



FY 2020/21 Technical Note

Summary

This note sets out the government's assessment of savings made by cross-cutting government functions in their work with government departments and other central government organisations in areas which include reduction of fraud and error, enhanced management of contracts and cross-government IT services.

Understanding these figures

The figures included in this publication are those which meet the definition of cashable savings. Cashable savings are those which lead to a direct reduction (all other things being equal) in a department budget.

Given that these figures relate to efficiency savings delivered by functions in their work with departments for financial year 2020/21, they pre-date the 2021 Spending Review and any efficiency exercises or targets associated with that review.

Audit of 2020/21 efficiency savings

The Government Internal Audit Agency (GIAA) was engaged to audit the £3.4 billion of 2020/21 efficiency savings. In executing their work, they assessed whether:

- The methodologies used by functions had been appropriately designed, were robust and were fit for purpose.
- Reported benefits figures were accurately calculated, transparent and supported by the evidence.
- Benefits identified had been reviewed, verified, and were supported by appropriate governance oversight within the functions

The efficiency savings subject to audit are set out in the table below:

Function (team)	Project	Benefit description	Savings assured
Commercial (Complex Transactions team)	DHSC covid response	This saving relates to negotiated contract discounts	£110,000,000
Commercial (Complex Transactions team)	Supply Chain Coordination Limited (SSCL)	This saving is based on changing the approach to procurement and category management, improving terms and delivering savings as a result of reduced product and services cost.	£93,500,000
Commercial (Complex	GDS commercial	This saving relates to a renegotiation of the pricing agreement.	£2,654,260

Transactions team)	project		
Commercial (Complex Transactions team)	DHSC Covid response	This saving is based on the renegotiation of a contract,	£741,000,000
Commercial (Complex Transactions team)	DHSC covid response	The saving is related to the renegotiation of a contract	£78,000,000
Commercial (Complex Transactions team)	HMT Pool Reinsurance	The saving is related to the renegotiation of a contract.	£166,122,000
Commercial (Markets and Suppliers team)	Ventilator Challenge	This saving is based on a rate discount obtained for ventilators.	£131,085,522
Commercial (Markets and Suppliers team)	Digital Services	This saving relates to the discounts applied to a contract.	£5,900,000
Commercial (Markets and Suppliers team)	Optimisation of pricing and services	This saving was made as a result of discounts applied to contracts for services.	£9,400,000
Commercial (Markets and Suppliers team)	NHS Primary Care Support England	This saving is the result of standardisation of fragmented local services and adoption of digital solutions.	£30,000,000
Commercial (Markets and Suppliers team)	Digital services	This saving is based on margin reductions in contract negotiations.	£17,800,000
Commercial (Markets and Suppliers team)	FM contract	This saving relates to a cost reduction following negotiation.	£3,045,000
Commercial (Markets and Suppliers team)	Furlough Scheme	This saving is due to a cancellation.	£1,100,000
Commercial (Markets and Suppliers team)	The Settling Tank Project	This saving is the result of the steps taken to reduce the cost of multiple elements in a project.	£11,400,000
Commercial (Markets and Suppliers team)	Digital Capability	This saving is based on the access and provision of resource to build internal capability.	£2,500,000
Digital, Data and Technology (Standards and Assurance team)	Proc 526 - Technical Architecture	The Home Office, Borders, Immigration and Citizenship Systems (BICS) portfolio requested a 3 year contract for Technical Architecture services. CDDO approved a 2 years contract only with no extension	£3,750,000

		options to ensure the programme is aligned with both the DOS 4 Framework and the contract being let by the Optimus Programme.	
Digital, Data and Technology (Standards and Assurance team)	DEFRA UNITY	This saving is a consequence of the Unity programme, a centralised ICT service within the DEFRA network. The Central Digital and Data Office helped DEFRA to replace the two largest ICT contracts which were both expiring. This included redesign and migration of the existing ICT services to a multi-supplier model before single source contracts expired.	£137,985,000
Government Counter Fraud function (GCFF)	DWP - Savings	Variety of counter fraud techniques used by DWP to prevent/detect fraud	£1,100,000,000
Government Counter Fraud function (GCFF)	Utilities	The identification of properties fraudulently declared empty when they were in fact occupied - allowing the status to be corrected and preventing future losses.	£63,602
Government Counter Fraud function (GCFF)	BBL Change of Director	Lenders have used the Change of Director flag to decline fraudulent Bounce Back Loan (BBL) applications upfront.	£14,100,000
Government Counter Fraud function (GCFF)	NFI Experian	The prevention and detection of fraud through checks on bank account details and the trading status of limited companies, sole traders and charities who have applied for, or have received a Covid 19 Business Support Grant payment.	£345,000
Government Counter Fraud function (GCFF)	Future Fund	The use of Experian Active company data has helped to prevent Future Fund loans from being paid to ineligible companies.	£33,380,000
Government Counter Fraud function (GCFF)	PPE Procurement – Paper A	The identification and termination of fraudulent (including suspected) contracts and the prevention of potentially fraudulent suppliers from entering the procurement process.	£66,289,500
Government Counter Fraud function (GCFF)	PPE Procurement – Paper B		£72,618,000
Government Counter Fraud function (GCFF)	Web App – (BAU, Fraud Hub and HMRC)	Extensive data matching delivered across 1,200 organisations across the UK. Prevent and detect fraudulent/erroneous claims to public services in a wide range of areas, for example fraudulent social housing tenancies or fraudulent claims for single person discount.	£71,149,588
Government Counter Fraud	BD Experian -	Use of Experian data to identify fraudulent /erroneous claims for C19 business	£97,500

function (GCFF)		support grants.	
Government Counter Fraud function (GCFF)	ESFA (Prevented and Recovered)	The use of HMRC data to detect fraud and prevent Future Funding from being paid to ineligible training providers.	£12,061,830
Government Counter Fraud function (GCFF)	NFI Private Sector Insurance	The use of NFI data to identify and decline fraudulent (including suspected) insurance claims and applications for insurance.	£14,280,000
Government Counter Fraud function (GCFF)	Residents Parking	The identification and cancellation of residents parking permits that were fraudulent (suspected fraud).	£54,600
Government Counter Fraud function (GCFF)	London Travel Passes	The use of deceased persons data to help identify and cancel travel passes in London (Freedom Passes and Taxi Cards) that belonged to deceased individuals.	£340,104
Government Counter Fraud function (GCFF)	Vehicle Hire	The use of NFI data to identify and decline fraudulent (including suspected) vehicle hire applications.	£3,313,974
Government Debt Management function (GDMF)	Debt Market Integrator (DMI)	Additional debt recoveries through the private sector that would not have been recovered without the DMI's existence.	£373,570,440
Government Debt Management function (GDMF)	Government Debt Management function (GDMF)	Debt collection over and above business as usual activity, which results in additional cash being collected for the government.	£67,030,000
Government Grants Management function (GGMF)	Spotlight Effectiveness	Improved effectiveness that resulted from the use of Spotlight due to its ability to conduct due diligence on multiple checks, which may not have been otherwise considered, enabling a payment to be stopped or reduced.	£33,700,000
Government Grants Management function (GGMF)	Spotlight Efficiency	Administrative resource saving from Spotlight due to its ability to conduct due diligence at a faster pace than manual efforts, and bring multiple checks together in one place.	£117,000
Government Grants Management function (GGMF)	Ad-hoc Repair your bike scheme	Avoided website transition costs in Department for Trade Repair Your Bike scheme - specific instance where advice provided by GGMF resulted in avoided website transition costs, compared to what would have happened otherwise.	£180,000
		Total	£3,407,932,920

GIAA have audited the benefits set out in the table above and have provided an assessment to Cabinet Office on the level of assurance that can be provided for each one based on the appropriateness of evidence to verify the figures being claimed. An Internal Audit report has been issued to Cabinet Office setting out in full GIAA's findings for each benefit. This has enabled Cabinet Office to determine what benefits will be claimed in the 2020/21 efficiency review and those that will not be claimed following GIAA's audit review.

The methodology underpinning the audited efficiencies is set out below.

Cross-government area	Methodology
<p>Commercial function - Complex Transaction team (CTT)</p> <p>The Complex Transactions team within the Government Commercial function have identified £1.191 billion of savings</p>	<p>The Complex Transactions team helps to generate savings by providing specialist commercial expertise directly to departments. The savings are defined as:</p> <ul style="list-style-type: none"> ● Release of cash that relates to an activity that has already happened ● Not just relocating or deferring costs ● Fairly calculated and clearly positioned ● Captured in year and accrue within period ● Net of any double counting ● Understood and seen as reasonable by an impartial third party. <p>The financial savings are agreed between government departments and the Cabinet Office using a baseline which is unique to each project. This is evidenced through the department's commercial director sign-off of a savings validation form, which acknowledges CTT involvement and has supporting evidence. CTT review the baseline in the savings validation form along with sources of evidence such as including but not limited to:</p> <ul style="list-style-type: none"> ● Original contract ● Departmental report, including calculation of savings against baseline ● Contract change notice and recomputation of contract
<p>Commercial function - Markets and Suppliers team</p> <p>The Markets and Suppliers team within the Government Commercial function have identified £212 million of savings</p>	<p>Markets and Suppliers (M&S) is part of the Commercial function that focuses on making savings from 40 strategic suppliers to the government. The strategic suppliers work with central government, arm's length bodies and the wider public sector. The savings are split between the Strategic Partnership programme (SPP) and the Strategic Supplier Relationship Management (SSRM) programme.</p> <p>SPP: a Strategic Partnering Manager is allocated to each supplier to improve the value of that supplier's service to government. This can be achieved through reducing the cost of supply, improving the quality of service, mitigating risk, enabling additional cost avoidance and facilitating continuous improvement of the service.</p> <p>SSRM: There are Supplier Relationship Management (SRM) leads allocated to government bodies. Benefits are categorised as either; financial, relationship, risk, or service improvements and are initially identified from joint workshops. Upon workstream implementation, benefits are captured in a case study or workstream tracker. For financial benefits, a senior civil servant in that government body approves a case study (where values are stated) or the government body itself reports the benefits in its own reporting mechanism.</p> <p>Savings are defined as:</p>

	<ul style="list-style-type: none"> ● Release of cash that relates to an activity that has already happened ● Not just relocating or deferring costs ● Fairly calculated and clearly positioned ● Captured in year and accrue within period ● Net of any double counting ● Understood and seen as reasonable by an impartial third party. <p>Savings are agreed on specific contracts between departments and the Cabinet Office, using individual baselines decided once the M&S team and the contracting authority have run a deep-dive and set up a workstream for a particular contract. The baseline used to calculate savings varies by contract. Savings are evidenced through the department's commercial director sign-off of a savings validation form, which acknowledges M&S team's involvement with supporting evidence. M&S team review the baseline in the savings validation form along with sources of evidence including but not limited to:</p> <ul style="list-style-type: none"> ● Contract documentation ● Departmental report, including calculation of savings against baseline ● Contract change notice and recomputation of contract ● Ministerial submissions
<p>Digital, Data and Technology function</p> <p>The Central Digital and Data Office (CDDO) Standards Assurance team have identified £142 million of savings</p>	<p>Savings are identified through the spend controls process. This requires government departments to submit their project business cases to CDDO for review if they are considered digital or technology projects and have forecasted expenditure above defined levels.</p> <p>The methodology defines three types of savings resulting from spend controls:</p> <ul style="list-style-type: none"> ● Controls - a project is changed following CDDO intervention to deliver the business need in a different way resulting in a saving as the total project cost is reduced. The function calculates claimed savings as the difference between the forecast cost of project delivery in the original business case and the approved business case. Savings are claimed on an annual basis, according to the forecasted profile of spend over the life of the project. ● Cancelled projects - a project is cancelled, in part or full, as a result of CDDO review and the department decides no further project is required to meet the previously identified business need. The baseline for measuring savings is the latest department forecast cost of the project prior to the review that led to the cancellation. The savings are identified as the difference between the forecast spend on the cancelled part(s) of the project and the remaining costs for that year after cancellation. ● ICT strategy savings - a reduction in departmental forecast spend for the year as a result of an IT/digital project being implemented in line with the government's ICT Strategy. The baseline for measuring the savings will be the forecast cost if the department were not to have implemented the IT/digital project (the 'do nothing' option in the business case). The savings are identified as the difference between the forecasted expenditure in the 'do nothing' option and the forecasted cost of completing the project and implementing the business case. If the business case baseline is deemed an inappropriate measure for this spend control, other management information

	<p>may be utilised to determine the most appropriate baseline to identify the savings.</p>
<p>Government Counter Fraud function (GCFF)</p> <p>GCFF have identified £1.388 billion of savings</p>	<p>The Government Counter Fraud function (GCFF) works in collaboration with government departments and other public and private sector organisations across the UK to support counter fraud efforts. Savings come from two streams:</p> <ul style="list-style-type: none"> ● Departmental led - where the functional centre works with departments to identify areas where savings can be realised and then the departments lead the activity, supported by the functional centre; and ● Centre led - where the functional centre runs services that lead to the department, or public or private sector organisations, realising savings. <p>Savings are generated where:</p> <ul style="list-style-type: none"> ● losses have been prevented - the methodologies for valuing these prevented savings are approved by a cross government panel; or ● fraud has been detected and action commenced/completed to recover these losses. <p>Many of the savings come from the delivery of data matching/analytics solutions that highlight anomalies that may indicate fraud, thereby enabling better prioritisation of the work of the counter fraud expertise. For example, £139 million of PPE savings (£77 million direct and £62 million department led) were delivered by using data to identify fraudulent (including suspected) contracts which were then terminated and the prevention of proposed contracts being signed.</p> <p>Savings are recognised at the point they are reported (or when we have sufficient evidence for new methodologies). All savings go through robust internal governance, which includes providing detailed evidence packs which are signed off by an internal savings assurance board prior to audit.</p>
<p>Government Debt Management function (GDMF)</p> <p>GDMF have identified £441 million of savings</p>	<p>The Government Debt Management function (GDMF) works in collaboration with departments to identify opportunities to maximise debt collections over and above business as usual activity. This identifies benefits and additional yield (savings), which result in additional cash being collected for the government. As these collections are over and above business as usual activity, the baseline is zero.</p> <p>The GDMF sets the central strategy and provides specialist expertise directly to departments to identify strategic gaps. The GDMF also works across government to design appropriate solutions. This includes the Debt Market Integrator (DMI) that creates a cross-government debt recovery service providing a single route to market for the recovery of debts owed to the government using third party debt collection agencies. This generates additional recoveries that would not have been recovered without the DMI's existence.</p>

	<p>The GDMF has set up a robust process to ensure the figures are accurate and have been signed off at the relevant board / level within the department before they are assured through a GIAA audit.</p>
<p>Government Grants Management function (GGMF)</p> <p>GGMF have identified £34 million of savings</p>	<p>The Government Grants Management function (GGMF) exists to ensure the effectiveness of grant funding and the efficiency of grants administration across government.</p> <p>GGMF works in collaboration with departments to maximise grant outcomes and minimise risk. GGMF does this through setting the functional standard for grants, providing specialist advice to grants in development, building grants capability and developing digital tools to aid grants administration, such as the Spotlight due diligence tool.</p> <p>Financial benefits included in this publication are:</p> <ol style="list-style-type: none"> 1. Spotlight effectiveness benefits (£33.7 million) - improved effectiveness that resulted from the use of Spotlight due to its ability to conduct due diligence on multiple checks, which may not have been otherwise considered, enabling a payment to be stopped or reduced. 2. Spotlight efficiency benefits (£117,000) - administrative resource saving from Spotlight due to its ability to conduct due diligence at a faster pace than manual efforts, and bring multiple checks together in one place. 3. Avoided website transition costs in DfT Repair Your Bike scheme (£180,000) - specific instance where advice provided by GGMF resulted in avoided website transition costs, compared to what would have happened otherwise. <p>GGMF has a robust governance process to assure financial benefits. All methodologies and estimates are signed off by a cross-government Benefits Assurance Board, ahead of being audited by GIAA.</p>