

LEGISLATURE: Bicameral

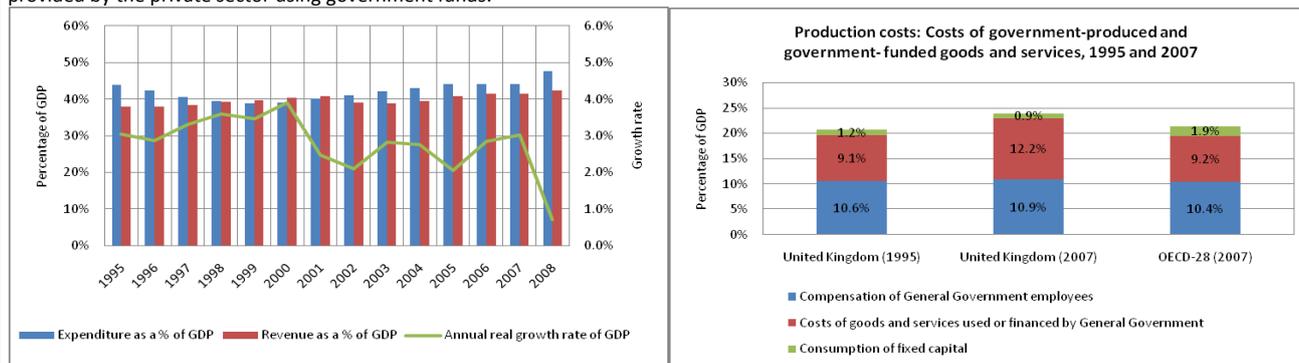
- Upper house: non-elected
- Lower house: elected using First Past the Post

SYSTEM OF GOVERNMENT: Parliamentary

- No. of ministries: 26 (2008)
- No. of ministers: 23 (2008)

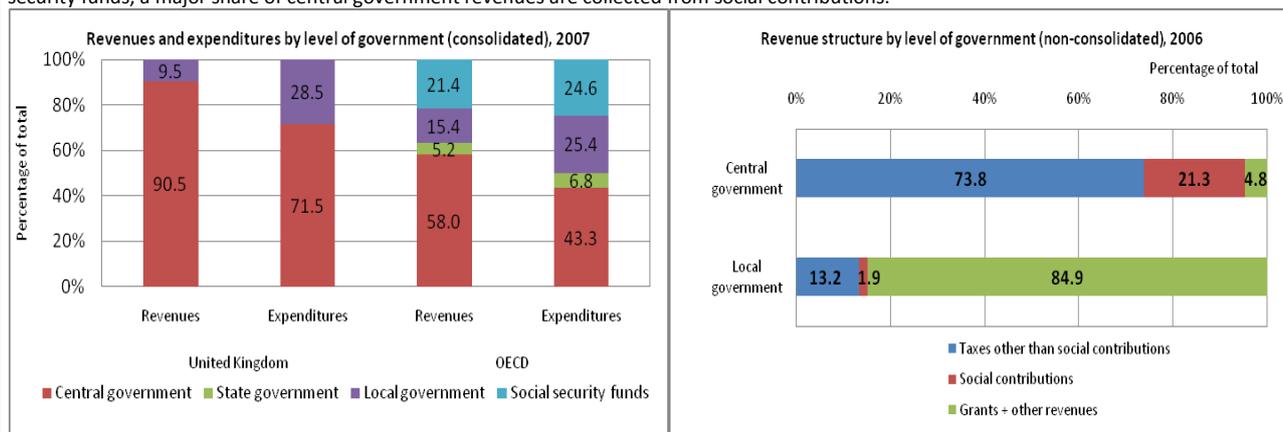
STATE STRUCTURE: Unitary

Expenditures have hovered around 40% of GDP, although they have approached 50% in recent years, reflecting the UK authorities' judgement of the need to invest in public services. From 1997-2002, the UK recorded solid improvements in its budget position, driven by strong revenue growth and declining expenditure as a share of GDP. In later years, as expenditures have increased, revenues have increased less quickly, resulting in deficits since 2002, though the level of government debt was significantly below the OECD average before the onset of the global financial crisis. The government deficit is widening rapidly and is expected to reach around 14% of GDP in 2010, mostly due to the fact that tax receipts have been significantly affected by the current downturn and also due to increases in expenditures to stimulate the economy. Production costs as a share of GDP increased in the United Kingdom between 1995 and 2007, with the main increase occurring in the costs of goods and services produced or provided by the private sector using government funds.



Source: OECD National Accounts and Economic Outlook. [\[Revenues\]](#) [\[Expenditures\]](#) [\[Production costs\]](#)

The government of the United Kingdom is very centralised compared to other OECD countries. The central government collects over 90% of revenues and represents over 70% of total expenditures. Local governments receive almost all revenues from grants. Since there is no separate level of social security funds, a major share of central government revenues are collected from social contributions.



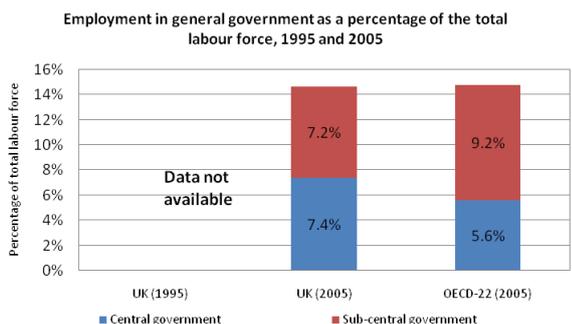
Source: OECD National Accounts [\[Revenues\]](#) [\[Expenditures\]](#)

The overall structure of expenditures in the United Kingdom is very similar to the OECD average. Local governments are responsible for education and social protection, with some share of public order and safety expenditures. Central government spends the largest proportion of funds on general public services, social protection and health. The fact that local governments have no role whatsoever for health care is rather unusual among OECD countries.

Expenditure structure by function of government (non-consolidated), 2006	United Kingdom (2005)		OECD-26	EU-19
	Central government	Local government	General government	General government
Share of total				
General public services	31.7%	8.2%	11.0%	13.8%
Defence	6.2%	0.0%	5.7%	3.4%
Public order and safety	2.8%	10.9%	5.8%	3.7%
Economic affairs	4.2%	8.2%	6.3%	10.6%
Environment protection	1.1%	4.5%	2.3%	1.7%
Housing and community amenities	0.7%	5.9%	2.1%	2%
Health	17.5%	0.0%	16.0%	15.1%
Recreation, culture and religion	1.2%	3.3%	2.0%	2.6%
Education	4.7%	30.0%	13.0%	12.9%
Social protection	30.0%	29.0%	35.8%	37.7%

Source: OECD National Accounts [\[General government\]](#) [\[Central, state and local\]](#)

GOVERNMENT EMPLOYMENT: SIZE AND CHARACTERISTICS



Government employs just over 14% of the total labour force, very close to the OECD average. Government employment in the United Kingdom is split equally between the central and sub-central levels of government.

Source: *OECD Comparison of Employment in the Public Domain Survey and Labour Force Survey*

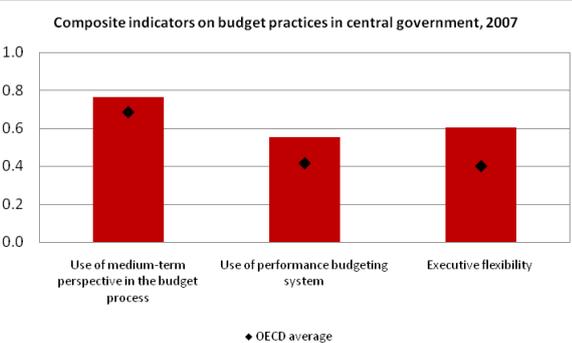
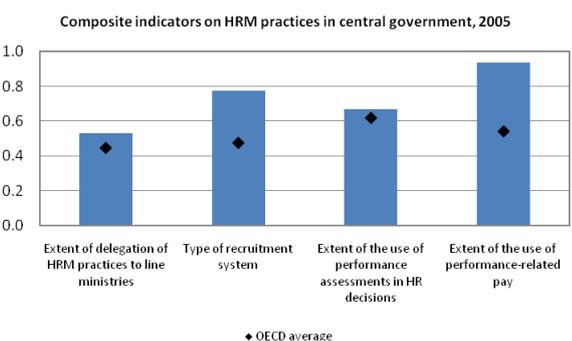
[\[General government employment\]](#) [\[Distribution by level\]](#)

Females represent a larger proportion of the central government workforce than the general labour force. Their representation is also somewhat above the OECD average of 47%. Within central government, the share of administrative positions filled by women is double the share senior managerial positions filled by women, although female representation in both position types exceeds the OECD average. The central government in the United Kingdom is ageing more rapidly than the total labour force, although the share of employees 50 years and older is somewhat lower than the OECD average.

Source: *OECD Strategic HRM Survey and Labour Force Survey*

[\[Female participation\]](#) [\[Ageing\]](#)

COMPOSITE INDICATORS: PUBLIC MANAGEMENT PRACTICES



In the central government of the United Kingdom, the responsibility for HRM decisions is shared between central agencies and line ministries. In general, line ministries have been delegated the authority to make decisions regarding recruitment, performance management, and pay. The Cabinet Office and the Prime Minister's Office provide strategic direction and leadership. The central government recruitment system is primarily position-based with jobs open to both internal and external applicants. The use of performance assessments in HRM decisions is relatively wide-spread, similar to many OECD countries, while performance-related pay is much more prevalent in the U.K. central government than in other OECD countries. The central government is characterised by a cadre of senior civil servants that are managed separately with very distinct HRM practices.

Source: *OECD Strategic HRM Survey*

[\[Delegation\]](#) [\[Recruitment\]](#) [\[Performance management\]](#)

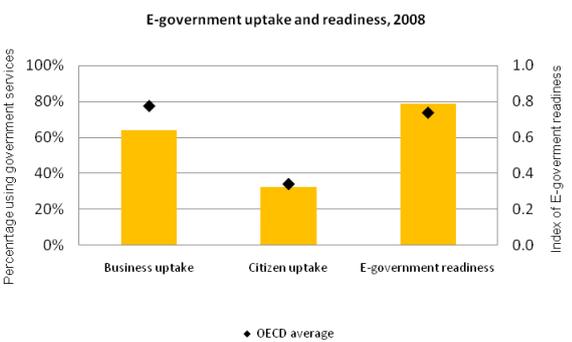
The United Kingdom produces medium-term expenditure estimates and suggested ceilings for ministries every 2-3 years. Performance budgeting was introduced following the 1998 Comprehensive Spending Review which established Public Service Agreements (PSAs). Overseen by HM Treasury, PSAs set out aims, objectives, targets and efficiency savings for government departments in exchange for the resources committed. During the last 10 years, PSAs have moved away from inputs and processes to focus on the outcomes that matter to public service users. The Parliament grants the executive fairly high levels of authority to make changes to budgeted resources midway through the fiscal year.

Source: *OECD International Budget Practices and Procedures Database*.

[\[Medium-term\]](#) [\[Performance budgeting\]](#) [\[Executive flexibility\]](#)

OECD Journal on Budgeting: www.oecd.org/gov/budget/journal

E-GOVERNMENT



The United Kingdom exhibits a high-degree of e-government readiness based on a well-developed communications infrastructure, an educated populace and a well-developed system of government websites.

Source: *United Nations E-Government Readiness Knowledge Base, Eurostat*.

[\[Readiness\]](#) [\[Uptake\]](#)

[\[OECD E-Government Publications\]](#)

INTEGRITY

Types of information central government decision makers are required to disclose and level of transparency, 2009

Requirements for disclosure	Prime Minister	Minister	Lower House Legislators	Upper House Legislators
Assets and liabilities	DP	DP	DP	DP
Loans	DP	DP	DP	DP
Sources and level of income	DP	DP	DP	DP
Outside positions	DP	DP	DP	DP
Gifts	DP	DP	DP	DP
Previous employment	DP	DP	DP	DP

D= Disclosed; DP= Disclosed and publicly available; ND= Not disclosed; NA= Not applicable.

The United Kingdom is a leader among OECD member countries in the amount of private interests disclosed and their level of transparency. The United Kingdom requires decision makers in central government to disclose a large amount of information about potential conflicts of interest. These disclosures are available to the public. In addition, declarations of decision makers are regularly updated and made available on the Internet.

Source: OECD Survey on Integrity
[\[Disclosures\]](#)

REGULATORY MANAGEMENT

Requirements for Regulatory Impact Analysis (RIA) processes used by central governments

	2005	2008
Quality reviewed by body external to Ministry preparing rules	Yes	Yes
Required for draft primary laws	In selected cases	Always
Required for draft subordinate regulations	In selected cases	Always
Required to quantify costs	Always	Always
Required to quantify benefits	Always	Always
Required to publicly release results	Always	Always

The 2005 and 2008 surveys of Indicators of Systems of Regulatory Management examined the extent of governance practices designed to improve the quality of regulation in OECD countries. Among the most important practices are: the use of regulatory impact analysis (RIA) to assess the cost and benefits of new regulation and the institutional oversight of the quality of regulations; and the design of programs to reduce the costs of administrative activities on business and citizens.

The United Kingdom introduced compliance cost assessments in the early 1980s, and RIAs in the 1990s. In 2007, "impact assessment" was extended to all policy proposals with potential regulatory impacts, including formal legislation, codes of practice and information campaigns, with an emphasis on the monetisation of costs and benefits. Other new initiatives include simplifying existing regulations, with a target to reduce administrative burdens by 25% by 2010, and working with regulators (including local authorities) to change their behaviour as enforcers and with central government departments to change their culture as producers of regulation. While the Better Regulation Executive (BRE) has main responsibility for the government's Better Regulation agenda, it emphasises that all departments which have an impact on the economy "share ownership" of Better Regulation objectives.

Source: OECD Survey on Regulatory Management.

[\[RIA\] \[Administrative simplification\]](#)

Regulatory Management Indicators: www.oecd.org/regreform/indicators

EU 15 reviews on Regulatory Reform: www.oecd.org/gov/regref/eu15

Background reports on Regulatory Reform: www.oecd.org/regreform/backgroundreports

Extent of programs for reducing administrative burdens at the central level of government

	1998	2005	2008
Explicit programme exists	Yes	Yes	Yes
Includes quantitative targets	No	Yes	Yes

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, the costs of goods and services produced by private entities funded by government (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 2009*.

Employment characteristics: The OECD averages refer to the following number of countries:

- Share of employees that are female: OECD-23
- Share of senior managers that are female: OECD-22
- Share of administrative positions filled by females: OECD-17
- Share of employees 50 years or older: OECD-25

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 at: www.oecd.org/gov/indicators/govata glance.

- **Delegation index** gathers data on the delegation of determining the number and types of posts needed in an organization, 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.
- **Type of recruitment system index** includes policies for becoming a civil servant in general (*e.g.* competitive examination or direct application) and for recruiting senior civil servants, and systems for appointing entry-level positions and for allocating posts across departments. This index describes a spectrum of recruitment systems in place in OECD member countries. Countries scoring closer to 0 have career-based systems whereas countries scoring closer to 1 have more position-based systems. The index does not evaluate the performance of difference systems.
- The **performance assessment index** indicates the extent to which it is 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 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.

Budget 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 at: www.oecd.org/gov/indicators/govata glance.

- The **medium term budget perspective index** contains information on whether countries develop and present multi-year expenditure estimates in the annual budget, the number of years the estimate covers, how often estimates are updated; and whether there are multi-year targets or ceilings and how often these are revised. This index measures the extent to which countries have developed a medium-term perspective in their budget process. However, it does not evaluate whether this perspective has been effective at achieving budget outcomes such as fiscal discipline and allocative efficiency.
- The **performance budgeting index** contains information on what type of performance information is developed; the processes for setting goals and targets; the process for monitoring and reporting on results; and if and how performance information is used in budget negotiations and decision making processes by key actors including the central budget authority, the line ministries and politicians. This index examines the degree to which OECD member countries have put a performance budgeting system in place. However, it does not measure how successfully these systems operate in practice.
- The **executive flexibility index** contains the following variables: the extent to which lump sum appropriations are used; the number of line items in the budget; agencies' ability to carry-over unused budget allocations between years, borrow against future appropriations, reallocate between line items and keep efficiency gains; and constraints on the executive's ability to increase spending during budget execution. This index looks at the different levels of flexibility provided to the executive during budget execution. However, it does not measure whether this flexibility is used effectively or appropriately.

E-Government:

- The **UN e-government readiness index** ranges between 0 (low level) and 1 (high level). It measures the capacity of governments to implement and develop e-government services. Developed within the framework of the UN global e-government survey, the indicator consists of three sub-indices: (1) the web measure index, (2) the telecommunication infrastructure index and (3) the human capital index. The web measure index ranks countries based on the coverage, sophistication and availability of e-services and e-products. The index categorizes countries as having either an emerging, enhanced, interactive, transactional, or networked e-government presence. The telecommunication infrastructure index is a weighted average of 5 measures of ICT infrastructure capacity: PCs/100 persons, Internet users/100 persons, Telephone lines/100 persons, Broad-banding/100 persons and Mobile phones/100 persons. The human capital index is a weighted average of the adult literacy rate (two-thirds weight) and the combined primary, secondary and tertiary gross enrolment ratio (one-thirds weight).
- The e-government take-up by citizens indicator measures the percentage of individuals (aged 16-74) who used the Internet to interact with public authorities in the 3 months preceding the survey. Data are collected through Eurostat's annual Community Survey on ICT Usage in Households and by Individuals, and are only available for European countries.
- The e-government take-up by businesses indicator measures the percentage of enterprises using the Internet to interact with public authorities. Only businesses with 10 or more employees are included. Data are collected by national statistical offices based on Eurostat's annual Model Survey on ICT Usage and E-commerce in Businesses.