

SYSTEM OF GOVERNMENT: Parliamentary

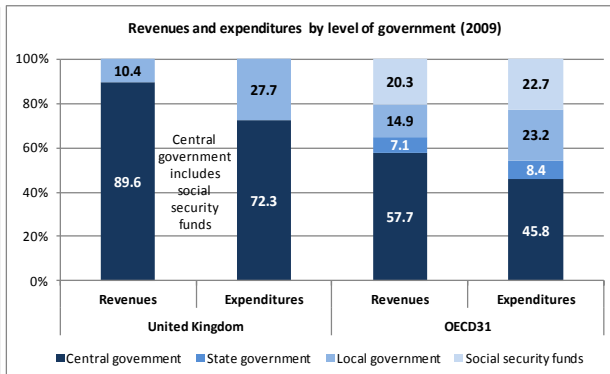
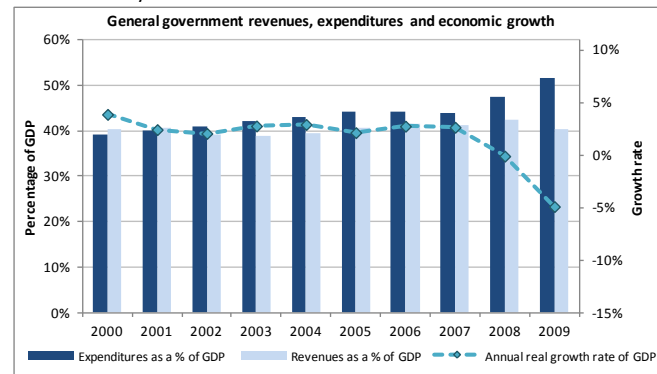
- No. of ministries: 17 (2010)
- No. of governments over last 20 years: 8
- No. of coalitions over last 20 years: 1

STATE STRUCTURE: Unitary

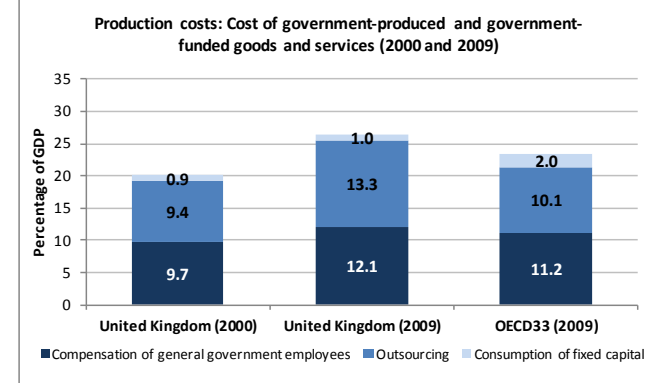
LEGISLATURE: Bicameral

- Upper house: Not elected
- Lower house: elected using First Past the Post

General government expenditures as a percentage of GDP increased in the UK from around 40% in 2000 to above 50% in 2009. This was the result of small increases in expenditures during the whole decade that were followed by larger jumps due to the impact of the financial and economic crises in 2008 and 2009. However, since 2002 expenditures exceeded revenues, leading to deficits and increasing debt. The UK government is strongly centralised with almost 90% of the revenues collected by central government and social security funds, while more than 70% of the expenditures are also incurred by these two areas.

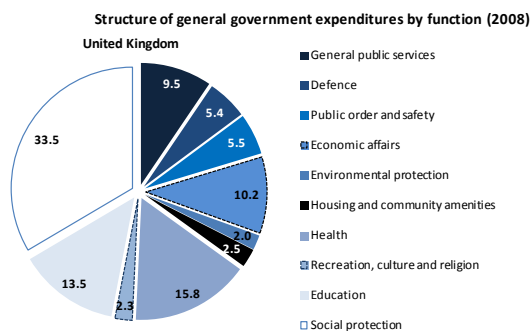


Source: OECD National Accounts and Economic Outlook 89. [Revenues] [Expenditures] [Revenues by level of government] [Expenditures by level of government]



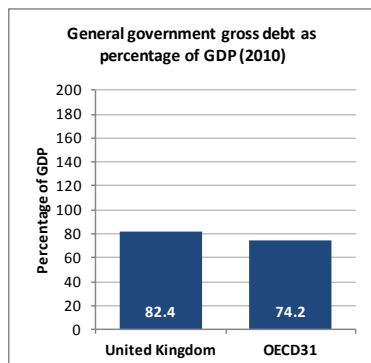
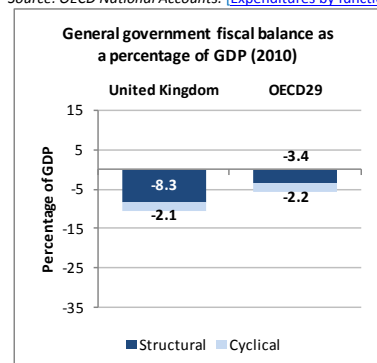
Source: OECD National Accounts. [Production costs]

Since 2000 the costs of providing public services and goods increased substantially from 20% of GDP to 26.4%, in part due to the fall in GDP. This entailed increases in compensation costs for in-house production and a large increase in outsourcing.



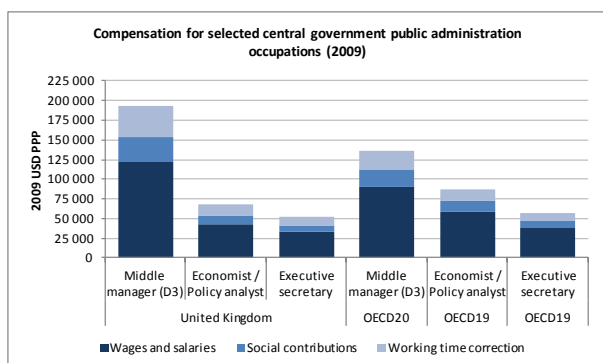
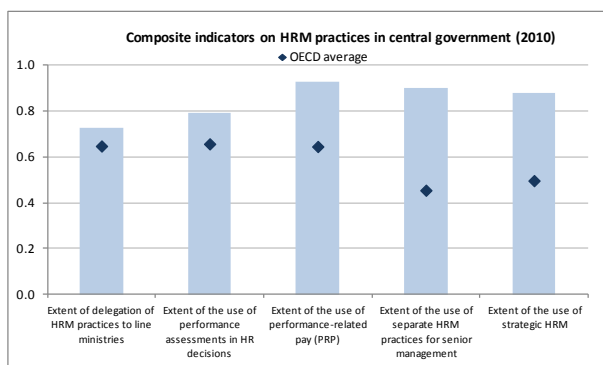
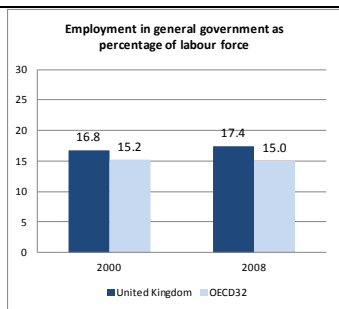
Source: OECD National Accounts. [Expenditures by function]

The largest spending item is social protection (33.5% of all government expenditures), where the UK spends as much as other OECD countries on average. The second largest spending area is health (15.8%)—which is somewhat more than the OECD average (14.7%)—followed by education (13.5%). The UK government devotes relatively fewer resources to administration (general public services) than many other OECD countries, but more to defence and public order and safety.



Source: OECD Economic Outlook 89. OECD average refers to the unweighted average [Fiscal balance] [Debt]

The general government fiscal balance in the UK stood at -10.3% of GDP in 2010, and for the most part represents a structural imbalance. The UK's gross debt is over 80% of GDP, somewhat higher than the OECD average (OECD definitions differ from Maastricht criteria). In order to reduce the debt level, the UK has embarked on a fiscal consolidation plan that relies predominately on expenditure cuts in all areas with the exception of health and overseas aid.



Working time correction brings countries to the same basis of comparison in terms of annual working hours (accounting for weekly working hours and holidays).

Transparency in public procurement, 2010

	Central proc. website	Contracting entity website	Domestic printed or electronic journal	Other website	Pct. OECD countries that publish info
Information for potential bidders	No	Yes	No	Yes	97%
Selection & evaluation criteria	No	No	No	No	97%
Tender documents	No	No	No	No	82%
Contract award	No	No	No	Yes	100%
Justification for award	No	No	No	Yes	59%
Tracking procurement spending	No	No	No	No	32%

Percentages refer to the share of OECD countries that reported publishing information "always" or "sometimes".

Public employment as a share of the labour force was 17.4% in 2008, a slight increase from 2000 (16.8%). This is slightly above the OECD average of 15% but well within the range of OECD countries, which runs from 6.7% to 29.3%. The UK central government plans to decrease this share through restructuring, as departments are resizing their workforce in line with administrative budget reductions averaging 34% over the next four years. *Source: International Labour Organisation. [General government employment] [Distribution by level]*

The United Kingdom's central government delegates almost all HRM functions to line ministries, except the decision on allocating the budget envelope between payroll and other expenses. The use of performance assessments is more widespread than in other OECD countries and it is used for pay purposes, career advancement as well as contract renewal decisions. The use of performance pay is almost universal in terms of performance-based increments. There are also modest non-consolidated performance-related payments. The central government is characterised by a cadre of senior civil servants that are managed separately with quite distinct HRM practices. The UK is also a leader in terms of the strategic use of HRM, both in terms of a general accountability framework for senior and middle managers and the use of capacity reviews and workforce planning. Currently, the UK government is in the process of reforming the delivery of HR to create greater efficiencies and reduce costs. *Source: OECD 2010 Strategic HRM Survey. [Delegation] [Performance assessment] [PRP] [Senior management] [Strategic HRM]*



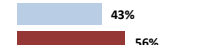

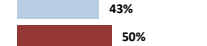
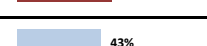
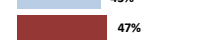
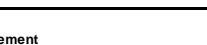


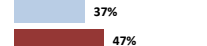


A recent OECD survey suggests that middle managers in the United Kingdom Civil Service receive total compensation above the OECD survey average, while economists/policy analysts and executive secretaries earn below the average. The survey data also suggest large relative differences in the amount paid to UK middle managers compared to other occupations and also compared to the OECD averages. It is estimated that wages and salaries make up 63% of total compensation, slightly below the OECD average of 66%, and social contributions make up 17%. Most Civil Service employees in the UK are required to work 37 hours a week, and there are around 225 working days per year. The UK government is committed to reviewing and reforming reward arrangements across the Civil Service to provide a modernised employee offer. There is currently a two year pay freeze across the public sector. *Source: OECD 2010 Compensation Survey. [Middle managers] [Economist/Policy Analyst] [Executive Secretary]*

Achieving greater transparency in public procurement is important, especially given that the United Kingdom spent an estimated 15% of GDP on procurement in 2008. Until recently in the UK, most public procurement information was published on the Office of Government Commerce (OGC) website: www.ogc.gov.uk. This website featured procurement laws and policies, information for potential bidders, justification for contract awards and specific guidance on application procedures like templates and forms. Information on contract award and procurement plans can also be found at the EU DG market website.

The new coalition government elected in May 2011 has made a number of public commitments relating to transparency and contracting. Not reflected in the table, a new central web-portal "Contracts Finder" was launched on 11 February 2011. It is a free facility for businesses to find in one place public sector procurement and sub-contracting opportunities over £10 000, including tender documents and information on contract awards. In addition, departmental spending on procurement is now published on the No10 web site, and contracting entities also sometimes publish general information, tender documents, and contract awards. Providing an adequate degree of transparency throughout the entire public procurement cycle is critical to minimise risk of fraud, corruption and mismanagement of public funds in order to ensure fairness and equitable treatment of potential suppliers. Additionally, it allows for effective oversight by concerned institutions and the general public. *Source: OECD 2010 Survey on Public Procurement. [Transparency in public procurement]*

REGULATORY GOVERNANCE

Regulatory governance mechanisms (2008)

Functions of the oversight body	Percentage of OECD countries responding "yes"		UNITED KINGDOM
Consulted as part of process of developing new regulation	2005	 73%	Yes
	2008	 82%	Yes
Reports on progress made on reform by individual ministries	2005	 43%	Yes
	2008	 56%	Yes
Authority of reviewing and monitoring regulatory impacts conducted in individual ministries	2005	 43%	Yes
	2008	 50%	Yes
Conducts its own regulatory impact analysis	2005	 43%	Yes
	2008	 47%	Yes
Anticipating compliance and enforcement			
Regulatory policies require that issue of securing compliance and enforcement be anticipated when developing new legislation	2005	 57%	Yes
	2008	 70%	Yes
Guidance for regulators on compliance and enforcement	2005	 37%	Yes
	2008	 47%	Yes
Existence of policy on risk-based enforcement	2005	N.A.	N.A.
	2008	 30%	Yes

This table presents two elements drawn from the wide range of activities for managing regulatory quality.

Established in 2005, the Better Regulation Executive (BRE), now within the Department for Business, Innovation and Skills, is responsible for the overall regulatory agenda. It is the latest in a line of central units with regulatory management functions going back to 1986. The main role of the BRE is to develop and strategically oversee regulatory management policies and incentivise government as a whole to reduce regulation, produce better regulation where it is required and use regulation as a last resort. Each ministerial department has its own Better Regulation Unit, which advises and supports its policy officials. Impact assessments are scrutinised by the independent Regulatory Policy Committee (RPC), to check their quality. The Coalition Government has agreed that sunseting will now be mandatory for all new regulation introduced by central government departments, where there is a net burden (cost) on business or civil society organisations. This means that regulations will expire automatically after 7 years unless action is taken to renew them following their first statutory review which should be published no later than 5 years after the relevant regulation has come into force. In addition, in order to introduce a regulatory proposal that imposes a net cost to business, policy-makers must identify and remove an equivalent net cost through deregulatory measures. The new Cabinet-level Reducing Regulation Committee (RRC) enforces the regulatory system. The United Kingdom is among the leading countries in the OECD which have developed a policy on risk and policy making. In 2005, the Hampton report sought to embed a new policy approach to enforcement, based on proportionality and risk-based assessments. A statutory code of practice, the Regulators Compliance Code, came into force in 2008 and is currently under review. Source: OECD 2008 Survey on Regulatory Management; OECD (2010), *Better Regulation in Europe – United Kingdom*, OECD Publishing, Paris. [\[Oversight bodies\]](#) [\[Compliance and enforcement\]](#)

OPEN GOVERNMENT

Disclosure of public sector information (2010)

Types of information disclosed	Proactive disclosure		
	United Kingdom	OECD32	Publication channels
Budget documents	⊙	94%	MA, OW
Audit reports	⊙	72%	MA
List of public servants and their salaries	⊙	28%	MA
Sharing of administrative data			
Administrative data sets	⊙	66%	CP, OW
Requirements on publishing in open data formats	Yes	53%	–
<ul style="list-style-type: none"> ● Required to be proactively published by FOI laws ⊙ Not required by FOI laws, but routinely proactively published ○ Neither required nor routinely published <p>CP= central portal; MA= ministry or agency website; OW=other website OECD percentages refer to the percentage of the 32 responding OECD countries that either require that information be published by law or do not require it but routinely publish information.</p>			

Similar to most OECD countries, the United Kingdom proactively publishes budget documents, audit reports and administrative data sets, and this information is made available through various channels including a central government portal, ministry or agency websites and other online sites. The UK proactively publishes names and salaries of central government staff earning over GBP 150 000 on departmental web-sites and/or on data.gov.uk, the single point of access to local and central government data for free re-use. The UK government is calling for public data to be published using open standards in reusable, machine readable forms under the same [Open Government Licence](#) (OGL, launched in Sept 2010) which allows free reuse, including commercial reuse. As part of the Right to Data, the UK is extending the scope of the FOI Act to ensure that datasets are released as available for re-use, and where practicable in a re-usable format, whether in response to requests or through their publication schemes. The UK is also developing plans for a new Public Data Corporation, which will for the first time bring together Government bodies and data into one organisation and aims to provide an unprecedented level of easily accessible public information and drive further efficiency in the delivery of public services. Source: OECD 2010 Survey on Access to Information. [\[Disclosure of information\]](#) [\[Publication channels\]](#)

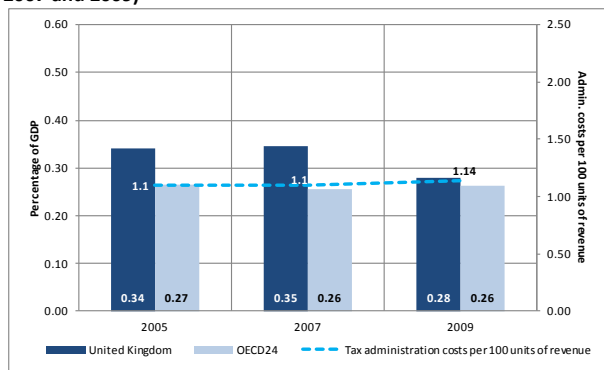
E-GOVERNMENT

E-Government building blocks and e-procurement (2010)

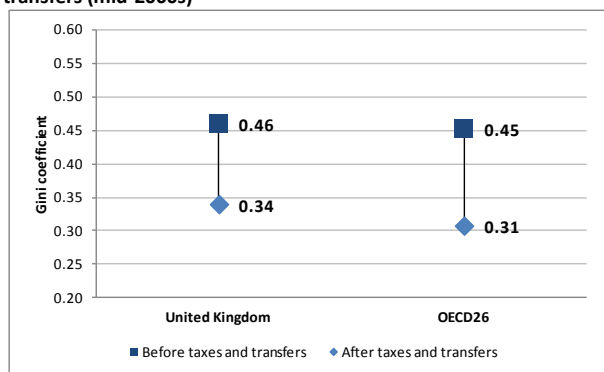
e-enabling laws and policies	United Kingdom	OECD25
Recognition & use of digital signature	●	100%
Electronic filing within the public sector	●	88%
Administering PPPs for e-government projects	●	64%
Services offered on single-entry procurement website		
Tender searches	No single-entry site	62%
Tracking of outcomes of contracts	No single-entry site	32%
OECD percentages refer to percentage of responding countries answering in the affirmative. ● Yes ○ No .. Data unavailable		

Similar to most OECD countries, the United Kingdom has put laws and/or policies in place to promote the use of digital signatures and electronic filing in the public sector. It also administers public private partnerships for e-government projects which can help increase innovation in public administrations through greater knowledge-transfers and exchange of best practices between the public and the private sectors. Not reflected in the table, the Government has recently launched Contracts Finder, a new single-entry procurement site. It is an online facility for public sector contract opportunities over £10 000, (including a feed from the OJEU Tenders Electronic Daily), and offers the opportunity to publish sub-contract opportunities. Source: OECD 2010 e-Government Survey and OECD 2010 Public Procurement Survey. [\[E-enabling laws\]](#) [\[E-procurement\]](#)

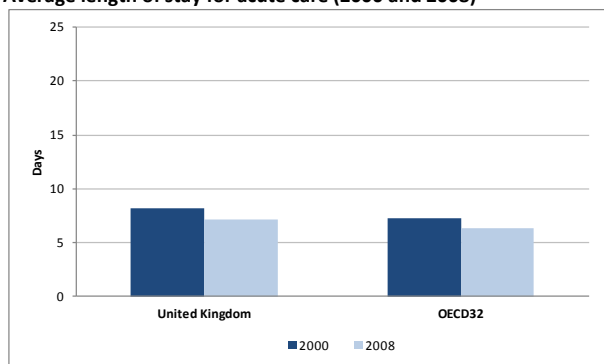
Tax efficiency: Total revenue body expenditures as a percentage of GDP and tax administration costs per 100 units of revenue (2005, 2007 and 2009)



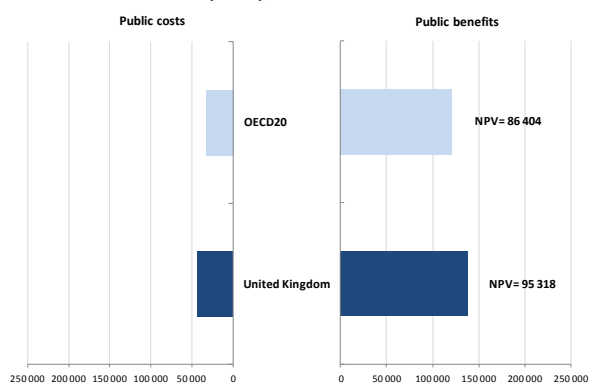
Differences in income inequality pre- and post-tax and government transfers (mid-2000s)



Average length of stay for acute care (2000 and 2008)



Public net present value for male obtaining tertiary education as part of initial education (2006), USD PPP



Growing fiscal constraints have led to increased attention on improving the efficiency of tax administrations. The “cost of collection ratio” is one efficiency measure which compares the annual administration costs incurred by a revenue body with the total revenue collected over the course of a fiscal year. Over time, a decreasing trend could reflect greater efficiency in terms of lowered costs and/or improved tax compliance. In the UK, the administration costs of collecting 100 units of revenue have remained relatively stable from 2005 to 2009. Between 2007 and 2009, total revenue body expenditures decreased by about 24%, closer to that of the OECD average. In October 2010, the UK Government announced a major revamping of public sector administration that is projected to see, among other things, major reductions in staffing in most Government departments. For HMRC, this reduction is projected at 25% over four years, but with some capacity to redirect some of the savings into compliance activities. Over this period, the net reduction in staff is expected to be in the range of 15%, a nevertheless substantial reduction that will necessitate further reform action. *Source: OECD (2011), Tax Administration in OECD and Selected Non-OECD countries: 2010 Comparative Information Series, OECD Publishing, Paris. [Total revenue body expenditures] [Tax administration costs per 100 units of revenue]*

One method of assessing the effect of government tax and transfer policies on income inequality is by assessing a country’s Gini coefficient before and after taxes and transfers. The effect of government redistributive policies on such measures of inequality is slightly lower in United Kingdom than the OECD average. United Kingdom achieved a 0.12 point reduction in the Gini coefficient following its tax and transfer policies, compared to an average 0.14 point reduction in OECD countries, and the gap between the rich and the poor is still greater in the UK than in three quarters of OECD countries. However, since 2000, income inequality has fallen faster in the United Kingdom than in any other OECD country. *Source: OECD (2008), Growing Unequal? Income Distribution and Poverty in OECD Countries, OECD Publishing, Paris. [Differences in inequality]*

The average length of stay (ALOS) for acute care indicates the average number of days that patients spend in the hospital for curative care. Similar to most OECD countries where ALOS decreased about one day between 2000 and 2008, the ALOS decreased from 8.1 days in 2000 to 7.1 days in 2008 in United Kingdom. The UK’s National Health Service needs to achieve up to £20 billion of efficiency savings by 2015 through a focus on quality, innovation, productivity and prevention (QIPP). The QIPP programme has issued best practice guidance on how to reduce length of stay at: <http://www.improvement.nhs.uk/qipp/MenuLevel1/Treatment/tabid/124/Default.aspx>. *Source: OECD Health Data 2010. [ALOS for acute care]*

Both government and society gain economic benefits from increased schooling. Obtaining a tertiary education helps people enter the labour market and earn more, thereby increasing government tax revenues. A more educated and employed population can also reduce the government obligations for benefits and social assistance. The public net present value (NPV) for a man obtaining tertiary education represents the public economic returns to education after having accounted for the costs of this education. At around USD 95 300, the UK’s public NPV is slightly higher than the OECD average and over two times the net public investment in tertiary education, providing a strong incentive to expand higher education. Tertiary education (HE) is a devolved responsibility in the UK. In England, the Government is implementing reforms to HE funding, taking forward the recommendations of Lord Browne’s Independent Review of Higher Education (published on 12 October 2010). From autumn 2012, universities in England will be able to charge up to £9 000 a year for courses, but will need to meet much tougher conditions on widening participation. At the same time there will be changes to the student loans and maintenance packages. *Source: OECD (2010), Education at a Glance 2010: OECD Indicators, OECD Publishing, Paris. [Public NPV of education]*

Production costs are a subset of total government expenditures, excluding government investment (other than depreciation costs), interest paid on government debt and payments made to citizens and others not in exchange for the production of goods and services (such as subsidies or social benefits). Production costs include compensation costs of general government employees, outsourcing (intermediate consumption and social transfers in kind via market producers), and the consumption of fixed capital (indicating the level of depreciation of capital).

Structure of government expenditures: Data on expenditures are disaggregated according to the Classification of the Functions of Government (COFOG), which divides government spending into 10 functions. More information about the types of expenditures included in each function can be found in Annex B of *Government at a Glance 2011*.

“Gross general government debt” refers to general government gross financial liabilities that require payments of principal and interest. For the European Union countries, gross public debt according to the Maastricht criteria is not presented here (see Annex Table 62 of OECD Economic Outlook No. 89). These data are not always comparable across countries due to different definitions or treatment of debt components. Gross debt is used rather than net debt due to the difficulties in making cross-country comparisons of the value of government-held assets, and because it is more relevant in the context of debt interest payments.

HRM Composites: The indexes range between 0 (low level) and 1 (high level). Details about the theoretical framework, construction, variables and weighting for each composite are available in Annex E at: www.oecd.org/gov/indicators/govataglance.

- The **delegation index** gathers data on the delegation of determining: the number and types of posts needed in an organisation, the allocation of the budget envelope, compensation levels, position classification, recruitment and dismissals, and conditions of employment. This index summarises the relative level of authority provided to line ministries to make HRM decisions. It does not evaluate how well line ministries are using this authority.
- The **performance assessment index** indicates the types of performance assessment tools and criteria used, and the extent to which assessments are used in career advancement, remuneration and contract renewal decisions, based on the views of survey respondents. This index provides information on the formal use of performance assessments in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **performance-related pay (PRP) index** looks at the range of employees to whom PRP applies and the maximum proportion of base pay that PRP may represent. This index provides information on the formal use of performance related pay in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **senior management index** looks at the extent to which separate management rules and practices (such as recruitment, performance management and PRP) are applied to senior civil servants, including the identification of potential senior civil servants early in their careers. The index is not an indicator of how well senior civil servants are managed or how they perform.
- The **strategic HRM index** looks at the extent to which centralised HRM bodies use performance assessments, capacity reviews and other tools to engage in and promote strategic workforce planning, including the use of HRM targets in the assessments of middle and top managers. The index does not reflect situations where strategic workforce planning has been delegated to the ministry/department/agency level.

Compensation data: Total compensation includes wages and salaries and employers’ social contributions (those to statutory social security schemes or privately funded social insurance schemes, as well as unfunded employee social benefits paid by the employer, including pension payments paid through the state budget rather than through employer social contributions (mostly for some pay-as-you-go systems)). In most cases data are for six central government ministries/departments only (interior, finance, justice, education, health and environment or their equivalents). Working time adjustment compensates for differences in time worked (both weekly working time and holidays). Compensation was converted to US dollars using purchasing power parities (PPPs) for GDP from the OECD National Accounts database. Differences in compensation policies can be the result of different bargaining powers; the state of the labour market (such as compensation in the private sector for similar positions); specific labour shortages; and the attractiveness of the government as an employer. While the survey uses the International Standard Classification of Occupations (ISCO) to standardise job categories, full comparability of responsibilities behind the occupational titles across countries presents difficulties in some cases. Annex D in *Government at a Glance 2011* fully details all limitations to data comparability, including those related to the measurement of employer’s social contributions (which were based on sources outside the survey for a number of countries, leading to potential inconsistencies).

Regulatory governance: The OECD average refers to the following number of countries:

- Functions of oversight bodies 2005: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.
- Functions of oversight bodies 2008: OECD34. Data for Chile, Estonia, Israel and Slovenia refer to 2009.
- Anticipating compliance and enforcement 2005 and 2008: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.

Tax efficiency: Tax administration efficiency ratios are influenced by differences in tax rates and the overall legislated tax burden; variations in the range and in the nature of taxes collected (including social contributions); macroeconomic conditions affecting tax receipts; and differences in the underlying cost structures resulting from institutional arrangements and/or the conduct of non-tax functions.

Differences in income inequality pre- and post-tax and government transfers: The values of the Gini coefficient range between 0 in the case of “perfect equality” (*i.e.* each share of the population gets the same share of income) and 1 in the case of “perfect inequality” (*i.e.* all income goes to the individual with the highest income). Redistribution is measured by comparing Gini coefficients for market income (*i.e.* gross of public cash transfers and household taxes) and for disposable income (*i.e.* net of transfers and taxes).

Public net present value for male obtaining tertiary education: Tertiary education refers to levels 5 and 6 in the International Standard Classification of Education (ISCED 97). Public costs include lost income tax receipts during the schooling years and public expenditures related to tertiary education. Public benefits include additional tax and social contribution receipts associated with higher earnings, and savings from transfers (housing benefits and social assistance) that the public sector does not have to pay above a certain level of earnings. The discount rate is set at 3%, which largely reflects the typical interest on an investment in long-term government bonds in an OECD country.