



National Audit Office

## INFORMATION ASSURANCE SUMMARY REPORTS

# Cabinet Office

### The purpose and scope of this review

**1** During the period November 2011 to December 2011, the National Audit Office carried out an examination of a sample of the Department's indicators and operational data systems. This involved a detailed review of:

- the match between the indicators the Department publishes, the operational data it uses to run itself and the priorities and key business areas of the Department;
- the process and controls governing the selection, collection, processing and analysis of data; and
- the reporting of results.

**2** Our conclusions are summarised as numerical scores. The ratings scale is based on the extent to which departments have put in place and operated internal controls over the data systems that are effective and proportionate to the risks involved.

**3** This report provides an overview of the results of our assessment. It does not provide a conclusion on the accuracy of the outturn figures included in the Department's public performance statements. This is because the existence of sound data systems reduces but does not eliminate the possibility of error in reported data.

**4** We examined 12 data systems in detail in our latest review, of which five were published ‘input and impact’ indicators from the 2011 Cabinet Office Business Plan, and seven were operational efficiency data sets. They covered the following business areas:

- efficiency and effectiveness in government;
- human resources; and
- estate costs.

## Overview

**5** Along with all other government departments, the Cabinet Office has a set of published input and impact indicators, reflecting the Government’s Structural Reform Plans, and first set out in the 2011 Cabinet Office Business Plan. Results of these are published quarterly, alongside a set of operational efficiency indicators that apply to all departments. Progress is also published against a list of deliverables or ‘actions’ which changes over time. Internally, there is a separate Departmental Plan which provides more detail on how the Department will organise itself to deliver these actions. The Department also monitors a set of financial, people-related, programme-related and sustainability measures in its Board Performance Report.

**6** The published 2011 Business Plan was intended to cover only priority areas within the Coalition Programme for Government and therefore the input and impact indicators within it deliberately did not capture the whole of the Cabinet Office’s business activities. In practice, the 2011 Business Plan indicators also did not cover all the stated priority areas. Furthermore, for the priorities that were covered by Business Plan indicators, there was insufficient published information to show a reader how fully the indicators captured the performance of the Cabinet Office.

**7** In our review we also identified several areas where the definition and scope of individual 2011 Business Plan indicators could be improved, to make them more useful both for the management of the business and for the external stakeholder. Overall, we concluded it was difficult for external stakeholders to understand the performance of the Department as a whole against its priorities, using the information available.

**8** For 2012-15, the Business Plan, including the indicators, has been revised and improved – the new Plan was published on 31 May 2012. The input and impact indicators have been simplified and some have been removed. The revised Business Plan also sets the indicators in context and links them to the Cabinet Office’s five priority policy areas. It makes clear that in two key priority areas (Reform of the political and constitutional system and Promoting social mobility), there are no specific indicators for the Cabinet Office, but that performance is to be tracked by other means.

**9** The internal Departmental Plan does track all areas of activity and is used for management purposes, although the additional information it contains is not available to external readers, and in 2011 the Departmental Plan did not link this internal information to the publicly reported Business Plan performance indicators. In the 2012 Departmental Plan, the Department has included the Business Plan indicators, though there is still a lack of explanation of how exactly they link to the activities of the Cabinet Office. In some areas of activity, such as: support for the Cabinet and Prime Minister; administration of elections; policy advice; Parliamentary Counsel; and national security, measuring performance is more difficult. The Department is still working on developing measures in these areas.

## Our assessment of data systems and reporting

**10 All the indicators we assessed had systems in place.** The system for collecting cross-government spend data for two of the 2011 Business Plan indicators – ‘The cost of managing the relationship with central government suppliers’ and ‘The cost of running a central procurement function’, is essentially manual. The Department is procuring software to automate it.

**11 The operational indicators showed a small amount of reporting error and inconsistency.** The indicators on the size and cost-efficiency of the office estate excluded office accommodation costs for 1 Horse Guards Road, where, since late 2010, a significant number of Cabinet Office staff work in a Treasury-owned building. In line with the reporting guidance, which required only actual expenditure to be reported, the Department had reported data in 2011 only for those buildings for which they had received and paid invoices. This led to inconsistency, as the Treasury had neither invoiced the Cabinet Office for the space they occupied nor reported these costs itself. There was also a data entry error in the figures the Cabinet Office reported publicly (the cost of the office estate was reported as £13.3 billion instead of £13.3 million). The Department has now corrected the data entry error. Also, following the agreement of a Memorandum of Understanding, it is now being routinely invoiced by the Treasury for accommodation in Horse Guards Road, and the published data now reflects all office estate costs.

**12 The data systems underlying the Business Plan indicators were less robust than the operational data systems.** A number of the 2011 Business Plan indicators were new and drew on data systems that were still being established. Along with the fact that the approach to managing these areas of strategic importance was still developing, this meant there were some risks to the quality of reported data on those indicators.

**13 A further risk around the Cabinet Office indicators generally is gathering data of good quality from other government departments.** Four of the five Business Plan indicators we reviewed depended on gathering data from across government. Individual departments are responsible for the quality of the data they provide to the Cabinet Office, although we found there was not always documentary evidence of a formal sign-off by departments before data was provided. Recognising the risks to the quality of the data that relates to savings, the Cabinet Office has worked with Internal Audit to gain assurance in this area, including on the three indicators we examined that relate to procurement savings.

**14 Figure 1** overleaf summarises our assessment of the Department’s indicator data systems.

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**Figure 1**

A summary of the results of our validation exercise

Score	Meaning	Indicators we reviewed that received this score
4	The data system is fit for purpose and cost-effectively run	<p><b>Three workforce indicators</b></p> <p>Payroll staff (full-time equivalents)</p> <p>Average staff costs</p> <p>Contingent labour (full-time equivalents)</p>
3	The data system is adequate but some improvements could be made	<p><b>Two Business Plan indicators</b></p> <p>Size of the total staffing resources required to support the work of government</p> <p>Total savings made by improved management of relationships with key government suppliers</p>
2	The data system has some weaknesses which the Department is addressing	<p><b>Two Business Plan indicators and four estates indicators</b></p> <p>The cost of managing the relationship with central government suppliers per pound spent on buying supplies and equipment</p> <p>For every pound spent by government departments, the cost of running a central procurement function to buy common, standard government supplies and equipment</p> <p>Total cost of the office estate</p> <p>Total size of the office estate</p> <p>Estate cost per m<sup>2</sup></p> <p>Estate cost per full-time equivalent</p>
1	The data system has some weaknesses which the Department must address	<p><b>One Business Plan indicator</b></p> <p>Cost of each type of Cabinet Office moratorium</p>
0	No system has been established to measure performance against the indicator	<b>No indicators</b>

Source: National Audit Office analysis

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## Recommendations

**15** The following recommendations cover the Department's overall performance reporting approach, based on our findings from the first tranche of indicators.

- a** **The Department has improved the presentation of its published performance information and indicators for 2012-15 in the 2012 Business Plan. It also has a separate Departmental Plan covering the whole business for management purposes, although that has some areas where performance measures are still being developed.** The Department is developing further indicators to track performance in some areas of activity, and improving the underlying data systems in others. In doing so it should consider:
- How far it can create a framework of indicators and data systems that integrates both the information that is useful for monitoring and driving the business, and the information required for reporting to key stakeholders, for example to ministers. This would improve both the clarity and the cost-effectiveness of performance measurement.
  - What additional information it can disclose to external stakeholders to explain the choice of published indicators and the limitations on them.
- b** **There were a small number of data entry errors in the figures the Cabinet Office reported publicly.** The Department should assign formal responsibility for checking the quality of data in the Quarterly Data Summary before they are externally reported.