



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Sir Geoffrey Clifton-Brown MP  
Chair, Public Accounts Committee  
House of Commons  
London  
SW1A 0AA

21 January 2025

Dear Sir Geoffrey,

### **OVfM FIRST RECOMMENDATION ON SYSTEM REFORM: INTRODUCING THEMATIC VALUE FOR MONEY (VfM) REVIEWS**

1. The Chancellor launched the Office for Value for Money (OVfM) in the Autumn Budget last year. As a first step, the Chancellor asked the Chair to advise us both on decisions for Phase 2 of the Spending Review. She also asked the OVfM to develop recommendations for system reform to underpin a ruthless focus within government on realising benefits from every pound of public spending.
2. The OVfM has made its first recommendation about reforming the system, which I am pleased to accept: we are introducing a rolling programme of VfM thematic reviews in the years between spending reviews, with the first set of reviews to take place in 2026. I plan to announce this at an Institute for Government event later today.

#### **Context for reform**

3. In July last year the Chancellor announced a series of reforms to restore public spending control, one of which was that spending reviews would now take place on a regular two-yearly cycle. This change will increase certainty and transparency and prevent spending decisions being repeatedly delayed.
4. The Autumn Budget then set out our mission led, technology enabled and reform driven approach to Phase 2 of the Spending Review, in order to deliver the Prime Minister's Plan for Change. This included the importance of departments working together to deliver key priorities in a more effective and efficient way, in order to fundamentally change the way public services are delivered. It also set out that the OVfM would be undertaking VfM studies in high-risk areas of cross-departmental spending.



### The OVfM's recommendation

5. The OVfM have proposed using the opportunity presented by the new two-year SR cycle by introducing a regular programme of thematic VfM reviews, taking place in the years in between the biennial spending reviews. These reviews would identify options for reform in areas with spiralling costs and poor value for money, to inform decisions in the spending review that takes place in the subsequent year. This approach builds on the targeted VfM studies OVfM is undertaking for the spending review.
6. The OVfM will work with officials across government to develop the detailed design principles for these reviews, which will be published in due course. The reviews themselves will take place after the end of the OVfM's remit and will be co-ordinated by a team in the Treasury.
7. I expect the OVfM to make further recommendations for system reform, and we will of course keep you informed of progress. I have copied this letter to the Comptroller and Auditor General.

Yours sincerely,

A handwritten signature in black ink that reads 'Darren Jones'.

RT HON DARREN JONES MP  
Chief Secretary to the Treasury

Cc: Gareth Davies,  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
SW1W 9SP