

# Value for money in public sector corporate services

A joint project by the UK Public Sector Audit Agencies



National Audit Office



Northern Ireland Audit Office



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU



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## **What is the project about?**

Public sector efficiency is high on the agenda of UK governments. Due to their impact on efficiency, corporate services will continue to be a strong focus of attention. The UK's public sector audit agencies have developed indicator sets to measure the value for money performance of five core functions: finance, human resources, information and communication technology, estates management and procurement.

Information based on the indicators is already helping senior managers make strategic decisions, and contributing to the delivery of improved organisational outcomes. The indicators have helped organisations right across the public sector to understand, compare and demonstrate the value for money performance of their corporate services.

The audit agencies continue to work together to promote and develop the indicator sets, and as part of this process have set up expert groups to review and advise on the future development of these indicators.

## **Tell me more about the indicators**

The audit agencies had five key objectives:

- That the use of the indicators should be voluntary and assist public service providers to demonstrate how they are achieving value for money improvements;
- That there should be a small number of high-level indicators that no senior manager would want to be without. These high level indicators should capture key aspects of the organisation's performance - those that are central to the effective and efficient management of the service;
- That a secondary set of indicators should allow managers to drill down deeper to explain variation, including key elements of efficiency;
- To help identify best practice against which organisations can benchmark themselves, helping them to learn from the best in the public sector and beyond; and
- To sharpen focus on outcomes for corporate service users and commissioners, improving understanding of the challenges faced, and supporting better decision making.

## **How can we use them?**

The audit agencies agree that using the indicator sets should be voluntary. But, they strongly encourage client organisations to take advantage of them to drive improvements in their corporate functions.

Organisations should use the indicators to compare their performance with others; drive improvements in efficiency and effectiveness and identify areas of potential cost saving. Included later in this publication are indicators that illustrate how organisations can use the information for comparative and benchmark purposes.

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Six organisations are providing a benchmark service to public sector clients. These are:

<b>CIPFA</b>	<a href="http://www.vfmindicators.co.uk">http://www.vfmindicators.co.uk</a>
<b>DLA Piper*</b>	<a href="http://www.hrbenchmarker.com">http://www.hrbenchmarker.com</a>
<b>Purchasing Index</b>	<a href="http://www.pibenchmark.com">http://www.pibenchmark.com</a>
<b>PWC Saratoga*</b>	<a href="mailto:enquiries@saratoga.pwc.com">enquiries@saratoga.pwc.com</a>
<b>Spikes Cavell</b>	<a href="http://www.spikescavell.net/about-us/partners/alliance-partners/audit-agencies">http://www.spikescavell.net/about-us/partners/alliance-partners/audit-agencies</a>
<b>SOCITM</b>	<a href="http://www.socitm.gov.uk/socitm/Services/default.htm">http://www.socitm.gov.uk/socitm/Services/default.htm</a>

\* DLA Piper and PWC Saratoga are offering a service for the HR indicators only.

### **What is happening next?**

The audit agencies intend to continue developing the corporate services indicators. They are also considering drawing up new sets of indicators to cover areas such as legal services, communication/ PR, marketing, and policy. Experts within these areas who would like to be involved in the development of the indicators are welcome to contact Jim Lakie at the address below.

### **Where can I get more information?**

Details of the indicator sets are available on the Public Audit Forum website  
**[www.public-audit-forum.gov.uk](http://www.public-audit-forum.gov.uk)**

Enquiries about this publication or the indicator sets should be made to:

#### **Jim Lakie**

Corporate indicator project lead for the UK audit agencies

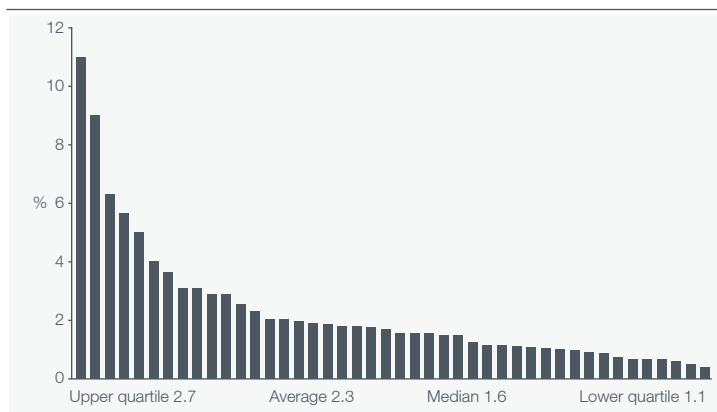
Telephone: **0131 625 1862**

email: **[jim.lakie@audit-scotland.gov.uk](mailto:jim.lakie@audit-scotland.gov.uk)**

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## Examples of the indicators

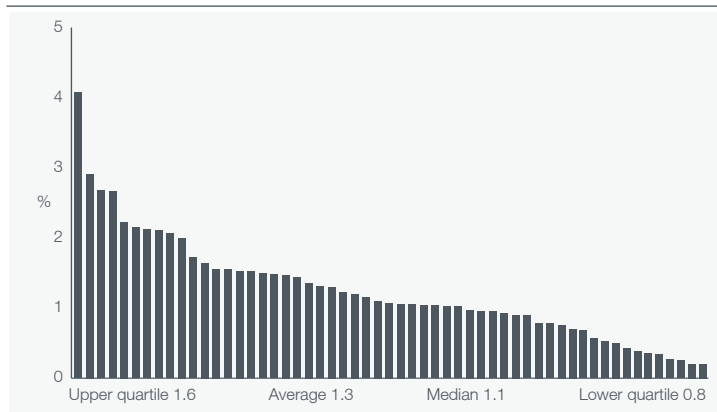
We have selected three indicators to demonstrate the ranges of values that were reported in 2006/07.



Source: CIPFA

### The cost of the ICT function as a percentage of organisational running costs.

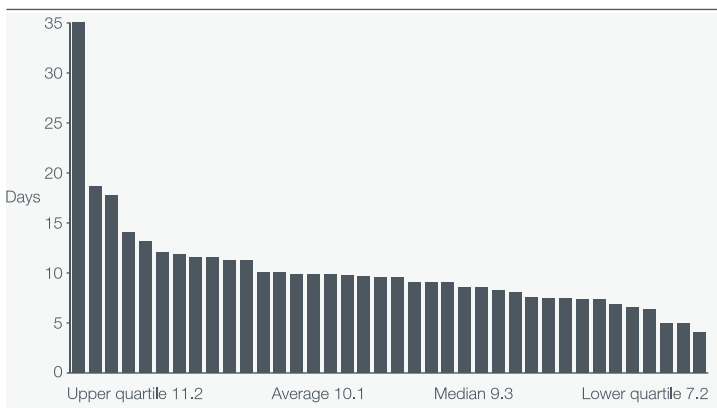
This indicator looks at the cost-effectiveness of the ICT function. The costs reported varied amongst organisations from 0.5% to 11% as a proportion of organisational running costs.



Source: CIPFA

### The cost of the Finance function as a percentage of organisational running costs.

This indicator seeks to establish whether the costs of running the finance department are in proportion to the resources that are being used. Costs reported varied between 0.2% and 4% as a proportion of organisational running costs.



Source: CIPFA

### The average number of working days per employee per year lost through sickness absence.

This indicator helps identify the effectiveness of processes and procedures developed by the HR function in managing overall levels of sickness absence in the organisation. The average number of days per year lost to sickness absence ranged from 4 days to 35 days with an average of 10 days.