



National Audit Office

**BRIEFING FOR THE  
HOUSE OF COMMONS  
PUBLIC ADMINISTRATION  
SELECT COMMITTEE**

**OCTOBER 2009**

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# Cabinet Office Performance Briefing

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# Cabinet Office Performance Briefing

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This briefing has been prepared for the Public Administration Select Committee to provide an overview of the work and performance of the Cabinet Office in the year 2008-09 and subsequent months.

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# Summary

## Aim and scope of this briefing

**1** This briefing has been prepared for the Public Administration Select Committee to provide an overview of the work and performance of the Cabinet Office in the year 2008-09 and subsequent months. The briefing takes as its basis the Cabinet Office's Annual Report and Accounts 2008-09, drawing upon the work of the National Audit Office, together with relevant material from other external and internal reviews of departmental performance. The contents of this briefing have been shared with the Cabinet Office to ensure that the evidence presented is factually accurate, but the commentary and views expressed are the sole responsibility of the National Audit Office.

## Key facts on the Cabinet Office's performance in 2008-09

**2** The Cabinet Office's principal responsibilities remain unchanged in 2008-09, although there have been significant changes in ministerial leadership (see paragraphs 1.9 to 1.12). Expenditure has risen in all principal areas of Cabinet Office activity in year, in particular:

- total Cabinet Office expenditure has risen to £470 million from £408 million (paragraph 1.13); and
- the largest areas of increase have been spending on intelligence, where there was a major IT project failure in year, and third sector spending, where new funding streams came on line (paragraph 1.14).

**3** The Cabinet Office has a new set of Departmental Strategic Objectives, although the Department has not been able to assess progress against all of them.

- The Cabinet Office has reported strong progress against three of its six Departmental Strategic Objectives, and some progress against one other. The remaining two objectives have not yet been assessed (paragraph 2.3).
- Of the 28 indicators underlying the assessment of Departmental Strategic Objectives, only two show demonstrable quantitative improvement (paragraph 2.3).
- Seventeen indicators were awaiting data before assessment at the time the Annual Report and Accounts were published, including four still awaiting benchmarks and six with unpublished benchmarks (Appendix 1).

**4** The Cabinet Office received improved overall scores in its second Capability Review.

- The Cabinet Office's overall average capability score increased to 2.4 in 2008 from 2.0 in 2006. The highest possible score is 4.0 and the top ranked department in the second round of reviews scored 3.0 (paragraph 3.1).
- Strategy remains the Cabinet Office's strongest area of capability, while on delivery it was ranked bottom of the 14 departments assessed to date (paragraph 3.2).
- The Cabinet Office suffered a major delivery failure in the year with the cancellation of the second phase of the SCOPE intelligence IT project. This resulted in the writedown of a £24 million IT asset in the 2008-09 accounts (paragraph 3.6).

**5** Progress on spending and efficiency are behind Cabinet Office expectations.

- The Cabinet Office was unable to spend its full budget for 2008-09, although the £17 million underspend represented an improved performance compared to the previous year (paragraph 4.1).
- The principal underspends were in the Office of the Third Sector's programmes, a number of which will have to significantly increase their spending levels if expectations are to be met (paragraph 4.2 to 4.4).
- The Cabinet Office reported efficiency savings of £11.3 million in 2008-09, although this was short of the £22.3 million hoped for in year (paragraph 4.6).

# Part One

## Expenditure at the Cabinet Office increased in 2008-09, while its remit remained largely unchanged

### **The Cabinet Office's complex range of activities is broadly unchanged**

**1.1** The Cabinet Office's overall role – 'making government work better' – is a challenging and wide-ranging one. The Cabinet Office's core functions are:

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

**1.2** Located at the centre of government, the Cabinet Office's complex and varied role demands different ways of working. Some aspects of its role are long-standing, in particular the work undertaken by the Cabinet Secretariat function in providing support to the Cabinet. The Cabinet Office also provides advice on policy development to the Prime Minister and the Cabinet, through the Cabinet Secretariat and the Strategy Unit. As well as the routine support of Cabinet business, these central functions require the Cabinet Office to coordinate policy development on high priority issues, such as the economic downturn, and to deliver one-off projects such as the London G20 Summit in April 2009.

**1.3** The closure of the Civil Service Department in the early 1980s transferred responsibilities to the Cabinet Office, including the central Civil Service recruitment and development role and the Office of the Parliamentary Counsel, which is responsible for the preparation of all government bills. The Cabinet Office has also been responsible for the analysis of intelligence through the Joint Intelligence Committee, which moved to the department from the Foreign Office after the Franks Report on the Falklands War in 1983. Other elements of the Cabinet Office's responsibilities are more recent responses to policy priorities and machinery of government changes.

- The **Office of the Third Sector** moved to the Cabinet Office after a transfer of responsibilities from the Home Office and the Department of Trade and Industry in 2006. Leadership of cross-government policy for the third sector involves a mix of influencing behaviour across government departments and the direct delivery of third sector funding programmes.

- The **Social Exclusion Task Force** transferred into the Cabinet Office in 2006 to coordinate cross-government policy on social exclusion, building on the previous work of the Social Exclusion Unit. The Unit had originally been created in the Cabinet Office in 1997, before transferring to the Office of the Deputy Prime Minister in 2002.
- The **Transformational Government** programme to improve user experiences of public services was launched in the Cabinet Office in 2005. Leadership of the agenda remains in the Cabinet Office, while the e-delivery team, responsible for delivering improvements to the government's web services, was transferred out of the Cabinet Office into the Department for Work and Pensions in April 2008.

**1.4** The extent to which this broad range of varied tasks should be part of the role of the Cabinet Office was examined in a review by Sir Suma Chakrabarti in 2006, and is currently the subject of an inquiry by the House of Lords Constitution Committee.

### **The Cabinet Office's activities are reflected in its new set of Departmental Strategic Objectives**

**1.5** In April 2008, the Cabinet Office began reporting against a new set of Departmental Strategic Objectives (DSOs) for 2008-09, which it negotiated with HM Treasury in common with other central government departments (**Figure 1**). These will provide the principal mechanism for reporting on Cabinet Office performance over the period to March 2011. The Cabinet Office also contributes towards the set of 30 government-wide Public Service Agreement targets, and is the lead department for one of them. Details of Public Service Agreements are given in paragraph 2.23.

#### **Figure 1**

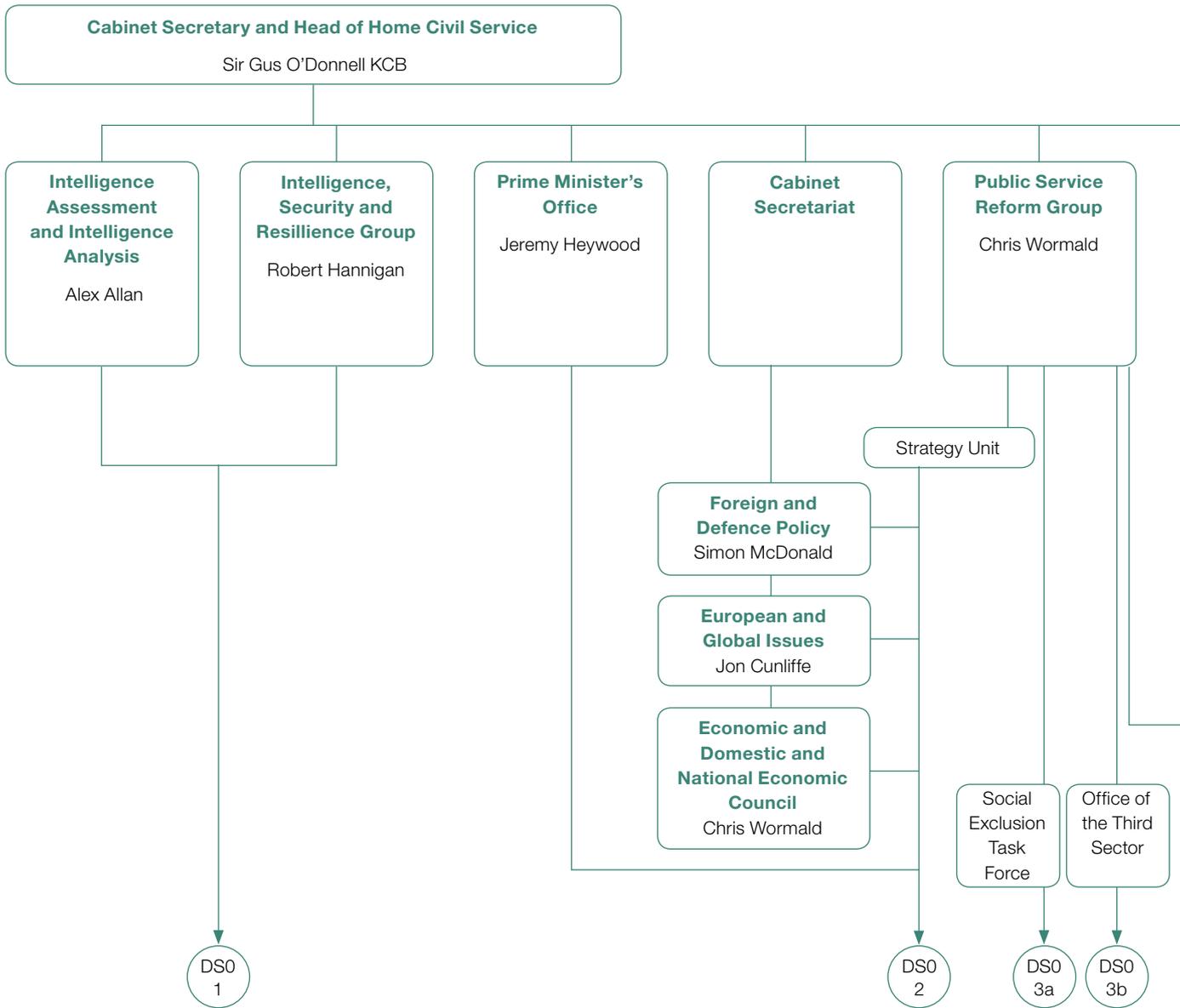
#### The Cabinet Office's Departmental Strategic Objectives from April 2008

	<b>Departmental Strategic Objective</b>
1	Build an effective UK intelligence community in support of UK national interests, and the capabilities to deal with disruptive challenges to the UK
2	Support the Prime Minister and the Cabinet in domestic, European, overseas and defence policy-making
3a	Improve outcomes for the most excluded people in society
3b	Enable a thriving third sector
4	Transform public services so that they better meet the individual needs of the citizen and business
5	Build the capacity and capability of the Civil Service to deliver the Government's objectives
6	Promote the highest standards of propriety, integrity and governance in public life

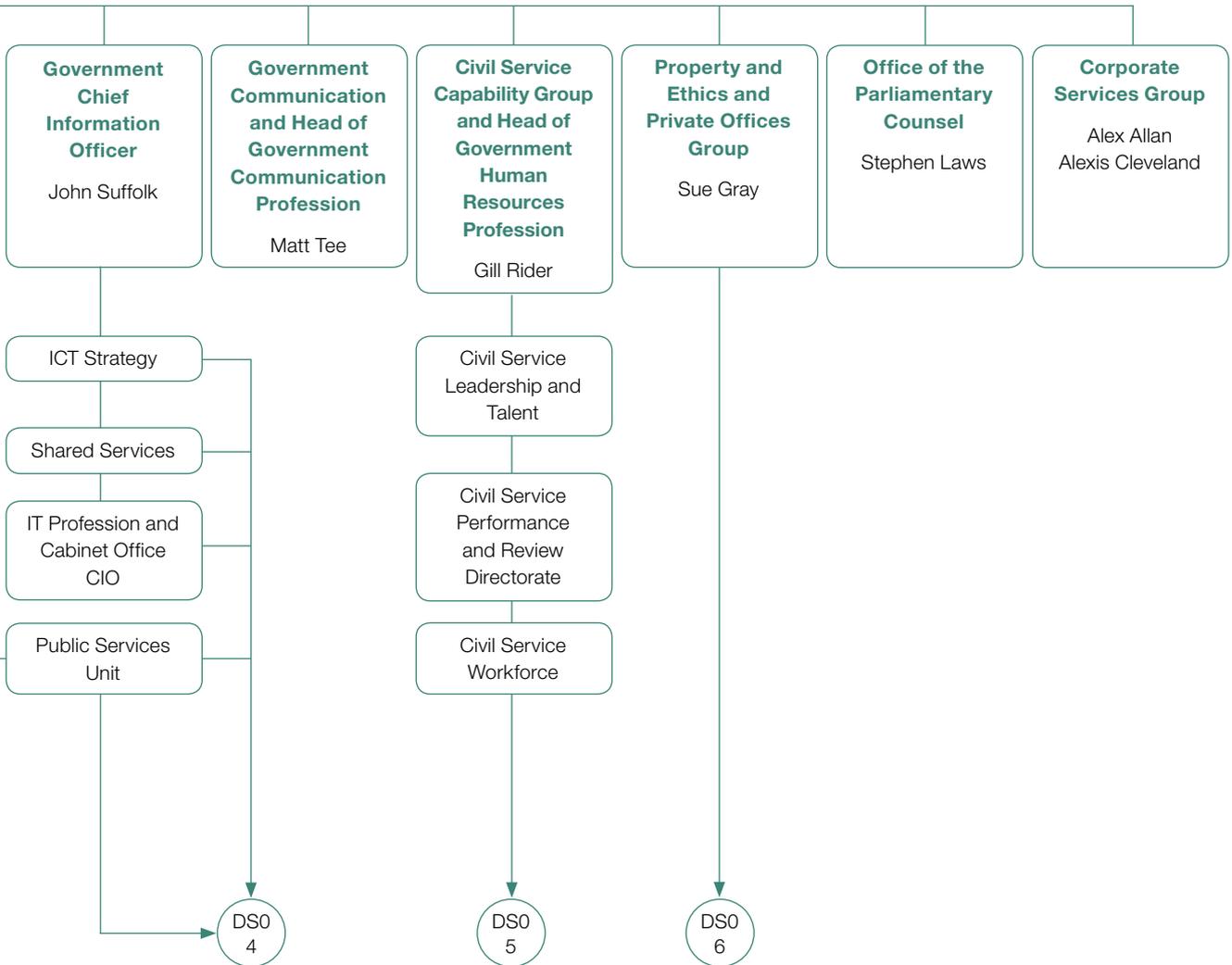
*Source: Cabinet Office Annual Report and Accounts 2008-09*

1.6 The structure of the Cabinet Office, showing how its operational units relate to the Departmental Strategic Objectives, is shown at **Figure 2**.

**Figure 2**  
The structure of the Cabinet Office



Source: National Audit Office analysis of Cabinet Office documents



## There have been some changes to Cabinet Office senior management

**1.7** The head of the Cabinet Office, the Cabinet Secretary, is the Head of the Home Civil Service. Sir Gus O'Donnell has occupied this position since September 2005. The Cabinet Office Board saw some changes in 2008-09. In June 2008, Howell James retired as Permanent Secretary for Government Communications. He was replaced as Permanent Secretary by Matt Tee in January 2009, but the post's seat on the board was discontinued. Roger Marsh, Director General of the Business Support Group, stepped down from the role, and from the Board, on finishing his secondment at the end of July 2009. A new Finance Director, Bruce Mann, has assumed his responsibilities but without a seat on the Board.

**1.8** At the start of 2009-10, the Public Service Reform Group (PSRG) was formed within the Cabinet Office, bringing together the Office for the Third Sector, the Social Exclusion Task Force and the Strategy Unit. Added to these was the newly-formed Public Services Unit. Chris Wormald was brought in from the Department for Communities and Local Government as Director General with responsibilities for this group, as well as the Economic Policy Coordination Group. Also in April 2009, Alexis Cleveland moved internally to become Director General of Corporate Services, losing responsibility for Transformational Government, which has been transferred to the Public Services Unit.

## Ministerial leadership has seen substantial change

**1.9** Liam Byrne and Kevin Brennan took office during the year, replacing Ed Miliband and Phil Hope who had each been in post for 16 months.<sup>1</sup> Since the end of the year there have been further significant changes. Liam Byrne left after nine months as Cabinet Office Minister. He was succeeded by Tessa Jowell who also continues her other roles as Minister for the Olympics, Paymaster General, and Minister for London. Angela Smith followed Kevin Brennan (also after nine months) as Minister for the Third Sector (**Figure 3**).

**1.10** The Minister for Digital Engagement, Tom Watson, left the Government in June 2009, after a total of 17 months in the Cabinet Office, but has not been directly replaced. Shriti Vadera joined the Cabinet Office as Parliamentary Secretary in October 2008 (working also as Parliamentary Under-Secretary of State for Economic Competitiveness and Small Business in the Department for Business, Innovation & Skills). Shriti Vadera subsequently left the Government in September 2009. These changes mean that at the time of going to print, the Cabinet Office core ministerial leadership team has effectively been reduced from four to two.<sup>2</sup> A further three government ministers are supported within the Cabinet Office, although the focus of their roles is parliamentary.<sup>3</sup>

<sup>1</sup> Cabinet Office Annual Report and Accounts 2008-09, pages 41-42.

<sup>2</sup> Cabinet Office website.

<sup>3</sup> Leader and Deputy Leaders of the House of Commons, and Leader of the House of Lords.

**1.11** A recent study highlighted the decreasing average tenure for ministers across government, which has dropped to just 1.3 years in the current parliament.<sup>4</sup> The ministerial leadership of the Cabinet Office has rotated faster than this since the last election, with six different Ministers for the Cabinet Office to date. At a recent appearance at the Public Accounts Committee, Sir Gus O'Donnell said reduced ministerial turnover would be 'the number one thing that would help most' in increasing collaboration between ministers and officials to improve delivery.<sup>5</sup>

**1.12** In June 2009 the Northern Ireland Secretary, Shaun Woodward, became responsible for the Government Communications Network and the Central Office of Information. Although Liam Byrne transferred from the Cabinet Office to HM Treasury in the June 2009 reshuffle, he has retained oversight of public service reform.

### Figure 3

Key Cabinet Office ministerial posts have seen changes in the year

Post	at April 2008	at March 2009	Subsequent Changes
Minister for the Cabinet Office	Ed Miliband (June 2007 to October 2008)	Liam Byrne (October 2008 to June 2009)	Tessa Jowell <sup>1</sup> (June 2009)
Minister for the Third Sector	Phil Hope (June 2007 to October 2008)	Kevin Brennan (October 2008 to June 2009)	Angela Smith (June 2009)
Minister for Digital Engagement & Civil Service Issues	–	Tom Watson	Role discontinued (June 2009)
Minister for the Olympics and Paymaster General	Tessa Jowell	Tessa Jowell	–
Parliamentary Secretary	Tom Watson	Shriti Vadera (shared with BIS) and Tom Watson	Tom Watson (June 2009) and Shriti Vadera (September 2009) left Government and have not been replaced

Source: Cabinet Office Annual Report and Accounts 2008-09

#### NOTE

1 Tessa Jowell retains Olympics, Paymaster General and London responsibilities.

4 Demos, *The culture of 'churn' for UK ministers and the price we all pay*, (June 2009).

5 Public Accounts Committee, *Assessment of the Capability Review Programme*, uncorrected evidence Q 80, 15 September 2009.

## Cabinet Office spending has increased across all principal areas of activity

**1.13** The Cabinet Office had gross operating expenditure of £470 million in 2008-09, which is an increase of 15 per cent on 2007-08 (**Figure 4**). Resource outturn was £3.6 million below budget<sup>6</sup>, despite the inclusion of a one-off charge of £24 million relating to the cancellation of the SCOPE IT project (see paragraph 3.6). Capital expenditure was £13.7 million below budget. The levels of underspend are significantly improved compared to 2007-08 figures.

### Figure 4

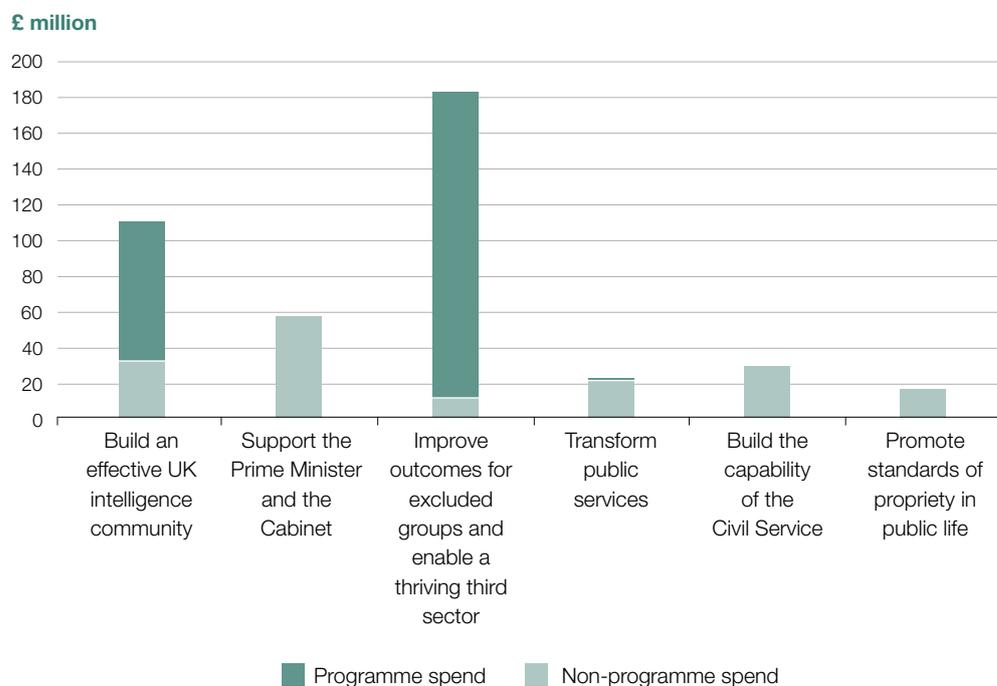
The Cabinet Office's spending increased in 2008-09

	2007-08 £m	2008-09 £m	Change %
Programme Costs	228	270	+18
Staff Costs	84	87	+4
Other Administrative Costs	96	113	+18
Total Administrative Costs	180	200	+11
<b>Total Operating Costs</b>	<b>408</b>	<b>470</b>	<b>+15</b>
Operating Income	(67)	(57)	-15
<b>Net Operating Costs</b>	<b>341</b>	<b>413</b>	<b>+21</b>

Source: Cabinet Office Annual Report and Accounts 2008-09

**1.14** When broken down across DSO areas, spending (net of income) in 2008-09 has increased in all major areas of Cabinet Office activity (see **Figure 6** on page 14). Programme spending was focused almost entirely on third sector and intelligence objectives (**Figure 5**). The largest area of non-programme spend, including staff costs, is on supporting the Prime Minister and the Cabinet. Of the 1,359 full time equivalent staff in Cabinet Office, 526 are deployed on this objective, including 27 special advisers.<sup>7</sup>

**Figure 5**  
Programme spending is concentrated in Third Sector and Intelligence objectives



Source: National Audit Office based on Cabinet Office Annual Report and Accounts 2008-09

<sup>7</sup> Cabinet Office Annual Report and Accounts 2008-09 taken from staff numbers on page 181, with total staff costs of £3.3 million relating to Special Advisers.

## Part Two

The Cabinet Office's new performance measures show progress against some of its objectives

### The Cabinet Office has assessed performance against some of its Departmental Strategic Objectives

**2.1** The Cabinet Office reported progress against its new Departmental Strategic Objectives (DSOs) for the first time in 2008-09. This has required the Cabinet Office to put new performance indicators in place in the year, some of which were yet to yield data by the time the Cabinet Office Annual Report was published. A number of these included indicators which rely on information from other government departments. The Cabinet Office was therefore only able to report against four of its six DSOs.

#### Figure 6

The Cabinet Office's assessment of progress against its Departmental Strategic Objectives is not yet underpinned by quantifiable indicators

	Departmental Strategic Objective	Spend 2008-09	Spending growth from 2007-08	Cabinet Office assessment	Number of indicators
1	Build an effective UK intelligence community	£109m	+29%	<b>Strong progress</b>	4
2	Support the Prime Minister and the Cabinet	£57m	+7%	<b>Strong progress</b>	1
3a	Improve outcomes for the most excluded people in society			<b>Not assessed</b>	8
3b	Enable a thriving third sector	£182m	+26%	<b>Not assessed</b>	4
4	Transform public services	£22m	+5%	<b>Strong progress</b>	2
5	Build the capability of the Civil Service	£28m	+22%	<b>Some progress</b>	7
6	Promote standards of propriety integrity and governance in public life	£16m	+20%	<b>Not assessed</b>	2

Source: National Audit Office analysis of Cabinet Office Annual Report and Accounts 2008-09

**2.2** Progress on individual DSOs is reported based on performance against a range of indicators. In line with standard practice across government, the overall progress of a DSO is rated as follows:

- **strong progress** – more than 50 per cent of indicators have shown improvement;
- **some progress** – 50 per cent or fewer indicators have shown improvement;
- **no progress** – no indicators have shown improvement; and
- **not assessed** – 50 per cent or more of indicators have yet to produce data to judge improvement.

**2.3** Of the four DSOs which generated sufficient data to be assessed, three were rated as ‘strong progress’ and one rated as ‘some progress’. A summary of reporting is shown in **Figure 6**. Of the 28 indicators underlying the six DSOs, however, only two showed demonstrable quantifiable progress. A further 17 were awaiting data for assessment, including four indicators which are yet to be benchmarked. Full details of the underlying indicators are shown in Appendix 1. The rest of this part of the report examines the reported progress against each DSO in turn. At the time of publication, the National Audit Office had yet to assess the quality of the data supporting the DSO assessments.

Are they published?	Are they quantitative?	Are they baselined?	Do they show quantifiable improvement?	Performance highlights
X	Classified	Classified	Classified	4 classified indicators report improvement
✓	X	X	X	37 outputs listed in annual report
✓	✓	Some (4)	X	2 indicators show no progress
✓	✓	✓	X	All 4 indicators baselined
✓	✓	✓	Some (1)	Progress on migration of websites Unpublished baseline established on reducing avoidable citizen contact
✓	Some (4)	Some (3)	Some (1)	All 14 Capability Reviews report improvement
✓	X	X	X	20 guidance or advisory outputs listed in annual report

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**DSO 1: Build an effective UK intelligence community**

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Strong progress

**2.4** The Cabinet Office reported strong progress on its national security objective. This work is principally owned by the Intelligence and Security Group. The performance assessment is based on four indicators, each of which reports improvement in 2008-09. The nature of the indicators remains classified, though they are subject to scrutiny by the **Intelligence and Security Committee**.<sup>8</sup> Strong progress is reported overall despite the failure of SCOPE, a major security IT system which was cancelled in year resulting in a writedown of assets worth £24 million as well as £6 million of in-year expenditure in the 2008-09 accounts (see paragraph 3.6).

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**DSO 2: Support the Prime Minister and the Cabinet**

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Strong progress

**2.5** The objective for supporting the Prime Minister and the Cabinet reflects much of the core Cabinet Office work undertaken by the Cabinet Secretariat. The Cabinet Office reported strong progress against this DSO, based on 37 policy and support outputs it has delivered in year. There was no other measure of the effectiveness of the department in this area. In particular, there was no published feedback from stakeholders from which opinions on the quality of Cabinet Office outputs could be judged. Earlier feedback, obtained in 2007, indicated that support for Cabinet committees was perceived as the strongest area of Cabinet Office activity.<sup>9</sup> The exercise was not repeated in 2008-09. More information on the 2007 survey is given in paragraphs 3.9 to 3.11.

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**DSO 3a: Improve outcomes for the most excluded people in society**

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Not assessed

**2.6** The Cabinet Office contains the Social Exclusion Task Force that is responsible for designing policy and coordinating work on social exclusion across government. The Task Force produced the report **Aspirations and Attainment in Deprived Communities** in 2008-09, which led to the creation of the £10 million Inspiring Communities Programme in the **New Opportunities** White Paper.

**2.7** The indicators against which progress on social exclusion issues are measured are focused on four key groups:

- offenders under probation supervision;
- adults with moderate to severe learning difficulties;
- care leavers at age 19; and
- adults receiving secondary mental health services.

<sup>8</sup> The Intelligence and Security Committee, established by the Intelligence Services Act 1994 to examine the policy, administration and expenditure of the UK intelligence agencies, reports directly to the Prime Minister and, through him, to Parliament by the publication of the Committee's reports.

<sup>9</sup> Cabinet Office Stakeholder Research, 2008.

**2.8** Progress on the indicators is dependent on improvements overseen by other government departments, such as the Department for Work and Pensions and the Department for Communities and Local Government. The Cabinet Office has reported no progress against two of these indicators, as results were available only for the first half of the year. Those results show no improvement in the proportion of offenders under probation supervision who are in settled accommodation, and a decline for the proportion of the same people who are in employment. The remaining six indicators have not had assessments made as no data sets are available for 2008-09. Baselines for measurement of four of these indicators had not been established or reported by July 2009.

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### **DSO 3b: Enable a thriving third sector**

Not assessed

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**2.9** This DSO covers a relatively new area of activity that the Cabinet Office inherited from the Home Office and the then Department of Trade and Industry in 2006. Successful delivery of third sector policy requires the Office of the Third Sector to deliver its own programmes, and also to influence policy across other government departments and public bodies. The **Public Administration Select Committee** covered aspects of this work in its report on Public Services and the Third Sector published in 2008.<sup>10</sup> The Office of the Third Sector is also responsible for the delivery of a range of national funding programmes, including new programmes coming on stream in 2008-09 such as the £130 million Grassroots Grants programme. More details on the performance of these new programmes are given in paragraphs 4.2 to 4.4.

**2.10** There are four numerical indicators for the third sector DSO, none of which had provided full data to allow assessment by July 2009:

- the number of full time equivalent employees in the Third Sector (as measured by the Annual Population Survey);
- the proportion of people volunteering at least once a month (as measured by the Citizenship Survey);
- an indicator developed by the Cabinet Office to assess third sector opinion on whether local statutory bodies have a positive effect on third sector organisations, assessed against a baseline of 16.2 per cent of positive responses; and
- the proportion of government funding to the third sector that lasts for three years or more against a baseline of 65.7 per cent of grant funding for three years or more in 2008.

<sup>10</sup> Public Administration Select Committee, *Public Services and the Third Sector: Rhetoric and Reality*, (July 2008).

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## DSO 4: Transform public services

Strong progress

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**2.11** The Cabinet Office's objective to improve service user experiences by transforming public services is reflected in two indicators:

- the closure of 95 per cent of earmarked government websites and migration of their content to the Directgov and BusinessLink websites by the end of March 2011; and
- the achievement of a 50 per cent reduction in 'avoidable contact', such as calls from citizens to chase progress on service requests, by 31 March 2011.

**2.12** The Cabinet Office reported the closure and migration of 321 websites in year, though this is somewhat undermined by the creation or discovery of a further 217 websites, all of which have been added to the list of 'approved' sites to remain outside the targeted migration (**Figure 7**). Assuming the number of sites earmarked for closure remains constant, the Cabinet Office will need to close at least another 273 websites each year to meet the target.

**2.13** No quantifiable progress has been made towards reduction in avoidable contact, although the Cabinet Office reported that departments involved in delivering customer contact through online services have met to baseline existing levels of avoidable contact. The benchmark has not been published but the work establishing it has provided the basis for the Cabinet Office's assessment of strong progress against the indicator.

**2.14** The progress claimed on both of these indicators enabled the Cabinet Office to report strong progress against DSO 4. However, the Cabinet Office's role in the delivery of the Transformational Government strategy was criticised in the department's 2008 Capability Review. Reviewers felt the Cabinet Office's role was insufficiently transparent to other departments and, more seriously, the overall success of Transformational Government was considered to be under threat because there was no clear path to delivery.<sup>11</sup>

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### Figure 7

The Cabinet Office has made progress towards closing 95 per cent of government websites

	Total Sites	Sites approved to remain open	Total sites earmarked for closure	Total closed sites	Remaining sites earmarked for closure	Closed sites as percentage of remaining sites
April 2008	1,432	51	1,381	441	941	31
March 2009	1,649	271	1,378	762	616	55

Source: Cabinet Office Annual Report and Accounts 2008-09

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## DSO 5: Build the capability of the civil service

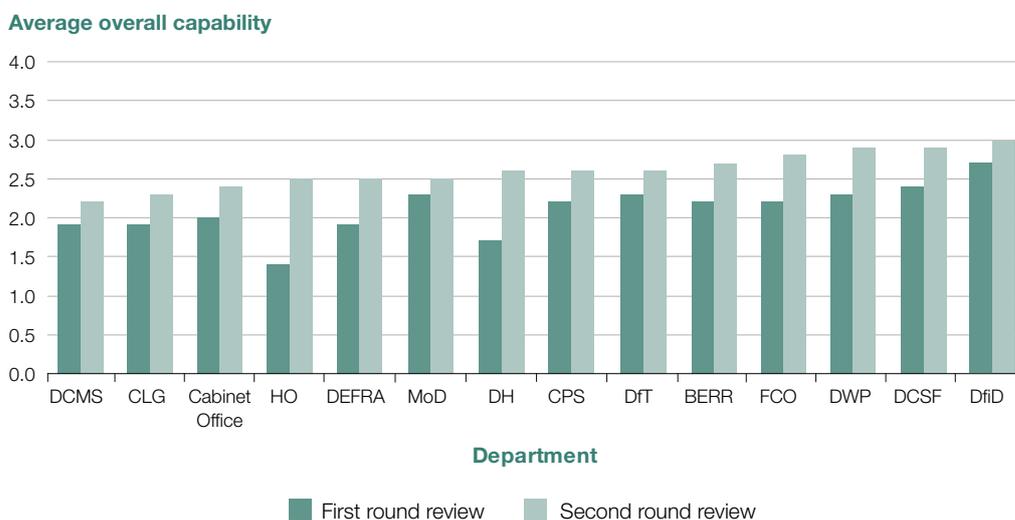
Some progress

**2.15** This area of the Cabinet Office's work is led by the Civil Service Capability Group. The major delivery in 2008-09 was the second round of the cross-government Capability Review programme, which aims to measure the all-round effectiveness of government departments. Other deliveries in 2008-09 included the development of a Senior Civil Service leadership model and a new induction course for the Senior Civil Service. The Civil Service Capability Group is also responsible for influencing and issuing guidance on and human resources practice across government departments.

**2.16** All 14 departments that have had second round capability reviews to date have improved their scores since 2006 and 2007 (**Figure 8**). These scores provide the data for one of the DSO indicators for capable departments, and another indicator for capable leaders, where improvement was also recorded. Appendix 2 shows details of departmental performance under the Capability Reviews in 2008-09.

### Figure 8

Capability Review scores have improved across all 14 departments reporting second round reviews



Source: National Audit Office derived from Capability Review data on [www.civilservice.gov.uk](http://www.civilservice.gov.uk)<sup>1</sup>

#### NOTE

<sup>1</sup> The graph shows an average score across all elements of the Capability Review assessment, with a score of 4.0 representing the maximum possible performance.

**2.17** The Cabinet Office Annual Report cited ‘stronger objective setting, appraisal and performance conversation with Permanent Secretaries’ in support of progress made on its capable leaders indicator. Nevertheless an **OECD** survey published in 2008 showed that sanctions in the UK Civil Service for failure to hit government targets are among the weakest in the OECD. In the UK, the OECD reported there are ‘almost never’ negative consequences for the salary, or future career prospects, of a department’s head when a target is missed. This contrasts sharply with countries such as Korea and Denmark where negative consequences are ‘almost always’ forthcoming when a department and its senior management do not perform.<sup>12</sup> Two further indicators on capable departments and leaders will draw on feedback from a new Civil Service-wide survey, which is still in development.

**2.18** During 2008-09 the **National Audit Office** reported on the effectiveness of the Capability Review process. The report raised concerns about the variation between Capability Review scores for delivery, and reported performance against Public Service Agreement targets.<sup>13</sup> This variation is shown in **Figure 9**. Drawing on this work, the **Public Administration Select Committee** recommended that Capability Reviews need to be much more clearly linked to assessments of actual performance.<sup>14</sup> The Cabinet Office has since produced **Refreshing the Model of Capability**, which sets out a future plan to address these issues.

**2.19** Progress towards the delivery of all 30 PSAs across government is also an indicator for the assessment of DSO 5, though no assessment has been made for 2008-09. Under the Spending Review 2004 performance reporting regime, the Cabinet Office had a similar target of ensuring all PSAs were delivered. By the end of 2008-09, 17 per cent of these earlier PSA targets were reported as having slipped and 13 per cent were not met.<sup>15</sup>

**2.20** The remaining two indicators used to assess progress on DSO 5 are external measures.

- The **World Bank** annual index of government effectiveness placed the UK 10th among the 30 OECD countries in 2008.<sup>16</sup> Denmark was placed first, with Canada 6th and Australia 7th. Germany was 12th, the USA 13th and France 17th. Data are not yet available for 2009.
- The annual **Ipsos Mori Government Delivery Index** tracks public views on experiences of public services. The Cabinet Office is tracking whether survey respondents agree with the statement ‘in the long term, this government’s policies will improve the state of Britain’s public services.’ The benchmark was set at a net negative response of -22 per cent in March 2008. This had fallen to -29 per cent by June 2009, although this was not reported in the annual report.

<sup>12</sup> Institute for Government, *The State of the Service*, pages 35-37, (July 2009).

<sup>13</sup> National Audit Office, *Assessment of the Capability Review Programme* (February 2009), page 10.

<sup>14</sup> Public Administration Select Committee, *Good Government* (July 2009), page 37.

<sup>15</sup> Cabinet Office Annual Report and Accounts 2008-09, page 87.

<sup>16</sup> Institute for Government, *The State of the Service* (July 2009), page 11.

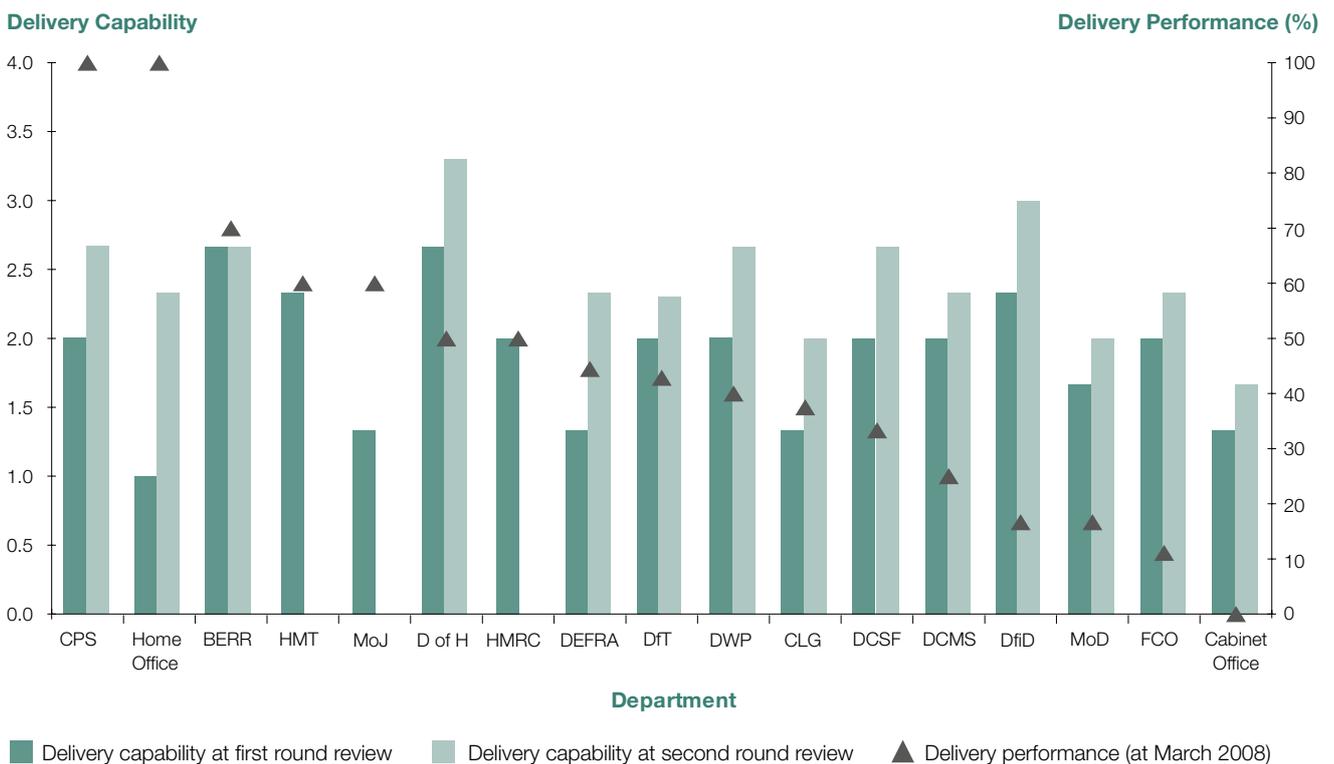
**DSO 6: Promote standards of propriety in public life**

Not assessed

**2.21** This area of Cabinet Office work is led by the Propriety and Ethics and Private Offices Group. The direct nature of the work relates to the production and updating of ethical guidance such as the Civil Service Code and the Ministerial Code. The Code of Conduct and Model Contract for Special Advisers were updated in April 2009.

**2.22** One of the indicators for this DSO is the publication of codes and guidance, for which the Annual Report lists 11 outputs. The other indicator attempts to measure awareness of and compliance with standards of propriety, but reporting against it simply lists nine advisory activities rather than making an assessment of awareness or compliance. Progress against both indicators is recorded as no assessment.

**Figure 9**  
Capability Review scores for delivery do not always correlate with reported delivery



Source: National Audit Office

## The Cabinet Office's activities also contribute towards wider cross government targets

**2.23** In April 2008 a new system of 30 cross-government Public Service Agreements came into force. Each of these is led by a single government department in partnership with other relevant departments. The Cabinet Office leads the PSA target on social exclusion that takes the same form as DSO 3a, so progress has similarly not been able to be assessed. The Cabinet Office contributes as a partner to a further three PSA targets and is responsible for the Service Transformation Agreement (STA), which is reported on the same basis as DSO 4 (**Figure 10**).

**2.24** The Cabinet Office's role in strengthening the Civil Service also supports progress across government towards the targets set out in the Civil Service Diversity Strategy. The latest data on these targets are shown in **Figure 11**.

## The Cabinet Office has reported progress towards sustainability targets for the first time

**2.25** The 2008-09 Annual Report presents data on the Cabinet Office's performance against targets in its Sustainable Development Strategy. Key issues for the year have been:

- the Cabinet Office recycled 69 per cent of waste in 2008-09, progressing towards a 2020 target of 75 per cent;
- there has been a significant decrease in water consumption across the Cabinet Office estate in 2008-09; and
- the Cabinet Office's carbon dioxide emissions have increased in 2008-09.

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### Figure 10

The Cabinet Office contributes to four Public Service Agreement targets and the Service Transformation Agreement target

PSA	Outcome	Lead department	Status
16	Increase the proportion of socially excluded adults in settled accommodation, and education, employment or training.	<b>Cabinet Office</b>	Not assessed
21	Build more cohesive, empowered and active communities.	Communities and Local Government	Not assessed
26	Reduce the risk to the UK and its interests overseas from international terrorism.	Home Office	Classified
30	Reduce the impact of conflict through enhanced UK and international efforts.	Foreign Office	Some progress
STA	Changing public services so they are tailored more to the needs of the people and businesses and less to the structure of government.	<b>Cabinet Office</b>	Strong progress

*Source: HM Treasury website and departmental annual reports*

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**Figure 11**

Progress has been made against most of the Civil Service diversity targets

	<b>Percentage at 31 March 2008</b>	<b>Percentage at 31 October 2008<sup>1</sup></b>	<b>Civil Service Diversity Strategy Target (percentage by March 2013)</b>
Women in Senior Civil Service	32.6	33.2	39.0
Women in top management posts	25.4	26.3	34.0
Black and Minority Ethnic staff in Senior Civil Service	3.6	3.7	5.0
Disabled staff in Senior Civil Service	3.1	3.1	5.0

*Source: Cabinet Office*

**NOTE**

<sup>1</sup> Based on the Cabinet Office's most recent figures available at time of writing.

## Part Three

### The Cabinet Office's capability has improved, though less than other government departments

#### The Cabinet Office received higher capability scores in 2008-09

**3.1** The second round Capability Reviews showed Cabinet Office scores improving in each of the three review elements: leadership, strategy and delivery. The Cabinet Office's average capability score across all elements was 2.4, increasing from 2.0 in the first review. The highest possible mark is 4.0. When compared to the average scores of other departments, the Cabinet Office ranked 12th out of 14 departments reviewed for the second time. This represents a relative decline in capability compared to other government departments, six of which were ranked below the Cabinet Office in the first reviews of 2006 and 2007.

**3.2** The Cabinet Office's strongest area of capability is strategy (ranked 4th of 14) with an accompanying overall status of 'well placed'. The reviewers highlighted coordination of activity at the centre of government, and a high standard of evidence-based work as areas of particular strength. Nevertheless, its detailed capability to 'focus on outcomes' declined. On leadership, the Cabinet Office was placed 7th out of 14, with its score increasing from 2.3 to 2.5. Its capability to 'ignite passion, pace and drive' decreased.

**3.3** After the 2006 Capability Review, the Cabinet Office commissioned Sir Suma Chakrabarti to review the roles the Cabinet Office should carry out and the ways of working that would enhance its performance. Among a range of conclusions, the Chakrabarti Review recommended that systematic feedback on performance was required to drive continuous improvement in Cabinet Office. A stakeholder survey was carried out the following year, details of which are given in paragraphs 3.9 to 3.11. The Review also recommended the establishment of compacts between Cabinet Office and line departments to clarify respective roles. There is no evidence of progress having been made in this area.

#### Issues reported in year reflect ongoing delivery problems

**3.4** The weakest area of Cabinet Office capability remains delivery (ranked 14th of 14). Despite the 2006 Capability Review identifying delivery as an area for urgent attention, each of the three detailed delivery capabilities have failed to reach 'well placed' status in 2008, mainly due to weaknesses around departmental systems and processes for delivery.

**3.5** Issues reported in 2008-09 demonstrate ongoing delivery problems. The Capability Review commented directly about weaknesses in the leadership of the Transformational Government programme as set out in paragraph 2.14. Criticisms of the National Audit Office and the Public Accounts Committee on the delivery of the Office of the Third Sector's flagship capacity building projects are also set out in **Figure 12**. There is some evidence of improvement, however, as the Office of Government Commerce commended the Office of the Third Sector for its governance and oversight of grant arrangements and commercial activities<sup>17</sup>.

**3.6** The Office of Government Commerce report also commended the programme management of the Government Security Zone project.<sup>18</sup> However, in 2008-09 another major security and intelligence project overseen by the Cabinet Office was cancelled at a cost of £6 million of in-year expenditure and a £24 million asset write-off (**Figure 13** overleaf).

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### **Figure 12**

The National Audit Office and the Public Accounts Committee reported concerns on the delivery of two major third sector programmes

After a report by the **National Audit Office** published in February 2009<sup>1</sup>, the **Public Accounts Committee**<sup>2</sup> criticised the delivery of two of the Office of the Third Sector's flagship programmes: Futurebuilders, a £215 million loan fund managed under contract; and ChangeUp, a £238 million grant fund managed by Capacitybuilders, which is an executive non-departmental public body (NDPB). The Public Accounts Committee report highlighted that:

- delays in setting up ChangeUp led to less time available for grant recipients to deliver, leading to waste, poor value for money, and adverse impacts on funded organisations;
- the programmes were established without setting any proper targets against which to measure performance;
- there was no planned evaluation of ChangeUp;
- the application process for Futurebuilders loans was lengthy and costly for applicants; and
- the Cabinet Office needs to have plans in place for the management of the £215 million Futurebuilders loan book beyond 2011.

*Source: Public Accounts Committee*

#### **NOTES**

1 National Audit Office, *Building the Capacity of the Third Sector*, (February 2009).

2 Public Accounts Committee, *Building the Capacity of the Third Sector*, (July 2009).

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17 Office of Government Commerce, *Procurement Capability Review – Cabinet Office* (December 2008), page 13.

18 Office of Government Commerce, *Procurement Capability Review – Cabinet Office* (December 2008), page 3.

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**Figure 13**

## Phase 2 of the Cabinet Office's SCOPE project was cancelled in 2008-09

SCOPE was a major inter-departmental government IT programme, managed from within the Cabinet Office, which involved the creation of a secure computer network to provide key officials with much faster access to secret intelligence on terrorism and other threats.

SCOPE was divided into three parts:

- Phase 1 (SCOPE capability across the intelligence agencies);
- Phase 2 (SCOPE capability for rollout across ten other government departments); and
- SCOPE Overseas Project (principally due to be used by the Foreign Office).

All three parts of the SCOPE project suffered lengthy delays, with Phase 1 delivered 30 months late in October 2007. Phase 2, which represented the vast bulk of the project, was unexpectedly abandoned during 2008 despite the government's assertion in January 2008 that it was 'on track to be delivered in 2008-09.'<sup>1</sup>

The Intelligence and Security Committee, which has been reporting on SCOPE since 2004-05, stated: 'We have consistently reported concerns about SCOPE and are appalled that Phase II of the system – on which tens of millions of pounds have been spent – has now had to be scrapped.'<sup>2</sup>

The financial impact of the cancellation in 2008-09 accounts has been a write-off of IT assets under construction of £24 million, plus £6 million of further expenditure totalling £30 million – 28 per cent of the Cabinet Office's intelligence spend and seven per cent of its overall spend. The Cabinet Office is pursuing a legal claim to recover £40-50 million spent on the project.

*Source: National Audit Office*

**NOTES**

- 1 Government Response to ISC Annual Report 2006-07 (January 2008), page 4.
  - 2 ISC Annual Report 2007-08 (March 2009), page 40.
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**New developments at the Cabinet Office are intended to improve delivery**

**3.7** New governance arrangements were agreed in May 2008 in which the Cabinet Office Board will continue to drive delivery of strategies and priorities for the Cabinet Office, supported by three new governance committees. These are the Operating Committee (chaired by Alexis Cleveland) which manages issues of risk and delivery, the Finance and Investment Committee (chaired by Roger Marsh until his secondment ended in July 2009)<sup>19</sup>, and the People and Pay Committee (chaired by Gill Rider).

**3.8** The Cabinet Office Minister's Delivery Unit (COMDU) has also been established as an internal unit to oversee monthly performance reporting of all major Cabinet Office activities. COMDU collates performance information and sends monthly performance reports to the relevant governance committees for review. Alex Allan, in his senior Corporate Services role, meets with relevant Cabinet Office delivery group heads every three months to address areas of particular concern.

<sup>19</sup> New arrangements for the chairing of this committee had not been agreed by the Cabinet Office at the time of writing.

### **A survey of Cabinet Office stakeholders provides additional information on Cabinet Office performance**

**3.9** In autumn 2007 the Cabinet Office commissioned an in-depth piece of stakeholder research to measure perceptions of its own performance across other departments. The results of this research were made available to the Public Administration Select Committee in 2008-09. The survey found that stakeholders mentioned the quality, expertise and ability of Cabinet Office staff most often when asked about Cabinet Office's strengths. The most often cited weakness was a sense of disconnect from frontline departmental perspectives.

**3.10** When asked to rate a range of Cabinet Office competencies, four received more positive than negative feedback, with the Cabinet Office being rated most effective in its work supporting the Cabinet and its committees. However 12 competencies received more negative than positive feedback, most strikingly in the following areas:

- understanding departments' issues sufficiently well to know how it can add value (51 per cent net negative);
- ensuring all Cabinet Office units act as a joined-up organisation when it interacts with departments on any given issue (47 per cent net negative); and
- helping departments achieve their objectives (35 per cent net negative).<sup>20</sup>

**3.11** In terms of improvement, it was felt that greater clarity was still required on the Cabinet Office's role in government, and that it would benefit from concentrating on a smaller number of objectives with bigger impacts. There was a serious need for the Cabinet Office to strengthen its relations with other government departments and to encourage and engender greater cross-departmental links, echoing points made in the Chakrabarti Review. More coordination of government policy was required, especially where two or more departments were involved and methods of implementation differed.

# Part Four

## Improvements have been made to financial management, but spending and efficiency plans appear behind expectations

### The Cabinet Office was unable to spend its full budget in 2008-09

**4.1** The Cabinet Office was unable to spend £3.6 million of its resource budget for 2008-09 and £13.7 million of its capital budget.<sup>21</sup> This improves on the total of £72 million that was unspent in 2007-08.<sup>22</sup> However, the resource underspend would have been larger were it not for charges to the accounts caused by the write-off of SCOPE intelligence assets (see paragraph 3.6).

**4.2** The principal elements of the capital underspend were programmes in the Office of the Third Sector (OTS), including £6.6 million underspent against Futurebuilders, and £7 million against Grassroots Grants. While an improvement on performance from the previous year, the overall underspend of £13.7 million represents funding that was intended to reach third sector organisations during the year. In order to meet its existing spending targets on programmes such as Futurebuilders, Grassroots Grants and Community Assets programme, OTS will need to accelerate its activity over the next two years (**Figure 14**).

**4.3** Towards the end of 2008-09, OTS was able to carry forward £13.5 million of accumulated underspend from across a range of programmes to help fund **Real Help for Communities**, a package of measures worth up to £42.5 million intended to help third sector organisations through the downturn in 2009-10. The package will include the £16.5 million Modernisation Fund administered by Capacitybuilders and Futurebuilders England Ltd,<sup>23</sup> and the £15.5 million Targeted Support Fund administered by the Community Development Foundation who also administer Grassroots Grants. OTS is reprioritising a further £7.5 million from 2009-10 programmes to fund the package. All funding has to be drawn down and used within the 2009-10 financial year.

**4.4** The National Audit Office report on Building the Capacity of the Third Sector highlighted that OTS's retendering of Futurebuilders had delivered an improved performance management regime with the new contractor. This focused more clearly on investing in organisations that would win at least a specified number of public service

<sup>21</sup> Cabinet Office Annual Review 2008-09 (pages 138-140) and 2007-08 (pages 109-110).

<sup>22</sup> Statement of Parliamentary Supply, Annual Review 2007-08, page 130.

<sup>23</sup> Futurebuilders England Ltd secured an additional £9.5 million in match funded interest free loans for the Modernisation Fund from Barclays Bank.

contracts and that would use funds promptly.<sup>24</sup> The new contractor has cut the time of the application process from 127 days to 56 days,<sup>25</sup> and levels of new loan and grant commitments have increased to £19 million in 2008-09 from £14 million in 2007-08. However, these levels of new commitments will need to double to around £40 million per year if the target of committing the full £215 million fund is to be met.

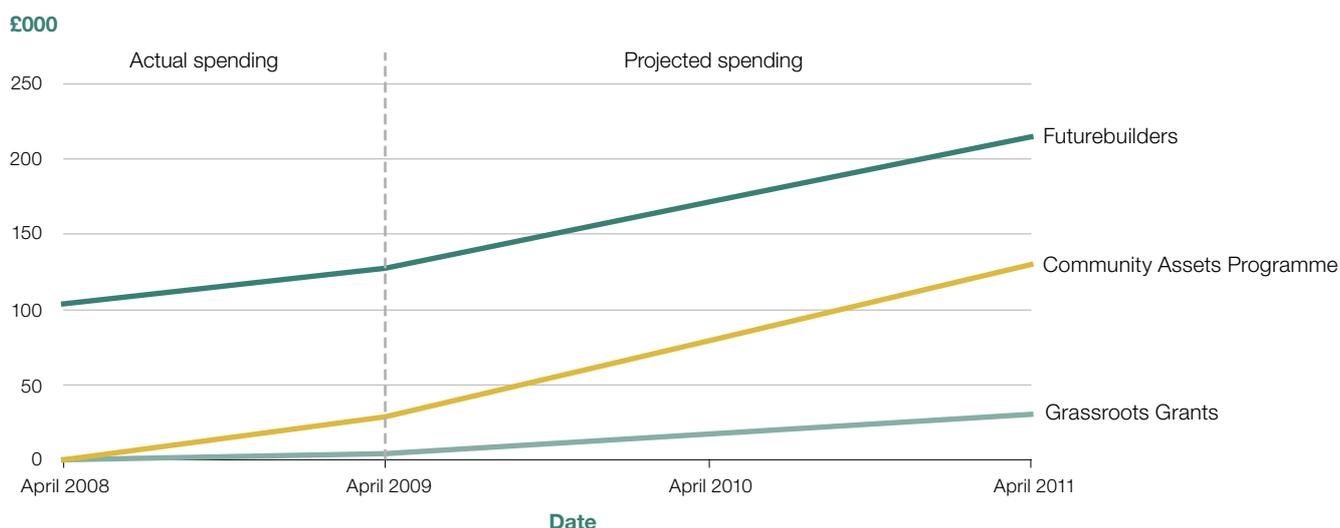
### The Cabinet Office has reported efficiency savings for 2008-09, though expectations for the year have not been met

**4.5** The Comprehensive Spending Review of 2007 identified a cross-government efficiency target of £35 billion to be achieved by March 2011, of which the Cabinet Office's share was £35 million. After the budget in 2009, this target was increased to £45 million, which represents a 37 per cent increase in the efficiencies the Cabinet Office reported achieving in the previous spending review period. The target comprises:

- £20.1 million in administration savings;
- £14.7 million in procurement savings; and
- £10.0 million in additional savings in 2010-11.<sup>26</sup>

#### Figure 14

Spending on the Office of the Third Sector's major funding streams will need to increase if targets are to be met



Source: National Audit Office

<sup>24</sup> National Audit Office, *Building the Capacity of the Third Sector*, (February 2009), page 7.

<sup>25</sup> Public Accounts Committee, *Building the Capacity of the Third Sector* (June 2009), Ev. 8.

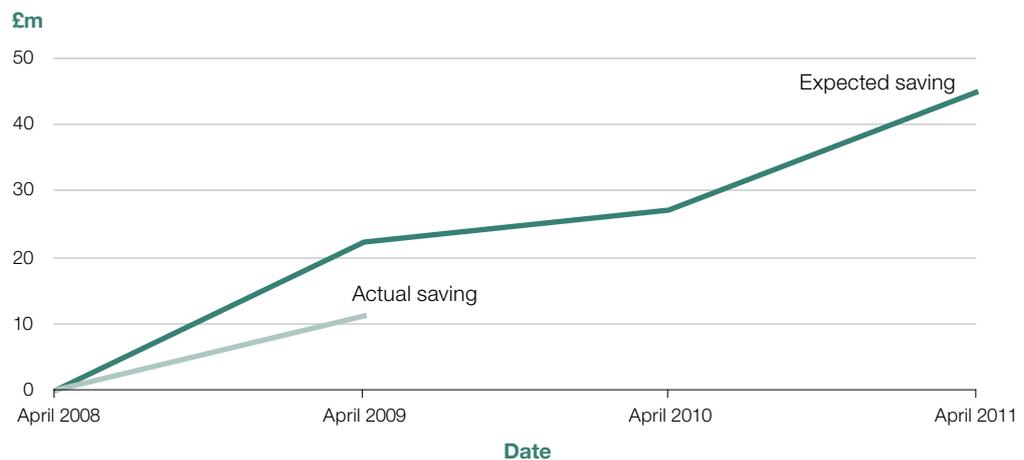
<sup>26</sup> HM Treasury, 2009 Value for Money Update (April 2009), Appendix A Table 6.1.

**4.6** Initial progress is slower than hoped, with the Cabinet Office reporting a total of £11.3 million efficiency savings for 2008-09 against its initial expectations of £22.3 million (**Figure 15**).<sup>27</sup> Reported efficiency savings are therefore £11.0 million behind the Cabinet Office's expectations at the end of 2008-09. Of this, £8.5 million relates to an apparent shortfall in procurement savings, although full data for the year were not available at the time of reporting. The Cabinet Office had hoped to realise 95 per cent of total intended procurement savings for the full three-year period in 2008-09. The £4.8 million in savings on funding to Capacitybuilders and £1 million on funding to the volunteering organisation v, still left the Cabinet Office £2.5 million behind where it hoped to be on the administrative element of efficiency savings.

**4.7** The Cabinet Office is responsible for promoting shared services across government, having estimated scope to save £1.4 billion annually. The Operational Efficiency Programme subsequently suggested the possibility of £4 billion annual savings in the cost of back office services, partly through shared services.<sup>28</sup> The Cabinet Office reports that over 80 per cent of central government employees used shared services,<sup>29</sup> but latest figures indicate the use of shared services yielding just £280 million in savings by March 2011.<sup>30</sup> The Cabinet Office moved its own HR, finance and procurement systems to the Department for Work and Pensions Shared Services in April 2009.

**Figure 15**

The Cabinet Office is behind expectations on its efficiency savings



Source: Cabinet Office Value for Money Delivery Plan and Annual Report 2008-09

27 Cabinet Office Annual Report and Accounts 2008-09; page 84.

28 HM Treasury, *Operational Efficiency Programme Final Report* (April 2009) page 16.

29 Cabinet Office Annual Report and Accounts 2008-09; page 28.

30 Analysis of HM Treasury, *2009 Value for Money Update* (April 2009).

## Financial Management at Capacitybuilders has improved

**4.8** In 2007-08 Capacitybuilders accounts were qualified because of failures in the grant management system, resulting in over £400,000 being paid into the wrong bank accounts. A review of the system during 2008-09 led to improved performance, and the accounts for the year received an unqualified audit opinion.

**4.9** A new Accounting Officer, Matt Leach, was appointed in November 2008, replacing Catherine Johnstone who had held the post on an interim basis from April 2008. A full time Director of Corporate Services, Judith Wilson, was appointed in April 2009, succeeding interim arrangements that had been in place since April 2008. 2008-09 has remained a transitional year for Capacitybuilders during which time:

- grant distribution fell to £24.7 million from £33.2 million;
- combined staff and administration costs rose to £3.4 million from £3.2 million; and
- Staff costs increased by 20 per cent to £2.1 million during the transitional year, although they are expected to be significantly lower in 2009-10.<sup>31</sup>

## There have been problems with the financial management of the Principal Civil Service Pension Scheme

**4.10** The Cabinet Office is responsible for the administration of the Principal Civil Service Pension Scheme (PCSPS), which has its own accounts separate from those of the Cabinet Office but signed by the Cabinet Secretary. A National Audit Office report in March 2009 highlighted a number of errors made in the payment of the Guaranteed Minimum Pension, resulting in overpayments on the PCSPS of over £19 million.<sup>32</sup> The overpayments have been written-off and corrections made to ensure they do not continue.

<sup>31</sup> Capacitybuilders Annual Report 2008-09 (note 2).

<sup>32</sup> National Audit Office, *Review of Errors in Guaranteed Minimum Pension Payments*, (July 2009).

# Appendix One

## Detailed performance against Departmental Strategic Objectives

### DSO 1: Build an effective UK Intelligence Community (Strong progress)

Indicators	Target	2008-09 Result
Promote and protect UK security and national interests through Intelligence and Security Agencies	Classified	Classified
Major foreign, defence and security policy decisions are usefully informed by timely, accurate and objective all-source assessments	Classified	Classified
Improve the nation's capacity to prepare, absorb, respond to, and recover from disruptive challenges	Classified	Classified
Lead development of effective, protective security polices and practices that allow Government to function uninterrupted	Classified	Classified

### DSO 2: Supporting the Prime Minister and the Cabinet (Strong progress)

Indicators	Target	2008-09 Result
Domestic, foreign, defence and security policy decisions are facilitated and supported by timely, well-informed and objective advice	No numerical targets	37 outputs cited in report ranging from the creation of the National Economic Committee to hosting the first Cabinet meetings outside London since 1921

**DSO 3a: Improve outcomes for the most excluded people in society (Not assessed)**

<b>Indicators</b>	<b>Target</b>	<b>2008-09 Result</b>
Offenders under probation supervision who are in suitable accommodation	Improvement on baseline of 77 per cent	No progress (full year data not available – remained at 77 per cent in first half of 2008-09)
Offenders under probation supervision who are in employment	Improvement on baseline of 37 per cent	No progress (full year data not available – declined to 36 per cent in first half of 2008-09)
Adults with moderate to severe learning disabilities who are in suitable accommodation	None – baseline not yet established	Not assessed
Adults with moderate to severe learning disabilities who are in employment	None – baseline not yet established	Not assessed
Care leavers at age 19 who are in suitable accommodation	Improvement on baseline of 88 per cent	Not assessed – (data not available)
Care leavers at age 19 who are in employment	Improvement on baseline of 65 per cent	Not assessed – (data not available)
Adults receiving secondary mental health services who are in suitable accommodation	None – baseline not yet established	Not assessed
Adults receiving secondary mental health services who are in employment	None – baseline not yet established	Not assessed

**DSO 3b: Enable a thriving third sector (Not assessed)**

<b>Indicators</b>	<b>Target</b>	<b>2008-09 Result</b>
Proportion of people formally volunteering at least once a month, as measured by citizenship survey	Improvement on baseline of 27 per cent	Not assessed (full year data not available – decline to 26 per cent as at December 2008)
Number of full-time equivalent employees within the third sector, as measured by Annual Population Survey	Improvement on baseline of 464,000 full time equivalent	Not assessed (full year data not available – increase to 489,000 in first half of 2008-09)
The environment for a thriving third sector – measured by the proportion of respondents to the National Survey of Third Sector reporting a positive influence by local public bodies on their organisation's success	Improvement in the majority of local areas on a baseline of 16.2 per cent	Not assessed – will be assessed in 2010
The proportion of government funding to the third sector that is for three years or more, as measured by annual departmental returns to the OTS	Improvement on baseline of 65.7 per cent	Not assessed (data not available)

**DSO 4: Transform Public Services (Strong progress)**

<b>Indicators</b>	<b>Target</b>	<b>2008-09 Result</b>
Achieve 50 per cent reduction in avoidable contact by 31 March 2011	50 per cent reduction against unpublished baseline established in February 2009	Improvement – based on preparatory activity rather than an improvement in the indicator
Migrate more than 95 per cent of the total identified websites to Directgov and Businesslink.gov by 31 March 2011	Improvement from baseline of 36.8 per cent websites migrated to 95 per cent target	Improvement – 55.3 per cent migrated at year end

**DSO 5: Build the capability of the Civil Service (Some progress)**

<b>Indicators</b>	<b>Target</b>	<b>2008-09 Result</b>
Capable departments (a) Capability Review overall scores	Improvement on baseline of first round scores	Strong progress – all 14 second round reviews showed improvement
Capable departments (b) Overall management of departments	Unclear	No progress
Capable leaders (a) Leadership capability	Unclear	Strong progress – reported unidentified 'strongly positive feedback from key stakeholders'
Capable leaders (b) Confidence in senior management	Unclear	No progress
Delivering excellent public services (a) Government ability to improve public services	Improvement on Ipsos Mori Delivery Index on public service improvement as benchmarked in March 2008 (unpublished)	Not assessed, though index fell to -29 from -22 in year
Delivering excellent public services (b) Likelihood of delivery of PSAs	Progress on PSA delivery using 'likelihood of delivery' indicators (unpublished)	Not assessed
Delivering excellent public services (c) International government effectiveness indicators	Improvement of performance in World Bank measures of government effectiveness (June 2008 benchmark unpublished)	Not assessed

**DSO 6: Promote standards of propriety in public life (Not assessed)**

<b>Indicators</b>	<b>Target</b>	<b>2008-09 Result</b>
Publication of codes, guidance and annual lists	No target	Not assessed – but 11 outputs listed
Ensuring public servants are aware of and abide by standards of propriety	No target	Not assessed – but nine advisory activities listed

*Source: Cabinet Office Annual Report and Accounts 2008-09*

# Appendix Two

## Ratings from second round Capability Reviews

Rank	Department	Average Capability Rating for Leadership	Average Capability Rating for Strategy	Average Capability Rating for Delivery	Average Capability Rating Overall	Change since first-round review
1	Department for International Development	3.3	2.7	3.0	3.0	+0.3
2=	Department for Children, Schools and Families	3.3	2.7	2.7	2.9	+0.5 <sup>1</sup>
2=	Department for Work and Pensions	2.8	3.3	2.7	2.9	+0.6
4	Foreign and Commonwealth Office	3.3	2.7	2.3	2.8	+0.6
5	Department for Business, Enterprise and Regulatory Reform	2.8	2.7	2.7	2.7	+0.5 <sup>2</sup>
6=	Department of Health	2.3	2.3	3.3	2.6	+1.0
6=	Crown Prosecution Service	2.8	2.3	2.7	2.6	+0.4
6=	Department for Transport	2.3	3.3	2.3	2.6	+0.3
9=	Home Office	2.5	2.7	2.3	2.5	+1.1
9=	Department for Environment, Food & Rural Affairs	2.5	2.7	2.3	2.5	+0.6
9=	Ministry of Defence	2.3	3.3	2.0	2.5	+0.2
<b>12</b>	<b>Cabinet Office</b>	<b>2.5</b>	<b>3.0</b>	<b>1.7</b>	<b>2.4</b>	<b>+0.4</b>
13	Department for Communities and Local Government	2.3	2.7	2.0	2.3	+0.4
14	Department for Culture, Media and Sport	1.8	2.7	2.3	2.2	+0.3

Key: 4 = strong; 3 = well placed; 2 = development area; 1 = urgent development area; 0 = serious concerns.

Source: *Capability Reviews published between July 2006 and July 2009*

### NOTES

- 1 Compared with rating for Department for Education and Skills, in July 2006.
- 2 Compared with rating for Department of Trade and Industry, in December 2006.
- 3 Second-round reviews have not yet been completed for HM Treasury and HM Revenue & Customs, while the Ministry of Justice and the Department for Energy and Climate Change are new departments, created in 2007 and 2008.