress has already been made: In July 2004, the Chancellor announced in the SR04 White Paper that “all departments will have professional finance directors reporting to the Permanent Secretary, with a seat on the departmental board, at a level equivalent to other board members, by December 2006.” At the time, only 39% of departmental finance directors held a recognised finance qualification whereas today all major departments have a professionally qualified finance director. There has also been a successful drive to build

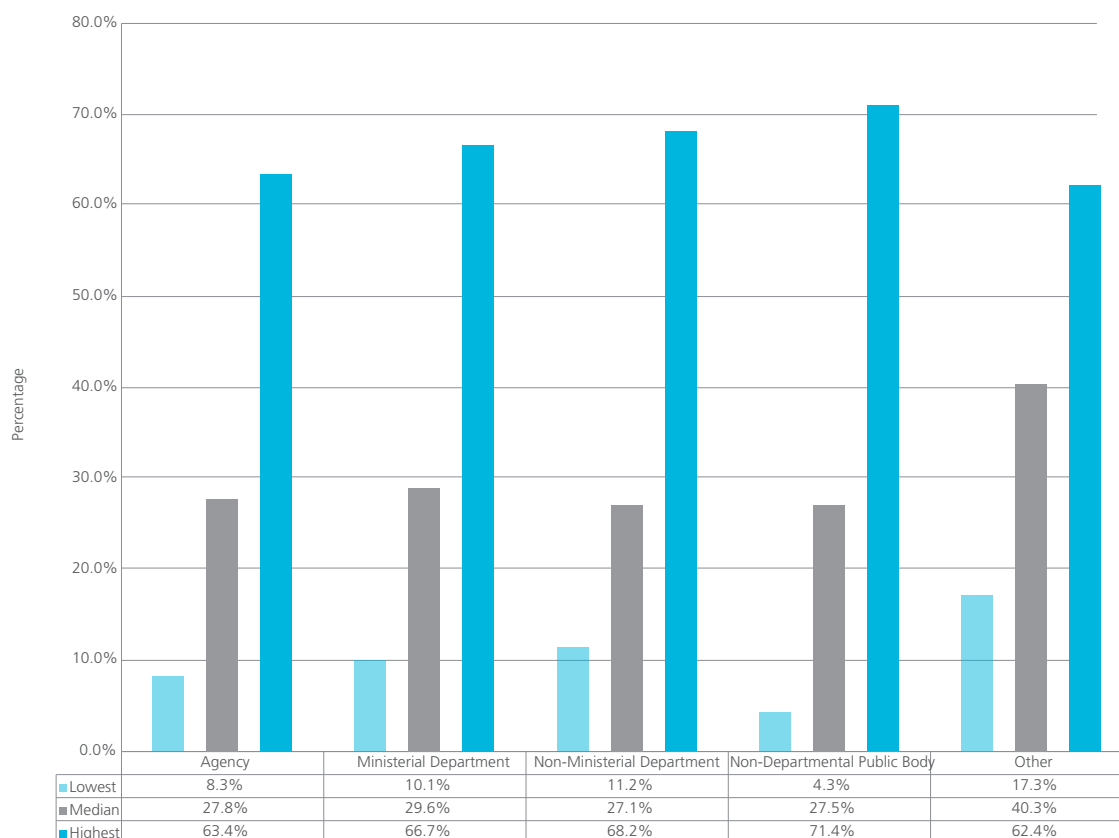
professional capability at all levels within finance functions.

Further work needs to be undertaken to determine if there is an optimal ratio and to understand the functional structures or customer demands, which drive the requirement for qualified finance professionals.

### Key Trends and Observations

Significant variations occur for all indicators at the extremes. These will need to be further investigated and understood by those organisations’ management teams and by individual departments assessing the performance of their Departmental family of organisations. The ability to compare like-for-

**Chart 2.D: Professional finance qualified staff (FY2008-09) by organisation type (excluding organisations with fewer than 250 staff, or fewer than 10 finance staff)**



Source: Analysis of benchmarking returns

like is limited. There is however, a range of strong performers who could provide a basis to learn from.

Increasing size correlates with reducing finance function costs. This might be expected as the fixed costs more greatly impact smaller organisations. It provides some evidence to support the more widespread use of shared services – when larger organisations or groups of organisations share elements of the finance functions to drive down unit costs.

Grant funding and capital expenditure programmes have an impact on the cost of the finance function – and further work will be needed to understand the extent of this.

### Next Steps

The Finance Leadership Group will develop this benchmarking further and use it to help inform improvement activity. It will:

- commission further work to better understand the reasons for variations, focusing on:
  - variations within similar types of organisations where less divergence might be expected;
  - variations in the cost and performance of different activities within the finance function; and
  - the relationship between these indicators and organisational performance.
- use the results of this further work to support an improvement plan for the central government finance function;
- encourage organisations to use this and other benchmark information to inform their own development and improvement programmes; and,

- work closely with the Audit Agencies and other experts, to further develop the indicators, supporting definitions and associated guidance and expand the number which can be published.

Robust, consistent and comparable benchmark information can be an important management tool, particularly when coupled with findings from other diagnostic tools such as the Financial Management Excellence Model<sup>12</sup> and peer reviews. The Government Finance Profession will use this process to support its drive to improve performance, reduce costs and measure real efficiencies over time.

Finance directors will maintain a business-focused approach to benchmarking, ensuring that resources are targeted towards value-adding areas and that safeguards against wasted effort or meaningless comparisons are put in place. What might be best for one organisation may not be appropriate for another. Finance directors are, therefore, keen to build a strong network, where organisations can learn from the experiences of others – continuing to build a network where best practice can be shared and the benefits of benchmarking exploited. Finance will continue to drive down costs and add value. In addition to benchmarking, the profession will continue to deliver efficiencies, by collaborating and taking forward a range of cross government initiatives. For example, by sharing in recruitment activities, economies of scale will be realised, whilst promoting opportunities to a wider and more diverse range of potential recruits.

<sup>12</sup> The CIPFA Financial Management model was launched by CIPFA in 2004 as a self assessment tool to help public service organisations better apply their financial resources to achieve their goals.

# CHAPTER THREE: HUMAN RESOURCES (HR) PROFESSION

**Commentary from the Head of the Government HR Profession, Gill Rider.**

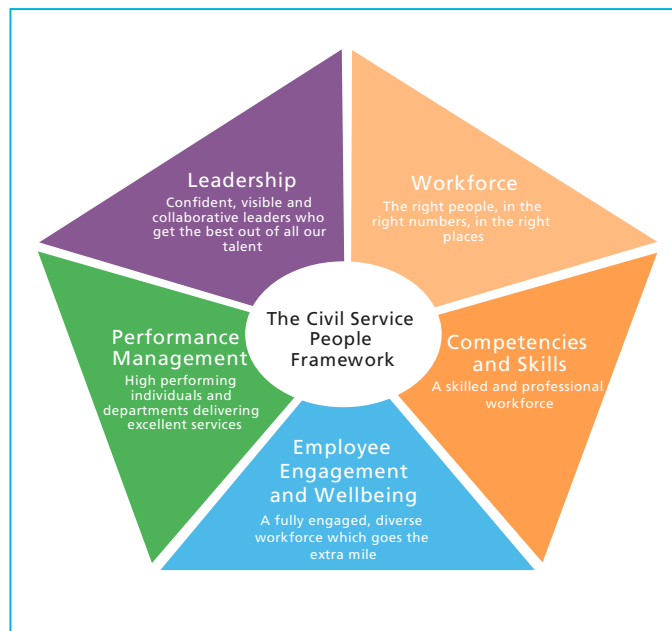
## HR Data

There is an opportunity for Civil Service HR to embrace the OEP challenge in a way that improves services, meets rising demands and achieves significant efficiencies. The use of performance and benchmarking information is seen as key to the success of this.

This benchmarking report complements and informs other ongoing work.

The HR Leaders' Council brings together leaders from large and small departments and their agencies. Since its formation two years ago it has created a more "joined-up" HR profession. In May 2008, the Council launched the Civil Service People Framework (see adjacent diagram). The Framework provides a focus for collaboration that has led to the delivery of a number of cross-government HR actions such as the introduction of a single, Civil Service-wide employee engagement survey. The Framework created the environment for greater collaboration and led to the launch of "Next Generation HR" in June 2009.

Whilst many HR departments have already been streamlined to achieve greater efficiency, more is required. Simply further reducing individual HR functions, particularly in smaller organisations, will have a detrimental effect on the service provided. The HR Leaders' Council has worked together to identify where the efficiency of core



HR services must improve. "Next Generation HR" is a cross-department programme launched to implement these improvements.

## Quality of HR Data

The 2008/09 data presented in this report follows a previous 2007/08 performance measurement exercise initiated by the HR Leaders' Council. Evidence from that exercise shows that a number of departments, particularly the smaller ones, lack the data systems and capability necessary to produce quick, accurate management information. Next Generation HR will address this.

Without an in-depth qualification of the returns from each department, it is only possible to provide evidence of data quality on the basis of comparison with the 2007/08 measurement exercise and data gathered to support the Next Generation HR Programme.

Where there is comparative data the results are largely consistent. For organisations that were not included in previous exercises, the extreme data ranges suggest that quality and reliability are questionable.

In addition to improving the systems and human capability to deliver accurate management information it is essential that we work with Audit Agencies, the professions and the departments to develop a robust and meaningful indicator set.

## Data Analysis

The three benchmark indicators for HR are:

- **Cost of HR** this indicator examines the cost of running the HR function as a percentage of total cost of running the organisation as a whole.
- **The Ratio of HR Staff to Full-Time Employees** this indicator shows the number of HR staff relative to the number of full-time-equivalent employees (FTE). Although this is the standard Audit Agency definition, it should be noted that using FTE rather than actual headcount does disadvantage larger departments such as DWP and HRMC that have high numbers of part-time staff.

- **Average Working Days Lost to Sickness** this is one of the indicators of organisational performance. High levels of absence due to sickness can be an indicator of wider issues of staff morale, engagement, workload and management.

Table 3.A provides a summary of the data collected. This summary includes data points at the extreme end of each indicator range. Table 3.B provides the median values of key measures by organisation type.

Cost of the HR function as a percentage of the organisational running costs gives widely varying results at the extremes of the range. This is in part due to anomalies in the calculation of organisational running costs.

However, at the median point the ministerial departments show better results than their agencies and the NDPBs and non-ministerial departments. This is likely to be due to economies of scale. This result is reflected in an alternative calculation, Cost of HR per FTE, which shows typically larger departments with established shared services comparing favourably to a median cost of ~ £1,750 per

**Table 3.A: HR data quartiles, mean and highest/lowest values**

Data	% Cost of HR Function	No. Organisation Employees	No. HR Staff	Ratio of employees (FTE) to HR staff	Average Working Days Lost to sickness (AWDL)
Mean	1.9%	5,371	154	51	7.1
Minimum value	0.0%	15	0	16	0.5
First quartile (25%) value	1.1%	361	8	34	5.2
Median (50%) value	1.8%	880	17	44	7.1
Third quartile (75%) value	2.5%	2,457	55	57	8.8
Maximum value	5.8%	280,314	11,164	363	20.0

Source: Analysis of benchmarking returns

**Table 3.B: Median Performance against HR indicators, by organisation type**

Median	% Cost of HR Function	Ratio of employees (FTE) to HR staff	Average Working Days Lost to sickness (AWDL)
Ministerial Department	1.4%	34	5.5
Agency	1.8%	43	7.6
Non-Departmental Public Body	1.7%	44	6.3
Non-Ministerial Department	1.9%	43	7.1
Other	1.1%	48	4.8
Wider Public Sector Body	4.4%	37	7.0

Source: Analysis of benchmarking returns

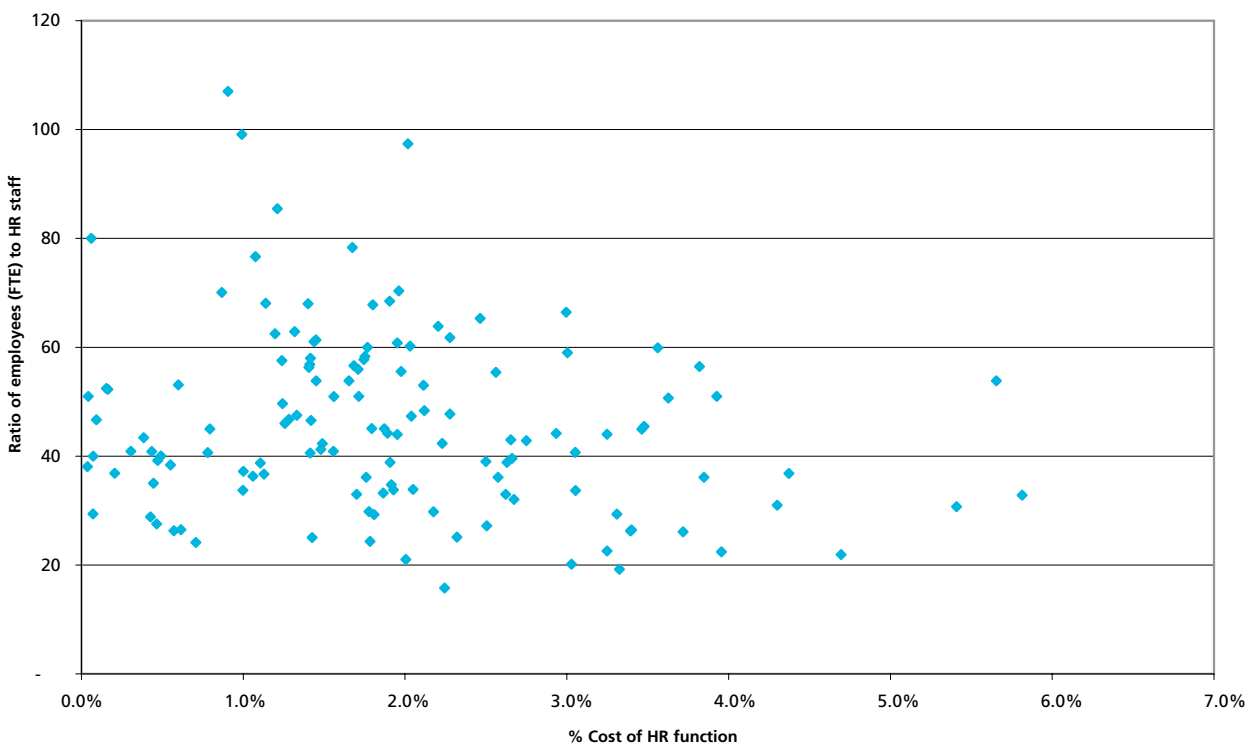
head: DWP ~ £1,000 and MoJ £1,265. The industry average is £1,800.<sup>13</sup>

The “Other” organisational type (wider public sector or not classified) shows lower spend and better HR to FTE ratios. Outsourcing core services, such as transactional processing to the parent ministerial departments may account for this.

Table 3.B shows the differences in the number of average working days lost across the range

of organisations. The reasons for variations are not currently known. Chart 3.A shows some expected results such the correlations of poor ratio/high cost (bottom right) and good ratio/low cost (top left). However it also shows that some organisations have relatively low costs and a poor HR to FTE ratio. These are typically agencies and non-ministerial bodies and the anomaly may be accounted for because these organisations take their services from their parent ministerial

**Chart 3.A: The relationship between % cost of HR and HR headcount**



Source: Analysis of benchmarking returns

<sup>13</sup> APQC based in Insight database, Saratoga and Mercer

department at minimal or no cost. Analysis of the data gathered as part of the Next Generation HR Programme shows that typically the parent ministerial departments have higher costs and less favourable ratios because they are providing single corporate functions such as HR strategy and planning, policy development and shared services to the whole departmental family.

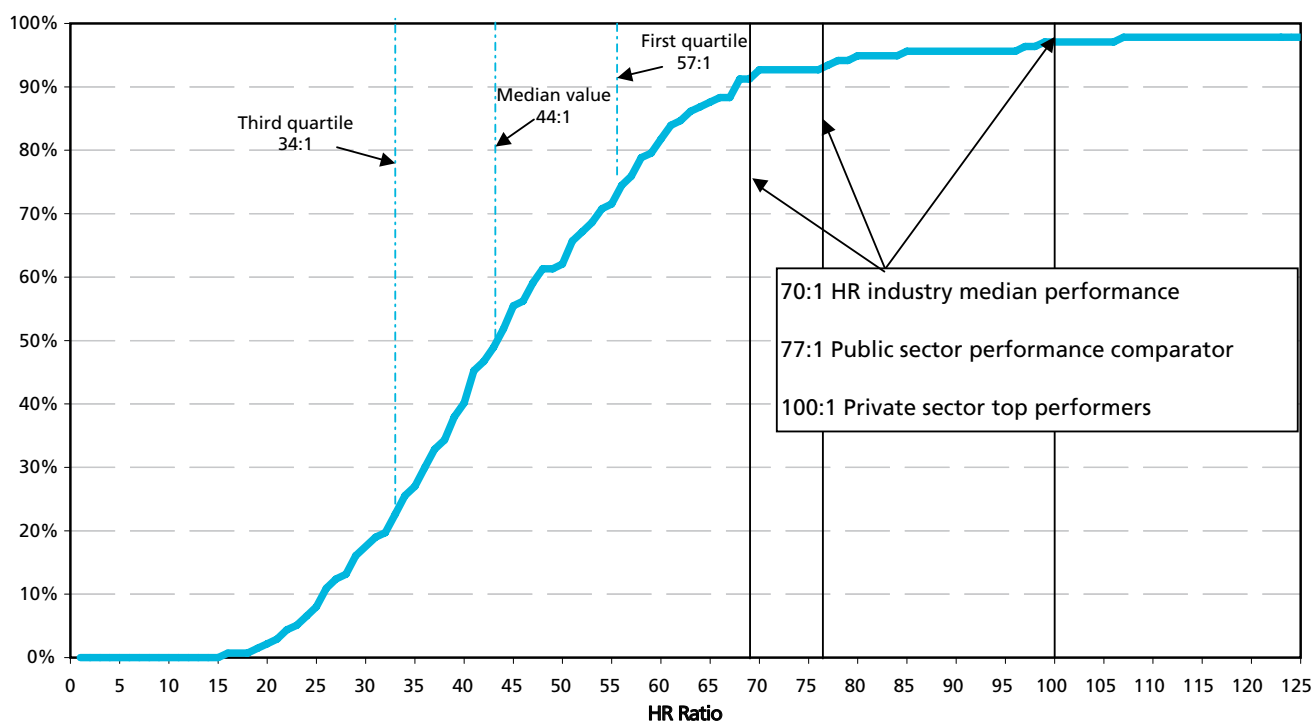
For the bulk of organisations, irrespective of size or type, headcount and costs fall within similar ranges with costs between 1% and 3% and headcount ratios between 1:30 and 1:60. Table 3.B compares the range of headcount ratios against the industry median for HR in external organisations (1:70) and against the upper quartile external comparator of 1:100.<sup>14</sup>

Absence due to sickness (measured as average working days lost) is a key measure of organisational performance.

The prevention and management of sick absence is a significant part of the work of Human Resources and of line managers. In 2006 standard data definitions and detailed guidance were introduced across the Civil Service. Sick absence results are reported to Permanent Secretaries on a quarterly basis.

Chart 3.C identifies some correlation between reducing headcount ratios (more HR staff) and decreased absence due to sickness. However, it should be noted that sickness absence may also be indicator of wider performance and

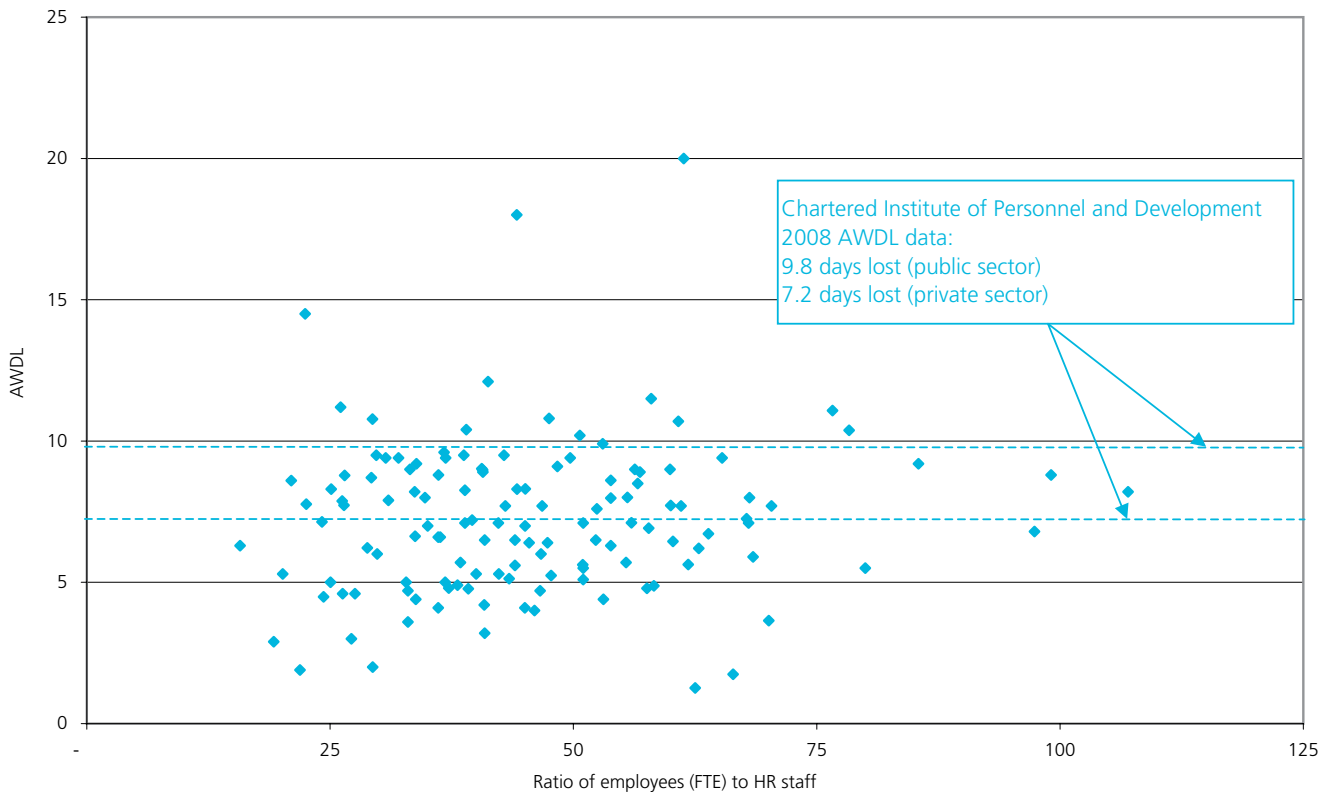
**Chart 3.B Cumulative frequency plot – illustrating the spread in HR headcount ratios (x-axis) across 0-100% of the organisations in sample (y-axis)**



Source: Analysis of benchmarking returns

<sup>14</sup> Analysis done by Capgemini on behalf of Next Generation HR

**Chart 3.C The relationship between HR headcount ratio and absence due to sickness**



Source: Analysis of benchmarking returns and Chartered Institute of Personnel and Development

motivation issues affected by a broad range of factors such as job design, line management, engagement, etc.<sup>15</sup>

Public sector sickness absence remains significantly above private sector comparators, though many organisations in this sample perform strongly.

### Key Trends and Observations

These results show examples of excellent and poor performance across the full range of large and small organisations. Although size is not a determinant of good performance, results indicate that larger departments typically operate more cost effectively. This is likely to

be a function of economies of scale rather than specifically an indicator of performance excellence.

From analysis we know that there are two underlying reasons of the variation in performance data:

- Organisational needs – some departments require additional and specialist support from HR, for example MoD, FCO and DfID support international operations, or departments that support large numbers of NDPBs
- The extent to which the organisation has already made improvements. For instance some departments such as DWP and the Home Office have focused on HR improvements over several years whilst others such as HMRC and DfT are just beginning to do so.

<sup>15</sup> Understanding the People and Performance Link: Unlocking the black box. CIPD Research 2003

Some departments have made good progress in improving HR performance through applying lean processes and increased sharing but there is still a gap between current and desired HR performance.

To deliver significant cost reductions and improve HR professionalism, service and efficiency, HR operating models will need to be rationalised and there will need to be some sharing of HR services and expertise across the Civil Service.

Whilst the aim of the Next Generation HR Programme is to improve professionalism and service delivery, efficiency is also a key driver. Early analysis of current performance, underpinned by 2008/09 data has identified initial efficiencies in excess of £118m, delivering a headcount ratio of 1:56. Some of these benefits may have already been achieved. The initial work is now continuing to assess the feasibility of achieving these savings and identify further efficiencies during the next six months.

Departmental transformation programmes will result in improvements in the HR to FTE ratio and the consequent reduction in numbers within the HR function. However, through the Next Generation HR Programme, Civil Service HR is taking a cross-government, researched and well-planned approach to efficiency savings that will enable it to maintain and improve the services required by departments especially during the next few years when the demand for HR services is likely to increase.

## Next steps

Based on both the evidence gathered as part of the Next Generation HR Programme and through this exercise the following actions will be taken forward:

- Maintain the HR Performance Measurement Network to improve the capability and processes for data collection and analysis;
- Continue the strategy agreed with HR Leaders to undertake an annual performance measurement exercise that combines the HM Treasury and HR professionalism reporting requirements;
- Work with the other corporate professions, the Audit Agencies and the HR Directors to develop a consistent and meaningful data indicator set; and
- Continue the work already defined within the Next Generation HR Programme to improve the effectiveness, efficiency and professionalism of the HR function. To request further information about this programme please e-mail [hrprofession@cabinet-office.x.gsi.gov.uk](mailto:hrprofession@cabinet-office.x.gsi.gov.uk).

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# CHAPTER FOUR: INFORMATION TECHNOLOGY (IT) PROFESSION

## Commentary from the Government's Chief Information Officer, John Suffolk.

### IT Data

The IT profession is focused on delivering greater value for money from the Government's spend on IT as well as improving the delivery performance of IT-enabled change programmes. By using benchmark data our aim is to raise the quality of the business decisions on which IT-enabled business change projects are made which will, in turn, improve cost control and crucially ensure departments deliver the outcomes and outputs the projects set out to achieve.

Overall UK Government spend on IT is estimated at £16bn,<sup>16</sup> 4.6% of overall UK Government expenditure which is estimated at £345 bn.<sup>17</sup> This benchmarking exercise has captured £6.1bn of IT expenditure, which represents 35-40%<sup>18</sup> of the total estimated UK Government spend on IT, covering central government departments, agencies, non-departmental public bodies (NDPBs), but not the wider public sector.

Our aim is to improve the value achieved for every pound spent by departments on their IT infrastructure, hardware and software. This benchmarking data provides a common starting point for a more detailed examination on a case-by-case basis. The nature of government

business is varied and complex. This makes a straight comparison between departments problematic as, for example, the business and IT needs of HM Revenue & Customs are vastly different from those required by the Department of Culture, Media and Sport and a direct comparison between the two would probably be meaningless. Instead we have taken an approach that uses self-selected peer groups<sup>19</sup> of organisations with similar operational needs and size from the Gartner benchmarking database.

The benchmark indicators for IT are:

- **Cost of IT** this indicator examines the cost of IT operational 'run and maintain' costs as a percentage of the total cost of running the organisation as a whole. Transformation costs have been separated out to maintain consistency with industry standard measures.
- **User Confidence** this indicator is the aggregate value of survey responses from members of each organisation: board, management, and front-line staff. These questions have been derived from work previously undertaken, and reflect priorities for public sector IT. There are no external comparators for this data set.
- **Capability** senior IT professionals were asked to provide information on their skills (Capability), in line with the Skills for the Information Age (SFIA) framework<sup>20</sup>. This has been analysed and aggregated to provide the capability profile for an organisation.

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<sup>16</sup> Source, *Operational Efficiency Programme: Final Report*

<sup>17</sup> Source of figures, Treasury 2007/08 Public Expenditure statistical Analysis plan. 2007-08 is the baseline year for OEP, and is used for comparison.

<sup>18</sup> Benchmarking data relates to 2008-09, so is not directly comparable with 2007-08 baselines, hence the data range.

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<sup>19</sup> Source: Gartner Inc.

<sup>20</sup> See <http://www.sfia.org.uk/>

## Quality of IT Data

This is the first large-scale data collection exercise in support of IT expenditure, stakeholder confidence and capability and the exercise started in 2008. Collecting data on IT spend has proved to be problematic as costs are usually recorded by individual business units against their own running costs or held as programme or project expenditure, in the interests of accountability. The complexity is compounded as unlike all other professions, much of central IT is outsourced to the private sector. This has made it difficult to disaggregate the IT spend from other costs across the organisation. Equally some parent departments provide IT services across the family group to agencies and NDPBs, which will inflate the relative cost to the main department.

The cost of IT as a percentage of departmental running costs has also been affected by the treatment of capital expenditure. Whilst the total cost of IT for each department can include a significant proportion of capital expenditure, the organisational running costs figure, by definition in this benchmarking, does not include capital expenditure. This has had the effect of inflating the percentage cost of IT for departments, in particular for HM Revenue & Customs and the Ministry of Defence. We have taken this approach to ensure we get an accurate figure for the amount of money being spent on IT and also to compare to external benchmarks.

In a similar manner, and as noted elsewhere, we suspect that not all organisations have excluded monies for grants, administered by that organisation, from their running costs figure. Similarly, departments who have included grants in their running costs understate their

benchmark ratios. Where we have spotted this we have sought to correct it.

We have not conducted an in-depth validation with departments of the data they have supplied, although we have challenged some departments – which has led to them revising their IT percentage costs upwards to a more realistic figure. In-depth validation of data with departments has been an issue; however, central government departments have already undertaken IT benchmarking supported by Gartner Inc, and where it would be sensible to do so we have used this data that has been validated.

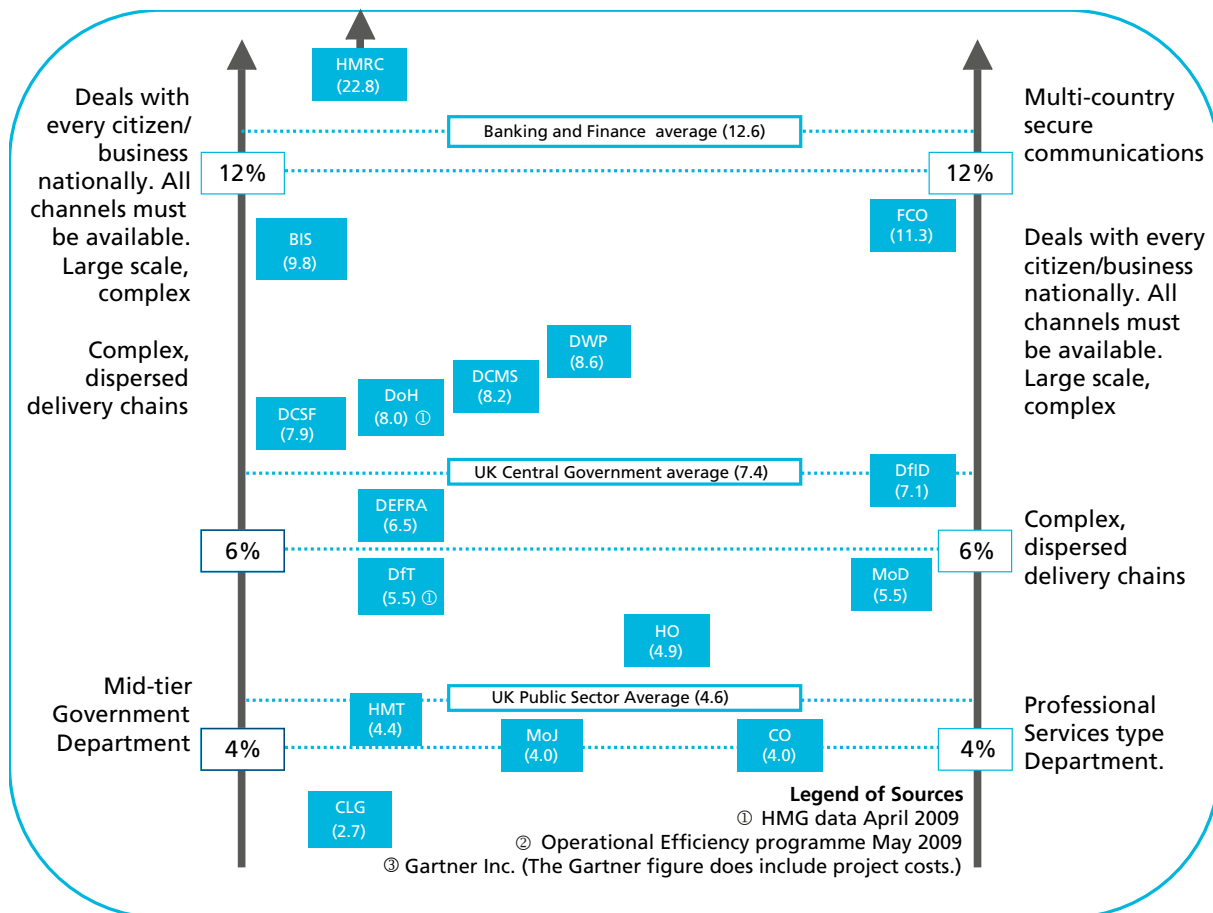
Data beyond central government departments has not been subject to this validation process, and is published in Annex A for the first time. Some outlier values suggest that future investigation and revised data and definitions may be needed.

## Data Analysis

Data analysis for the IT Profession is focused on central government departments and does not include non-ministerial departments, agencies, NDPBs or the wider public sector. The Government CIO cannot comment on the IT performance of different organisations across the wider public sector where we are not sighted on the different business needs and operating models.

This assessment is summarised in Chart 4.A, showing relative departmental performance (% cost of IT) with reference to external benchmark values and types of business model. Please note that due to the variability in project costs, 'Transformation'

**Chart 4.A Percentage costs of IT 'run and maintain' costs across Central Government, with peer group comparisons**



Source: Government IT Profession (see notes in chart for other references)

costs are excluded from the government benchmarking figures.

Consistent with other commentaries, Chart 4.B plots the full benchmarking data set performance against external benchmarks.

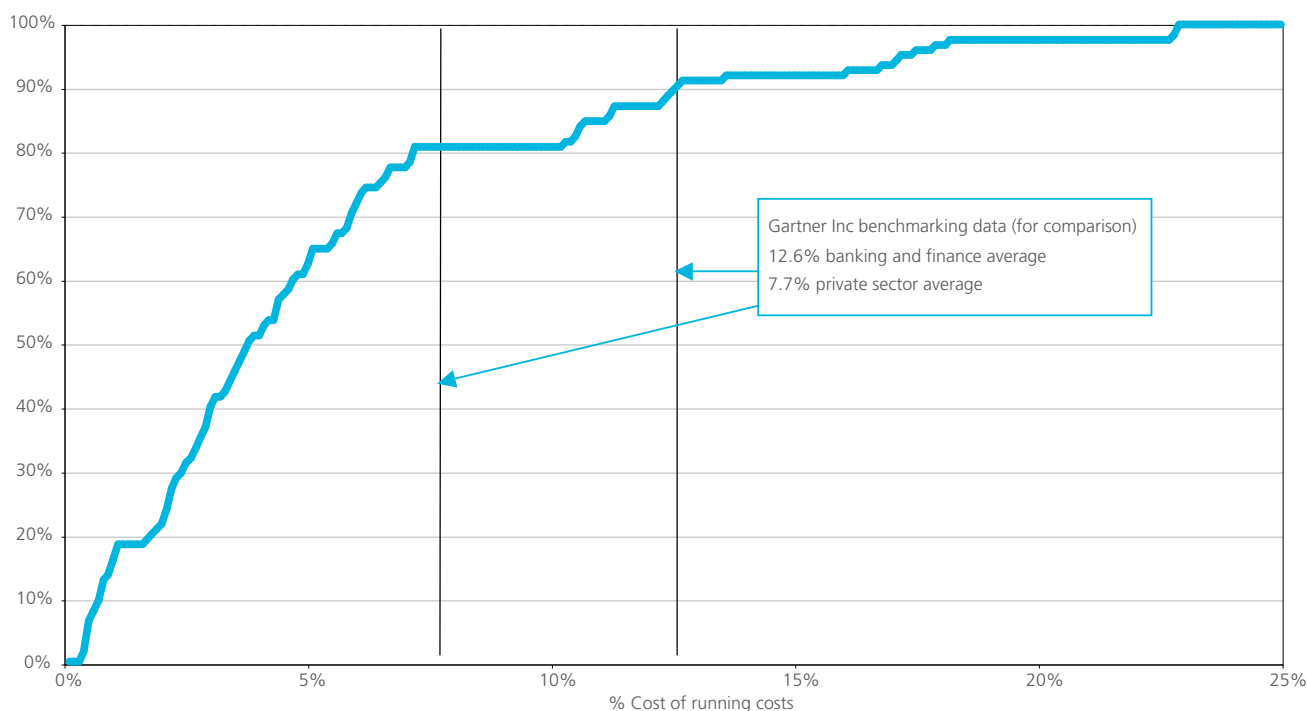
Capability -v- Confidence Levels: whilst cost is crucially important it only details a single dimension. In this exercise we have taken the opportunity to ask departments to assess whether the IT function fulfils their business needs (the Confidence level). Alongside the published information in Annex A, senior IT professionals across central government were asked to provide information on their

skills (Capability), in line with the Skills for the Information Age (SFIA) framework<sup>21</sup>. This has been analysed and aggregated to provide the capability profile for an organisation. This is plotted against measures of user confidence for departments and agencies at Chart 4.C.

There is a correlation between capability and confidence, which is to be expected. The assessment of both capability and confidence has been self-assessed by each organisation, and not subject to external validation. At this time there are no external references as the IT Profession within the UK Government are leading in this aspect of the capability agenda

<sup>21</sup> See <http://www.sfia.org.uk/>

**Chart 4.B Cumulative frequency plot – illustrating the spread in total % IT costs ('run and maintain' plus IT project costs) from 0 to 100% of the organisations in the sample**



Source: Analysis of benchmarking returns (and Gartner Inc for external benchmarks)

for IT professionals globally. Notably, the perception of confidence is generally high. When capability is reassessed, the expectation we have is that all organisations will be using standardised role profiles and that the capability of senior IT professionals will have been verified by the IT Profession team.

### Key trends and observations

The cost of IT services across central government is broadly within the range expected and this is encouraging although clearly some departments have work to do to reengineer their IT to reduce their run and maintain costs whilst still delivering against the requirements of their department. When reading the benchmark cost data the reader should note that many of the IT departments are outsourced, so this also reflects the performance of the private sector providers.

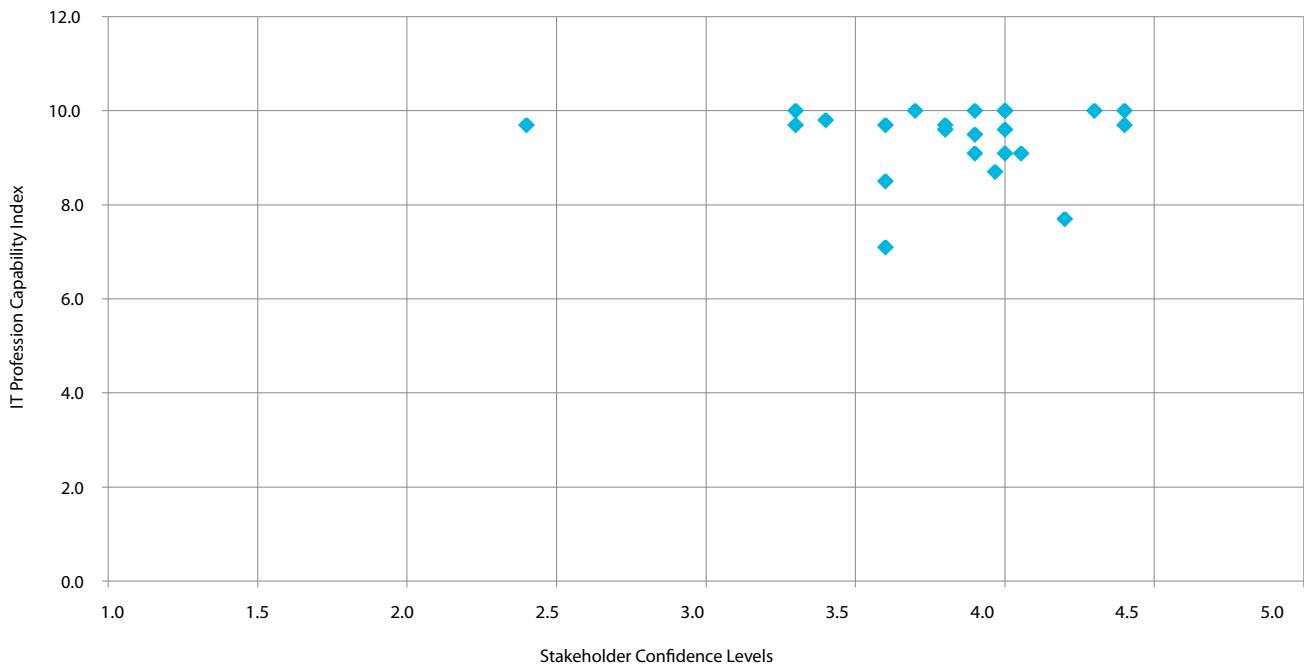
The Government does not currently fully

exploit its economies of scale in purchasing and provision of IT services. Whilst the benchmark data looks encouraging it hides a plethora of duplication of systems, services and infrastructure. There is likely to be substantial room for economies of scale and this is documented within the ICT strategy for Government.

What the capability data shows us is that boards are generally content with the service they are receiving and that IT provision is fulfilling the needs of their department.

The measurement of IT confidence and capability is a new area of work and not advanced. This work is being developed by the IT Profession and is an innovative new approach to measure the effectiveness of IT professionals and the benefit they bring to their organisation. It has been initiated as a self-assessment exercise and there

**Chart 4.C: the relationship between IT profession capability index and user confidence in IT**



Source: Analysis of enchmarking returns

has been a tendency to over-classify. We will work on improving this over the coming period.

There is more work to be done to capture better and more consistent measures of IT spend across the public sector. This should be co-ordinated with the Chief Information Officers, the Audit Agencies and other professions to ensure a joined-up approach to data collection and analysis. Specifically the IT Profession has sought to ensure that all costs for IT are included (capital and operating expense) and ensured that items such as grants, that have the impact of inflating the operating expense and therefore deflating the IT cost percentage, have been removed from the figures used in this section.

**Next steps**

Citizens will continue to demand services that best fulfil their needs, and generally the

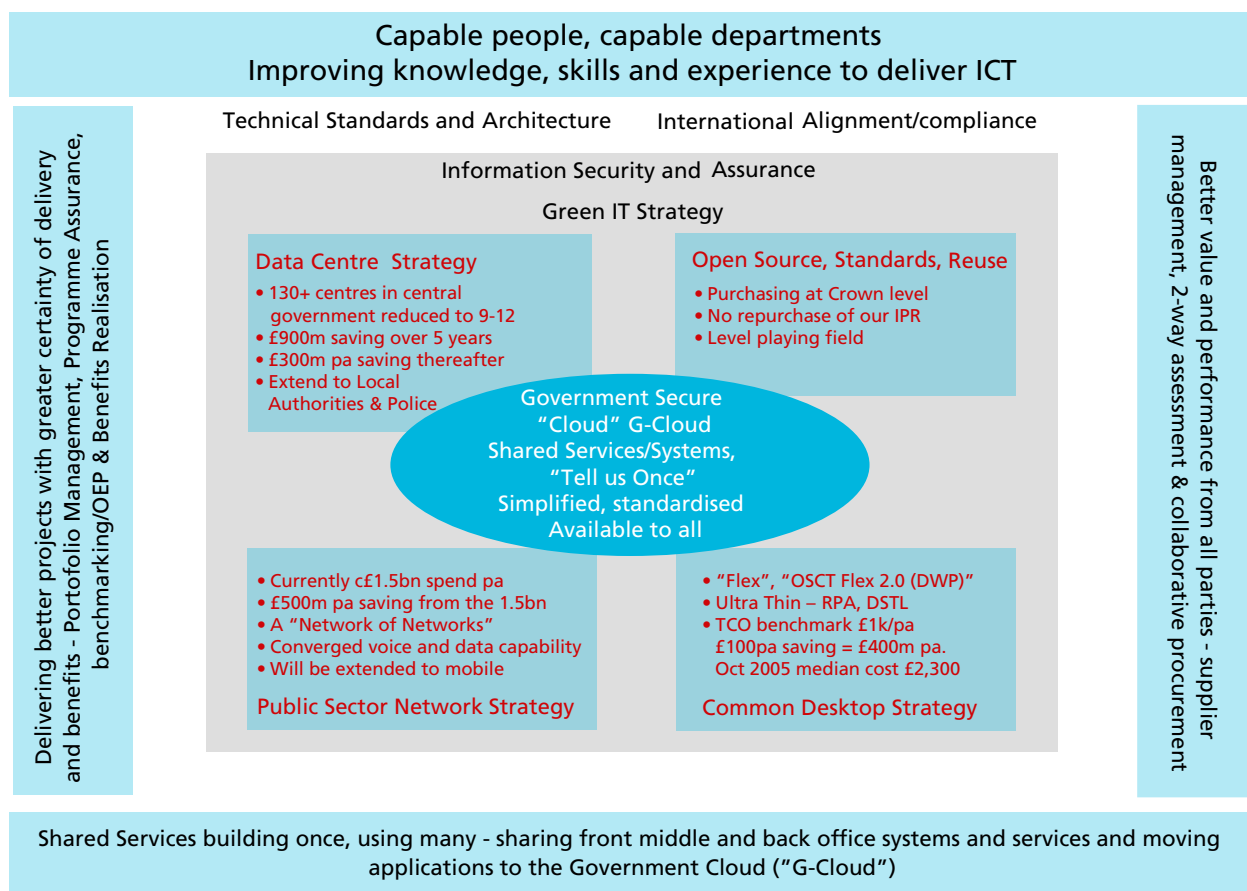
most cost effective way of delivering services will include the strategic use of IT. To be able to deliver these services in the considerably constrained financial period we have entered must mean that the provision of IT must become more standardised, commoditised, and provided on a utility basis.

As detailed in the *Transformational Government Strategy*<sup>22</sup> we believe there is an opportunity for substantial savings to be made and this was confirmed when the OEP recommendations agreed with the CIO Council approach of reducing the cost of running and maintaining IT by around 20%.

The UK public sector has built an IT infrastructure that in many instances duplicates

<sup>22</sup> [www.cabinetoffice.gov.uk/cio/transformational\\_government/strategy.aspx](http://www.cabinetoffice.gov.uk/cio/transformational_government/strategy.aspx)

**Chart 4.D: A pictorial representation of the Government ICT Strategy**



Source Office of the Government CIO

solutions across different areas of government and public service delivery due to the 'silo' nature of working. The CIO Council has developed an updated ICT strategy which will ensure that the public sector IT infrastructure will now go through a process of standardisation and simplification based on the premise of a common shared infrastructure designed to enable local delivery suited to local needs and with this delivering savings in excess of £3bn per annum. This strategy, summarised in chart 4.D, will build on the following principles and OEP recommendations:

- reuse, not reinvent assets to maximise return on investment;
- ensure when investments are made in IT-enabled business change Finance Directors and Accounting Officers seek to ensure the benefits (cashable and service outcome) are accounted for in their financial settlements, performance objectives and audit oversight arrangements;
- achieve greater standardisation and simplification of IT systems, desktops, infrastructure and applications across the public sector ensuring common infrastructure is bought once with the Crown as the purchasing agent;
- deliver secure and efficient services in a consistent manner; and

- 
- take account of evolving risks from global threats such as climate change, economic instability and cyber-security.

Based on this vision and this benchmarking exercise, these actions will be taken forward, and the Government CIO and CIO Council are working towards Government agreement of the strategy by 31 December 2009.

In implementing these next steps we should not underestimate the cultural, process and accountability changes that will be required to ensure their successful implementation.

# CHAPTER FIVE: PROCUREMENT PROFESSION

## Commentary from the Government's Head of the Procurement Profession, Nigel Smith.

### Procurement Function Data

The cost of the back office procurement function in 2007/08 ranged between £0.9bn and £2.1bn.<sup>23</sup> This is dwarfed by the total expenditure on public procurement which in 2008-09 stood at £221bn.<sup>24</sup> There is therefore, potential for greater savings through better management of third party spend compared with the possible efficiency savings from the procurement back office function.

The OEP report confirmed that there is a lack of robust and consistent management information on public sector spending on back office operations and this presents a challenge to government to:

- identify accurate costs;
- benchmark performance against others; and
- deliver proven improvements in procurement.

The lack of robust and consistent management information on departmental procurement operations is also a finding from the OGC's<sup>25</sup> Procurement Capability Review Programme (PCR) that identified this as a cross-government theme arising out of its review of the 16 highest

<sup>23</sup> *Operational Programme Back office and IT* HM Treasury, May 2009

<sup>24</sup> Source: Public Expenditure Statistical Analyses 2009. This figure is derived from the estimated outturn figures from the Public Expenditure Statistical Analysis (PESA) 2009, published by the ONS and HMT. The previously quoted figure of £175bn (for instance as published in the Operational Efficiency Programme Final Report) was derived from PESA 2008.

<sup>25</sup> OGC ('Office of Government Commerce')

spending departments. The PCR also identified that a lack of capable procurement resource across government was a risk to delivery of both outcomes and the delivery of VFM savings. Improved procurement capability and better management of the procurement landscape across the whole public sector should drive delivery of further savings and the OEP's back office operations recommendations.

For the first OEP data collection round the Head of Procurement in Government<sup>26</sup> opted to use the following metrics:

- Economy metric: The cost of the procurement function as a percentage of organisational running cost (expenditure); and
- Efficiency metric: The ratio of the organisation's procurement related savings as a proportion of its third party spend;
- Effectiveness metric: The number of professionally qualified procurement employees (FTEs) as a percentage of the total number of procurement employees.

These indicators are based on the Audit Agencies procurement metrics, and central government bodies were required to submit data for the 2008-09 financial year for the first time. Full definitions of the metrics collected can be found at Annex B.

<sup>26</sup> OGC's Chief Executive who oversees procurement in all Government Departments and their respective Agencies and Non-Departmental Public Bodies ('NDPBs')

**Table 5.A: Procurement size bands used in this analysis**

	Total Third Party Spend
Small	Less than £26,031,000
Mid/Small	More than £26,031,000 and less than £61,320,000
Mid/Large	More than £61,320,000 and less than £171,650,000
Largest	More than £171,650,000

Note: size banding determined by quartile values of the data set analysed in this section which is: departments, agencies and NDPBs of more than 250 employees that supplied procurement benchmarking information.

Source: Analysis of benchmarking returns

**Quality of Procurement Data**

This analysis was conducted on the departments, agencies and NDPBs in the sample that employ more than 250 staff and that have provided a return against the procurement metrics.

A total of 99 organisations provided the required benchmark data. Data was collected on each organisation’s procurement related savings but the quality of this information was poor and inconsistent. Further work is needed before savings result are included in future publications.

The Head of Profession has not verified or independently audited the data and – as this is the first time that this exercise has been carried out across central government – the data can only provide an initial baseline. The Head of Profession is committed to supporting benchmarking across government and will work with the Audit Agencies and other experts across government to ensure that indicators are relevant and that definitions are clear in order to improve data consistency.

**Data Analysis**

Making comparisons between organisations (either comparing departments with

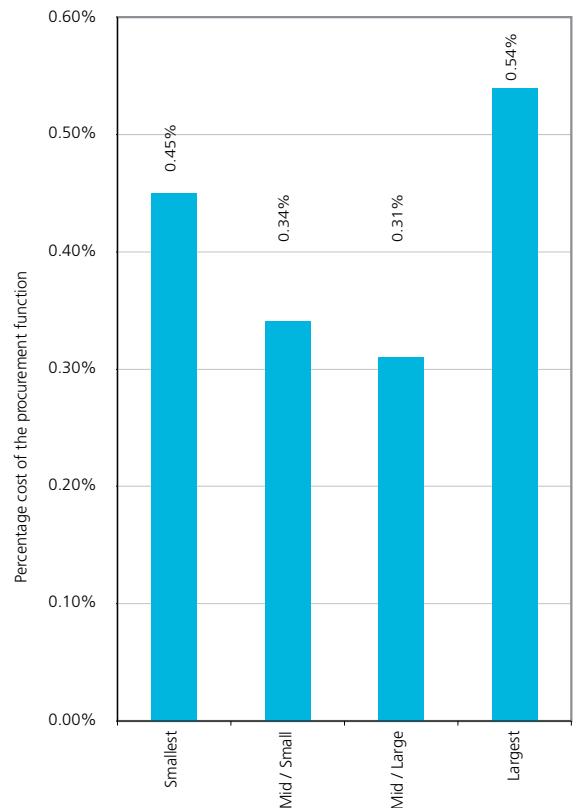
departments or agencies or between departments and agencies) has the potential to deliver misleading results for the following reasons:

- the wide range in size and magnitude of third party spend; and
- the wide range in the scale and complexity of the work undertaken by the procurement function; and the difference in the type of organisation and type of procurement function whether that be large and centralised or small and decentralised (with a large extended network of agencies and NDPBs).

Of the 99 departments, agencies and NDPBs that have been included in this analysis:

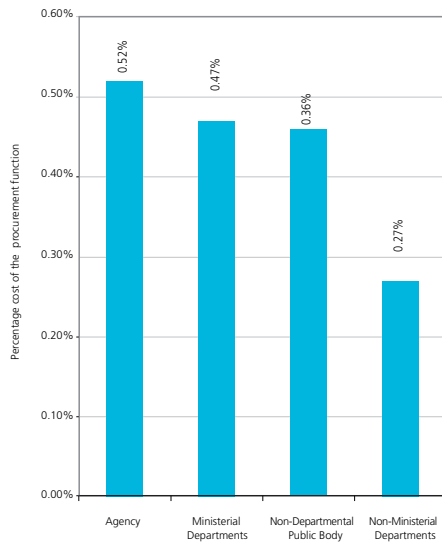
- 3% are managing spend of over £3bn;

**Chart 5.A: Average cost of the procurement function as a percentage of organisational running costs, by size of procurement spend.**



Source: Analysis of benchmarking returns

**Chart 5.B: Average cost of the procurement function as a percentage of organisational running costs (expenditure), by type of organisation**



Source: Analysis of benchmarking returns

- 2% are managing spend between £1bn and £3bn;
- 52% are managing spend between £50m and £1bn;
- 43% are managing spend of less than £50m.

Graphs 5A - D illustrate the economy and effectiveness metrics by size of organisation (third party spend) and organisation type. When grouping by third party spend the ranges shown in Table 5.A have been applied. It should be noted that the largest group is very wide ranging, with some of the larger organisations reporting third party spend of over £1 bn.

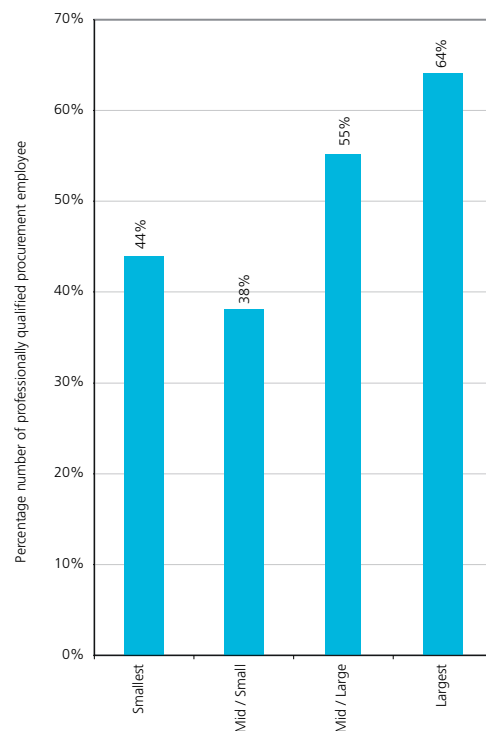
### Key Trends and Observations

The ratio of an organisation’s procurement related savings as a proportion of its third party spend (%): we have not included an analysis of the data returns against this metric because the returns were inconsistent and immature and because they are currently being looked at within other processes.

The cost of the procurement function as a percentage of organisational running cost (expenditure):

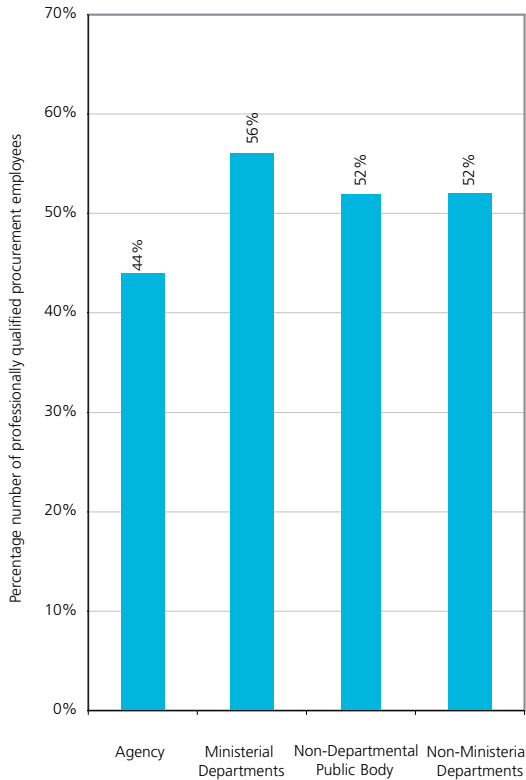
- there are 2 of the 99 organisations that have not reported against this metric;
- the range of percentage cost of those who have reported is 3.05; the highest being 3.06% and the lowest 0.01%;
- 90% of the organisations that provided data against this metric report a percentage cost of the procurement function below 1%;
- 77% are reporting a percentage cost below 0.50%; and
- there are however nine organisations reporting a percentage cost of over 1%, of which two report a percentage cost of over 2%.

**Chart 5.C: Average proportion of professional qualified procurement employees (FTEs) as a percentage of the total number of procurement employees by size of procurement spend**



Source: Analysis of benchmarking returns

**Chart 5.D: Average proportion of professional qualified procurement employees (FTEs) as a percentage of the total number of procurement employees by type of organisation**



Source: Analysis of benchmarking returns

In order to enable a comparison with private sector benchmarks we have calculated the cost of the procurement function as a percentage of third party spend. On the basis of Hackett Group data “world class” (top ten performers) percentage cost of 0.60% with a “peer group” average of 0.80%, Chart 5.E shows how government compares to this benchmark.

It is clear from this that the smallest organisations have proportionately higher costs. Although this suggests that there is scope for improvement, readers of this report should recognise that this may not be a like-for-like comparison. Public sector delivery models are by their very nature different to private sector

profit-driven models, further work will be done to ensure that benchmark comparisons are on a consistent basis.

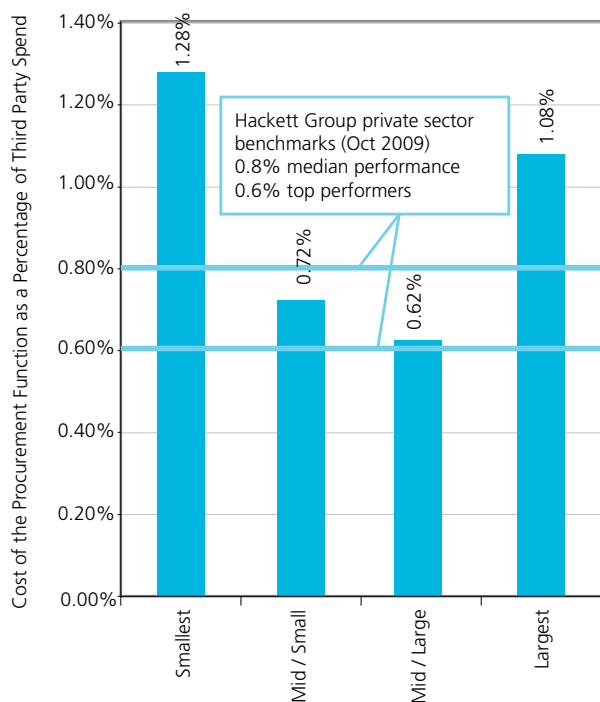
The number of professionally qualified procurement employees (FTEs) as a percentage of the total number of procurement employees:

- there are five organisations reporting third party spend with no procurement staff at all;
- the remaining organisations range in size based on number of procurement staff from 1 to 3,053; and
- there are three organisations with more than 250 procurement staff: one of these has 825 which, this is three times bigger than the next in size and another, with 3,053, is nearly four times as big again. However, the size of spend being managed in these organisations bears some correlation to their size.

There is not an appropriate benchmark for external comparison, however of those organisations with procurement staff:

- 59% have between 1 and 10 procurement staff;
- 23% more than 10 but less than 50;
- 14% more than 50 but less than 250;
- 11% of organisations have all their procurement staff professionally qualified and 10% have no professionally qualified staff; and
- 59% of organisations have at least half of their procurement staff professionally qualified.

**Chart 5.E: Average cost of the procurement function as a percentage of Third Party Spend, by band of third party spend**



Source: Analysis of benchmarking returns

### Progress in Improving Economy and Effectiveness

Organisations across government are already actively responding to ongoing drivers for efficiency such as Comprehensive Spending Review 2007 (CSR07) Value for Money Savings and the Operational Efficiency Programme, and they will need to continue to do so in order to meet challenging savings targets.

Box 5.A overleaf captures a few examples of departments' responses to the challenge of reducing back office costs and to continue to build procurement capability across government.

### Next steps

It is worth highlighting again that there has been no assurance of the data provided. There are a number of incomplete returns, the data could contain errors and it is probable that data has been reported inconsistently with different interpretations of the definitions. The data on procurement Value for Money returns has not been published for these reasons. In addition any comparison to external benchmarks must be treated with high levels of caution until further work has been done to ensure that comparisons are on a consistent and meaningful basis.

This exercise has highlighted that there are wide distributions against each of the metrics suggesting there is potential scope for improvements and also reinforcing the message that there are still a large number of organisations across the public sector managing significant amounts of third party spend.

This exercise has also raised further questions including:

- What impact is the use of shared services having on departmental performance?
- What further potential is there for shared services arrangements based on the ratio of procurement staff to third party spend?
- What should good performance look like in the wide range of procurement functions that exist in government?
- Are the definitions for each of the procurement metrics right?
- Are the procurement metrics the right metrics and can they be used in comparisons with the private sector?

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### **Box 5.A: Departments' responses to the challenge**

In May 2009 the Department of Health launched a new Commercial Strategy and Operating Model for the Department and the NHS in consultation with key stakeholders and experts. The new strategy and model acknowledges that the commercial/procurement landscape showed insufficient coherence, with overlaps between different centres of expertise and it supports the Department of Health to respond to the challenge of creating a robust and coherent commercial landscape.

In April 2009 the Cabinet Office migrated all of their transactional procurement to the Department for Work and Pensions as part of a shared services arrangement.

The Department for Culture, Media and Sport has developed a Procurement Management Framework via a special interest group consisting of their largest NDPBs. This framework sets out the key objectives, principles and behaviours across the DCMS community and aims to improve procurement performance and efficiency.

The Department for Transport has established a People Strategy Working Group across the DfT family to raise staff skills and capability. It has also initiated a training programme to ensure that all relevant DfT employees are trained in commercial awareness.

OGC and the Procurement Profession recognise the importance of management information and performance assessment. The OGC Procurement Capability Reviews (PCR) process has already been applied to the 16 biggest spending departments, and recently moved into 'wave 2'. A self-assessment against 38 quantitative and 42 qualitative indicators is being used to improve understanding of current performance, support the transfer knowledge and leading practice, and identify further areas for improvement. The PCR self-assessment approach will be used to inform future benchmarking, and with departments' support is starting to be rolled-out to arms length bodies.

# CHAPTER SIX: PROPERTY & ESTATES MANAGEMENT PROFESSION

**Commentary from the Government Head of the Property Asset Management Profession, Vice Admiral Tim Laurence.**

## Property data

Objective assessment of the performance of the Property Profession in government presents a wide range of complex challenges, but is critical to the assessment of the efficiency of estates management across government.

Robust and comparable data on property performance is difficult to collect. There is a wide range of types of property, property sizes and property uses, as well as different models of asset ownership: freehold, leasehold, long-term PFI contracts. Outsourcing of property and facilities management functions is increasingly the norm.

Complexities of property asset ownership and use led the reviewers of the Operational Efficiency Programme to recommend establishing a Central Property Unit to have strategic oversight of estates. This Unit will be based in the Shareholder Executive,<sup>27</sup> and will work with and build on the existing High Performing Property Programme which applies to the government's central civil estate, and which will continue to be run by OGC.

Building from the High Performing Property Programme, the focus of this benchmarking exercise has been towards the performance of

the estate itself, not on the performance of the estates management function. Further detail is available in the "*State of the Estate*" report,<sup>28</sup> published in line with the provisions of the Climate Change Act (2008). The data collected here aligns with the key metrics of that report. The three key metrics selected describe the efficiency performance of administrative office buildings (only), and are:

- Total average property cost per person (full-time-equivalent);
- Net internal area per person (full-time-equivalent); and
- Cost per square metre of net internal area.

A de minimis value was set of 500 square metres for the smallest buildings included in this analysis.

The selected indicators are consistent with the three main efficiency metrics used by the OGC Property Benchmarking Service – the government's annual analysis of office buildings on the central government Civil Estate. The parameters, definitions and basis for these metrics and their underlying data elements are common to approaches in use in the private sector. For this analysis a de minimis has also been set at those buildings where individual office occupations exceed 500 square metres. OGC will report on progress against these and benchmarks annually in future reports.<sup>29</sup>

<sup>27</sup> As announced in *Building Britain's Future* by the Prime Minister, June 2009. [http://www.hmg.gov.uk/media/27749/full\\_document.pdf](http://www.hmg.gov.uk/media/27749/full_document.pdf)

<sup>28</sup> *State of the Estate Report*, Office of Government Commerce: [http://www.ogc.gov.uk/documents/State\\_of\\_the\\_Estate\\_in\\_2008.pdf](http://www.ogc.gov.uk/documents/State_of_the_Estate_in_2008.pdf)

<sup>29</sup> *The State of the Estate in 2008*, Office of Government Commerce

## Quality of Property Data

The 2009 version of the annual *State of the Estate* report to Parliament is currently in preparation; as part of this work there is the potential for the data clarification process to lead to revised figures when this is published in spring 2010.

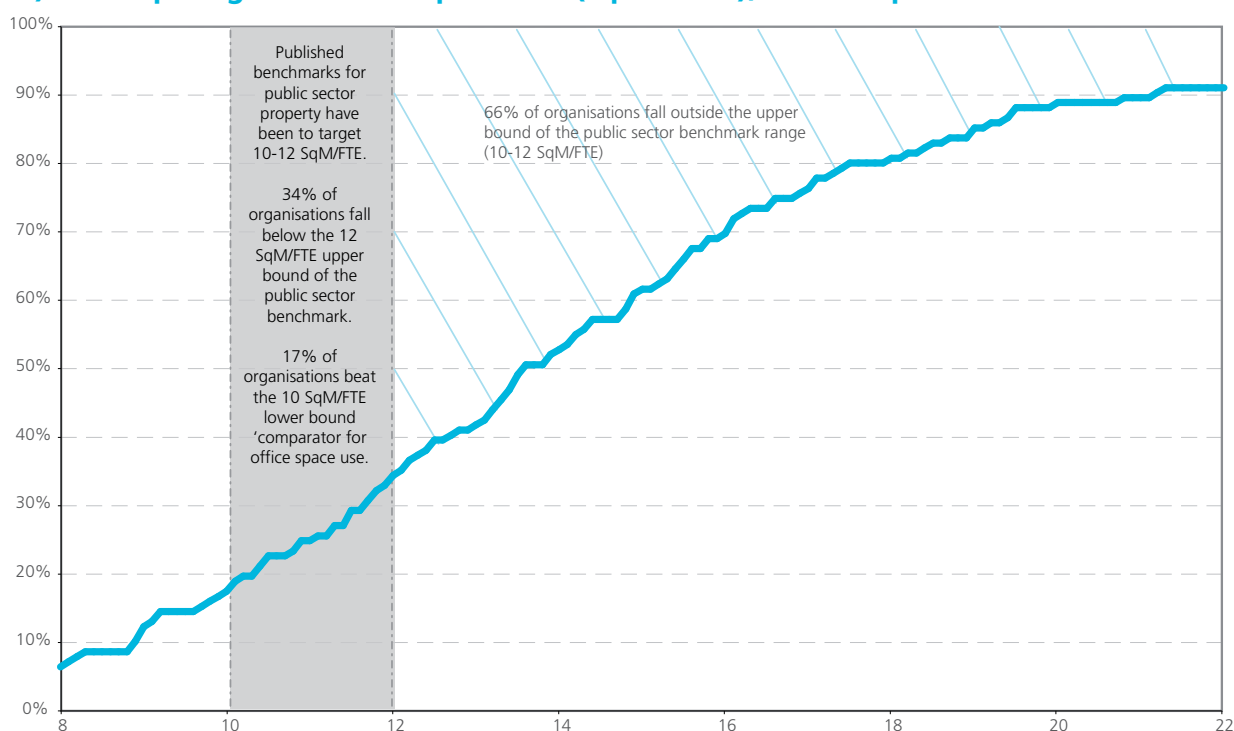
## Data Analysis

The efficiency of offices can be effectively analysed using a small number of key metrics. Primarily the cost-per-FTE has been used to assess overall estates efficiency (incorporating aspects of both cost and space efficiency) and in this review, costs are based on a commonly available subset of the total costs of building occupation (see Data Definitions at Annex B). However, in reviewing performance across an estate it is important that the individual

performances of buildings are also considered – a favourable overall performance score at an organisation level can often mask a diversity of performances and opportunities at individual building level.

The most effective way of strategically reducing or managing cost is through careful space management. Space and its location are primary drivers of cost performance. Costs will be higher where there is more space allocated per person, so organisations need to manage their occupation density in order to be efficient. The spread of all organisations in sample (including outliers) is summarised in Chart 6.A. The median space density per full time worker is 13.8 sq m (including outliers); excluding outliers however, the weighted mean space density per full time worker is 13.4 sq m but there is wide variation.

**Chart 6.A: Cumulative frequency plot: showing performance of all organisations (0 to 100%) in sample against office space use (sq m / FTE), and the public sector benchmark**



Source: Analysis of benchmarking returns

Workspace efficiency standards for offices on the government estate were introduced from 1 April 2008. The workspace standards are 10sq m per person (net internal area) for all new office buildings and major refurbishments. Standards between 10-sq m and 12-sq m per person (net internal area) apply for workspace improvement opportunities arising from all other refurbishments. Chart 6.A shows that, including outliers, around 66% of organisations currently sit above the public sector benchmark (10 to 12 sq m/FTE), representing significant opportunities for improvement. These may take time to change, depending on lease length and national / regional / local property strategies.

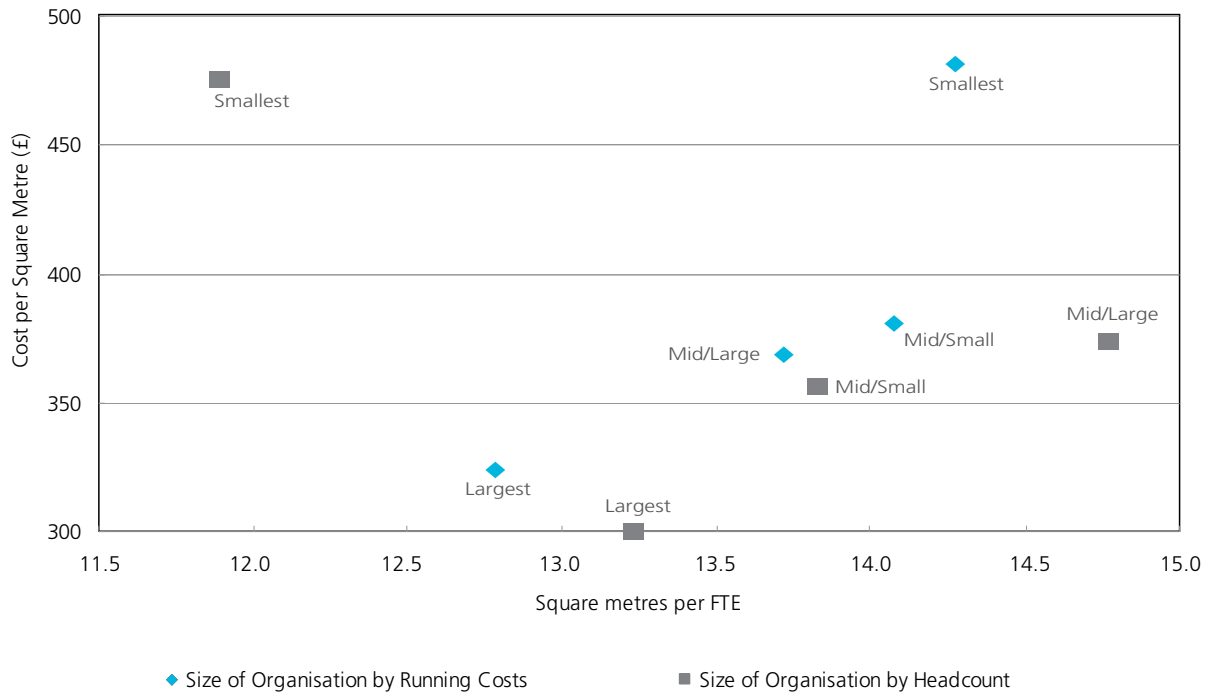
From comparison of average property costs against space efficiency, it is apparent that the largest organisations (either by headcount or running cost) are the most cost effective and show the lowest cost per square metre. Significantly higher costs are shown by the smallest organisations; whilst in contrast those judged smallest by headcount exhibit the highest levels of space efficiency (Chart 6.B and Chart 6.D). This would suggest that whilst they do not benefit from the same economies of scale and market leverage as larger organisations, they are possibly better equipped to match space requirements to market availability and are therefore better able to cope with changes in staffing patterns.

Larger organisations also score well in terms of their space usage. These organisations have been the focus for delivering efficiencies in recent years. They have also been at the forefront of exploiting the opportunities to use property to reengineer the workplace through co-locating operations in single buildings

and deploying new technology to support a distributed and increasingly mobile workforce. Typically this has been the move away from 1:1 desk provision; with 7:10 or 8:10 ratios now becoming the norm.

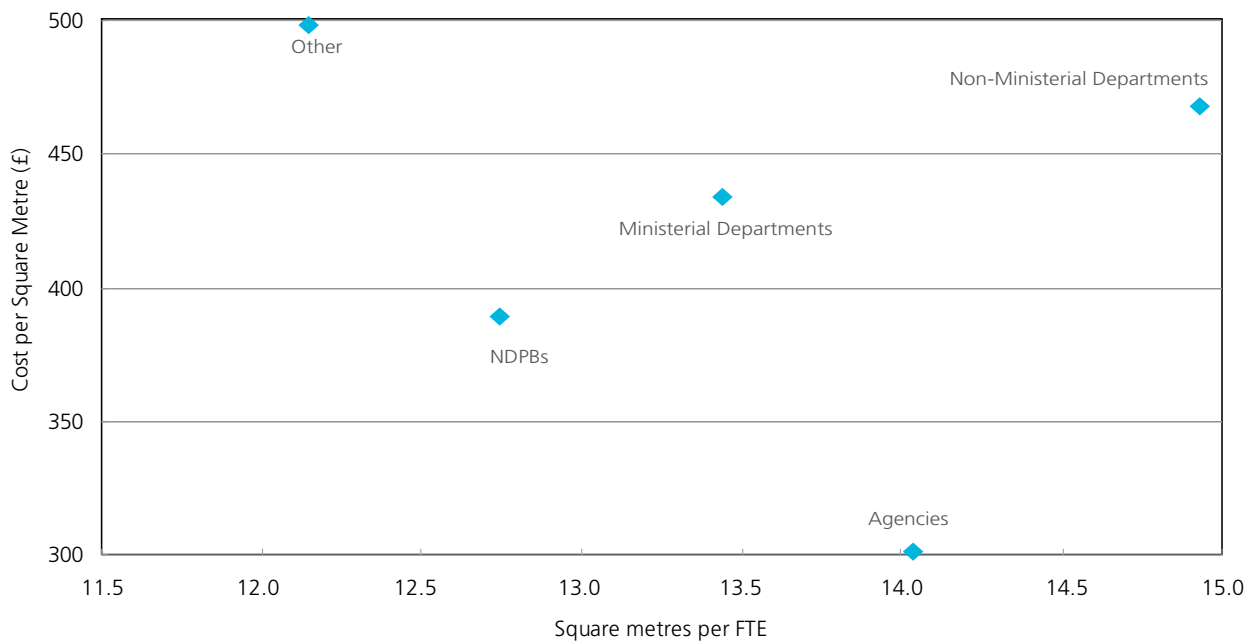
In comparing the position of a range of organisation types the cost per FTE is consistent across all types with the exception of Agencies whose costs are significantly less at 15% below that of NDPBs, the next lowest and 30% less than 'other' organisations (Chart 6.E). Although beyond the scope of this analysis, it is very probable that there is a correlation between the significant presence in London and the South East of certain organisational types – in particular Ministerial and Non-Ministerial Department HQs and NDPBs. The Office of Government Commerce estimates that the cost of providing office space in London is between two and three times more compared to other regions. Agencies in contrast are more likely to have their HQ buildings and significant administration facilities located outside London.

**Chart 6.B: Property cost compared with space utilisation, by size of organisation**



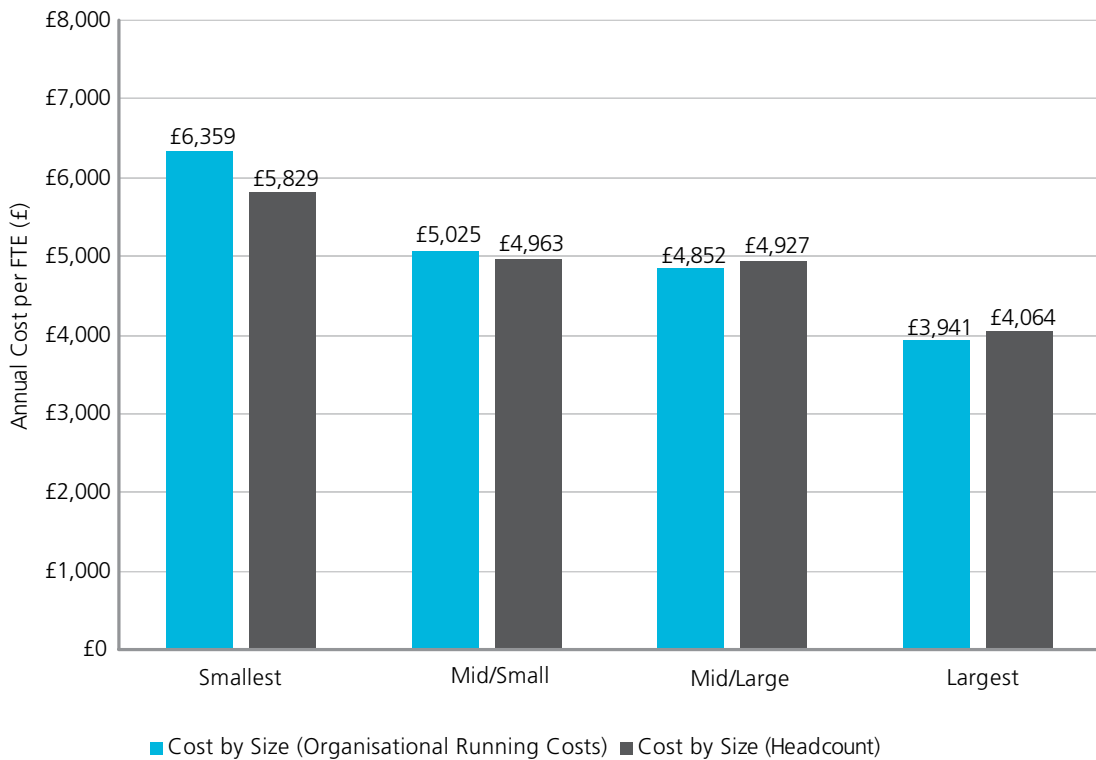
Source: Analysis of benchmarking returns

**Chart 6.C: Property cost compared with space utilisation, by type of organisation**



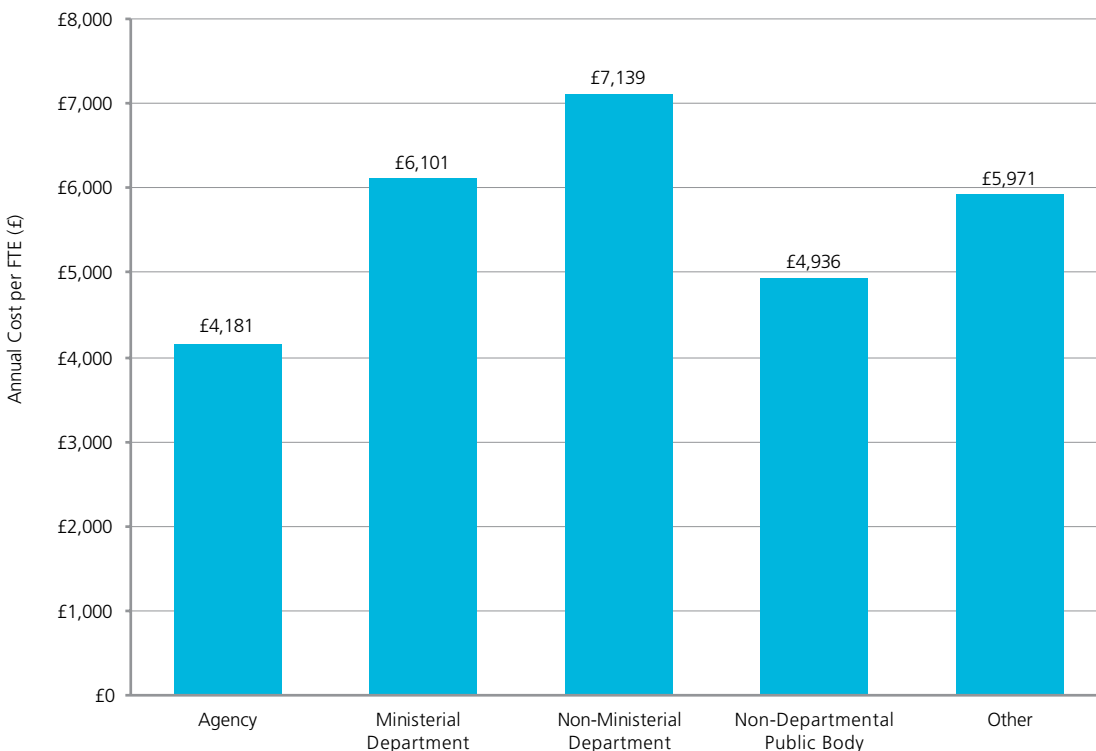
Source: Analysis of benchmarking returns

**Chart 6.D: Property cost per full-time equivalent, by size of organisation**



Source: Analysis of benchmarking returns

**Chart 6.E: Property cost per full-time equivalent, by type of organisation**



Source: Analysis of benchmarking returns

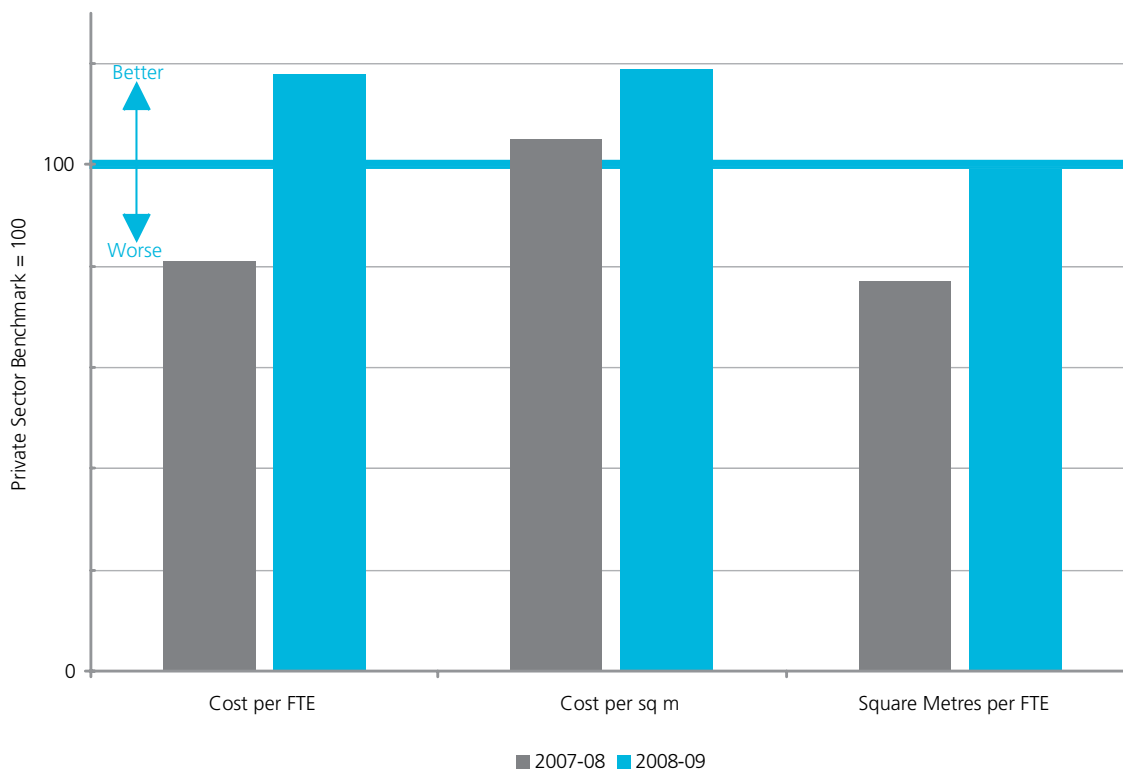
## Key trends and observations

Government continues to make progress through the High Performing Property initiative: a major change programme challenging government to deliver a significantly smaller, more sustainable and increasingly agile central civil estate creating value for the citizen. Its emphasis has been on the development of objective performance data to measure and drive improvement as a critical component in understanding and shaping the future government estate. Continuous improvements in the quality and ability of organisations to provide this data has been significantly strengthened through engagement in the OGC Property Benchmarking programme. The systems that have been implemented provide consistent

tools to help organisations understand and report the performance of their buildings. This approach provides an understanding of the landscape of cost and space usage; critically it facilitates access to, and comparison with, cross sector data including equivalent property held by the private sector.

The analysis presented here represents a snapshot of the current position. Trend analysis based on data from previous years shows that implementation of workplace standards is already having a measurable impact on average usage densities on the estate. In 2007 the NAO reported an average density for main departments of 17.5 sq m / FTE.<sup>30</sup> The property strand of the Operational Efficiency Programme

**Chart 6.F: Percentage variance (+ or -) of public sector performance against private sector benchmarks**



Source: OGC Property Benchmarking Service / Investment Property Databank

<sup>30</sup> *Improving the Efficiency of Central Government's Office Property*, National Audit Office, November 2007

reported a figure of 14.5 sq m / FTE in 2008. The weighted average mean space density per full time worker is currently 13.4 sq m (excluding outliers) but some organisations manage with less, while others have considerably more. By comparison the 2009 aggregate private sector benchmark for density across all office types is 13 sq m.<sup>31</sup>

Chart 6.F presents the performance over the last two years on the government office estate for the three selected indicators; scored relative to the private sector benchmark index of 100 and shows the percentage variation against this. This indicates that for financial year 2008-09 government is performing better than benchmark on Cost per FTE (+18%) and on Cost per Square Metre (+19%) and at just under benchmark (-1%) for Space per FTE. All three indicators show a marked improvement on the financial year 2007-08. Benchmark performance does not itself imply success and a benchmark average simply represents a typical and quantifiable level of performance. Benchmarks will also vary from year to year and economic conditions will be a factor, impacting in particular on the private sector's performance over the last 12 months. Nevertheless this underlines the progress being made to deliver efficiencies on the estate.

It is clear that significant opportunities for continued improvement exist; in particular in respect of the property portfolios of smaller organisations which are more expensive. This points the way to a more corporate approach to the management of the estate through exploiting opportunities for co-location and the establishment of shared service operations

supported by better facilities management arrangements. The increased focus on estates rationalisation programmes, the emergence of regional strategies and better integration across the wider public sector required by the Operational Efficiency Programme provide strong drivers to deliver this. Organisations should analyse their data, identify areas of high cost or space per FTE and develop strategies to reduce cost and/or improve effective use of space.

### Next steps

Efficient management is dependent on the availability of good information and the ability to interpret it meaningfully. It is common practice for property management analysis to be built up from varied sources of data held throughout an organisation. Property costs however are often not clearly identifiable in accounts, and are recorded differently between organisations, with variations in how costs are defined and analysed. Targeting and achieving improvements in the quality and accuracy of these varied sources, which themselves may have dispersed ownership, presents a resourcing and technical challenge for many property management teams. Work is already ongoing, and should be continued, to improve and capture this data. This includes the central government's property database (e-PIMS) and the OGC Property Benchmarking Service.<sup>32</sup> An aspiration remains to link this data to government finance systems.

It will be important to assess capability and maturity of the Property Asset Management function. Work currently underway by the OGC and the National Audit Office through the Property Asset Management Capability

<sup>31</sup> Investment Property Databank

<sup>32</sup> See: [http://www.ogc.gov.uk/better\\_asset\\_management\\_property\\_performance\\_measurement.asp](http://www.ogc.gov.uk/better_asset_management_property_performance_measurement.asp)

Assessment Model (PAMCAM) should provide a good basis for future assessment of capability.

Performance data should be collected and reviewed for all office space. Analysis has exposed a tendency for smaller offices (those accommodating less than 50 FTEs) towards cost and space inefficiency and these critically will often fall outside the scope of the OGC Property Benchmarking Service. Organisations need to ensure they maintain relevant data to be able to demonstrate the efficiency and effectiveness of the estate.

In the future, property data and benchmarking will need to be extended to other types and classes of property, beyond the larger

administrative office buildings. This is a significant challenge due to the range of types of property and operating models used by the public sector: including sea and airports, and ranges (MoD); high-street property (eg, Job Centre Plus); museum and exhibition space, laboratories; storage space (such as the National Archives) and infrastructure (including transport). Progress in this area will depend on creating a standard property taxonomy, which does not exist at present.

The new 'Central Property Function' recommended in the OEP and established through *Building Britain's Future* will have a key role in shaping and driving improved property performance.

Table A.1 Benchmarking data

Organisation		Finance			HR		IT			Procurement			Estates		Notes	
Organisation Name	Acronym	Organisation Type	% Cost of Finance Function	Report cycle time	% Finance qualified	% Cost of HR Function	Ratio of employees (FTE) to HR staff	Average Working Days Lost to sickness (AWDL)	% Cost of IT	Overall stakeholder perspective	% Cost of Procurement Function	% Procurement qualified	Cost per FTE	Area per office based FTE	Cost per square metre	
Units			%	days	%	%	Ratio-to-1	Days/FTE	%	(1-5, 5 high)	%	%	£/FTE	m2 / FTE	£ / m2	
<b>Department for Business, Innovation and Skills</b>																
Department for Business, Innovation and Skills	BIS	Ministerial Department	0.1%	5	42%		38	4.9	9.8%	3.6	0.01%	100%	6,101	11.7	522	Note 1
Uk Trade and Investment	UKTI	Non-Ministerial Department	0.3%	8	27%	0.2%	52	6.5	1.9%		0.04%	57%	8,393	10.9	768	
Companies House	CH	Agency	3.0%	5	15%	2.2%	30	9.5	17.4%	4.4	0.44%	57%	2,250	12.0	188	
Intellectual Property Office	IPO	Agency	1.7%	11	11%	3.1%	34	8.2	16.7%	3.8	0.42%	56%	1,992	16.9	118	
The Insolvency Service	INSS	Agency	0.9%	10	35%	3.6%	60	9.0	5.0%	3.7	0.21%	15%	4,839	11.9	408	
Advantage West Midlands	AWM	Non-Departmental Public Body	0.3%	4	22%	0.3%	41	6.5	0.3%	4.2	0.05%	33%	3,941	9.0	436	Note 1
Advisory, Arbitration and Conciliation Service	ACAS	Non-Departmental Public Body	1.7%	1	14%	1.1%	37	9.6	12.5%	3.7			6,275	16.1	390	
CITB-Construction Skills	CITB-CS	Non-Departmental Public Body	5.5%	4	63%	2.0%	97	6.8	5.8%	3.8	0.22%	65%	4,080	48.0	85	Note 5
East Midlands Development Agency	EMDA	Non-Departmental Public Body	0.5%	5	34%	0.5%	39	4.8	0.5%	3.9	0.06%	40%	3,888	11.5	339	Note 1
East of England Development Agency	EEDA	Non-Departmental Public Body	0.4%	15	20%	0.4%	41	4.2	0.9%	4.0	0.12%	80%	4,522	11.3	400	Note 1
Higher Education Funding Council for England	HEFCE	Non-Departmental Public Body	1.9%	3	24%	2.2%	42	5.3	2.1%	3.9	0.61%	61%	5,247	15.0	349	
North West Regional Development Agency	NWDA	Non-Departmental Public Body	0.4%	8	39%	0.4%	35	7.0	0.7%	4.3	0.13%	91%	2,969	12.2	244	Note 1

Organisation		Finance			HR			IT			Procurement			Estates			Notes
Organisation Name	Acronym	Organisation Type	% Cost of Finance Function	Report cycle time	% Finance qualified	% Cost of HR Function	Ratio of employees (FTE) to HR staff	Average Working Days Lost to sickness (AWDL)	% Cost of IT	Overall stakeholder perspective	% Cost of Procurement Function	% Procurement qualified	Cost per FTE	Area per office based FTE	Cost per square metre	Notes	
South West of England Regional Development Agency	SWRDA	Non-Departmental Public Body	0.5%	4	22%	0.6%	26	4.6	1.0%	3.9			3,730	14.8	252	Note 1	
Student Loans Company	SLC	Non-Departmental Public Body	2.1%	8	35%	3.3%	29	10.8	22.7%	3.9	0.39%	38%	3,804	8.9	427		
Yorkshire Forward	YF	Non-Departmental Public Body	0.4%	5	45%	0.4%	43	5.1	0.6%	4.2	0.04%	100%	4,365	13.5	324	Note 1	
Biotechnology and Biological Sciences Research Council	BBSRC	Non-Departmental Public Body	0.2%	6	36%	0.1%	40	5.3	0.7%	4.3						Note 1	
Medical Research Council	MRC	Non-Departmental Public Body	0.6%	8	14%	0.9%	70	3.6	0.9%							Note 1	
Natural Environment Research Council	NERC	Non-Departmental Public Body	0.2%	8	30%	1.1%	36	6.6	0.4%	4.2						Note 1	
Science & Technology Facilities Council	STFC	Non-Departmental Public Body	0.7%	7	33%	0.6%	53	4.4	0.9%	3.8	0.07%					Note 1	
Engineering & Physical Sciences Research Council	EPSRC	Non-Departmental Public Body	0.2%	5	17%	0.1%	80	5.5	0.4%							Note 1	
Economic and Social Research Council	ESRC	Non-Departmental Public Body	0.3%	8	33%	0.1%	47	6.0	0.4%							Note 1	
Arts and Humanities Research Council	AHRC	Non-Departmental Public Body	0.5%	8	40%	0.2%	37	9.4	0.7%							Note 1	
Research Councils UK (RCUK) Shared Services Centre Ltd	RCUK SSC	Other: Company Ltd by Shares	1.4%	8	67%	2.1%	135	0.5			12.70%	67%				Note 7	
Learning and Skills Council	LSC															Note 2	

Organisation		Finance			HR		IT			Procurement			Estates		Notes	
Organisation Name	Acronym	Organisation Type	% Cost of Finance Function	Report cycle time	% Finance qualified	% Cost of HR Function	Ratio of employees (FTE) to HR staff	Average Working Days Lost to sickness (AWDL)	% Cost of IT	Overall stakeholder perspective	% Cost of Procurement Function	% Procurement qualified	Cost per FTE	Area per office based FTE	Cost per square metre	
UK Atomic Energy Authority	UKAEA														Note 2	
<b>Communities and Local Government</b>																
Communities and Local Government	CLG	Ministerial Department	0.9%	8	65%	0.6%	38	5.7	2.7%	3.6	0.14%	86%	9,991	12.4	803	Note 1
Planning Inspectorate	PINS	Agency	1.2%	9	26%	1.8%	29	8.7	7.7%	4.0	0.30%	54%	3,693	9.7	380	
Homes and Communities Agency	HCA	Non-Departmental Public Body	3.9%	6	29%	1.4%	47	4.7	6.4%	4.1	1.08%	33%	6,477	15.4	419	
Tenant and Services Authority	TSA	Non-Departmental Public Body	1.6%	9	29%	1.4%	25	5.0	10.5%	3.5	0.14%		7,800	10.1	777	Note 1
Government Office Network	GON	Non-Ministerial Department	1.6%	8	34%	1.9%	44	8.3	7.3%	3.5	0.06%		8,544	19.0	469	
Ordnance Survey	OS	Non-Ministerial Department	1.6%	8	68%	2.3%	62	5.6	18.1%	4.0	0.26%	100%	1,768	20.0	89	
Audit Commission	AC	Other: Public Corporation	1.0%	8	48%	1.9%	39	7.1	4.7%	3.4	0.15%	100%	5,489	12.5	438	
<b>Cabinet Office</b>																
Cabinet Office	CO	Ministerial Department	0.8%	15	13%	1.0%	37	4.8	4.0%	3.3	0.33%	70%	7,407	13.0	570	Note 1
Central Office of Information	COI	Non-Departmental Public Body	4.8%	14	11%	3.0%	66	1.8	8.3%	3.7	0.41%	67%	3,606	9.9	363	
<b>Crown Prosecution Service</b>																
Crown Prosecution Service	CPS	Non-Ministerial Department	0.7%	5	11%	1.7%	57	8.5	7.3%	3.9	0.07%	68%	4,637	13.3	349	
Serious Fraud Office	SFO	Non-Ministerial Department	1.8%	15	38%	2.7%	43	9.5	6.0%	3.9	0.30%	67%	10,577	13.9	764	Note 1
Treasury Solicitor's Department	Tsol	Agency	2.2%	13	50%	2.7%	40	7.2	3.0%		0.07%	75%	8,295	13.2	627	
<b>Department for Culture, Media and Sport</b>																
Department for Culture, Media and Sport	DCMS	Ministerial Department	3.4%	15	67%	1.9%	34	4.4	8.2%	3.8	0.41	33%	12,642	13.6	933	

Organisation		Finance			HR			IT			Procurement			Estates			Notes
Organisation Name	Acronym	Organisation Type	% Cost of Finance Function	Report cycle time	% Finance qualified	% Cost of HR Function	Ratio of employees (FTE) to HR staff	Average Working Days Lost to sickness (AWDL)	% Cost of IT	Overall stakeholder perspective	% Cost of Procurement Function	% Procurement qualified	Cost per FTE	Area per office based FTE	Cost per square metre	Notes	
The National Gallery	NG	Non-Departmental Public Body	1.8%	10	71%	2.5%	65	9.4	3.5%	4.4	0.16%	100%	7,929	135.3	586	Note 5	
The British Museum	BM	Non-Departmental Public Body	0.9%	10	67%	1.7%	78	10.4	3.4%	4.5	0.16%	100%	1,340	9.8	137		
English Heritage	EH	Non-Departmental Public Body	1.8%	8	26%	2.0%	70	7.7	6.1%	3.1	0.09%	67%	4,221	11.3	373		
National Maritime Museum	NMM	Non-Departmental Public Body y	2.2%	9	31%	3.6%	51	10.2	3.5%	4.3							
National Museum of Science & Industry	NMSI	Non-Departmental Public Body	2.3%	9	20%	2.6%	39	8.3	2.4%	3.9	0.12%	56%					
Tate	Tate	Non-Departmental Public Body	1.3%	5	40%	1.8%	60	7.7	3.2%	3.2	0.07%		7,537	43.9	144	Note 5	
Visit Britain	VB	Non-Departmental Public Body	1.7%	11	25%	1.2%	63	1.3	7.4%	3.3	0.03%		6,752	14.1	479	Note 1	
Arts Council England	ACE	Non-Departmental Public Body	3.4%	5	37%	3.5%	45		7.8%	3.6	0.11%		5,814	16.6	349		
Imperial War Museum	IWM	Non-Departmental Public Body	2.1%	5	26%	2.0%	56	8.0	3.7%	3.5	0.21%	100%	2,393	31.7	103	Note 5	
Big Lottery Fund	BIG	Non-Departmental Public Body	2.4%	13	26%	5.7%	54	8.0	10.4%		0.34%	100%	6,911	13.4	514		
Victoria and Albert Museum	V&A	Non-Departmental Public Body	1.6%	10	36%	1.8%	45	8.3	3.6%		0.25%	40%					
The British Library	BL	Non-Departmental Public Body	2.2%	5	25%	2.2%	64	6.7	7.0%	4.2	0.43%	15%	6,046	63.0	96	Note 5	
Natural History Museum	NHM	Non-Departmental Public Body	1.9%	10	20%	2.3%	48	5.2	2.0%		0.19%	100%	3,012	26	115		

Organisation		Finance			HR			IT			Procurement			Estates		Notes
Organisation Name	Acronym	Organisation Type	% Cost of Finance Function	Report cycle time	% Finance qualified	% Cost of HR Function	Ratio of employees (FTE) to HR staff	Average Working Days Lost to sickness (AWDL)	% Cost of IT	Overall stakeholder perspective	% Cost of Procurement Function	% Procurement qualified	Cost per FTE	Area per office based FTE	Cost per square metre	
National Museums Liverpool	NML	Non-Departmental Public Body	3.1%	16	36%	3.0%	59		3.7%				10,107	183.4	55	Note 5
<b>Department for Children, Schools and Families</b>																
Department for Children, Schools and Families	DCSF	Ministerial Department	1.8%	9	26%	4.3%	31	7.9	7.9%	4.4	1.68%	87%	5,732	13.4	428	
National College of School Leadership	NCSL	Non-Departmental Public Body	1.5%	6	69%	1.7%	33	4.7	2.2%	3.9	1.60%	51%	6,904	10.8	639	Note 1
Partnership for Schools	PfS	Non-Departmental Public Body	1.4%	30	72%	0.3%	224	1.7	3.0%	4.2	0.12%		4,384	5.5	799	
Qualification and Curriculum Development Agency	QCDA	Non-Departmental Public Body	1.0%	9	37%	1.6%	41	3.2	2.2%	2.5	0.41%	73%	15,446	15.3	1,007	Note 1
School Food Trust	SFT	Non-Departmental Public Body	3.1%	20	50%	1.8%	24	4.5	5.9%				2,026	5.6	446	
Training And Development Agency for Schools	TDA	Non-Departmental Public Body	4.2%	7	25%	3.2%	44	5.6	5.8%	3.8	2.33%		8,560	12.3	797	
Children And Family Courts Advisory Support Service	CAF/CASS	Non-Departmental Public Body	1.2%	8	36%	1.4%	58	11.5	2.9%	3.7	0.10%	100%	5,520	19.0	289	
Children's Workforce Development Council	CWDC	Non-Departmental Public Body	0.6%	7	29%	0.6%	27	8.8	0.7%	3.9	0.36%	67%	5,205	16.0	383	Note 1
British Educational Communications Technology Agency	BECTA	Non-Departmental Public Body	0.9%	15	29%	1.8%	30	6.0	2.1%		0.35%	50%	7,348	17.1	430	Note 1
Office for Standards in Education, Childrens Services and Skills	OFSTED	Non-Ministerial Department	1.5%	9	38%	1.4%	68	7.1	5.4%	4.1	0.30%	69%	3,596	7.4	487	

Organisation		Finance			HR		IT		Procurement			Estates		Notes	
Organisation Name	Acronym	Organisation Type	% Cost of Finance Function	Report cycle time	% Finance qualified	% Cost of HR Function	Ratio of employees (FTE) to HR staff	Average Working Days Lost to sickness (AWDL)	% Cost of IT	Overall stakeholder perspective	% Cost of Procurement Function	% Procurement qualified	Cost per FTE	Area per office based FTE	Cost per square metre
<b>Department of Energy and Climate Change</b>															
Department of Energy and Climate Change	DECC	Ministerial Department													Note 4
Nuclear Decommissioning Authority	NDA	Non-Departmental Public Body	5.6%	10	67%	3.8%	36	4.1	17.0%	3.6	1.24%	65%	3,104	16.1	Note 1
Civil Nuclear Police Authority	CNPA	Non-Departmental Public Body	1.3%	14	59%	3.8%	56				0.17%	50%	2,903	31.0	Note 5
<b>Department for Environment, Food and Rural Affairs</b>															
Department for Environment, Food and Rural Affairs	DEFRA	Ministerial Department	1.7%	5	30%	1.0%	34	6.6	6.5%	3.7	0.47%	28%	5,860	13.5	Note 1
Animal Health	AH	Agency	2.1%	5	63%	1.8%	68	7.3	10.2%		0.06%		2,750	15.8	174
Centre for Environment, Fisheries and Aquaculture Science	Cefas	Agency	1.2%	10	22%	1.3%	63	6.2	2.1%	3.9	0.16%	25%	6,993	16.3	430
Food Environment Research Agency (includes CSL)	FERA	Agency	2.3%	4	10%	1.7%	56	7.1	2.1%	3.4	0.70%	44%	2,133	14.3	Note 5
Rural Payments Agency	RPA	Agency	1.5%	10	33%	3.7%	26	11.2	12.3%		0.74%	38%	1,927	9.0	213
Veterinary Laboratories Agency	VLA	Agency	0.9%	5	9%	1.1%	39	9.5	2.0%	4.3	0.75%	26%	4,485	18.7	241
British Waterways	BW	Non-Departmental Public Body	2.8%	12	40%	1.9%	45	7.0	2.8%	3.8	0.22%	66%	6,376	13.5	473
Environment Agency	None	Non-Departmental Public Body	2.0%	5	14%	2.0%	47	6.4	5.5%		0.33%	81%	3,232	11.5	281
Natural England	NE	Non-Departmental Public Body	2.0%	8	17%	1.9%	68	5.9	17.8%	3.9	0.51%	62%	4,927	16.6	297
Royal Botanic Gardens, Kew	RBG Kew	Non-Departmental Public Body	1.3%	10	25%	1.4%	56	9.0	2.9%	3.5	1.71%				

Organisation		Finance			HR			IT		Procurement			Estates		Notes
Organisation Name	Acronym	Organisation Type	% Cost of Finance Function	Report cycle time	% Finance qualified	% Cost of HR Function	Ratio of employees (FTE) to HR staff	Average Working Days Lost to sickness (AWDL)	% Cost of IT	Overall stakeholder perspective	% Cost of Procurement Function	% Procurement qualified	Cost per FTE	Area per office based FTE	Cost per square metre
<b>Department for International Development</b>															
Department for International Development	DFID	Ministerial Department	1.0%	10	10%	3.0%	20	5.3	7.1%	4.0	0.78%	43%	6,029	17.3	348
<b>Department for Transport</b>															
Department for Transport	DfT	Ministerial Department	0.9%	8	35%	0.5%	28	4.6	0.5%	3.8	0.05%	92%	8,180	15.5	528
Driver & Vehicle Licensing Agency	DVLA	Agency	0.8%	10	33%	0.8%	41	9.0	16.0%	3.9	0.38%	94%	6,389	11.8	423
Driving Standards Agency	DSA	Agency	1.2%	10	26%	1.5%	41	12.1	4.3%	4.2	0.30%	88%	2,659	9.0	301
Vehicle Operator Standards Agency	VOSA	Agency	1.0%	7	31%	2.7%	32	9.4	11.2%	3.6	0.10%	63%	4,865	15.2	320
Highways Agency	HA	Agency	0.3%	5	28%	0.2%	52	7.6	1.0%	3.6	0.17%	84%	5,934	13.2	448
Maritime Coastguard Agency	MCA	Agency	0.7%	5	15%	3.9%	51	5.5	4.0%	4.1	0.19%	43%	6,634	15.8	419
Government Car and Despatch Agency	GCDA	Agency	5.5%	10	25%	2.1%	53	9.9	5.0%	4.2	0.40%	0%	4,478	20.8	215
<b>Department of Health</b>															
Department of Health	DH	Ministerial Department	0.1%	8	38%	0.0%	51	5.1	0.3%		0.03%	67%	7,006	16.1	435
NHS Purchasing and Supply Agency	PASA	Agency	2.7%	10	23%	1.7%	54	6.3	4.6%				4,425	14.4	307
The NHS Information Centre for Health and Social Care	NHS IC	Agency	1.1%	9	36%	1.2%	50	9.4	8.0%	3.8	0.58%	63%	3,298	6.6	499
Alcohol Education and Research Council	AERC	Non-Departmental Public Body	52.1%	7					7.9%						
Appointments Commission	AC	Non-Departmental Public Body	1.9%	10	100%			5.4	2.6%	3.0			4,288	9.2	468
Care Quality Commission		Non-Departmental Public Body											6,646	11.8	561

Organisation		Finance			HR			IT		Procurement			Estates		Notes
Organisation Name	Acronym	Organisation Type	% Cost of Finance Function	Report cycle time	% Finance qualified	% Cost of HR Function	Ratio of employees (FTE) to HR staff	Average Working Days Lost to sickness (AWDL)	% Cost of IT	Overall stakeholder perspective	% Cost of Procurement Function	% Procurement qualified	Cost per FTE	Area per office based FTE	Cost per square metre
General Social Care Council	GSCC	Non-Departmental Public Body	1.2%	3	43%	5.4%	31	9.4	3.8%		0.18%		7,438	17.5	424
Health Protection Agency	HPA	Non-Departmental Public Body	1.8%	7	27%	1.2%	85	9.2	1.8%	3.6	0.23%	18%	8,310	10.4	795
Monitor-Independent Regulator of NHS Foundation Trust Hospitals	Monitor	Non-Departmental Public Body	1.5%	15	74%	3.3%	19	2.9	8.3%	3.7	0.83%		6,989	11.1	632
Postgraduate Medical Education and training Board	PMETB	Non-Departmental Public Body	2.2%	10	67%	2.2%	16	6.3	4.3%				5,299	10.4	507
The Human Fertilisation and Embryology Authority	HFEA	Non-Departmental Public Body							8.0%				8,123	13.9	585
Council for Healthcare Regulatory Excellence	CHRE	Other: Executive NDPB	4.4%	7	33%	0.6%		2.0	3.3%				24,779	21.3	1,162
Medicines and Healthcare products Regulatory Agency (Total)	MHRA	Other: Government Trading Fund and Executive Agency	2.6%	10	20%	1.7%	58	6.9	12.6%				6,933	12.0	576
National Institute for Health and Clinical Excellence	NICE	Other: Special Health Authority	1.2%	10	31%	1.6%	51	5.6	3.3%	4.0	0.17%	100%	7,339	19.4	379
National Patient Safety Agency	NPSA	Other: ALB	2.2%	7	27%	1.5%	54	8.6	4.9%	3.7	0.39%	31%	6,359	10.0	639
National Treatment Agency	NTA	Other: ALB	1.6%	2	53%	1.3%	46	4.0	2.1%		0.28%		4,904	7.4	667
NHS Blood and Transplant	NHSBT	Other: Central services to the NHS	0.9%	7	40%	1.2%	58	4.8	2.6%		0.30%	49%	3,626	14.2	255
NHS Business Services Authority	NHSBSA	Other: NHS ALB	1.1%	5	17%	1.0%	99	8.8	0.4%	3.7	0.39%	88%	2,671	12.2	219

Organisation		Finance			HR			IT			Procurement			Estates			Notes
Organisation Name	Acronym	Organisation Type	% Cost of Finance Function	Report cycle time	% Finance qualified	% Cost of HR Function	Ratio of employees (FTE) to HR staff	Average Working Days Lost to sickness (AWDL)	% Cost of IT	Overall stakeholder perspective	% Cost of Procurement Function	% Procurement qualified	Cost per FTE	Area per office based FTE	Cost per square metre		
NHS Connecting for Health	NHS CfH												5,582	7.6	733		
NHS Estates													5,103	17.1	299		
NHS Institute for Innovation and Improvement	NHSI	Other: Special Health Authority	1.9%	10	53%	0.5%	40		2.0%	4.3	0.36%	60%	1,557	7.5	206	Note 1	
NHS Litigation Authority	NHSLA	Other: Special Health Authority	3.5%	7	11%	1.1%	184	6.2	5.8%	3.8	0.08%		9,360	14.4	650		
NHS Professionals	NHSP	Other: NHS Special Health Authority	1.4%	7	40%	0.4%	363	18.4	1.0%	3.8	0.03%		3,618	8.3	436		
<b>Department for Work and Pensions</b>																	
Department for Work and Pensions (includes Executive Agencies but excludes NDPBs)	DWP	Ministerial Department	1.3%	4	21%	1.4%	57	8.9	8.6%	4.0	0.66%	55%	3,122	10.5	300		
Child Maintenance and Enforcement Commission	CMEC	Non-Departmental Public Body	1.9%	10	4%	1.1%	77	11.1	22.8%		0.11%	97%	2,524	9.1	277		
Health & Safety Executive	HSE	Non-Departmental Public Body	1.8%	3	11%	3.5%	45	6.4	7.1%	3.6	0.79%	76%	6,615	18.2	363		
The Pensions Regulator (includes ECR)	TPR	Non-Departmental Public Body	3.0%	4	15%	3.4%	26	7.7	4.5%	4.5	1.19%	55%	3,589	10.2	351		
<b>Foreign &amp; Commonwealth Office</b>																	
Foreign & Commonwealth Office	FCO	Ministerial Department	1.2%	7	17%	2.5%	27	3.0	11.3%	3.7	0.44%	22%	3,605	24.7	138	Note 1	
British Council	BC	Non-Departmental Public Body	4.0%	16	19%	1.3%	47	7.7	8.5%	3.5	0.10%	100%	7,465	13.3	563		

Organisation		Finance			HR			IT			Procurement			Estates		Notes
Organisation Name	Acronym	Organisation Type	% Cost of Finance Function	Report cycle time	% Finance qualified	% Cost of HR Function	Ratio of employees (FTE) to HR staff	Average Working Days Lost to sickness (AWDL)	% Cost of IT	Overall stakeholder perspective	% Cost of Procurement Function	% Procurement qualified	Cost per FTE	Area per office based FTE	Cost per square metre	Notes
BBC World Service	BBCWS	Other: Public Corporation	1.1%	10	55%	0.5%		2.4	4.3%				8,442	11.7	715	Note 1
FCO Services	FCOS	Wider Public Sector Body	6.6%	10	62%	5.8%	33	5.0	7.4%	3.5	1.61%	70%	1,895	10.1	188	
<b>HM Treasury Group</b>																
HM Treasury	HMT	Ministerial Department	1.3%	5	50%	2.6%	33	3.6	4.4%		0.20%	70%	12,177	15.4	791	Note 9
<b>HM Revenue &amp; Customs</b>																
HM Revenue & Customs	HMRC	Non-Ministerial Department	1.2%	3	15%	2.5%	39	10.4	22.8%	3.3	0.30%	54%	3,546	14.9	238	
Valuation Office Agency	VOA	Agency	1.2%	15	17%	2.7%	43	7.7	8.5%	4.1	0.04%		4,286	19.5	219	
<b>Home Office Main Department</b>																
Home Office Main Department	HO	Ministerial Department	1.1%	9	22%	1.4%	41	9.0	4.9%	3.7	0.42%	60%	9,543	12.1	787	
UK Border Agency	UKBA	Agency	1.3%		14%				4.3%	3.6	0.25%	33%	3,714	11.5	322	Note 3
Identity & Passports Service	IPS	Agency	1.3%		22%				7.1%	3.9	0.73%	59%	3,866	12.8	302	Note 3
Criminal Records Bureau	CRB	Agency	1.5%		17%				0.8%	3.6	0.48%	35%	2,787	6.8	409	Note 3
Serious and Organised Crime Agency	SOCA	Non-Departmental Public Body	1.2%		25%	3.4%	26	7.9	11.1%	3.7	0.43%	32%				
Independent Police Complaints Commission	IPCC	Non-Departmental Public Body	2.0%		29%	1.7%	51	7.1	11.2%	3.6	0.35%	50%	8,944	15.6	575	
National Policing Improvement Agency	NPIA	Non-Departmental Public Body	1.6%		20%	0.8%	45	4.1	1.7%	2.2	0.60%	61%	8,049	49.8	162	Notes 1, 5
<b>Ministry of Defence</b>																
Ministry of Defence	MOD	Ministerial Department	0.7%	21	18%	2.3%	25	8.3	5.5%	3.7	0.47%	33%	3,841	13.1	294	Note 6
United Kingdom Hydrographic Office	UKHO	Agency (Trading Fund)	1.9%	4	46%	2.0%	60	6.4	12.2%	3.6	0.96%	26%	4,181	18.5	113	

Organisation		Finance			HR			IT			Procurement			Estates			Notes
Organisation Name	Acronym	Organisation Type	% Cost of Finance Function	Report cycle time	% Finance qualified	% Cost of HR Function	Ratio of employees (FTE) to HR staff	Average Working Days Lost to sickness (AWDL)	% Cost of IT	Overall stakeholder perspective	% Cost of Procurement Function	% Procurement qualified	Cost per FTE	Area per office based FTE	Cost per square metre	Notes	
Met Office	Met Office	Agency (Trading Fund)	1.5%	9	36%	2.6%	55	5.7	5.9%	4.0	0.28%	9%	7,802	14.8	532		
Defence Support Group	DSG	Agency (Trading Fund)	1.7%	13	55%	2.1%	48	9.1	4.6%	4.2	3.06%	71%	2,324	17.4	134		
Defence Science & Technology Laboratory	Dstl	Agency (Trading Fund)	1.3%	5	49%	1.8%	58	4.9	7.2%	3.7	1.39%	40%	7,527	10.9	688	Note 5	
<b>Ministry of Justice</b>																	
Ministry of Justice HQ (Core)	MoJ	Ministerial Department	2.8%	10	54%	1.1%	68	8.0	4.0%		0.29%	37%				Note 1	
Land Registry	LR	Non-Ministerial Department	0.9%	5	27%	1.8%	36	8.8	13.5%	3.6	0.30%	69%	3,711	19.5	190		
The National Archives	TNA	Non-Ministerial Department	1.8%	8	46%	1.4%	61	7.7	8.8%	6.3	0.34%	25%	16,729	12.5	153		
Her Majesty's Court Service	HMCS	Agency	1.2%	11	30%				6.6%				5,523	18.4	300	Note 3	
Office of the Public Guardian	OPG	Agency	8.4%	4	29%											Note 3	
Tribunal Service	TS	Agency	2.0%	14	8%				2.8%				2,578	8.9	290	Note 3	
National Offender Management Service	NOMS	Agency	0.6%		38%	2.0%	61	10.7	2.4%				3,495	13.6	257		
Criminal Injuries Compensation Authority	CICA	Non-Departmental Public Body	2.1%	8	67%	0.9%	107	8.2	3.4%		0.10%		1,223	12.7	96		
Information Commissioners Office	ICO	Non-Departmental Public Body	1.3%	5	100%	3.2%	23	7.8	12.4%		0.07%		3,036	8.1	374		
Legal Services Commission	LSC	Non-Departmental Public Body	1.2%	10	70%	1.9%	35	8.0	5.7%	3.7	0.50%	43%	4,185	14.2	295		
Youth Justice Board	YJB	Non-Departmental Public Body	0.1%	5	71%	0.1%	29	2.0	0.4%	3.8	0.02%	50%	4,936	8.2	605	Note 1	
<b>Northern Ireland Court Service</b>																	
Northern Ireland Court Service	NICIS	Ministerial Department	7.5%	5	27%	2.0%	34	9.2	9.8%	3.8	1.36%		2,204	9.2	246		

Organisation		Finance			HR			IT			Procurement			Estates			Notes
Organisation Name	Acronym	Organisation Type	% Cost of Finance Function	Report cycle time	% Finance qualified	% Cost of HR Function	Ratio of employees (FTE) to HR staff	Average Working Days Lost to sickness (AWDL)	% Cost of IT	Overall stakeholder perspective	% Cost of Procurement Function	% Procurement qualified	Cost per FTE	Area per office based FTE	Cost per square metre		
<b>Northern Ireland Office</b>																	
Northern Ireland Office	NIO	Ministerial Department	1.1%	8	47%	2.0%	21	8.6	7.5%	4.5	0.19%	74%	6,689	35.6	188	Note 5	
Northern Prison Service	NIPS	Agency	0.7%	9	59%	4.0%	22	14.5	2.9%				3,180	14.0	227		
Youth Justice Agency	YJA	Agency	1.1%	10	29%	1.4%	61	20.0	2.9%	2.4			3,634	36.1	101	Note 5	
Probation Board Northern Ireland	PBNI	Non-Departmental Public Body	2.1%	7	40%	2.9%	44	18.0	4.1%	2.7			5,560	17.0	334		
Public Prosecution Service	PPS	Other: Legal Office	1.2%	7	100%	1.3%	48	10.8	2.5%	4.3			7,619	24.9	306		
<b>Other</b>																	
Charity Commission	CC	Non-Ministerial Department	1.1%	6	27%	2.0%	44	6.5	10.5%	3.7	0.30%	1%	9,845	19.2	513		
Forestry Commission (UK)	FC	Non-Ministerial Department	1.9%	7	20%	1.5%	42	7.1	1.6%	3.3	0.08%	42%	2,792	16.2	172		
Office for National Statistics	ONS	Non-Ministerial Department	1.2%	7	21%	1.9%	33	9.0	10.6%	4.1	0.45%	42%	3,167	15.5	204		
Office of Rail Regulation	ORR	Non-Ministerial Department	1.9%	3	57%	2.6%	36	6.6	8.2%	3.8	0.37%	50%	7,434	14.9	499		
Postcomm	PSC	Non-Ministerial Department	3.1%	5	72%	4.7%	22	1.9	5.0%		0.88%	20%	7,139	14.9	479		
Office of Fair Trading	OFT	Wider Public Sector Body	1.8%	10	43%	3.1%	41	8.9	8.5%		0.61%	33%	10,488	15.6	671		
Office of Gas and Electricity Markets	OfGEM	Non-Ministerial Department	1.6%	6	33%	4.4%	37	5.0	2.7%		0.77%	80%	13,435	21.2	634		

Note 1: organisational running cost per full-time equivalent (FTE) staff member exceeds £150,000. Based on tracking and projecting staff salaries, on-costs, and supporting activity (excluding pass-through spend) this seems extremely high. It may be correct where there is large-scale outsourcing, significant temporary staffing, or there are very high average salaries. See also 'data quality' in section 1.

Note 2: LSC did not submit data due to its transition to the Skills Funding Agency and Young People's Learning Agency. UK AEA divested the decommissioning business and conducted restructuring during 08-09, so was excluded from data collection.

Note 3: significant portions of the back offices of these Agencies are provided by the parent Department - data has been supplied aggregated with the parent Department.

Note 4: DECC was formed during the financial year 2008-09, and has not provided full-year benchmarking information on this basis.

Note 5: these organisations may have included non-office space into the property data fields (for office space). These property figures have been excluded from the analysis in the property section. In the time available it has not been possible to conclude analysis with these organisations to confirm either that the data is correct, or needs revision to omit operational estate (eg, museums exhibition space or scientific laboratories). This will be addressed in future data, as the definitions / categorisation and data quality improves.

Note 6: MoD HR data includes both civilian and military HR. The nature of military HR is necessarily different and includes a greater level of support provided to military personnel from the front-line to the genuine back office. The combined military and civilian ratio of 25:1 combines a civilian ratio of 53:1 and a military ratio of 22:1. Absence data (AWDL) is for civilians only.

Note 7: company in start-up therefore costs and ratios unlikely to represent "business as usual".

Note 8: the Maritime Coastguard agency HR team supports 3,500 Coastguard Rescue Officers (CROs), equating to 1,750 FTEs. The HR ratio reflects this (51:1) instead of 21:1 if CROs were not taken into account.

Note 9: HM Treasury provides shared services within the Treasury Group and to wider service partners.

# ANNEX B: DATA DEFINITIONS

More detailed definitions to most indicators are available from the Public Audit Forum Audit Agency Indicators: <http://www.public-audit-forum.gov.uk/publicat.htm>

**Table B.1: Finance Definitions**

Metric name	Definition
% Cost of HR Function	Total cost of the HR function as a percentage of organisational running costs (expenditure).
Report cycle time	Cycle time in working days from period-end closure to the distribution of routine financial reports to all budget managers and overseeing boards and committees
Percentage of professionally qualified finance staff (% finance qualified)	Professionally qualified finance staff as a percentage of total finance staff (FTEs) undertaking reporting, controls and decision support processes (i.e. excludes those staff involved in transactional processes).

**Table B.2: HR Definitions**

Metric name	Definition
% Cost of HR Function	Total cost of the HR function as a percentage of organisational running costs (expenditure).
Ratio of employees (FTE) to HR staff	Full time equivalent (FTE) organisation employees divided by the number of staff in the HR function, where: Organisation employees includes permanent staff only. Staff on fixed-term contracts and temporary staff that have been employed by the organisation for over a year should be considered permanent. Staff in the HR function includes all staff (professional and non professional including support staff), whether centralised or decentralised. Where HR staff are devolved in the organisation, include the total time of those staff who spend more than 50 per cent of their time on HR activities. The calculation of HR staff is based on full-time equivalents.
Average working days lost due to sickness (AWDL)	This is an industry standard indicator to record the time lost due to absence. This information is normalised to account for part-time workers, and expressed as the average days lost per full-time equivalent.

**Table B.3: IT Definitions**

Metric name	Definition
% Cost of IT	<p>Total cost of IT spend as a percentage of organisational running costs (expenditure). IT spend is combined from the total 'run and maintain' IT expenditure and the spend on IT projects.</p> <p>IT 'run and maintain' expenditure includes the total IT capital expenditure during the year and the total for IT operating expenses during the year.</p> <p>The spend on IT projects covers IT capital projects where this is for: 'business as usual' or enhancing existing systems; IT infrastructure and operations; IT applications development, purchase and running costs; IT consultancy and contractors where they directly relate to carrying out IT activities; (examples include applications development, management of IT service providers). This excludes the capital expenditure on future one-off major transformation projects that could lead to distortion of the figures.</p>
Overall Stakeholder Perspective	<p>The compound average score from surveys by each organisation of its stakeholders views of IT.</p> <p>Stakeholders: board members, senior managers, front-line users                      Questions follow, scored 1 (low) to 5 (high):</p> <ol style="list-style-type: none"> <li>1. How dependent are you on IT to achieve the objectives of your part of the organisation?  <i>(1 – not dependent, 5 – extremely dependent)</i></li> <li>2. How confident are you that IT will help you achieve the objectives?  <i>(1 – not confident, 5 – extremely confident)</i></li> <li>3. How successful has IT been in helping you achieve your objectives in the last 3 years?  <i>(1 – not successful, 5 – extremely successful)</i></li> <li>4. In your opinion, how well does the IT organisation understand your strategic requirement?  <i>(1 – does not understand, 5 – fully understands)</i></li> <li>5. How well is the IT Strategy aligned with your strategic business requirements?  <i>(1 – not aligned, 5 – fully aligned)</i></li> </ol>

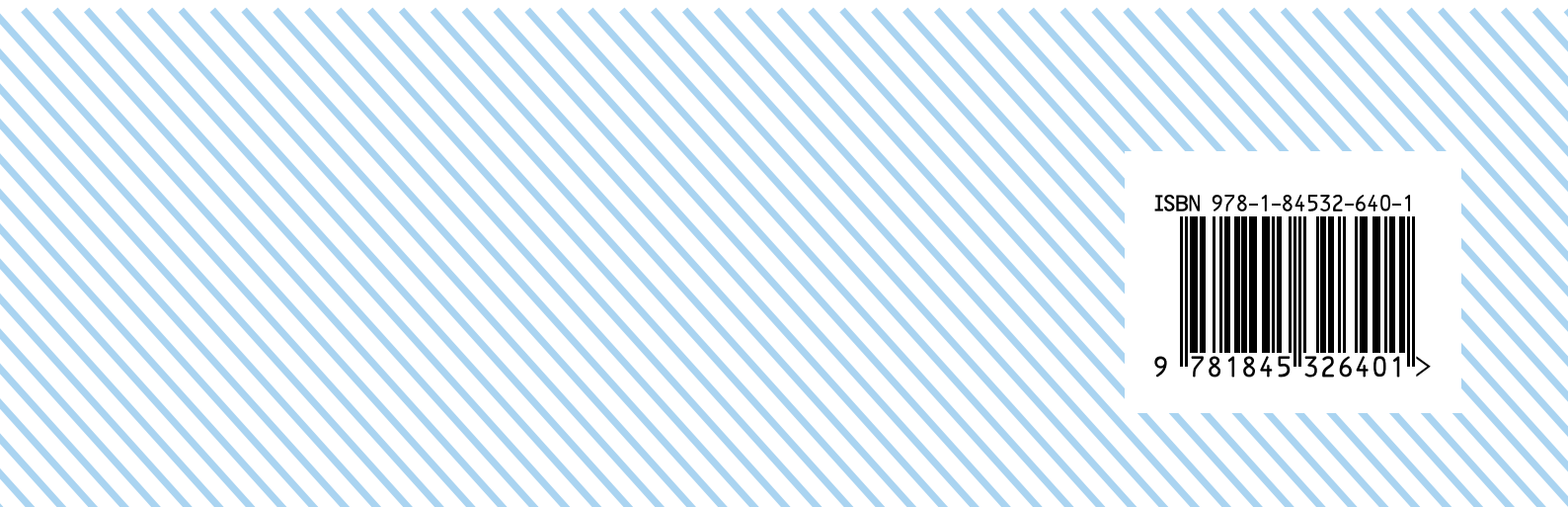
**Table B.4: Procurement Definitions**

Metric name	Definition
% cost of Procurement function	Total cost of the procurement function as a percentage of organisational running costs
% procurement qualified	Professionally qualified procurement staff as a percentage of total procurement staff (FTEs)

**Table B.5: Property Definitions**

Metric name	Definition
Total average property cost per FTE	<p>Total average property cost divided by Full Time Equivalent staff (FTEs).</p> <p>Total property cost is the sum of the following items:</p> <ul style="list-style-type: none"> <li>• Service charges;</li> <li>• Internal repair and maintenance costs;</li> <li>• Security costs;</li> <li>• Cleaning costs;</li> <li>• Water and sewerage costs;</li> <li>• Total energy costs;</li> <li>• Net rent, rates, unitary charges / facilities price.</li> </ul> <p>FTE staff based in office accommodation (this is not the same as # organisation employees)</p>
Net internal area per FTE	Net Internal Area (sq metres) divided by FTEs
Cost per square metre of net internal area	Total average property cost divided by Net Internal Area (sq metres)
<i>Source: International Total Occupancy Cost Code (IPD) / OGC Property Benchmarking Service</i>	





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