



HM Treasury

# Seizing the Opportunity: Delivering Efficiency for the Public

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# Foreword

*Since I took on the role as Chief Secretary to the Treasury last year, my aim has been to ensure that the government delivers the best outcomes for each and every one of you, for the public services we all rely on, and for our public finances.*

*That is about more than just ‘money in’, it is making sure that this money delivers outcomes, and that frontline workers are supported to do their jobs effectively.*

*Since 2010, we have been focused on delivering services efficiently, with landmark reforms to procurement, the digital estate and managing major projects. But continued focus is necessary to deliver the back-office side of government properly. It doesn’t get headlines, but it is vital for the proper functioning of government.*

*We are lucky in this country to have a system in place to guide the government’s thinking on efficiency. And I pay tribute to the work of the National Audit Office (NAO) on scrutinising government spend.*

*The Comptroller & Auditor General, the head of the NAO, recently set out a framework to help deliver “tens of billions” of pounds of government savings, and this document sets out our plan to start to realise this opportunity.*



*Laura Trott MBE MP, Chief Secretary to the Treasury*



# Introduction

The Office for Budget Responsibility's (OBR) long-term projections suggest that without government action, public spending will grow as a proportion of Gross Domestic Product (GDP) from the end of this decade. Unavoidable demographic changes and wider stresses put upwards pressure on government expenditure in the long-term.

Government spending growing faster than GDP is not sustainable and would require significant tax or borrowing increases to manage government debt. This would have a significant impact on the country, diverting money away from the most dynamic areas of our economy and reducing people's disposable income.

As outlined by the Chancellor in 2023, to keep up with projected spending pressures would mean increasing annual tax revenues by £200 billion by 2071. This would be equivalent to at least doubling the basic rate of Income Tax and main rate of National Insurance.<sup>1</sup>

Improving public sector productivity will help the government to ensure the long-term sustainability of public finances and deliver the best services for the public.

## Public Sector Productivity Programme

This is why, in June 2023 the Chancellor launched the Public Sector Productivity Programme, with the aim of both boosting productivity and ensuring that government delivers public services as efficiently as possible. The government provided additional detail on the programme at Autumn Statement 2023 and has included a further update at this Spring Budget on the work the Treasury is doing with departments to deliver productivity gains across core public services.<sup>2</sup>

## Savings Opportunity Areas

The government will continue to deliver efficiencies through the Public Sector Productivity Programme. In January 2024, the Comptroller and Auditor General (C&AG) of the National Audit Office (NAO) outlined 5 core areas of existing government activity through which tens of billions in further productivity savings could be unlocked.<sup>3</sup> These are:

- Procurement

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<sup>1</sup> ['Chancellor Jeremy Hunt's speech at the Centre for Policy Studies'](#), HM Treasury. June 2023.

<sup>2</sup> ['Autumn Statement 2023'](#), HM Treasury. November 2023.

<sup>3</sup> ['Improving Productivity Could Release Tens of Billions for Government Priorities'](#), National Audit Office. January 2024.

- Reducing fraud, error and tax evasion
- Major projects
- Asset management
- Digital transformation

The C&AG also outlined that progress across these 5 areas will be facilitated through 4 further cross-cutting productivity 'enablers' - better data, innovation and evaluation, the government's financial planning and spending framework and leadership and skills.

This document sets out the steps for how the government will deliver tens of billions of savings across the 5 areas outlined by the C&AG.

## **Government Functions**

Many of these efficiency savings will be achieved through the government functions which will be referred to in this document. These are groupings aligned across government, representing the specialist expertise that every organisation requires to run effectively, for example, the Government People Group (human resources), the Government Commercial Function and the Government Finance Function. The functions are embedded into departments and arm's-length bodies, and form a basis for cross-government collaboration, to support the efficient and effective delivery of policy, outcomes and services.

Historically, functional areas sat within departments, leading to different standards and levels of professionalism, which led to unnecessary waste and inefficiency. To maximise effectiveness and efficiency, the government introduced central leadership of the functions to improve decision-making, cross-departmental working, organisational capability, efficiency, resilience and control. Over the last decade the functional model has evolved and delivered substantial efficiency savings. For example, across financial years 2020-21 and 2021-22, central functional teams delivered £7.8 billion in audited savings.

Drawing on the work of both departments and cross-government functions, this document sets out the steps for how the government aims to achieve savings across the 5 highlighted areas.

# Chapter 1

## Opportunity Areas for Savings

### I. Better Procurement

1.1 1 in every 3 pounds of public money, or £300 billion a year, is spent on public procurement.

1.2 Through the Government Commercial Function (GCF) the government has transformed its approach to buying goods and services:

- Departmental **commercial teams achieved more than £2.9 billion in savings and commercial benefits in 2022-23**, meaning for every £1 invested in commercial, the taxpayer benefits by £6.<sup>4</sup>
- The Crown Commercial Service (CCS) is on track to deliver on its target (compared to external market comparators) of a **£3.2 billion commercial benefits** during the 2023-24 financial year.<sup>5</sup>
- The new Procurement Act 2023 could deliver up to £7.7 billion of further benefits to business and government in future years.<sup>6</sup>

### Building the Foundations

1.3 Responsibility for government procurement policy sits with the Cabinet Office. The government has continued to professionalise commercial activity by establishing, in 2015, the Government Commercial Function (GCF), a cross-government function for procuring, or supporting the procurement of goods and services for the government.

1.4 In addition, the Government Commercial Organisation (GCO), established in 2017, employs all senior commercial professionals across government, with the vision to “recruit, develop and retain the best senior commercial talent to lead departmental commercial activities to support the delivery of policy objectives”.<sup>7</sup> It provides commercial

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<sup>4</sup> [‘Government Commercial Function Annual Report 2022-2023’](#), Government Commercial Function. November 2023.

<sup>5</sup> *ibid*

<sup>6</sup> [‘Procurement Reform Bill Impact Assessment’](#), UK Parliament. April 2022.

<sup>7</sup> [‘Government Commercial Organisation Brochure’](#), Government Commercial Function. June 2018.

specialists with centralised commercial accreditation, targeted development and access to a network of commercial leaders. To date, there are around 1,500 individuals with centralised commercial accreditation employed across government.

1.5 The Crown Commercial Service (CCS), an executive agency of the Cabinet Office, is the largest public procurement organisation in the UK. The CCS' purpose is to help the UK public sector get better value from its commercial and procurement activity, providing the products and services that enable public sector organisations to buy common goods and services both more efficiently and effectively. In 2022-23, £25.3 billion of public sector spend was channelled through CCS' commercial agreements.

## Delivering Efficiencies

1.6 Thanks to this expertise, the government has a strong track record in driving efficiencies and savings across procurement. In the 3 financial years to April 2023, the GCF delivered more than £11.5 billion of savings and efficiency gains (£6.4 billion in cashable savings, and £5.15 billion in non-cashable benefits and savings), including £2.9 billion in 2022-23.

## Going Further

1.7 The C&AG has identified that there is considerable value to be achieved by driving better deals for taxpayers and, through the government's plan for procurement, the government expects that it can deliver recurrent commercial efficiencies of at least the level reported in 2022-23.

## The Procurement Act 2023

1.8 These further gains are driven by the introduction and implementation of the Procurement Act which the C&AG suggested could deliver up to nearly £8 billion of further benefits.<sup>8</sup>

1.9 The Procurement Act will streamline the public sector procurement process, making it simpler, more flexible, and more effective for companies. The Act will deliver this through:

- Increasing competition - opening public procurement to new entrants such as small businesses and social enterprises so that they can compete for and win more public contracts.
- Tackling underperformance - taking tougher action on underperforming suppliers and excluding suppliers who pose unacceptable risks.

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<sup>8</sup> [Procurement Reform Bill Impact Assessment](#), UK Parliament. April 2022.

Based on potential value-for-money benefits (non-monetised) from increased competition.

- Embedding transparency - establishing a central digital platform for procurement data ensuring opportunities are visible for smaller suppliers and that spending of taxpayers' money and contract performance can be properly scrutinised.
- Simplifying processes - contracting authorities will have to consider barriers to small and medium-sized enterprises (SME) in bidding, and suppliers will be able to store their core details online so that they can be used for multiple bids.

**1.10** The government is in the process of implementing the Act, which simplifies 4 sets of procurement regulations, and introduces more flexible procedures for procurement in order to encourage innovation and a renewed focus on procurement outcomes. The government is working towards the new legal regime commencing in October 2024.

## Small Business Support

**1.11** The government announced a series of measures at Autumn Statement 2023 to enable SMEs to thrive. Supporting small businesses drives innovation and competition, improving the quality and efficiency of goods and services that can be purchased by the government. The government is doing this by:

- Tackling late payments, by broadening the powers of the Small Business Commissioner to enable it to take action.
- Blocking firms bidding for central government contracts over £5 million if they do not pay their own invoices within an average of 55 days from April 2024, tightening to 45 days from April 2025 and 30 days thereafter. This builds on the 30-day payment terms already set for public sector contracts via the Procurement Act.
- Supporting manufacturing SMEs to use advanced digital technologies through the Made Smarter Adoption programme, reducing carbon emissions and driving up productivity, and its expansion will also involve inclusion of digital internships. The government will expand the existing programme, offering the scheme to all English regions before working with the devolved administrations to explore expanding the programme further from 2026-27.

### **Box 1.A School Resource Management Programme**

The School Resource Management (SRM) programme includes a suite of tools and services, available to help ensure that every school and academy trust obtains the best value from all their resources. The Department for Education (DfE) provides SRM services including:

- Expert School Resource Management Advisers - to provide free, tailored advice and support on school resource management.
- Get Help Buying for Schools - a procurement support service which aims to help those in schools responsible for buying goods and services, by providing guidance on procurement and specific advice on buying through a DfE-approved framework.
- The Risk Protection Arrangement (RPA) - an alternative to commercial insurance, which can help schools and trusts save money.
- Teaching Vacancies - a free, national search and listing service that can be used to advertise teaching, leadership and education support roles.
- Digital, data and technological standards to support schools to understand their digital environment and know what technology they should have in place. This also includes cyber.
- Good Estate Management for Schools (GEMS) - guidance that includes tools and checklists to help schools and trusts manage school buildings effectively and efficiently.
- The Capital Adviser Programme (CAP) - to support trusts to strategically manage their estates and make the best use of their capital funding, through access to advisers who are technical building experts, and to provide each trust with a bespoke report on strengths or potential improvements in how they are using their capital funding.

## II. Tackling Fraud, Error and Tax Non-Compliance

1.12 Fraud and error costs the government an estimated £33 billion to £58 billion every year and takes funding away from the vital public services that are important for us all.

1.13 Across government, around 13,000 public servants work to find and fight fraud across the public sector. Through the government's approach to fraud and tax non-compliance, strong progress has been made:

- His Majesty's Revenue and Customs (HMRC) has **delivered a long-term reduction in the tax gap** (the difference between the amount of tax that should be paid to HMRC, and what is actually paid) from 7.5% in 2005-06, to 4.8% in 2021-22.
- In 2022-23, HMRC compliance work **secured £34 billion of tax revenue** that would otherwise have been lost.
- The government invested £900 million at Spring Statement 2022 and Autumn Statement 2022 to fight welfare fraud and error. This is expected to **stop £1.4 billion of fraud and error in the welfare system in 2024-25**, rising to over £3.3 billion per year in 2028-29 with continued investment over this period.
- The National Fraud Initiative, the Cabinet Office's UK-wide data matching exercise, **delivered benefits of £171 million**.
- The Public Sector Fraud Authority (PSFA) **saved taxpayers £311 million** in its first year of operation (2022-23).

### Building the Foundations

1.14 The government has long been professionalising how it tackles fraud. In 2010 it established the Fraud, Error and Debt taskforce, and in 2018, created the central Fraud Function in Cabinet Office. The work to reduce fraud continued to be delivered across the public sector and in 2018 the public sector Counter Fraud Profession was launched by 17 public bodies, with approximately 3,000 members. Since then, membership has expanded to 7,466 members, across 69 organisations, which goes beyond central government to include policing and local government.

1.15 The government has strengthened counter-fraud requirements and guidance for departments and accounting officers. The Treasury's Managing Public Money was updated in March 2022 to require departments to undertake Initial Fraud Impact Assessments for any new major area of spend.

1.16 To build on the success of previous initiatives and increase the public sector's collective ambition on public sector fraud, the PSFA was launched in 2022. The PSFA is a partnership between Cabinet Office and the Treasury, working with departments and public bodies, to understand and reduce fraud and error.

## Delivering Efficiencies

1.17 The PSFA serves as the centre of the function, and delivers a range of services, such as data analytics and fraud risk assessments. The PSFA also assists the functions, including the Government Counter Fraud Profession, and performance function. For example, in 2023, the PSFA led the COVID-19 Loan Schemes Fraud Analytics Programme, which delivered £99.5 million in audited counter-fraud savings. In its first year of operation (2022-23) the PSFA saved taxpayers £311 million, exceeding its set target of £180 million, and now with a target of a further £185 million in audited benefits over 2023-24.<sup>9</sup>

1.18 A key part of the PSFA's role is to focus on performance and outcomes. It is supporting departments with the introduction of financial outcome targets, a significant shift for much of the public sector. The Workforce and Performance Review found that only 6% of the reviewed public bodies had targets for financial outcomes that their counter fraud investments would deliver. If departments reach all counter fraud targets, it will increase outcomes by 64% (outside welfare and tax) and productivity by 17%.

## Welfare Fraud

1.19 The government has invested significantly to balance accessible welfare support while tackling welfare fraud. For example, £900 million was invested at Spring Statement 2022 and Autumn Statement 2022 to stop £1.4 billion of fraud and error in 2024-25, rising to over £3.3 billion per year in 2028-29 with continued investment over this period. This aims to reduce cumulative overall losses to fraud and error across 2024-25 to 2028-29 by £12.5 billion.

## Ensuring the Correct Tax Is Paid

1.20 Since 2010, the government has taken unprecedented action to make sure everybody, no matter who they are, pays their fair share of tax to fund vital public services. The government has introduced over 200 measures (including 40 since 2021) to tackle tax non-compliance, including avoidance and evasion, and bring in revenue that would otherwise have been lost to the Exchequer. HMRC carries out compliance activity to ensure a level playing field for individuals and businesses and keep the UK's tax gap low. HMRC has delivered a long-term reduction in the UK's tax gap from 7.5% in 2005-06, to 4.8% in 2021-22.

1.21 The most effective way the government can ensure the right tax is paid and support customers is through the overall design of the tax system – improving processes to remove opportunities for non-compliance and taking preventative action to educate and help customers get their taxes right first time.

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<sup>9</sup> [Public Sector Fraud Authority Annual Report 2022-2023](#), Public Sector Fraud Authority. November 2023.

1.22 This means simplifying policies and processes, providing clear guidance, building user-friendly digital interfaces and prompting customers to file correctly. It includes pre-populating customers' forms with information that HMRC already holds, such as any data received from third parties – like it does with bank data on interest earned – and exploring new ways to improve compliance for the future.

## Going Further

1.23 The C&AG rightly highlighted that the losses from fraud, error and tax non-compliance can enter into the billions of pounds and that government needs effective defences and intelligence to tackle these areas. Tackling these issues could lead to an estimated £1.4 billion in annual savings.

1.24 The government has already made strong progress and will continue to build on this in the coming years through the work of the PSFA, taking steps to tackle the tax gap and challenge welfare fraud.

## Tackling the Tax Gap

1.25 The changes HMRC is making to modernise its services are vital to this strategy. They are not just about improving customer experience, they also help to ensure customers pay the right tax at the outset, rather than fixing problems after they happen.

1.26 For example, Making Tax Digital (MTD) already helps businesses to keep on top of their Value Added Tax (VAT) affairs, saving them time and helping to reduce the element of the tax gap caused by error. This will be extended to income tax for businesses and landlords with taxable income greater than £50,000 from April 2026.

## Initiatives From the PSFA

1.27 The PSFA is also delivering specific initiatives to provide expert support across government:

- It is piloting a centralised model to take action on cases of fraud that public bodies do not have the capacity or capability to act on.
- The Risk, Threat and Prevention Service was launched in 2023 and is providing support to departments in understanding fraud risk up front and designing more robust defences.
- The PSFA Intelligence Hub has undertaken a scoping project across central government to better understand intelligence capability and capacity.
- Current work will double the number of qualified fraud risk assessors and bring in the first 2 cadres of qualified fraud leaders by the end of 2024. The first cadre of the government's new leadership qualification was inducted in January 2024. Future streams underway include qualifications for fraud measurement and prevention.

- The Single Network Analytics Platform (SNAP) is being used to match and connect similar entities across a range of big datasets to find cases of fraud and economic crime.
- A series of fraud awareness training videos, sponsored by the Department for Levelling Up, Housing and Communities (DLUHC) and local authorities, has been made available on the Government Commercial College to help educate the public sector to combat procurement fraud.

**1.28** The Government Counter Fraud Profession now sits within the Practice, Standards and Capability Function of the Authority, operated by 17 public sector organisations who collectively make up the profession oversight board. The profession has published its strategy for 2023-25.<sup>10</sup>

## Challenging Welfare Fraud

**1.29** As part of efforts to tackle welfare fraud, the government is legislating to require the transfer of data from third parties, such as banks, to the Department for Work and Pensions (DWP). This will allow DWP to identify fraud and error in the welfare system more effectively, especially in detecting fraudulent claims where there is under-declared capital, which is the second highest type of welfare fraud. This is expected to return nearly £300 million to the Exchequer in 2028-29.

**1.30** DWP's programmes have shown promising results to date, with a reduction in fraud and error to 3.6% of total DWP expenditure in 2022-23, from 4% in 2021-22. Alongside this, DWP set a new target in July 2023 to save at least £1.3 billion in 2023-24 through its dedicated counter fraud and error resource functions, which includes their Counter-Fraud and Compliance Directorate, the newly developed Targeted Case Reviews and the Verify Earnings and Pensions programme. The target represents a significant increase on the savings achieved by these activities in 2022-23 and reflects the department's determination to continue to drive down fraud and error.

### **Box 1.B Targeted Case Reviews**

As part of the £900 million investment at Spring Statement 2022 and Autumn Statement 2022, DWP have introduced Targeted Case Reviews that detect and correct Universal Credit overpayments and underpayments. It reviews the entitlement and circumstances of Universal Credit cases at risk of being incorrect, including suspicious cases which entered the system at the height of the pandemic. Targeted Case Review also provides DWP with insights to help

<sup>10</sup> ['Government Counter Fraud Profession Strategy 2023-2025'](#), Public Sector Fraud Authority. March 2023.

prevent fraud and error from occurring in Universal Credit in the first place. The government has invested £450 million in this programme alone over the current Spending Review period and it is estimated to produce nearly £700 million savings in 2024-25.

### III. Managing Government's Largest Projects

1.31 The Government Major Projects Portfolio (GMPP) consisted of 244 projects at the end of 2022-23, with a whole life-cycle cost of £805 billion.<sup>11</sup> The scale and resources of major government projects mean it is crucial that these projects are delivered as efficiently as possible. The government has taken measures in recent years to support major projects to deliver maximum value for the taxpayer.

#### Building the Foundations

1.32 The Infrastructure and Projects Authority (IPA) was set up in 2016, reporting to the Treasury and the Cabinet Office, with the purpose of driving continuous improvement in the way the government delivers infrastructure and major projects. It does this by:

- tracking and monitoring delivery of the most strategically important of these projects, which together make up the Government Major Project Portfolio (GMPP), including providing independent assurance for projects at key junctures in the project lifecycle.
- providing expert advice and support to projects and programmes, helping to set them up for success.
- supporting the wider Project Delivery Function to drive successful delivery of government priorities. Since its inception, the IPA has provided training to over 1,200 senior leaders through the Major Project Leadership Academy.

1.33 The UK is considered to be the first country in the world to set up a specialist infrastructure unit. Since inception it has worked with 70 other countries and assisted 11 other countries to set up their own units and is widely recognised as a leader in the field.

1.34 In February 2024, the IPA published the National Infrastructure and Construction pipeline which is the forward look of investment in UK infrastructure and near-term procurements.<sup>12</sup> This is a critical document and dataset for industry, which provides more certainty and confidence in the future shape and scale of infrastructure work. This, in turn, is crucial for driving business investment in the skills and innovation needed for productivity growth.

#### Delivering Efficiencies

1.35 The government primarily delivers efficiencies in its major projects through driving consistency in project management across the public sector.

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<sup>11</sup> ['Infrastructure and Projects Authority Annual Report 2022-23'](#), IPA, July 2023.

<sup>12</sup> ['National Infrastructure and Construction Pipeline 2023'](#), IPA, February 2024.

**1.36** The Treasury and IPA are also committed to issuing guidance that helps projects and programmes get off to the right start. In 2021, the IPA published *Cost Estimating Guidance* which sets out best practice on cost estimation.<sup>13</sup> The Treasury continues to require the proportionate use of the *Green Book* for projects involving significant public spending.<sup>14</sup> The *Green Book* helps to ensure that public projects are subject to robust options appraisal before they are implemented. The guidance was extensively reviewed in 2020 and is updated on a routine basis to ensure that it stays relevant and effective.

**1.37** In Autumn 2020, the IPA also set up a Private Finance Initiative (PFI) Contract Management Programme to deal with the risks associated with operational PFI projects. The IPA has also established the PFI Centre of Excellence, which provides expert support and advice to departments and authorities that hold these particular contracts. Additionally, the IPA has published the *'Managing the Risks of PFI Contract Expiry'*<sup>15</sup> guidance, *learnings from Expiry Health Checks*<sup>16</sup> and *'Preparing for PFI contract expiry'*<sup>17</sup> guidance, and will publish a series of further support documents in 2024. The PFI programme delivers efficiencies in the quality and cost of services and in the standard of the assets returning to the public sector. If the programme only delivered a 1% efficiency, the benefits would total £1.8 billion.

## Strengthening Governance

**1.38** Strong governance arrangements are also vital for ensuring strong delivery. The IPA continues to strengthen cross-government processes to drive more robust governance and accountability for major projects through convening the Major Project Review Group (MPRG). Chaired by senior officials from the Treasury and the Cabinet Office and supported by independent panellists from the private sector, MPRG scrutinises the government's most expensive, novel and contentious projects and advises Treasury ministers on whether or not to grant approval to proceed to the next stage. Projects that have been strengthened through MPRG scrutiny range across the government's portfolio and include the Restart Programme led by DWP, the Department for Transport's (DfT) Lower Thames Crossing and the Ministry of Justice's (MoJ) New Prisons Programme.

**1.39** Over the past year, 29 projects have left the GMPP, 26 of these with a green or amber delivery confidence assessment indicating positive performance and improvements made over time. The 'Response to Red' process, led by the IPA and the Treasury, provides more dedicated support to projects rated red and in difficulty, and therefore increases the chance of overall success. Since 2021, the

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<sup>13</sup> ['Cost Estimating Guidance'](#), Infrastructure and Projects Authority, March 2021.

<sup>14</sup> ['The Green Book \(2022\)'](#), HM Treasury, Government Finance Function, October 2023.

<sup>15</sup> ['Managing the Risks of PFI Contract Expiry'](#), Infrastructure and Projects Authority, August 2021.

<sup>16</sup> ['Phase 1 PFI Expiry Health Learnings Report'](#), Infrastructure and Projects Authority, February 2022.

<sup>17</sup> ['Preparing for PFI contract expiry'](#), Infrastructure and Projects Authority, February 2022.

'Response to Red' process has seen 71% of red-rated projects turn to amber or green within 12 weeks of independent assurance.

### **Box 1.C New Prisons Programme**

The New Prisons Programme is part of the government's drive to cut reoffending and crime by creating 10,000 new prison places, designed with security and rehabilitation in mind. The programme includes 4 new prisons, and additional houseblocks and improvements in existing prisons.

The Major Projects Review Group (MPRG), convened by the IPA and chaired by senior leaders from the Treasury and Cabinet Office, played a crucial role in setting up the programme for long term success by focussing on its plans for maximising efficiency, value for money, and alignment with wider government priorities, including net zero. MPRG provided senior and expert scrutiny to strengthen the programme's governance arrangements, including ensuring the prisons were governed as a programme, instead of individual projects.

These governance adjustments enabled the different Senior Responsible Owners (SROs) to learn from each other and meant that many of the common risks and challenges facing the projects could be addressed at a strategic level as well as individually. For example, all the new house blocks are of the same design, resulting in faster, cheaper and more efficient outcomes. This common design and use of Modern Methods of Construction (MMC) has meant that approximately 70% of the new prisons are made of components built offsite. Since then, HMP Five Wells and HMP Fosse Way have opened. The use of MMC enabled these prisons to be delivered 22% faster than traditional construction projects. HMP Millsike is now under construction and benefitting from the learning from HMP Five Wells and HMP Fosse Way.

## **Going Further**

**1.40** The C&AG's speech highlighted the governance issues associated with long-term major government projects, including in areas such as affordability assessments and risk management.

**1.41** The IPA works closely with the Treasury to share guidance and showcase best practice for government departments. The IPA is aiming to publish the Teal Book this year, which will be the core reference for how project delivery is done in government. The Treasury is also planning to issue updated Green Book supplementary guidance on 'optimism bias', which concerns the systematic tendency for appraisals to under-estimate the costs and time required to deliver a project.

1.42 The Treasury has also been developing reforms to the Treasury Approvals Process (TAP) to improve the scrutiny of projects and programmes. These reforms aim to help focus the Treasury's scrutiny on the most critical stages of the project lifecycle to help set initiatives up for success from the outset, and ensure central scrutiny is applied proportionately. This is ultimately with a view to improving the delivery of projects and programmes across government and reap some of the financial benefit identified by the C&AG.

1.43 The Treasury and IPA are also working to set out clearer guidance on the process for resetting major projects and programmes that underperform, and responding to red assurance ratings. This seeks to address recommendations made by the Public Accounts Committee (PAC), which the Treasury has committed to addressing by June 2024.

## IV. Maintaining Government Assets

1.44 Managing capital assets is just as important as investment into new capital programmes and can provide savings in the long term.

1.45 The Government Property Function manages an estate across central government valued at around £180 billion and has around 7,000 people working across central government. The government has taken measures to manage the government estate which:

- Since 2010, have led to **annual running cost savings of £1.6 billion**.
- Have generated more than **£1 billion in receipts in 2022-23** to be reinvested in improving the government estate.
- Will lead to a further **£0.5 million of projected annual operating costs** savings by 2024-25.

## Building the Foundations

1.46 In 2010, the Government Property Unit, now known as the Office for Government Property (OGP), was established to support the government and the wider public sector to manage the estate more efficiently and effectively. It also helps improve the capacity and capability of the property function in government through the leadership of the government property profession, delivers cross-cutting programmes – such as ‘Places for Growth’ and ‘One Public Estate’ – and improves the use of data for better decision making.

1.47 The Government Property Agency (GPA) was launched as an executive agency of the Cabinet Office in 2018 and is responsible for managing the government’s office and warehouse portfolios.

1.48 The GPA aims to transform the way the office and warehouse estate is managed across government using commercial and property expertise. The GPA published a ten-year strategy for 2020-30.<sup>18</sup> In this strategy, the GPA outlines how it will support and contribute to the government’s policy targets, such as supporting economic growth across the UK and helping the government meet its net zero target across the government estate<sup>19</sup>. In 2022-23 the GPA has:

- helped the Civil Service improve productivity through creating market leading, great places to work that achieve high customer satisfaction ratings, and has been recognised through a rare Leesman Plus certificate for its Birmingham hub.
- reduced carbon emissions by 1,200 tCO<sub>2</sub>e, saving £604,000 per annum.

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<sup>18</sup> [‘Government Property Agency Strategy 2020-30’](#), Government Property Agency, May 2021.

<sup>19</sup> [‘Government Property Agency Strategy 2020-30’](#), Government Property Agency, May 2021.

- closed a further 12 offices in London, bringing total offices closed since April 2017 to 42, saving £220 million per annum (gross), as part of the Whitehall Campus programme.

## Delivering Efficiencies

1.49 Since 2010, the size of the general-purpose central government estate has been reduced by 30%, delivering annual running cost savings of £1.6 billion. As set out in Autumn Statement 2023, OGP has already overseen a property sales programme, which has generated more than £1 billion in receipts to be reinvested in improving the government estate.

1.50 To improve asset management and maintenance, the OGP established the Better Buildings Programme in 2022 in order to introduce consistency and coordination in the government's approach to building condition management and systemic property safety issues.

1.51 In addition, the government has created a framework of standards for consistent asset management, including the Government Property Standard, Data Standard, FM Services and FM Asset Data standards.

## Improving Balance Sheet Management

1.52 To improve the management of all public sector assets across government, the Balance Sheet Review was launched in 2017. It considered property and other assets, such as intellectual property and debt, as well as public sector liabilities. It focussed on ways to improve the returns on all public sector assets, utilise the asset base more effectively, decrease the cost of the government's liabilities, and reduce balance sheet risk (or increase the compensation for bearing such risk). It identified opportunities to release resources for further investment in public services and to improve the sustainability of the public finances, set out in the Balance Sheet Review Report: Improving public sector balance sheet management in 2020.<sup>20</sup>

1.53 The Balance Sheet Review led to a number of improvements in public sector management of assets and liabilities, including:

- a government-wide strategy to improve the management of the public sector's knowledge assets, and the establishment of the Government Office for Technology Transfer (GOTT) to support the UK public sector to unlock the potential of its knowledge assets to deliver value to the UK economy and society. These are intangible assets including intellectual property such as patents, software, trademarks, know-how and data. GOTT provides funding, advice, networks and guidance to support the management and exploitation of knowledge asset opportunities in the public sector.

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<sup>20</sup> ['The Balance Sheet Review Report: Improving public sector balance sheet management'](#), HM Treasury, November 2020.

- the first-ever geo-spatial digital national asset register, called Insite, to enable better optimisation and commercialisation of public property assets.
- new Asset Sales Disclosure Guidance to increase the transparency of the value for money of asset sales and their impact on the public finances.
- the implementation of a new control regime for contingent liabilities and the establishment of the Contingent Liability Central Capability in 2021, an advisory body to further strengthen contingent liability expertise and risk management across government. One of its main areas of focus is to support departments to quantify risks of new contingent liabilities, incorporate risk mitigations and charge the private sector appropriate premiums for risk transferred to the government.

## Going Further

**1.54** The government continues to demonstrate its commitment to improving asset management across its balance sheet. A significant focus is on property, being the biggest asset. It is also looking at opportunities to achieve more value from its knowledge assets.

**1.55** On capital assets, the C&AG highlighted the importance of maintaining existing infrastructure such as schools and hospitals to prevent the build-up of costly backlogs, and the government is taking action to ensure maintenance of buildings is addressed.

**1.56** Through its actions, the government has generated £1.6 billion in savings since 2010 by bearing down on the cost of the government estate.

## Government Property Strategy 2022-2030

**1.57** The OGP published the Government Property Strategy 2022-2030 in 2022, which sets out how the government will transform the public estate, delivering savings and achieving better value for money.<sup>21</sup> The strategy is framed around 3 missions:

1. Transforming places and services.
2. A smaller, better and greener estate - this includes developing a pipeline of disposals aiming to develop gross capital receipts of £500 million per annum, to fund investment in the estate that the government needs to keep.
3. Improving professional excellence and insight.

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<sup>21</sup> ['Government Property Strategy 2022-30'](#), Government Property Function, August 2022.

1.58 The Strategy has had a strong impact to date, with £1.1 billion in capital receipts in the first year of its operation; a further £1 billion in gross capital receipts are expected by 2024-25.

## Government Property Agency

1.59 The Government Property Agency will generate benefits of between £1.4 billion and £2.4 billion over the next 10 years, through the management and consolidation of the government's office and warehouse estate. This includes its 2 core programmes – the Whitehall Campus Programme and Government Hubs.

1.60 The Whitehall Campus programme aims to reduce the government's office occupancy in central London to no more than 20 buildings that operate as a campus.

1.61 The Government Hubs programme aims to create modern, innovative shared workspaces while consolidating and rationalising the government's office holdings. The programme also supports the Places for Growth programme, which seeks to move civil service roles out of London into the nations and regions of the UK. Last year, GPA opened a new hub in Peterborough as well as an interim hub in Darlington - part of the Darlington Economic Campus. Construction is also underway on 2 further new hubs in Croydon and Manchester and refurbishments are underway at 3 existing sites in Bristol, East Kilbride and York.

## Maintaining Schools and Hospitals

1.62 At Spending Review 2020, the government committed to a 10-year School Rebuilding Programme. Over 500 projects in the programme have been selected, including schools with Reinforced Autoclaved Aerated Concrete (RAAC), as part of the DfE's RAAC remediation plans.

1.63 This prioritises school buildings in the worst condition across England which need rebuilding or significant refurbishing. The School Rebuilding Programme builds on previous rebuilding programmes delivered by DfE – the Priority School Building Programme 1 and 2 - and enables more efficient investment in school infrastructure.

1.64 In 2020, the government allocated £3.7 billion to the NHS to make progress in the New Hospitals Programme, which will reduce the cost and time taken to build health infrastructure. The government allocated an additional £1.7 billion over 4 years to upgrade more than 70 hospitals across England. Alongside this, the government allocated £12.6 billion to NHS systems for maintenance of their estate and invested £5.9 billion in improvements to diagnostics, technology and digital, and surgical hubs to aid the elective recovery.

### **Box 1.D Defence Estate Optimisation**

The Defence Estate Optimisation (DEO) Portfolio is the single biggest estates change programme within Defence, investing £5.1 billion in key projects including accommodation, barracks, airfields, medical facilities and naval bases. The portfolio will generate both financial and non-financial benefits, resulting in estate rationalisation and land release for wider government targets, whilst supporting investment across the UK. DEO is aligned with all military capability programmes, including the Army's Future Soldier programme, by providing modern infrastructure in the right areas of the country to enable transformation. This improves the lived and worked experience of the Armed Forces, the efficiency of training, and the delivery of military outputs. The improvement in accommodation standards is also expected to help Defence meet recruitment and retention targets.

To date, DEO has completed 10 of around 80 projects, with 8 either in or shortly to go into construction. It has so far disposed of 26 sites, releasing 1,210 hectares of land for 6,962 potential housing units. To help deliver more efficiently, DEO has produced 24 separate standard asset designs that are capable of achieving net zero targets. As part of the acquisition reform programme, DEO has also used a NEC4 (engineering and construction contract) innovative procurement route that not only brings private-public sector collaboration and innovation to the heart of the portfolio, but also saves 12-18 months for delivery of projects. The new streamlined approvals process through the Contract Permissioning Group has also sped up approvals by up to 5 months per project.

## **Balance Sheet Report**

**1.65** The government will publish the Balance Sheet Report as announced at Autumn Statement 2022, building on the landmark 2020 Balance Sheet Review. This demonstrates the government's continuing commitment to improving management of all public sector assets and liabilities. This report will provide insights into the size, state and management of the government's significant assets and liabilities. It will give a strategic overview of the UK public sector's balance sheet in an innovative way to improve balance sheet management across government.

**1.66** The experience of recent years has highlighted how important a well-managed balance sheet is to sustainable public finances, as the public sector balance sheet has helped absorb the impact of economic shocks, including the COVID-19 pandemic and the energy crisis, with measures delivered through guarantees and loans. The International Monetary Fund (IMF) estimates that strengthening management of a

country's balance sheet could boost government revenue by 3% of GDP.<sup>22</sup>

1.67 The government is working to publish the Balance Sheet Report in spring 2024 following the publication of the Whole of Government Accounts, 2021-22.

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<sup>22</sup> ['The Wealth of Nations: Governments Can Better Manage What They Own and Owe'](#), Vitor Gaspar, Jason Harris, Alexander F. Tieman, October 2018.

## V. Transforming into a Digital Government

1.68 Effective use of digital, data and technology, including automation and artificial intelligence (AI) represents one of the greatest opportunities to deliver a productivity step-change across the Civil Service.

1.69 Since 2010, the government has made a significant change in how it delivers services and interacts with the public digitally, with a specific focus on updating legacy systems and simplifying how the public accesses services. The government:

- is investing an **additional £8 billion over the 2021 Spending Review period** to drive digital, data and technology transformation by 2025.
- expects to **save £700 million over the next 3 years** through the rollout of OneLogin.
- has identified **potential savings of £1 billion** through digital transformation of services.

### Building the Foundations

1.70 Established in 2011, the Government Digital Service (GDS) sits at the heart of digital government in the UK. It employs digital specialists whose primary mission is to improve user experience and achieve value for money for the taxpayer.

1.71 The Central Digital and Data Office (CDDO) is part of the Cabinet Office and was established in April 2021 to lead the digital, data and technology function. The creation of a new business unit to lead this function, separate from GDS which previously held this role, was recommended by successive reviews, most notably the Digital Economy Council's Organising for Digital Delivery report in September 2020.<sup>23</sup>

1.72 CDDO is the strategic centre for digital transformation for government. It works to put the right conditions in place to achieve government digital and data transformation at scale by working with departments and other government functions like commercial, project delivery and security professionals. This is backed by Transforming for a Digital Future: Government's 2022-25 Roadmap for Digital and Data.<sup>24</sup> CDDO also works with departments to set standards and guidance for Government Digital and Data.

### Delivering Efficiencies

1.73 Since 2012, GDS has consolidated more than 1,600 government websites into a single home for UK government services and information: GOV.UK. This improved the user experience and created significant efficiencies for government. GOV.UK is one of the most

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<sup>23</sup> ['Organising for Digital Delivery'](#), Cabinet Office, July 2021.

<sup>24</sup> ['Organising for Digital Delivery'](#), Cabinet Office, July 2021.

recognised digital services in the UK<sup>25</sup> and enables over 10 million users per week to access essential services and guidance, making it a key part of living, working and studying in the UK.<sup>26</sup> To date, it has received more than 33.5 billion page views and has been replicated by governments around the world.<sup>27</sup>

**1.74** GDS has also created platforms that can be used across government to build and replicate secure, accessible digital services at pace. Examples include GOV.UK Notify, which is used by more than 6,000 government and public sector services to send over 30 million SMS, email and letter notifications to users each week; GOV.UK Pay, which averages £30 million in transactions per week; GOV.UK Forms, which allows even those without technical knowledge to produce an accessible online form in minutes, reducing the need for paper or PDF-based services; and the UK's Emergency Alerts Service, which warns if there is a danger to life nearby.

**1.75** At Spending Review 2021, the government delivered a step-change in digital investment, announcing £8 billion of funding across departmental digital transformation projects, with a specific focus on legacy IT and cyber security (£2.6 billion in total) and modernising service delivery.

**1.76** This includes CDDO's service transformation programme, which focuses on high volume and priority public services. As of February 2024, 16 of the Top 75 digital services are at a 'great' standard, with a commitment in the Roadmap to get 50 to a 'great' standard by 2025.

**1.77** Government is also taking steps to modernise its back office through the Shared Services Strategy for Government.<sup>28</sup> This will bring together 18 different departments and over 100 arm's-length bodies into 5 clusters to replace around 200 departmental-based legacy IT systems with 5 modern, user-friendly, cloud-based systems in new shared service centres. Clusters estimate that all departments using shared services centres will reduce annual running costs by 20% and that the Strategy will realise more than £3 billion of benefits over 15 years.

## Going Further

**1.78** The C&AG proposed further areas in which the government could improve its digital services and the public's user experience of services. These include upgrading outdated IT systems, improved data collection and sharing, and recruiting and retaining skilled IT professionals. The government is investing significantly in a range of digital transformation programmes and is taking steps to harness the

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<sup>25</sup> ['The Most Famous Digital Services \(Q4 2023\)'](#), YouGov, March 2024.

<sup>26</sup> GOV.UK page views, February 2024.

<sup>27</sup> ['Shared Services Strategy for Government'](#), Cabinet Office, Government Shared Services, March 2021.

<sup>28</sup> ['Shared Services Strategy for Government'](#), Cabinet Office, Government Shared Services, March 2021.

potential of emerging technologies such as AI to meet present and future challenges.

## Digital Transformation Across Departments

1.79 There are already examples of successful digital transformation across government.

1.80 DWP, for example, is modernising the delivery of frontline benefit services through its digital transformation programme. As part of this programme, DWP will digitalise the administration of 2 contributory benefits which support more than 800,000 people. An online system for 'new style' Jobseekers Allowance (JSA) and Employment and Support Allowance (ESA) will replace the current system, which is largely paper based, improving customer experience, reducing levels of fraud and error and increasing the efficiency of benefit administration.

### **Box 1.E HMRC Digital Transformation of Public Services**

HMRC have a strong track record of improving services and delivering efficiencies. Since 2010, HMRC has significantly improved its digital offering to the public in different ways:

#### **The HMRC App – continuous expansion of online services**

Released in 2016, the HMRC app continues to expand its functionality with more services to make customers' interactions seamless. Recently HMRC updated the app's features to enable customers to view their National Insurance number and save it to their digital wallet, view and download their income tax and employment history, update their address, and make Self-Assessment payments. In 2022-23 the app was used over 56 million times by 2.35 million different people and, since the 'Self-Assessment payment' service was introduced in February 2022, it has collected more than £730 million via 438,000 payments. Customers rate the app highly and it has an average rating of 4.7 out of 5 (Android & IOS).

#### **Child Benefit - moving from paper-based processes to full digital services**

Previously, customers claimed Child Benefits by paper or phone and HMRC processes were paper based. The new digital service means customers can now make a claim quickly and easily online and receive payment in as little as 3 days – rather than weeks previously. Customers can also view their entitlement and payments, update bank details, and notify HMRC of changes digitally. These new services have been accessed over 2.6 million times and have customer satisfaction scores higher than 88%. Some Child Benefit customers receive an SMS text message after submitting their claim, reassuring them that their claim is being processed and pointing

them to further information, thereby removing the need to contact HMRC.

### **Making Tax Digital (MTD) – simple, efficient, and valued digital services**

As of April 2022, using MTD-compatible software became the standard way for VAT-registered businesses to file their tax returns. Many businesses have reported experiencing benefits, with 80% of businesses above the VAT threshold surveyed reporting that they found filing their returns by MTD very or fairly easy. Benefits of MTD VAT include being able to prepare and submit VAT returns faster and having more confidence that they are getting their tax right. MTD for VAT has been more successful than previously envisaged at reducing error.

### **Artificial Intelligence – support to get tax right and identify fraud and error**

HMRC has used advanced analytics, including AI tools and techniques, for many years, most notably to enhance compliance risking. HMRC also uses AI techniques to predict debt risk and target proactive support and to analyse customer contact to improve services. Underpinning this activity is a well-developed ethics and risk management framework, ensuring analytical models are transparent and explainable and that any decisions are subject to human review.

## GOV.UK and GOV.UK One Login

**1.81** In 2023, GDS published an ambitious strategy to grow GOV.UK, by providing a more proactive and personal service and by expanding to reach more people. GOV.UK will become multichannel, launching a GOV.UK App and third-party channels including social, and will provide new ways for people to interact with government information, through increased use of video and experimenting with AI-enabled experiences.

**1.82** GDS has also led the government's flagship programme for transforming the way the UK public accesses government services - GOV.UK One Login. Projected to save at least £700 million over the next 3 years, GOV.UK One Login is replacing 190 account types and 44 different sign-on routes with one fast, simple, secure way to prove who you are and access government services. More than 3.8 million people have verified their identity via One Login to date.<sup>29</sup>

## Transforming for Digital Future

**1.83** The government is also continuing the delivery of the service transformation programme, outlined in CDDO's 2022-2025 Roadmap

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<sup>29</sup> As of 12 February 2024.

for Digital and Data.<sup>30</sup> Analysis undertaken in 2022 identified that potential savings include over £1 billion through digital transformation of services. Services that have now been fully mapped and transformed to “great” include Department for Environment Food and Rural Affairs’ (DEFRA) ‘Sign up for flood warnings’, DLUHC’s ‘Register to vote’ and the Driver and Vehicle Standards Agency’s (DVSA) ‘Record MOT test results’. CDDO’s work on legacy technology also contributes to the transformation savings. Based on the Legacy IT Risk Assessment Framework, nearly 70% of red-rated systems now have fully funded remediation plans in place.

1.84 Efficiency savings are maximised when finance and digital work in tandem. The digital function has already saved nearly £376 million through its expertise in assuring digital services and programmes across government. CDDO and the Treasury are working together to monitor the spending framework and ensure that it adequately addresses the requirements of digital programmes, emerging technologies and impact tracking that could significantly enhance public sector productivity.

## Artificial Intelligence for Productivity

1.85 As one of the most significant and sought-after technologies of the moment, the government has recognised the potential for AI to radically transform public sector productivity, and already taken steps to harness its potential. In November 2023, the Deputy Prime Minister announced the launch of the Incubator for AI (i.AI), an initiative purpose-built to solve some of the greatest challenges in government with AI. The launch of i.AI ensures that the government can harness the in-house expertise and skills of the UK’s most talented technology professionals to appropriately seize the benefits of AI across the Civil Service and wider public sector. Additionally, in January 2024, CDDO published the Generative AI Framework for HMG, providing detailed guidance, resources and tools for the safe and secure usage of generative AI tools in government.<sup>31</sup>

1.86 The Treasury will work with CDDO to set out how the Civil Service and wider public sector can take advantage of the opportunities of AI through a strategic vision, building on the establishment of i.AI to maximise the potential of AI. The Treasury will also work with the Cabinet Office to finalise AI adoption plans for every department in time for the next Spending Review and will continue to expand the application of automation and AI across the range of priority areas, working closely with i.AI.

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<sup>30</sup> [‘Transforming for a digital future: 2022 to 2025 roadmap for digital and data’](#), Central Digital & Data Office, November 2023.

<sup>31</sup> [‘Generative AI Framework for HMG’, Cabinet Office’](#), Central Data & Digital Office, January 2024.

# Chapter 2

## Maximising the Opportunity

2.1 In addition to the 5 areas for productivity savings covered in Chapter 1, the C&AG also identified 4 critical enablers which would be central in fully realising productivity improvements across government. This chapter sets out the work government is doing across these 4 enablers.

### Better Data

2.2 Data is a foundational enabler for our ambitions to deliver a transformed, more efficient and digital government that delivers better, more productive public services.

2.3 CDDO is undertaking a range of actions to build consensus and establish foundations to ensure data is fit for purpose, trusted and available via interoperable architecture. It has published guidance which sets out how to identify Essential Shared Data Assets (ESDAs) - data assets that are critical from a cross-government perspective.<sup>32</sup> This guidance defines the roles and accountabilities for the people responsible for these assets.

2.4 CDDO is also establishing the government Data Marketplace as a platform to support and enhance data sharing. This will provide a front door to discover, access and share government data in a legal, ethical and trusted way. CDDO is also working with Office for National Statistics' (ONS) Data Quality Hub to define a cross-government data quality framework, which will include specified time periods for resolving data quality issues.

2.5 As the digital landscape continuously evolves, data can play an increasingly important role in empowering citizens, promoting inclusion, and enabling participatory, accountable, and ethical governance. In December 2023, CDDO published the sixth UK National Action for Open Government 2024-25 (NAP6), which sets out the UK's commitments to increasing transparency, accountability, and public

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<sup>32</sup> ['Essential Shared Data Assets and Data Ownership in Government \(ESDA's\) -Guidance for Departments'](#), Central Data & Digital Office, December 2023.

participation in government.<sup>33</sup> NAP6 sets out commitments in 4 key areas - open contracting, international aid transparency, civil society engagement on anti-corruption, and the country review mechanism for the UN Convention Against Corruption (UNCAC).

**2.6** In 2023, the Cabinet Office launched One Big Thing, an annual initiative for all civil servants to take shared action around a reform priority. The focus for 2023 was data upskilling, with 703,000 hours of data learning delivered.

## **Innovation and Evaluation**

**2.7** Through innovating and joining up across departments, the government will place a renewed focus on upstream prevention and early intervention. This will support better outcomes across our public services and reduce long-term spending pressures. Embedding a preventative approach into policymaking could unlock significant savings and support better demand management across government.

**2.8** Since 2019, the Treasury has made £600 million available through the Shared Outcomes Fund (SOF) to incentivise departments to work collaboratively across challenging policy areas, testing what works when government attempts to improve ways of working across multiple organisations. Pilot projects aim to trial new methods to achieve this.

**2.9** By testing and evaluating these new approaches on a small scale and providing funding to scale up those projects where the evaluation shows they work, the SOF informs more effective approaches to cross-government working in a range of different policy areas.

**2.10** Examples of projects that have applied innovative approaches through working across departmental boundaries include:

- The MoJ led BOLD programme (Better Outcomes through Linked Data), which has received a total of £24.05 million SOF funding. The project is supported by DHSC, Public Health England (PHE), Public Health Wales (PHW), DLUHC, and the Office for National Statistics (ONS) working together with MoJ to demonstrate how people with complex needs can be better supported by linking and improving the government data held on them in a safe and secure way.
- The Home Office (HO) led Project ADDER (Addiction, Diversion, Disruption, Enforcement and Recovery), where the government has invested a total of £45.73 million SOF funding into taking a whole-system response to tackling drug use through better join up of local law enforcement agencies, prisons and health and social care services. This is a joint effort alongside DHSC, PHE, the National Crime Agency (NCA), MoJ, DLUHC and the National Police Chiefs

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<sup>33</sup> ['UK National Action Plan for Open Government 2024-2025'](#), Cabinet Office, Central Digital & Data Office, December 2023.

Council (NPCC). To date, ADDER has resulted in the seizure of £11.5 million in cash, 4,558 Organised Crime Group (OCG) disruptions and over 32,000 arrests.

- The Food Standards Agency (FSA) led PATH-SAFE pilot (Pathogen Surveillance in Agriculture, Food and the Environment), which has received a total of £21.45 million SOF funding to date. This pilot trials a better national surveillance system for the monitoring and tracking of foodborne disease and antimicrobial resistance in the environment and agri-food system. Through this collaboration between the Foods Standards Agency (FSA), Food Standards Scotland (FSS) and DEFRA, the government will aim to prevent the harms and associated costs caused by foodborne disease across the whole of the UK.

**2.11** More widely, evaluation plays an important part of ensuring value for money in public spending by both testing whether what government delivers is working, and by learning lessons from what does not work. The Evaluation Task Force (ETF) is a joint Treasury - Cabinet Office unit which provides specialist support to ensure evaluation evidence sits at the heart of spending decisions.

**2.12** Since the ETF was established in April 2021, it has worked with over 300 government programmes, with a total value of around £140 billion, to make sure that they have effective evaluation strategies in place.

**2.13** The ETF works closely with the Treasury to target priority programmes to make sure strong evaluation plans are in place and that decisions about what money is spent on are supported by robust evidence. The ETF encourages good evaluation by working closely with evaluation leads within departments and advising on evaluation designs and application of evaluation methods. This ensures that government evaluations are robust and delivered to a high standard.

**2.14** The Magenta Book sets the standard for evaluation and has a range of support available for the whole of government.<sup>34</sup> This includes free access to world leading methods experts on their Evaluation Trials Advice Panel and a suite of guidance online to support the needs of a wider audience.

**2.15** The Evaluation Registry is the new home for all government evaluations. It is a website where all planned, live and published evaluations conducted or commissioned by government departments are registered. In 2024, the Registry will become mandatory for ministerial government departments to use and will also be made accessible to the public to search and browse, enabling greater accessibility, accountability and transparency for citizens.

**2.16** The ETF also functions as the secretariat for the What Works network of independent centres, such as the National Institute for

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<sup>34</sup> ['Magenta Book, Central Government Guidance on Evaluation'](#), HM Treasury, March 2020.

Health and Care Excellence, to create longer term change.<sup>35</sup> They also proactively support capability building, running a free Evaluation Academy to teach officials how to train their own colleagues in vital evaluation skills. This has already upskilled over 100 trainers who in turn have passed their skills on to over 1,000 colleagues.

**2.17** The ETF has set up and established a £15 million Evaluation Accelerator Fund to rapidly expand evidence generation and tackle critical evidence gaps across government with the aim of generating actionable evidence in these gaps for the next Spending Review.<sup>36</sup> The ETF also co-lead the £37.5 million Labour Market Evaluation and Pilots Fund with the Treasury. This will fund evaluations over the next 2 years to add to the evidence base on the effectiveness of policies to improve labour market outcomes in the economy.

**2.18** Departments also lead their own work on innovation and evaluation, working with the ETF. One example is the Supporting Families Programme, for which a £200 million funding increase was agreed following advice from the ETF. This was agreed based on evidence that providing help for vulnerable families, in the way that Supporting Families does, reduces both the numbers of children entering care, and juveniles entering the criminal justice system, which ultimately results in fiscal benefits of £1.51 for every £1 spent.

## Planning and Spending Framework

**2.19** The government uses the planning and performance framework to set priorities, plan activities, allocate money and monitor progress and performance. It is an integral part of how the government focuses on outcomes for citizens and delivers value for money.

**2.20** The SOF, as detailed above, has been particularly important in boosting an approach which maximises efficiency and productivity alongside focusing on public value and linking spend to delivering outcomes for the public, through joint planning and governance.

**2.21** Since Spending Review 2020 (SR20), the Treasury and the Cabinet Office have been working closely with departments and the government functions to reform the government's planning and performance framework. SR20 published provisional priority outcomes and metrics for each government department alongside spending settlements and set out plans to monitor and evaluate progress towards delivering these. Outcome Delivery Plans (ODPs) were established as part of this and were subsequently highlighted as a priority in the June 2021 'Declaration on Government Reform' (Action 15). Spending Review 2021 (SR21) built on the outcomes focus at SR20

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<sup>35</sup> ['Guidance: What Works Network'](#), Evaluation Task Force, November 2023.<sup>35</sup> 'Guidance: What Works Network, Evaluation Task Force,

<sup>36</sup> ['Evaluation Accelerator Fund'](#), Evaluation Task Force, February 2022.

and the recommendation of the Green Book Review in 2020 to place a stronger focus on the strategic goals of proposals.<sup>37</sup>

**2.22** Updated priority outcomes and metrics at SR21 formed the basis for updated ODPs, and regular reporting against these plans has ensured an ongoing understanding of departmental performance, including in cross-cutting areas. This in turn enables ministers and officials to take action where performance risks going off-track and supports better understanding of where spend is driving real world outcomes.

**2.23** Introducing cross-cutting outcomes has provided greater clarity around how different departments contribute towards shared goals, which means more accountability for results. Joint planning and performance are a cornerstone of good joint delivery. The ODP framework is encouraging departments to meet regularly to discuss their joint approaches to working, reflect on progress and work together to tackle risks and challenges.

### **Box 2.A Changing Futures Programme**

Changing Futures supports people experiencing multiple disadvantage. A multiple disadvantage is defined as 3 or more of: homelessness, substance misuse, mental health issues, contact with the criminal justice system or domestic abuse.

People who experience multiple disadvantage have very poor life outcomes, with an average life expectancy of 43. Their interactions with public services are crisis-driven and costly, with an estimated annual service cost per person that is 5 times the average. As these costs are distributed across departments, and there is a lack of join-up among services on the ground, people experiencing multiple disadvantage fall between the cracks of departmental incentives and local service delivery.

Changing Futures aims to address this by:

- using keyworkers to help people access appropriate preventative services, thereby reducing the burden on reactive services.
- promoting integrated and person-centred services locally, and realigning accountability and governance at a wider system level.

The programme has been piloted in 15 areas since 2020 and is due to end in March 2025. As it is cross-cutting, funding has come from the Shared Outcomes Fund and the National Lottery Community Fund. DLUHC holds primary policy responsibility, with involvement from the

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<sup>37</sup> ['Final Report of the 2020 Green Book Review'](#), HM Treasury, November 2020.

Ministry of Justice, Department for Work and Pensions, Home Office and Department for Health and Social Care, and delivery is led by local authorities.

Emerging evidence from the programme suggests it reduces pressure on some services (for example A&E). Full evaluation results are expected later this year.

## Leadership and Skills

**2.24** The Civil Service is evolving, and it is important that government has the people with the right skills and expertise to be delivering some of the most important work and making productivity and efficiency gains across government.

**2.25** To make productivity and efficiency gains across government, investment in leadership and management skills is needed to ensure organisations adapt with agility to rapid change, operate effectively across complex systems, and lead motivated people to deliver high quality services.

**2.26** In a world of rapid technological advance, the government needs to invest in the skills that will enable all civil servants to make use of modern technology with confidence, as well as playing their part in designing efficient services and processes that make the most of the innovation available.

**2.27** Continued investment in the professional skills within functions will ensure government organisations can operate efficiently and effectively by optimising their use of financial resources, property, technology, commercial procurement, data and analysis and their people.

**2.28** The government is already promoting and bringing in experts in its functional streams of work, such as the CDDO and GPA, to improve delivery. There are also a wide range of initiatives underway to help deliver savings in the areas set out in this document.

**2.29** To support effective investment in skills development across the civil service, the government has established the new model of a curated, coherent learning curriculum delivered through the Government Skills Campus that will enable all civil servants to develop the right skills to tackle the challenges of the future. This will point civil servants to the learning they need to be effective in their jobs as well as to develop their careers.

**2.30** To ensure that investment in skills is value for money, the government is procuring the next iteration of the learning frameworks. Learning frameworks are centrally managed contracts that save time and money by allowing Civil Service organisations and individuals to purchase learning without separate procurement. As with previous

iterations of the frameworks, the government is identifying how future services can be improved in quality, efficiency and reach.

## Strengthening Leadership and Management Skills

**2.31** The Leadership College for Government sits within the new Government Campus for skills. It enables Civil Service and public sector leaders to learn with and from their peers and world-leading experts in person and virtually.

**2.32** The College was established in 2022 as part of reforms to better prepare teams, leaders, and managers with the skills, knowledge and networks they need to provide the services on which people rely by:

- setting high, clear standards for all management and leadership development.
- providing universal products and management programmes for all grades, alongside selective leadership development courses.
- reforming and better integrating government's talent and management programmes, including its offer to public sector leaders.

**2.33** The College provides induction training for new senior civil servants (SCS) to help them be effective from the start. It is in the process of reforming the accelerated development schemes for senior leaders with the greatest potential to progress to more senior grades. The next step will be to work on the leadership and management standards so that all civil service leaders are equipped to lead increasingly productive organisations.

## Increasing Confidence with Technology

**2.34** By creating and piloting the Digital Excellence Programme with the Government Skills and Curriculum Programme and external partners, CDDO is ensuring that the most senior leaders are upskilled in digital and data. To date, approximately 700 SCS (or 12.3% of all SCS) have been upskilled via the Digital Excellence Programme. In addition, nearly 10,000 people, including SCS, have taken the ONS Data Masterclass and 100 SCS have taken the CDDO Innovation Masterclass. New AI-related training has been made available on Civil Service Learning to ensure digital and data professionals can upskill themselves on this topic.

## Continued Professionalisation of the Functions

**2.35** Each function is responsible for the continued professional development of its people and sets the expectations for the qualifications and skills needed for members of the profession. Below are 2 examples of how professions are investing in skills in critical areas.

**2.36** The IPA is working to strengthen capability within departments to improve project leadership skills. Over 500 leaders have been given the opportunity to do this and nearly 1,000 people across government

have been accredited as project delivery professionals against a common standard. Furthermore, it has also launched the Project Delivery Accreditation Scheme to build stronger delivery capability. As of January 2024, over 834 individuals have been accredited across all 4 levels and 20 at senior and master practitioner level.

**2.37** The CDDO aims to not only build digital capability in government but also recruit and retain people with the specialist skills that are needed in this area. There has already been good progress: the Government Digital and Data profession has grown to 5.4% of the total Civil Service headcount.

**2.38** In September 2023, CDDO launched Tech Track, a new digital apprenticeship programme that will support the recruitment of 2,500 early career entrants into in-house digital roles across government. This will provide the opportunity for both civil servants and new entrants to be recruited into the most in demand digital and data roles, such as cyber security experts and software developers. The programme aims to deliver the government 1,800 new technical specialists by June 2025.

**2.39** Additionally, the Digital, Data, Technology and Cyber Fast Stream programme had 75 entrants in 2023, the largest cohort in the scheme's history.

**2.40** CDDO is working with departments to devise a targeted pay reform framework to build internal state capability in critical tech roles. Financed by recycling contingent labour routes that are often 2 to 3 times more expensive, it could save £101 million per year. As part of the annual framework review process, CDDO has also formulated a revised plan to save a total of £270 million per year by further targeting and optimisation.

### **HM Treasury contacts**

This document can be downloaded from [www.gov.uk](http://www.gov.uk)

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