

# PART TWO

## How government online provision is currently organised and what it costs

**2.1** Departments and agencies run their own websites and the sites' operation may be assigned to a web manager located in an IT division or a communications/marketing division, or policy divisions that generate most content for information sites. The Chief Information Officer (CIO) of departments or equivalent position in some agencies sets IT strategies and runs the operations of main IT systems, for which transaction websites often interface. The CIO may also manage overall IT procurement, which may include website provision under some arrangements.

### Most teams managing government websites are small

**2.2** Most government organisations have small website teams of between two and seven people. The lowest staff sizes are generally small agencies that have contracted out all or part of their website hosting and provision. A few departments and large agencies have up to 20 website staff, although these organisations are outliers, untypical of the broader picture. Staff are drawn chiefly from communications/marketing and IT divisions, with policy sections involved in generating content.

**2.3** About half of all government organisations use specialist web-hosting companies to run their websites, as **Figure 11 overleaf** shows. Amongst ministerial departments none host their own websites and over two fifths buy web services as part of an integrated IT package with their single, main IT contractor, an arrangement which often limits the information available to them on the costs of their web services. Amongst other government organisations (especially executive agencies and non-departmental public bodies) only a quarter buy web services as part of an integrated IT contract, while a fifth of other agencies host their own sites.

### Government organisations spend £208 million on websites. Around a quarter still have poor data on website costs

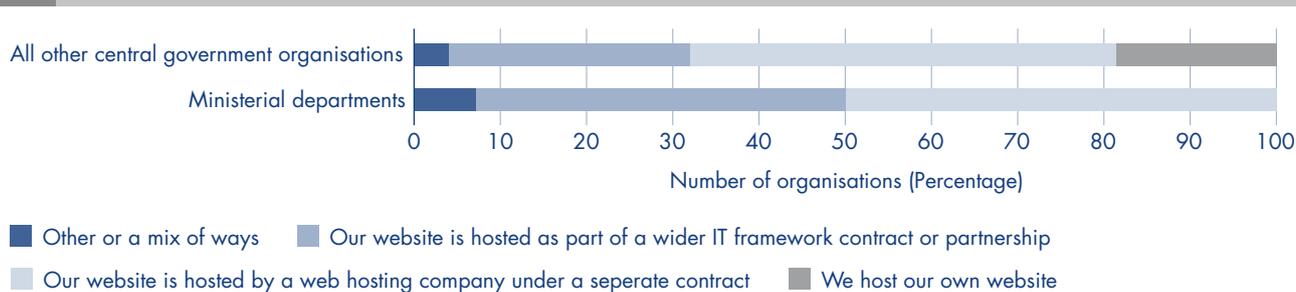
**2.4** We estimate the annual costs of directly running government websites as £208 million. **Figure 12 overleaf** shows the breakdown of these estimated costs across main policy areas. (Our data draws mainly on costs supplied in survey returns by departments and agencies. But many organisations could not provide costs for their websites. In these cases we have either estimated a proportion of IT costs or for smaller sites included a conservative amount on a sliding scale related to the size of their website staffs.<sup>20</sup>) The estimated amount constitutes only 3.2 per cent of all central government IT expenditure. But it nonetheless amounts to more than £1 billion of spending every five years. We note that in his report on Service Transformation, Sir David Varney estimated that initiatives around e-services could potentially save the government up to £400 million. This is consistent with our estimate of government spending on websites in that the majority of the potential £400 million savings identified in the report related to a reduction of spending on other service delivery channels – telephone and face to face contact centres – as contact demand shifted to improved e-services.

20 See Research Report (Section A: Part 2, Figures 35 to 42).

2.5 Reflecting the diverse range of government organisations' activities, the total cost of website provision varies considerably across central government. At the bottom of the scale a small museum estimated its web costs at no more than £1,000 a year. At the top of the scale, a ministerial department spends £28.5 million per year on all its website provision. Before the recent pruning of unnecessary websites (see Part 3), some

ministerial departments had anything up to 250 separate website domains, each of which involves some staff time and related payments for hosting and other services. However, the middle mass of government organisations spend between £100,000 and £1 million a year on their websites, with a higher spending average in ministerial departments than for other kinds of bodies.

## 11 How central government organisations operate their websites



Source: Survey of departments and agencies

## 12 Total estimated costs of all website provision and support across UK central government (2006-07)

Policy area (not department)	Number of bodies included	Total estimated costs for the policy area (£000s)	Percentage of total costs taken from survey returns
Education and Skills Family	16 (7)	38,020	91
Trade and Industry Family	41 (24)	33,610	90
Culture, Media and Sport Family	46 (4)	25,230	68
Work and Pensions Family	10 (4)	24,580	80
Home Office Family	16 (12)	17,720	98
Environment, Food and Rural Affairs Family	27 (8)	16,830	83
HM Treasury (includes HMRC) Family	10 (5)	14,520	37
Health Family	34 (14)	12,980	51
Constitutional Affairs Family	8 (6)	6,870	84
Transport Family	13 (4)	5,280	36
Other	20 (6)	4,440	76
Ministry of Defence Family	32 (9)	2,910	56
Communities and Local Government Family	14 (5)	2,790	87
Foreign and Commonwealth Family	9 (1)	2,590	75
International Development Family	1 (1)	120	100
<b>Total</b>	<b>297 (110)</b>	<b>208,490</b>	<b>74</b>

Source: Survey of departments and agencies

### NOTE

This Figure shows estimated costs for all website provision and support across UK central government. Each policy area therefore includes costs from a number of organisations, the totals of which are shown in the second column, not just from the relevant main Department. We surveyed a proportion of organisations within central government. These included all departments, major executive agencies and NDPBs and some smaller public-facing organisations. In this Figure, we mainly draw on costs supplied in the survey returns (N = 128). The number in brackets in the second column shows the number of organisations providing costs in their survey return (N = 110).

Many organisations could not provide any costs for their websites. In these cases we have devised a simple three-level notional cost based on an evaluation of the size and the running costs of each organisation. Where general IT figures were available, but not costs relating only to websites, we used a simple multiplier table to extrapolate an estimate for web provision and support costs. To calculate multipliers we calculated ratios for web costs as a proportion of total IT costs for two different categories of organisation as follows: Type of organisation (i.e. Department, agency); and Type of organisation based on the main operational functions. In the final column, we present a percentage of total costs for each policy area which are directly reported in the survey. This gives an indication of how far these numbers might change with full survey returns.

**2.6** Most (but not all) departments and agencies in our survey also gave details of how their spending on web services and IT more generally have changed in the period since 2002. Most organisations have maintained or increased their expenditure on IT generally and on websites in this period. However, as **Figure 13** shows, a larger number of organisations reported substantial increases in web spending than reported increased IT expenditure generally. (Not too much should be read into this, since web spending will normally start from a much lower base number than IT spending in general, and hence reporting larger percentage increases is automatically easier.) It is noticeable though that a substantial minority of departments and agencies in **Figure 13** report decreasing their web spending and their general IT expenditure by up to half.

**2.7** In their last report on e-government in 2003, the Public Accounts Committee criticized the poor information available about the costs and usage of government websites. In our survey nearly a quarter of departments and over a quarter of government organisations as a whole could not supply data on their website costs. And even where data were returned in our survey, over two fifths of all the organisations responding said that the numbers given were estimates. However, three tenths of departments and agencies have mostly firm data for their website costings, as shown in the

final column of **Figure 14 overleaf**. In terms of types of organisation, about half of ministerial departments have good website cost data, while a fifth have none. Amongst executive agencies and other public bodies, only around a fifth have full data and almost a third have none.

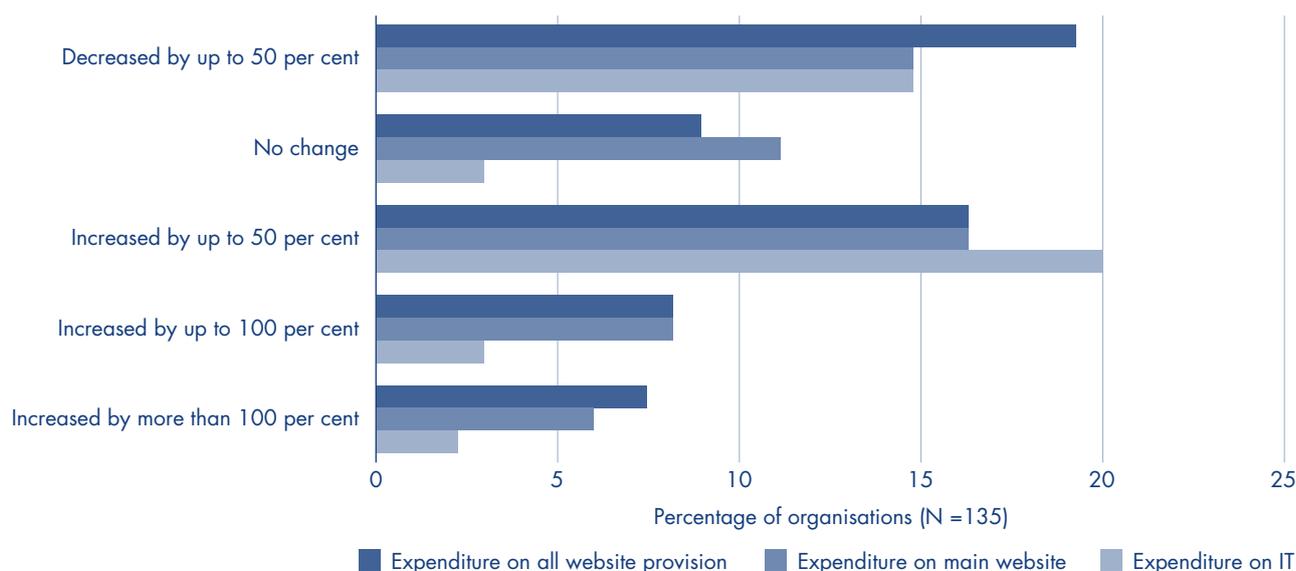
### Government organisations have improved data on their websites' usage but progress has been slow

**2.8** The Committee of Public Accounts also recommended that departments should improve their knowledge of their website usage levels and how they are changing over time. **Figure 14** shows that five out of six government organisations surveyed now have data on unique visitors. But one in six still have no data, and where data is being collected, many organisations are not analysing them to inform the design of sites.

**2.9** To obtain good value for money government organisations should be able to closely relate cost and usage information. **Figure 14** shows that less than one in five have both good usage indicators and mostly firm costs data. A further quarter (one fifth of departments) have good data on one aspect but only estimated data on the other. Over one quarter of departments have partial data on one indicator and no data on the other. A small minority of organisations returned neither kind of information.

## 13 Changes in web and IT spending, 2002 to 2007

Average factor change between 2002 and 2007



Source: Survey of departments and agencies

**2.10** Websites are one of a range of channels that departments use to deliver services and provide information to citizens. The different channels used to deliver a service need to be well integrated as citizens will use different channels according to their personal circumstance and the task they are undertaking. Often, service users will use different channels for the same task, particularly for more complicated transactions. So, for example, to find a school a parent may use Directgov to find information on the performance and location of local schools, visit some schools and meet the teachers, make a choice and then fill out an application form online at their local authority website.

**2.11** Departments and agencies expect their website usage to grow by 14 per cent over the next four years, and expect modest reductions of about half this amount in paper forms and correspondence and use of the telephone channel, but with only tiny increases in emails anticipated<sup>21</sup>. When investing in websites, or other delivery channels, departments need to know how citizens use public services and how this is likely to change in the future. Although over half of government organisations put emphasis on customer segmentation, around two fifths do not and only 13 per cent of departments and a third of government bodies more generally have a formal channel management strategy

(see Figure 15). The Varney Report, which was welcomed by the former Chancellor of the Exchequer, recommends that the Government should apply the principles of good channel management.

## Information provision is the business area for which websites are generally most important

**2.12** We asked departments and agencies to identify core business areas in their organisation and tell us to what extent the website is used in each area. Figure 16 shows just under half cited providing information, with further related uses in terms of marketing and consultations. The second big use was in terms of citizens and businesses filing applications, forms or registrations. Responses to a second question asking departments and agencies to rank different purposes in terms of the value of their website to government operations are shown in Figure 17, and confirm the general importance of meeting information needs, providing documentation and making services visible to customers. Accomplishing transactions via their website was a top priority for only one in eight government organisations, but of medium importance in up to half.

## 14 Quality of information on usage of main corporate websites and the cost of website provision and support returned by departments and agencies

Data on costs of website provision	Data on number of unique visitors to the website							
	No data		Partial data		Full data		Total (%)	
	All	Depts	All	Depts	All	Depts	All	Depts
No data	7	<b>3</b>	11	<b>11</b>	9	<b>11</b>	27	<b>25</b>
Partial data	6	<b>16</b>	20	<b>17</b>	18	<b>13</b>	44	<b>46</b>
Full data	3	<b>3</b>	7	<b>8</b>	19	<b>19</b>	29	<b>30</b>
Total (%)	16	<b>22</b>	38	<b>36</b>	46	<b>43</b>	100	<b>101</b>

Source: Survey of departments and agencies

### NOTES

- All figures are percentages and have been rounded to the nearest full per cent.
- Figures in blue (All = all dataset) for the whole population of organisations responding to the survey (N = 129). Figures in blue bold (Departments only) show Ministerial departments and non-ministerial departments (N = 37).
- Technical note: We asked organisations to provide annual cost figures for the most recent year and previous five years. We assessed each response using the following criteria. Full data – organisation could provide at least four out of five years including the most recent and could provide full data for the breakdown for the current year. For organisations less than five years old, we required full data for each year of existence. Partial data – organisation could provide one to three years of data and at least a total for the current year. None or negligible – no data provided or figures that seemed grossly unrealistic. A judgement was made on borderline cases between Full and Partial in favour of Full (i.e. benefit of the doubt).

<sup>21</sup> See Research Report (Section A: Part 2, Figure 50).

**2.13** With the radically increasing volumes of retail and financial transactions now occurring on the internet, commercial website companies have invested heavily in techniques designed to maximize traffic (especially from search engines) and a large number of specialist firms have grown up in this area. Relatively little of this expertise has apparently found its way into government. While six out of every 10 government organisations saw search engine

optimization as a high priority, two in five did not. Most (80 per cent) departments and agencies assign a high priority to getting their website address more prominently featured in corporate literature. Six out of ten government bodies also assigned a low priority to advertising their website in relevant media, and their strategies on linking to other sites showed rather divided views.

## 15 The web management strategies being pursued by government organisations

Whether there is a formal channel management strategy	Priority put on segmenting customers							
	Very high or high		Very low or low		Neither		Total (%)	
	All	Depts	All	Depts	All	Depts	All	Depts
No strategy	8	<b>13</b>	7	<b>17</b>	19	<b>13</b>	34	<b>43</b>
Yes, but there is not currently a formal document	24	<b>29</b>	0	<b>0</b>	14	<b>17</b>	38	<b>46</b>
Yes, there is a formal document	22	<b>13</b>	1	<b>0</b>	5	<b>0</b>	28	<b>13</b>
Total (%)	54	<b>55</b>	8	<b>17</b>	38	<b>30</b>	100	<b>102</b>

Source: Survey of departments and agencies

### NOTES

- All figures are percentages of all organisations completing this question in the survey and have been rounded to the nearest full per cent.
- Figures in blue (All = all dataset) for the whole population of organisations responding to the survey. Figures in blue bold (Departments only) indicate equivalent percentage for Ministerial and non-ministerial departments only where N = 37.

## 16 Priorities for government websites

### In which business areas do government organisations get most use from their website?

(Percentage of business areas nominated)

Information provision	49
Application, registering, filing	18
Marketing and campaigns	9
Searching data or catalogues	8
E-tendering or procurement	4
Recruitment or training	3
Forecast or evaluation	3
Coordinating action across different stakeholders	3
Surveys or consultations	3
Purchasing	2
<b>Total (of 158 business areas nominated)</b>	<b>102%</b>

Source: Survey of departments and agencies

### NOTE

60 organisations nominated two business areas and 38 nominated one. Percentages have been rounded.

## 17 How different factors ranked in terms of value of their website to government organisations

	Ranked in the...		
	Top two	Middle three	Bottom two
Proactively meeting the information needs of customers or citizens	79	16	6
Making available relevant documentation	57	30	13
Making our organisation's services more visible to customers or citizens	49	44	7
Extending the range and quality of our services	23	51	23
Accomplishing transactions with customers or citizens	21	39	38
Cutting our costs in dealing with customers or citizens	14	46	38
Another function	4	2	10

Source: Survey of departments and agencies