



National Audit Office

**Cabinet Office**

Reorganising central government bodies

Detailed methodology

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**JANUARY 2012**

# Detailed methodology

**1** This appendix describes the research methods we used for our report *Reorganising central government bodies*. Most of the reorganisations we assessed were part of the Public Bodies Reform Programme, overseen by the Cabinet Office. We conducted our fieldwork between July and September 2011.

**2** Our report assesses the performance of the Cabinet Office, and of departments responsible for reorganisations, against four criteria:

- whether accountability benefits are clearly expressed and measured;
- whether savings are clearly measured and managed;
- whether reorganisation costs are known and controlled; and
- whether programme management is effective.

**3** Our main sources of evidence used during the course of this study were:

- a census of departments;
- a detailed document review; and
- semi-structured interviews.

**4** We analysed and extrapolated available evidence to model staff movements and transition costs where data were incomplete.

## Census of departments

**5** In order to obtain information on the nature, savings and costs involved in each proposed reorganisation, we asked all 17 departments in the Public Bodies Reform Programme to return a census. This included questions on estimated administration savings, transition costs and staff numbers at the start and end of the Spending Review period.

## Detailed document review

**6** We focused our document review on the Cabinet Office, Treasury and six departments which together account for most reorganisations in the Public Bodies Reform Programme.<sup>1</sup> We reviewed published and unpublished reports, guidance and programme documentation.

<sup>1</sup> The six departments are: the Department for Business, Innovation and Skills; the Department for Communities and Local Government; the Department for Education; the Department for Environment, Food and Rural Affairs; the Department of Health; and the Ministry of Justice.

**7** We carried out more detailed evidence collection in eleven case example reorganisations from those six departments, obtaining documents from project teams within the departments and the public bodies subject to reorganisation.<sup>2</sup> We chose these reorganisations to cover a variety of reorganisation types, a range of body sizes, and a variety of savings estimates.

### Semi structured interviews

**8** In order to confirm and supplement our census and document review, we interviewed staff in the six departments about the oversight and coordination of the departments' programmes of reorganisation and their engagement with the Cabinet Office.

**9** For our eleven case examples, we interviewed staff in the relevant policy teams responsible for the departments' relationships with the bodies concerned. We also interviewed staff in the bodies themselves, both in senior management and at board level.

### Estimate of transition costs

**10** We requested, in our census, an estimate of the transition cost of each reorganisation. We received returns from all departments but these did not provide complete coverage of all reorganisations. To estimate total transition costs across the Public Bodies Reform Programme, we opted to use the number of staff affected as a proxy variable for transition costs. This is because the most significant categories of transition costs are staff costs, IT costs and property costs, which are all closely related to numbers of employees. We were unable to use public bodies' administrative spending because this information was not consistently available in financial accounts.

**11** We asked, in our census, for an estimate of 2014-15 staff numbers in each public body. We supplemented this information with 2009-10 numbers from financial accounts. We used the differences between the two sets of numbers to arrive at figures for the changes in staff numbers, defining the result as the numbers of employees affected by the Public Bodies Reform Programme.

**12** Departments did not provide estimates of staff numbers for all reorganisations, so we extrapolated from estimates that were provided. We subdivided reorganisations into types of change, differentiating for example between bodies being abolished and those being retained. We applied available trends in staff movements in each category to other reorganisations in the same category, for which we had only 2009-10 staff numbers.

<sup>2</sup> The 11 case examples are: Administrative Justice and Tribunals Council; British Waterways; Commission for Rural Communities; Government Offices; General Teaching Council for England; Homes and Communities Agency; London Thames Gateway Development Corporation; merger of Competition Commission and Office of Fair Trading; Qualifications and Curriculum Development Agency; Regional Development Agencies; and Youth Justice Board.

**13** We subdivided our estimates of staff numbers affected into those reorganisations for which departments had supplied cost estimates and those where they had not. This analysis revealed that departments had estimated costs related to 51 per cent of staff affected by the Public Bodies Reform Programme.

**14** Transition costs provided by departments amounted to £425 million. Extrapolating from the 51 per cent coverage of staff numbers affected to 100 per cent provided total transition costs of £830 million across the Public Bodies to Reform Programme. More complex extrapolations, obtained by treating different types of reorganisations separately, gave slightly higher costs. We used the lower figure of £830 million as a minimum estimate.