

MACHINERY OF GOVERNMENT CHANGES
AN EXPLANATORY DOCUMENT

CONTENTS

- A. Introduction**
- B. Initial analysis of the costs and benefits:**
 - 1) Government Equalities Office; and**
 - 2) competition and policy issues relating to media, broadcasting, digital and telecoms sectors.**
- C. Conclusion**

CABINET OFFICE
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A. INTRODUCTION

At the end of 2010 the Government announced two machinery of government changes:

- i. the Government Equalities Office ceasing to be a separate department and being brought within the Home Office; and
- ii. responsibility for all competition and policy issues relating to media, broadcasting, digital and telecoms sectors being transferred from the Secretary of State for Business, Innovation and Skills to the Secretary of State for Culture, Olympics, Media and Sport.

This Cabinet Office paper describes the consequences of these changes for departments involved and, for the significant changes, sets out an initial analysis of the costs and benefits associated with each significant change, as well as the rationale. This document reflects the commitment the Government has made to ensure that for machinery of government changes the costs are tightly managed, benefits are delivered and that any changes represent value for money.

The Government Equalities Office is responsible for the Government's overall strategy and legislation on equalities issues, having been established as a separate Department in October 2007. Since May 2010 the Government Equalities Office reported to the Home Secretary, who is also Minister for Women and Equalities. Over that period the Prime Minister and Home Secretary reviewed this structure and agreed, that in order to embed equalities within Government, it would be more effective for the Government Equalities Office to cease being a separate department and become part of the Home Office. This reflects the commitment made by the Government in the Equality Strategy-Building a Fairer Britain (December 2010) to making equalities a core part of government business, rather than an add-on.

On 18 January 2011 the Prime Minister confirmed that responsibility for all competition and policy issues relating to media, broadcasting, digital and telecoms sectors would transfer from the Secretary of State for Business, Innovation and Skills to the Secretary of State for Culture, Olympics, Media and Sport. This followed comments made by the Secretary of State for Business, Innovation and Skills to the media in respect of competition issues.

B. INITIAL ANALYSIS OF COSTS AND BENEFITS

1. GOVERNMENT EQUALITIES OFFICE

The Government announced on 2 December 2010 that the Government Equalities Office would be brought within the Home Office and cease to be a separate department. This change took place on 1 April 2011.

Context and rationale

The Government Equalities Office has responsibility within Government for equality strategy and legislation, and takes the lead on issues affecting women, gay, lesbian, bisexual and transgender people. It was set up in October 2007 as a separate Department, the former Women and Equality Unit having previously been located in a number of different Government departments (Cabinet Office, Department of Trade and Industry, Communities and Local Government) over the last 20 years.

The reason for the move was as follows:

- the Government wanted to embed equalities in departments so it is seen as an essential part of their work, not an add-on to tick a box;
- having a separate equalities department which is outside the core departmental structure reinforces the message of equalities as an “add-on” rather than a core activity; and
- embedding in a department will over time release funding that can be targeted on frontline services.

The move of the Government Equalities Office into the Home Office involved the transfer of 115 FTEs. The Government Equalities Office allocation for the Spending Review period of £231.4m transferred to the Home Office to be used to continue the work for which it was intended.

The Government Equalities Office continues to report to the Home Secretary and Minister for Women and Equalities. The Permanent Secretary for the Home Office is the Accounting Officer for the Government Equalities Office.

Alternatives considered

The Government considered maintaining the current structure, whereby the Government Equalities Office was a separate department reporting to the Home Secretary and Minister for Women and Equalities.

In considering this option the following criteria were considered:

Effectiveness: how effective is the arrangement for driving efficiency and harnessing the most effective use of resources?

Fit: Is there a good institutional fit with powers and the delivery of objectives and is there a legacy of enduring capability?

Cost: Are the benefits in balance with the costs of the change both now and in the future?

Following consideration of all proposals it was felt that maintaining the current position was not the best option in respect of effectiveness. There would be some short-term costs associated with relocation but that these were outweighed by the potential increased efficiencies. In respect of fit, it was agreed that if in the future the post of Home Secretary was not concurrent with the post of Minister for Women and Equalities then the Home Office may not continue to be the best fit for the work, but this was not a barrier to realising the benefits now.

Overview of the benefits and costs of change

Anchoring GEO within a major department of state sends out a clear message that equalities work is part of mainstream activities, providing demonstrable opportunities to blend in equalities work within the department and promoting similar approaches across government. There were some costs attached to moving GEO from Eland House to the Home Office main buildings at Marsham Street. However the benefits of locating GEO within Home Office headquarters, providing opportunities for closer interaction between GEO staff with other Home Office policy areas in promoting equalities issues outweighs any short-term additional costs arising from this move.

2. COMPETITION AND POLICY ISSUES RELATING TO MEDIA, BROADCASTING, DIGITAL AND TELECOMS SECTORS

On 18 January 2011 the Prime Minister confirmed that responsibility for all competition and policy issues relating to media, broadcasting, digital and telecoms sectors would transfer from the Secretary of State for Business, Innovation and Skills to the Secretary of State for Culture, Olympics, Media and Sport.

This transfer included:

- merger and competition cases in these sectors;
- sponsorship of the telecoms sector, mobile and fixed;
- sponsorship of all content industries, including computer games and publishing;
- telecoms policy, including implementation of the EU framework;
- broadband policy and delivery (including Broadband Delivery UK);
- internet policy and governance, including implementation of the Digital Economy Act;
- Spectrum;
- BT Pension Crown Guarantee;
- responsibility for sponsorship of Ofcom (except in relation to postal regulation); and
- full responsibility for the Digital TV switchover and Digital Radio Action Plan.

The Secretary of State for Business, Innovation and Skills retained responsibility for postal regulation; sponsorship of telecoms equipment manufacturing and the wider electronics, IT services and software sectors. He also continues to work with the Cabinet Office as part of the National Cyber-Security Programme.

The Minister for Culture, Communications and Creative Industries, formerly a joint Minister, now reports solely to the Secretary of State for Culture, Olympics, Media and Sport. He continues to work closely with Ministers in the Department for Business, Innovation and Skills.

2.1 Context and rationale

The Department for Business, Innovation and Skills and the Department for Culture, Media and Sport have worked closely together on these policy areas for some time, and bringing all aspects of media, communications, broadcasting and internet policy within one department was a logical next step.

The move involved the transfer of approximately 70 full time (or equivalent) employees. The funds set out below will transfer from the Department for Business,

Innovation and Skills' allocation for the next Spending Review (resource and capital spend), to the Department for Culture, Media and Sport to continue the work for which they were intended:

	2011-12 (£k)	2012-13 (£k)	2013-14 (£k)	2014-15 (£k)
Admin	£3,449	£3,351	£3,351	£3,351
Programme	£3,728	£5,902	£1,800	£1,800
Capital	£102,000	£116,000	£53,000	£9,000
Total	£109,177	£125,253	£58,151	£14,151

2.2 Alternatives considered

No alternatives were considered.

2.3 Overview of the benefits and costs of change

Benefits:

- all media, broadcasting, digital and telecoms regulation policy were brought under the auspices of one government department for the first time;
- this new arrangement supports the Government's wider aim of economic growth and improved efficiency;
- increased impact for the Department for Culture, Media and Sport, both in its sectors and across Whitehall;
- greater business focus for the Department for Culture, Media and Sport; and
- additional opportunities to identify synergies between departments and realise efficiencies.

Costs:

Estimated cost of the move is around £235,000. This breaks down as:

- IT costs (transfer of data, supply of equipment, remote access, etc) in the region of approximately £215,000; and
- Physical move of staff and materials to 2-4 Cockspur Street in the region of approximately £20,000.

C. CONCLUSION

This document sets out an initial analysis of costs and benefits associated with each significant change, as well as the rationale for the change. As set out in the Government's Response to the Public Accounts Committee's report on *Reorganising Central Government* each department undergoing a Machinery of Government change is expected to report to Parliament, at an appropriate stage, on the achievement of the costs and benefits, identified as part of the change. In addition the department undergoing a Machinery of Government change may be expected to carry out an evaluation which may or may not be published.