HM Treasury

Spending Review 2025: Departmental Efficiency Plans

June 2025

This publication is available at: www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at public.enquiries@hmtreasury.gov.uk

ISBN: 978-1-917638-26-5 PU: 3529

Contents

Chapter 1

Efficiencies at Spending Review 2025

1.1 Autumn Budget 2024 announced the Office for Value for Money (OVfM) would, amongst other things, assess where and how to improve efficiency across government to inform decisions at the Spending Review (SR).

1.2 The OVfM's approach has been guided by three principles, which together will deliver a sustainable outcome. First, it has placed greater focus on improving outcomes not just reducing costs. It has achieved this by clearly distinguishing between technical efficiencies (delivering more output for the same input, or the same output for less input) and stopping activities (reducing outputs). This is in line with the Government Efficiency Framework definition of a technical efficiency. Second, it has aimed to increase confidence in the deliverability of efficiencies, by working with departments to develop bespoke targets underpinned by credible plans. Third, it has supported greater transparency by publishing departments' targets and plans, allowing external scrutiny and public accountability.

1.3 The OVfM and its Chair have worked closely with all departments to agree bespoke technical efficiency targets and delivery plans for day-to-day budgets. This exercise has harnessed cross-government expertise, including the following Cabinet Office functions: the Government Commercial Function, the Office of Government Property, and the Government Grants Management Function. These functions will continue to support departments as they deliver their plans. The Department for Science, Innovation and Technology (DSIT), as the digital centre of government, has provided guidance and support to departments on their plans for delivering efficiencies through digital transformation.

1.4 The departmental delivery plans have identified total annual efficiency gains of almost £14bn by 2028-29, the final year of the SR period, through a combination of improved outcomes and reduced cost. This exceeds the initial expectation of £12bn efficiencies by 2028-29, measured against 2025-26 planned day-to-day budgets. Most departments developed efficiency plans to deliver at least 3% efficiency gains by 2028-29, with some delivering over 8% (see table 1.1). Those departments that have not yet developed plans to deliver 3% efficiencies by 2028-29 will continue to identify opportunities over the coming period.

1.5 This exercise only included programmes to deliver efficiencies where the benefits outweighed the costs of implementation over the SR period. Official Development Assistance (ODA) was excluded from the process, given recent significant changes to the UK's ODA budget. Following a refresh of the UK's development offer the Foreign, Commonwealth and Development Office will work with other departments to explore how best to drive efficiency across the ODA budget.

1.6 This document includes a summary of the efficiency targets and plans for each department, to deliver greater transparency, allow external scrutiny, and support the sharing of best practice. The publication of the plans will also ensure efficiencies continue to be a focus for departments and their arm's-length bodies (ALBs) throughout this SR period.

1.7 Many departments have found efficiencies against common themes, including:

a. digital and Artificial Intelligence (AI) – DSIT judge these plans to be credible and deliverable in aggregate over the SR period, provided departments continue to prioritise digital investment, particularly in foundational programmes;

b. workforce – making the Civil Service more efficient and effective is a key mission for the government. The Government People Group will support departments through workforce reform and funded exits; and

c. estates – the Office of Government Property is supporting departments to streamline the government estate, including by reducing the size of the London estate and making better use of government owned land.

1.8 In line with a recommendation from the OVfM, the government has committed to an expectation of at least 1% technical efficiencies for all departments in all future years. To support this commitment, the government will publish bespoke departmental efficiency targets and plans biennially, embedding a culture of continuous improvement backed up by greater confidence in delivery.

Table 1.1: Net efficiency gains vs 2025-26 planned Resource Departmental Expenditure Limits (RDEL) excluding depreciation and Official Development Assistance (ODA)

	2025-26 planned RDEL[1] (£m)	2026-27 (£m)	2027-28 (£m)	2028-29 (£m)	2028-29 (%)
Health and Social Care	201,855	2841	5786	9071	4.5%
Education (excluding core schools)	29,277	76	166	248	0.8%[2]
Home Office	18,201	166	335	533	2.9%
Justice	11,865	119	238	356	3.0%
Defence	38,934	563	826	905	2.3%
Foreign, Commonwealth and Development Office	1,992	25	71	85	4.3%
Housing, Communities, and Local Government	4,093	42	44	50	1.2%[3]
Culture, Media and Sport	1,538	29	43	52	3.4%
Science, Innovation and Technology	560	9	17	32	5.6%
Transport	8,281	313	491	663	8.0%
Energy Security and Net Zero	1,813	30	82	157	8.7%
Environment and Rural Affairs	4,622	51	100	144	3.1%
Business and Trade	1,789	25	54	75	4.2%
Work and Pensions	10,223	161	207	312	3.0%
HM Revenue and Customs	5,906	139	403	773	13.1%
HM Treasury	413	5	8	13	3.0%
Cabinet Office	834	20	29	40	4.7%
Small Departments	5,688	144	222	296	5.2%
Total efficiencies net of investment[4]	**347,886**	**4,758**	**9,123**	**13,804**	**4.0%**

[1] Figures for 2025-26 include Spring Statement 2025 plans (excluding the Reform and Innovation Fund, the Transformation Fund and ODA), plus Machinery of Government changes.

[2] DfE plans to spend £7.8bn RDEL on non-frontline services in 2025-26. Total efficiencies net of investment excluding frontline services is 3.2% in 2028-29.

[3] Taking into account the impact of MHCLG projects and programmes on local government, there will also be efficiency gains for local government who will then be able to recycle these gains into frontline services. These are not quantified in this document.

[4] Throughout this document, efficiencies are reported net of investment, unless specified otherwise.

Chapter 2

Departmental Efficiency Plans

Department of Health and Social Care

Table 2.1: Net efficiency gains vs 2025-26 planned RDEL excluding depreciation and ODA

£ million	2026-27	2027-28	2028-29
NHS Productivity Plan	2800	5700	8950
Of which: electives	950	1900	2950
Of which: urgent and emergency care, Community Health and Better Care Fund	950	1900	2900
Of which: mental health	300	650	950
Of which: primary care	200	350	550
Of which: other services	400	900	1600
Non-NHS arm's-length bodies	41	86	121
Total efficiencies net of investment[1]	**2841**	**5786**	**9071**
Total efficiencies net of investment (%)	1.4%	2.9%	4.5%

[1] Gross efficiencies are omitted as delivery detail of the productivity plan is still being refined.

2.1 The Department of Health and Social Care (DHSC) Group supports ministers in leading the nation's health and social care systems to help people live more independent, healthier lives for longer. The Group comprises 13 arm's-length bodies (ALBs), including NHS England, and plans to spend £201.9bn RDEL (excluding ODA) in 2025-26, the baseline year against which efficiency gains are calculated. Of this, £195.6bn (around 97%) has been allocated to the NHS.

2.2 DHSC will deliver efficiency gains of £9.1bn per year by 2028-29 through:

- delivering the NHS productivity plan to achieve 2% annual productivity growth over the Spending Review (SR) period, leading to £8.95bn of annual efficiencies by 2028-29. This represents a substantial increase on NHS productivity growth before the Covid pandemic (0.6% a year between 1995-96 and 2018-19), enabling the NHS to treat patients more quickly and effectively; and
- initiatives in the department and its other 12 ALBs, including IT modernisation, shared services improvements and counter-fraud activity, leading to £121m of annual efficiencies by 2028-29.

NHS Productivity Plan

2.3 The NHS Productivity Plan is backed by a nearly 50% increase to NHS technology and transformation spend since 2025-26, with a total investment of up to £10bn by 2028-29. The £8.95bn of annual efficiencies this will unlock by 2028-29 will be reinvested back into the NHS and support the transformation in the 10 Year Health Plan.

2.4 As set out in Table 2.1, the plan will deliver efficiencies across all healthcare services (electives; urgent and emergency care and community health; mental health; primary care and other services), primarily through the combined impact of operational and clinical improvements, technology and digital transformation and workforce initiatives, which are described more fully below. The department has more detailed plans for how these initiatives will deliver the efficiencies across each service.

- Operational and clinical improvements: improving the operational and clinical productivity of NHS services, specifically in elective care and urgent and emergency care (UEC). The 'Reforming elective care for patients' plan published in January sets out detailed proposals for treating patients in the most cost-effective way, such as: optimising surgical pathways and theatre productivity by using surgical hubs and perioperative care efficiently; optimising referrals; expanding the role of patient-initiated follow-ups and remote monitoring; and following the NHS's Evidence-Based Interventions programme to reduce unnecessary interventions. The NHS will improve UEC productivity through, for example: expanding coverage of Urgent Treatment Centres and provision of Same Day Emergency Care services to ensure patients are treated in the most appropriate and cost-effective setting; proactively meeting the needs of people who attend emergency departments; improving in-hospital processes to support patient flow; and reducing avoidable conveyances (transports) by ambulance services with subsequent lower admissions.

- Technology and digital transformation: the NHS will invest in core technology infrastructure to optimise the use of clinical and administrative time and avoid delays caused by outdated technology. The NHS will also deliver a single patient record, so patients are in control of their data and clinical staff can see test results and medical histories, reducing administrative burden involved in accessing records, duplication and improving decision-making. The NHS App will be at the heart of a modern NHS, expanding the use of digital triage and navigation, making more information available to patients and empowering them to access appropriate care settings and treatments. The NHS will also expand the use of the Federated Data Platform, so staff have live data on their clinical area, including patient progress and surgery lists. This will improve the management of resources and performance across the NHS. The NHS will also invest in the adoption of new technologies to reform patient pathways, improve patient experience and enable care in lower-cost settings.

- Workforce: the NHS will reduce the need for temporary staff by reducing sickness absence and reforming temporary staffing policies. It will deliver this through setting limits on agency spend, including eliminating agency usage for entry level roles – building on a £1bn reduction in agency spend in 2024-25. The demand for temporary staff will be reduced by reducing sickness absence rates and improving retention.

2.5 The NHS productivity plan also intends to drive out the financial benefits of shifting care upstream through prevention and earlier intervention and delivering more services in primary care and community settings to improve outcomes and reduce reliance on more intensive hospital care. Under the plans, NHS England is also driving improvements in wider efficiency and value for money year-on-year. This includes the more effective use of medicines, commercial levers, automation and shared corporate services to reduce costs and maximise value for money for the taxpayer.

DHSC and other ALB efficiencies

2.6 DHSC will also deliver efficiencies from core departmental and other ALB budgets, including in:

- DHSC – through improved IT systems and use of digital technology to streamline workflows;
- NHS Counter Fraud Authority – through reducing the risk of fraud in the New Hospital Programme, primary care and secondary care, as well as efficiencies from estate rationalisation and in digital contracts;
- NHS Resolution (which provides expertise to the NHS, including resolving concerns and disputes fairly) – through an improvement programme, under which claims processing will be brought back in-house where that provides better value for money; and
- UK Health Security Agency – through the use of an enterprise data and analytics platform, greater automation and process reforms.

Future efficiency plans

2.7 DHSC and the NHS are developing and implementing plans to integrate NHS England into a smaller, leaner and more agile future central department, alongside restructuring the NHS's Integrated Care Systems and Commissioning Support Units and reducing corporate costs in NHS providers. These reforms will transform the way the centre and the NHS works, prioritise resources for the front line and deliver very significant efficiency savings from 2025-26 and across the SR period.

Department for Education

Table 2.2: Net efficiency gains vs 2025-26 planned RDEL excluding core schools, depreciation and ODA

£ million	2026-27	2027-28	2028-29
Non-frontline efficiencies	73	147	220
Corporate initiatives	3	19	28
Total efficiencies net of investment	**76**	**166**	**248**
Total efficiencies net of investment (%)	0.3%	0.6%	0.8%[1]
Memo: total gross efficiencies	*76*	*166*	*248*
Memo: total gross efficiencies (%)	*0.3%*	*0.6%*	*0.8%*

[1] DfE plans to spend £7.8bn RDEL on non-frontline services in 2025-26. Total efficiencies net of investment (%) excluding frontline services is 3.2% in 2028-29.

2.8 The Department for Education (DfE) is responsible for children's services and education, including early years, schools, further and higher education policy, apprenticeships and wider skills in England. It works with 17 public bodies and agencies to raise life chances for all as part of the government's Opportunity Mission – breaking the link between background and success.

2.9 Over 95% of DfE's budget (excluding student loans) is provided to frontline providers, who have considerable autonomy over how they operate. DfE plans to spend £29bn RDEL in 2025-26 (excluding core schools and ODA), the baseline year against which efficiency gains are calculated. DfE plans to spend £7.8bn RDEL on non-frontline services in 2025-26. This excludes budgets which are demand-led and/or provided directly to frontline providers and local authorities, such as early years entitlements, schools, apprenticeships and Further Education. The department will deliver £248m of efficiencies per year by 2028-29. DfE is supporting frontline providers in getting maximum value from every pound of public money for delivery of public services.

2.10 DfE will deliver efficiency by 2028-29 through:

- efficiencies on non-frontline budgets – driving further efficiencies through contracting and procurement, in-housing services and using digital technology more effectively; and
- corporate initiatives – improving DfE's capability and operations, including a strategic workforce plan and continued investment in data and digital capabilities.

Non-frontline efficiencies

2.11 DfE will deliver 3% (£220m) of efficiencies on planned 2025-26 non-frontline budgets by the end of the SR period. DfE will review detailed allocations after the SR, considering where it can drive further efficiencies through contracting and procurement.

2.12 The DfE commercial function is targeting efficiencies on non-frontline budgets, with £200m of opportunities already identified, with the expectation that more will emerge through the year. This will be achieved by aggregating contracts, using the Crown Commercial Service to leverage economies of scale across the Civil Service, renegotiating contract terms and active contract and grant management. The department's Digital, Data and Technology strategy is continuing to transform business processes, including in-housing of contracted digital services. This will generate £20m of efficiencies in 2028-29.

Corporate initiatives

2.13 DfE will become smaller and more agile over the SR period through a strategic workforce plan to improve its capability and operations. This will include moving to more flexible resourcing, greater use of AI and digital tools, conversion of managed services in its digital, data and technology function to permanent civil servants, and reviewing all non-staff expenditure to identify areas for efficiencies. This will deliver £28m of efficiencies in 2028-29.

Supporting frontline providers

2.14 DfE will continue to support frontline providers in getting maximum value from every pound of public money for delivery of essential public services.

2.15 Children's Social Care – an increasing proportion of local government spending on children and young people's services is going towards solving preventable crisis. The investment in children's social care announced in the SR will enable DfE and MHCLG to deliver an extensive reform programme that will support thousands of children and their families, with more focus on preventative activity which avoids a family's needs escalating, reducing costs and demand in the system. It will allow government to implement legislation in the Children's Wellbeing and Schools Bill, which addresses the broken care market and helps local authorities and other agencies to intervene earlier and more effectively to support children. DfE will improve transparency, reduce the risk of sudden provider exit, and introduce profit caps if necessary to stop profiteering in residential care.

2.16 Mainstream Schools – the SR announces the core schools budget will rise to £69.5bn by 2028-29. The government has accepted the School Teachers' Review Body recommendations for a 4% pay award for teachers for 2025-26. DfE will be supporting schools to find the first one percentage point of the teacher and support staff pay awards through improved productivity and smarter spending. Schools and trusts have autonomy over their own spending and are best placed to decide how their budgets should be spent to best support the needs of their pupils. DfE will work alongside schools to go further to get best value from their resources and is expanding the suite of productivity initiatives available. This complements support already available such as School Resource Management Advisors, accredited sector experts who provide peer-to-peer advice on resources; identifying potential savings of £334m in the schools they worked with since 2018. DfE will introduce new initiatives, tools, and services, including a new toolkit to support schools to adopt evidence-based workforce deployment models to ensure the best outcomes for children.

2.17 Further Education (FE) – FE providers in England include 220 colleges and 1,300 independent training providers which support around 1.9 million learners. FE providers receive over £12bn of government funding per year. DfE will work with the FE sector to improve the value for money of government spend, by providing FE Commissioner support to colleges and other relevant providers, seeking opportunities for economies of scale arising from more 16-19 year olds moving into post-16 education and training, simplifying processes and reducing data collection burdens, providing greater certainty of capital funding to enable colleges with estate planning, and exploring commercial efficiencies.

Home Office

Table 2.3: Net efficiency gains vs 2025-26 planned RDEL excluding depreciation and ODA

£ million	2026-27	2027-28	2028-29
Reducing third-party resources	25	71	153
Reform-driven structure and workforce changes	141	264	380
Total efficiencies net of investment	**166**	**335**	**533**
Total efficiencies net of investment (%)	0.9%	1.8%	2.9%
Memo: total gross efficiencies	*198*	*367*	*558*
Memo: total gross efficiencies (%)	*1.1%*	*2.0%*	*3.1%*

2.18 The Home Office is responsible for public safety, border security and national security. It plans to spend £18.2bn RDEL (excluding ODA) in 2025-26, the baseline year against which efficiency gains are calculated.

2.19 The Home Office will deliver efficiency gains of £533m per year by 2028-29 through:

- reducing the use of third-party resources – including insourcing specialist digital roles; and
- reform-driven structural and workforce changes – including increased automation and use of AI.

2.20 The numbers set out in the table above include both cash-releasing and non cash-releasing efficiencies from the new Police Efficiencies and Collaboration Programme (PECP).

2.21 The eventual composition of the total efficiencies may vary from the figures set out above as more detailed plans are developed for different areas of activity and upfront investments to enable efficiencies are confirmed. This efficiency delivery plan will remain agile to ensure that the latest cutting-edge technology can be harnessed to improve productivity and reduce cost.

Reducing third-party resources

2.22 Building on previous successful realisation of commercial savings, Home Office contracts will be reviewed, prioritising those with greatest scope for efficiencies. Specialist digital roles will be insourced, reducing reliance on external contractors and achieving the same outputs at lower cost. This is in line with the implementation of the government's *'A blueprint for modern digital government'* which encourages the use of in-house talent to reduce dependency on third parties. The Police Efficiencies and Collaboration Programme will also drive savings in third party spend across police forces.

Reform-driven structural and workforce changes

2.23 The Home Office plans to create a more productive and agile workforce, ever more focused on service delivery and seeking to maximise the value from every pound spent. It will also be using similar approaches to drive a more efficient and productive workforce through the Police Efficiencies and Collaboration Programme within policing. This will be achieved through:

- increased automation and use of AI to reduce reliance on manual processes so staff time can be focused on more complex tasks;
- streamlining to reduce duplication, particularly in non-frontline functions, so that roles and responsibilities directly support the Home Office's core missions; and
- strategic workforce planning that combines development of critical skillsets alongside careful recruitment controls that are calibrated to protect operational capacity whilst responding to changing demands.

Ministry of Justice

Table 2.4: Net efficiency gains vs 2025-26 planned RDEL excluding depreciation

£ million	2026-27	2027-28	2028-29
Digital reform	5	61	121
Commercial efficiencies	65	66	66
Policy transformation and reform	19	59	89
Additional efficiencies – inc. energy efficiency	30	52	80
Total efficiencies net of investment	**119**	**238**	**356**
Total efficiencies net of investment (%)	1.0%	2.0%	3.0%
Memo: total gross efficiencies	*182*	*300*	*417*
Memo: total gross efficiencies (%)	*1.5%*	*2.5%*	*3.5%*

2.24 The Ministry of Justice (MoJ) is responsible for the justice system including courts, prisons, and probation services. It has 35 agencies and public bodies and plans to spend £11.9bn RDEL in 2025-26, the baseline year against which efficiency gains are calculated.

2.25 MoJ will deliver efficiency gains of £356m per year by 2028-29 through:

- digital reform – delivering efficiencies through artificial intelligence (AI) adoption, the use of technology for offender management in the community and bringing some services in-house;
- commercial efficiencies – increasing value for money through improved planning of contracts and focusing on outcomes rather than inputs;
- policy transformation and reform – wider reform across the department; and
- additional efficiencies – including improved energy efficiency.

Digital reform

2.26 MoJ will roll out AI across its agencies to streamline repetitive administrative tasks, enhance decision-making and improve service quality. This will free up staff time to focus on more impactful frontline work, as well as improved justice outcomes.

2.27 MoJ is currently investigating and piloting new uses of technology for offender management in the community. As part of this, it is developing a proposal for tech-enabled remote check-ins for offenders in the community. If the pilots prove successful, MoJ will expand the programme through further investment. Initial estimates suggest this expansion could release around 27,000 hours of probation staff time per year.

2.28 MoJ is re-procuring contracts through the Evolve Portfolio and bringing some services in-house. The Evolve Portfolio ensures critical workplace and core technology services under three soon-to-expire contracts are replaced by modern, secure and flexible contracts. Evolve will generate efficiencies from productivity improvements, proactive replacement of equipment and a reduction in business-as-usual operating costs.

2.29 MoJ will also continue to seek benefits from ongoing efficiency programmes, including HM Courts & Tribunal Service reform, which looks to improve court and tribunal services using new technology and ways of working. This programme has already realised major efficiencies through headcount and estate reductions, with ongoing benefits through this SR period.

Commercial efficiencies

2.30 MoJ is committed to further leveraging supply chains to deliver increased value for money through contracts. Improving planning and engaging with suppliers will produce cash-releasing efficiencies during the procurement process. Focusing on outcomes rather than inputs will allow MoJ to deliver non cash-releasing efficiencies throughout the lifetime of a contract.

Policy transformation and reform

2.31 MoJ is undertaking a broader suite of reform that it expects will contribute towards meeting the remainder of the efficiency target. This includes the Independent Review of Criminal Courts as well as the Sentencing Review.

2.32 The Sentencing Review recommends comprehensively overhauling sentencing and puts public protection and cutting crime at the heart of the justice system, to safeguard the system and avoid prisons running out of capacity. One key change announced by the Lord Chancellor through this Review will be a new "earned progression model" that will see prisoners earn their way to release through good behaviour or face longer in jail.

2.33 The Review will be supported through investment in the probation system and, by 2028-29, up to £700m more will be invested to boost capacity and resilience. The changes announced through the Review will see a greater proportion of offenders managed in the community – as this is generally less expensive than managing offenders in custody, MoJ expect there to be a non cash-releasing efficiency benefit in the long-term from these changes.

2.34 In the coming months, Sir Brian Leveson will also publish the findings of his Independent Review of the Criminal Courts and we expect that the Government's response to these will also lead to a more efficient running of the Criminal Courts.

2.35 The efficiencies from these as well as other efficiencies coming from wider policy transformation, reform and efficiencies will enable the department to meet the efficiency target.

Additional efficiencies

2.36 Further efficiencies will be delivered, for example by the forthcoming Victims and Courts Bill, energy efficiency programmes, and digitising social visit systems.

2.37 MoJ is exploring a range of further activity to drive increased departmental efficiency and productivity over the SR period. It is creating a clear picture of how the department operates and is organised, to help ensure it is delivering the right activities, in the right way, with the right workforce – including streamlining non-frontline resource where appropriate. The department is considering a more agile workforce, to ensure it is able to swiftly react to emerging priorities. MoJ will also continue to investigate efficiency opportunities in key policy areas such as legal aid and victims, to ensure that it is delivering value for money for the taxpayer.

Ministry of Defence

Table 2.5: Net efficiency gains vs 2025-26 planned RDEL excluding depreciation and ODA

£ million	2026-27	2027-28	2028-29
Digital reform	4	10	11
Category management and acquisition reform	65	280	315
Energy efficiencies	22	34	49
Service family accommodation	310	324	334
Pipeline efficiencies	161	178	196
Total efficiencies net of investment	**563**	**826**	**905**
Total efficiencies net of investment (%)	1.4%	2.1%	2.3%
Memo: total gross efficiencies	*624*	*872*	*949*
Memo: total gross efficiencies (%)	*1.6%*	*2.2%*	*2.4%*

2.38 Ministry of Defence (MOD) works for a secure and prosperous United Kingdom with global reach and influence. It protects the British people, territories, values and interests at home and overseas, through strong armed forces and in partnership with allies, to ensure security, support national interests and safeguard prosperity. It is supported by 16 agencies and public bodies and plans to spend £38.9bn RDEL (excluding ODA) in 2025-26, the baseline year against which efficiency gains are calculated.

2.39 The Strategic Defence Review has set out the department's policy objectives, and how these will be met while reducing costs and delivering maximum capability output from defence spending. The department will deliver £905m of efficiencies per year by 2028-29, including through digitisation and modernisation, category management and acquisition reform, estate and energy efficiencies.

2.40 Alongside this, there is significant further work underway across MOD that will deliver nearly £6bn of additional efficiencies and savings across the SR period and beyond. The Defence Reform and Efficiency Plan, to be published in the Autumn, will set out how the restructured department will reduce duplication, reform the department's Civil Service workforce to increase productivity, realise greater efficiencies in the department's estate, and improve procurement processes.

Digital reform

2.41 MOD has ambitious, deliverable plans to use technology in every task and service possible, with a step change in the digital capability of its people and systems. This includes moving service delivery online, and augmenting personnel-heavy processes with technology to reduce the burden on its people and improve outcomes. For example, the Defence Business Services Automation Garage aims to improve a wide range of routine processes across the business, reducing lead times for the Armed Forces Compensation Scheme and Guaranteed Income Payment. Project Guardian, a review of physical security in Northern Ireland, is also exploring increased digitisation to reduce costs. This work will deliver £11m of efficiencies per year by 2028-29.

Category management and acquisition reform

2.42 Category management delivers MOD-wide efficiencies from the products and services it buys. It focuses on categories of related supplier spend – analysing similar and related products and services to find and secure efficiency opportunities through centralisation and reducing duplication.

2.43 MOD will streamline the acquisition process to reduce duplication and bureaucracy. A proportionate, risk-based approach to assurance will enable faster, well-governed delivery. A more tailored approach reflecting the type of capability, supplier and risk involved, will drive non cash-releasing benefits, including faster pace and greater adaptability to future challenges. Collectively, these reforms will enhance MOD's ability to achieve more with fewer resources and will deliver £315m of efficiency gains per year by 2028-29.

Energy efficiencies

2.44 MOD will use a data-driven approach to drive efficiencies in utilities usage. Investment in onsite energy generation, low energy lighting, and installation of low volume sanitaryware will generate cash-releasing efficiencies and improve sustainability across MOD. Upgrading data tools will underpin the identification of further efficiency opportunities and enable MOD to accurately track benefits realisation. These reforms will deliver £49m of efficiency gains by 2028-29.

Service family accommodation

2.45 In December 2024, MOD reacquired over 36,000 Service Family Accommodation properties from Annington Homes. This has resulted in significant year-on-year savings on rental payments and other associated costs of leasing, totalling £334m in 2028-29 and unlocking the ability to improve the military housing estate. MOD is now proceeding at pace on a new Defence Housing Strategy, involving independent experts and forces families, to deliver a generational renewal of the entire service family accommodation estate. In addition to improving living conditions for forces families – a key personnel retention issue – this work is expected to deliver more effective and efficient use of MOD land, with significant estate and energy efficiencies. Further details will be outlined in the upcoming Defence Housing Strategy.

Pipeline efficiencies

2.46 MOD has a pipeline of thousands of distinct efficiency-related workstreams which will generate further efficiencies of £196m per year by 2028-29. These include improved business management systems, optimising base security using technology and refreshed policies to reduce security costs, and consolidation of regional Army Field Reserve support.

Foreign, Commonwealth and Development Office

Table 2.6: Net efficiency gains vs 2025-26 planned RDEL excluding depreciation and ODA

£ million	2026-27	2027-28	2028-29
Workforce reform	5	9	12
Digital reform	5	6	7
Arm's-length bodies and public bodies[1]	9	47	57
Integrated Security Fund	6	9	10
Total efficiencies net of investment	**25**	**71**	**85**
Total efficiencies net of investment (%)	1.3%	3.5%	4.3%
Memo: total gross efficiencies	*51*	*76*	*86*
Memo: total gross efficiencies (%)	*2.6%*	*3.8%*	*4.3%*

[1] BBC World Service is not captured, given any future efficiencies will be heavily influenced by decisions on the transition of the ODA budget to 0.3% of Gross National Income by 2027. BBC World Service will announce any plans for future efficiencies in line with its operational independence.

2.47 The Foreign, Commonwealth and Development Office (FCDO) is responsible for leading the country's international development, diplomatic and consular work. It is supported by 10 agencies and public bodies, and plans to spend £2.0bn RDEL (excluding ODA) in 2025-26, the baseline year against which efficiency gains are calculated. This includes £0.6bn RDEL relating to the Integrated Security Fund (ISF) which is managed by the Cabinet Office.

2.48 The FCDO will deliver efficiency gains of £76m per year by 2028-29 through:

- workforce reform – modernising and simplifying the Overseas Employment Framework, reviewing grading standards, and increasing flexibility;
- digital upgrades and insourcing – removing legacy IT systems via the 'Osprey' platform and reducing contingent labour costs by insourcing digital roles;
- ALBs and public bodies – including the British Council which will deliver significant efficiencies through operational reform.

2.49 The ISF will also deliver efficiency gains of £10m by 2028-29 through workforce and digital reform managed by the Cabinet Office.

2.50 Alongside these technical efficiencies, FCDO will deliver the FCDO2030 change programme, which will create a more modern, open, delivery and outcome-focused organisation. This is an ambitious plan to transform the FCDO into a smaller, technologically advanced department with planned investment in both workforce reform and digital transformation that will drive significant efficiencies in addition to those set out in this plan.

Workforce reform

2.51 The FCDO will tighten grading standards to ensure roles are accurately, independently and consistently evaluated and appropriately remunerated. This will counter a pattern of grade inflation that has emerged over the past decade and more robustly support cost control. This will be complemented by stronger organisation and job design processes to reduce the number of staff in flexible resource pools.

2.52 The FCDO will reform the Overseas Employment Framework to modernise and simplify the end-to-end overseas allowance package for staff, streamlining provisions to make the system more transparent. Aspects of the package will be combined to reduce processing costs, while the monetary value of specific allowances are being reviewed and revised.

Digital reform

2.53 The FCDO will deliver updated IT services via the 'Osprey' platform and by phasing out the 'Firecrest' platform. Replacing legacy IT systems and delivering streamlined services will deliver efficiencies by maximising cloud investment, optimising the supply chain, and minimising logistics expenses.

2.54 The FCDO will insource digital roles, reducing contingent labour costs and thereby delivering efficiencies. This will enable the FCDO to start building more resilient internal capability, while retaining flexibility and the ability to source external expertise and surge capacity where required.

Arm's-length bodies and public bodies

2.55 The FCDO will deliver efficiencies through its ALBs. Investment in automation, AI, and digital tools will streamline event delivery, information management, and compliance functions. Where appropriate, organisations will also review workforce and governance arrangements and consolidate back-office functions. Collectively, these changes will enhance impact and resilience while delivering sustained efficiencies across FCDO's ALB network.

2.56 The British Council will deliver efficiencies through a Professional Services Transformation programme to reform the finance, HR, procurement and digital functions. It will harness digital advancements and automation to drive productivity. It will also transform customer management support and international exam delivery, removing duplication, and updating global IT contracts to reduce costs and improve security.

Integrated Security Fund

2.57 The ISF is a cross-government fund designed to support initiatives that address national security risks domestically and overseas. The ISF will deliver efficiencies through workforce reform and new technology. By consolidating overseas programme management and other administrative tasks, the ISF will reduce costs and make its workforce more flexible, allowing it to better respond to a constantly evolving and increasingly uncertain national security backdrop. Investments in automation, AI, and digital tools will further streamline programme delivery. Together, these changes will make the ISF better equipped to support delivery of the National Security Council's top priorities.

Ministry of Housing, Communities and Local Government

Table 2.7: Net efficiency gains vs 2025-26 planned RDEL excluding depreciation and ODA

£ million	2026-27	2027-28	2028-29
Workforce and digital reform	37	40	45
Funding simplification	5	4	5
Total efficiencies net of investment	**42**	**44**	**50**[1]
Total efficiencies net of investment (%)	1.0%	1.1%	1.2%
Memo: total gross efficiencies	*48*	*51*	*56*
Memo: total gross efficiencies (%)	*1.2%*	*1.2%*	*1.4%*

[1] Taking into account the impact of MHCLG projects and programmes on local government, there will also be efficiency gains for local government who will then be able to recycle these gains into frontline service. These are not quantified in this document.

2.58 The Ministry of Housing, Communities and Local Government (MHCLG) is responsible for supporting local councils, safeguarding community cohesion, and delivering affordable and quality housing. It is supported by 15 agencies and public bodies, and plans to spend £4.1bn RDEL (excluding ODA) in 2025-26, the baseline year against which efficiency gains are calculated.

2.59 MHCLG will deliver efficiency gains of £50m per year by 2028-29 through:

- workforce and digital reform – improving productivity by using AI, insourcing services, using digitally enabled processes to support the delivery of cladding remediation and ensuring the workforce is agile and streamlined to face the demands of the future; and
- funding simplification for local government – reducing the number of onerous competitive bidding processes and streamlining data requests from central government.

2.60 The department will also deliver efficiencies in local government through these and other measures. These efficiency gains are not captured in the targets in table 2.7, but are included in this plan, as they will deliver value for money benefits to wider public sector delivery.

Workforce and digital reform

2.61 MHCLG will increase productivity by using AI to expedite routine tasks, quickly checking simple errors and helping with administrative tasks such as note-taking. This will reduce demands on staff time by an estimated 500,000 hours per year.

2.62 MHCLG will drive down the use of suppliers and consultants, and has already achieved a 50% reduction in consultancy since 2023-24. Further efficiencies will be driven by building digital capability and learning platforms in-house, and using the Government Legal Department as the default for legislative activities rather than external firms. This includes insourcing services to improve the integrity of local government elections, such as by digitising processes. The department will also roll out in-house support for digital methods in policy design and delivery, replacing the use of contractors, lowering costs and ensuring learning and experience is embedded within permanent staff, as well as potentially creating more efficient outputs and outcomes.

2.63 MHCLG will streamline the delivery of services, consolidating the full cladding remediation portfolio into the Cladding Safety Scheme. This will deliver efficiency gains faster, using digitally enabled processes to support cladding remediation delivery, with built-in stronger counter-fraud protections.

2.64 The above efficiency plans will enable a more slimline and agile workforce, which will be delivered in addition to a voluntary exit scheme which has already been launched.

Funding simplification

2.65 MHCLG is leading the way across Whitehall to radically simplify funding for local government, thereby providing councils with more flexibility and certainty over a greater portion of their income, and cutting wasteful bureaucracy. Government departments currently give out more than 300 individual grants to councils. The government's current approach to grants, ringfences and reporting requirements can prevent councils from using their resources in the most impactful way locally.

2.66 MHCLG will also consolidate existing local government grant funding schemes, significantly reducing the number of MHCLG-led grants – further detail will be published through the 2026-27 Local Government Finance Settlement (LGFS). This consolidation will reduce administrative costs for MHCLG, with greater efficiencies expected for local government. The additional flexibility on how funding is spent, together with longer planning horizons, will allow local authorities to deliver better outcomes.

2.67 MHCLG is also working with local authorities and other organisations to streamline the process of submitting data and information to the government for funding applications, including by moving from custom software for each fund to a single platform. In addition to significantly reducing administrative burdens for users, it will enable process improvements within the department through a standardised approach to reporting and monitoring, and more efficient data processing.

Department for Culture, Media and Sport

Table 2.8: Net efficiency gains vs 2025-26 planned RDEL excluding depreciation and ODA

£ million	2026-27	2027-28	2028-29
Workforce reform	12	13	14
Financial management and grants	11	13	14
Digital reform	4	7	9
Communications and marketing	2	5	7
Estates	-1	5	9
Total efficiencies net of investment	**29**	**43**	**52**
Total efficiencies net of investment (%)	1.9%	2.8%	3.4%
Memo: total gross efficiencies	*34*	*44*	*52*
Memo: total gross efficiencies (%)	*2.2%*	*2.8%*	*3.4%*

2.68 The Department for Culture, Media and Sport (DCMS) is responsible for supporting culture, arts, media, sport, tourism and civil society in England. It is currently supported by 42 agencies and public bodies and plans to spend £1.5bn RDEL (excluding ODA) in 2025-26, the baseline year against which efficiency gains are calculated.

2.69 DCMS and its public bodies will deliver efficiency gains of £52m per year by 2028-29 through reforms to:

- workforce – consolidating and restructuring staffing, reducing turnover levels, reducing reliance on contingent or contracted labour and reviewing staff grading, pay scales and locations;
- finance and grants – tighter budget management and staff productivity gains from automation and more investment in fraud prevention;
- digital – modernising applications, reducing duplicate digital solutions and devices, updating IT systems to enable more automation to reduce staff time on administrative tasks;
- communications and marketing – designing user-focused services, consolidating websites, restructuring marketing teams and reducing reliance on external design contractors; and
- estates – merging back-office and storage functions into single sites, reducing office space across regional ALB sites, and leasing spare storage space.

Workforce reform

2.70 DCMS and its public bodies will make staff productivity gains by consolidating services, restructuring, and reviewing staff grading structures and pay scales. It will also reduce the operating costs of specialist functions, including security and digital/data services, by bringing services in-house, and reducing the reliance on external contractors and providers. Efficiencies are spread across the core department and public bodies. All of DCMS's public bodies are encouraged to maintain a productive and efficient workforce through a combination of reduction in full-time equivalent staff, staff re-grading and time savings.

Financial management and grants

2.71 DCMS and its public bodies are reviewing their approach to grants. This will enable more timely delivery, as well as the ability to process a higher number of applications. This will be achieved by offering closer sector support and training in grant development and administration. DCMS's public bodies will also look to consolidate their grant approval processes, reducing duplication within their organisations. They will also work on counter fraud measures to minimise the risk of fraudulent applications and loss, ensuring grants are provided to those who need them. DCMS currently generates a return on counter fraud investment of 3:1.

2.72 DCMS and its public bodies will also change some of its approaches to financial management, reducing duplication across teams. It will improve productivity of finance teams across the group, with systems improvements and team restructuring. It will also take a more holistic view to reducing contingency budgets in low-risk programmes, ensuring a tighter approach to programme budget management. DCMS's public bodies will also look to increase investment opportunities through better cash management, ensuring opportunities for increased income are met. To do this effectively, there is a small cost associated with systems improvements and relevant training.

Digital reform

2.73 DCMS and its public bodies will modernise core IT infrastructure, including new HR, finance and Customer Relationship Management systems and new collections databases, reducing system and device duplications. In addition, DCMS will join the government's shared services programme. DCMS and its group anticipates that around two-thirds of the savings will be achieved through increased productivity and saving of staff time, with one third a direct result of running cheaper systems or contracts.

Communications and marketing

2.74 DCMS and its public bodies will increase the productivity of their communications and marketing functions by improving the design of user-focused services and merging websites. It will also restructure its marketing teams and bring digital design services in-house.

Estates

2.75 DCMS will reduce its estate footprint across a number of its public bodies and the core department by combining back-office sites (including Bristol, Cambridge, Swindon and York), reducing office space no longer needed, and leasing out spare museum storage space. It will replace commercial leased storage with in-house alternatives, and support public bodies to find energy efficient ways to reduce ongoing costs.

Department for Science, Innovation and Technology

Table 2.9: Net efficiency gains vs 2025-26 planned RDEL excluding depreciation and ODA

£ million	2026-27	2027-28	2028-29
AI and automation	-1	1	7
Improving and expanding shared services	1	1	2
Organisational effectiveness	10	14	21
Streamlining ALB sponsorship and activities	0	1	2
Total efficiencies net of investment	**9**	**17**	**32**
Total efficiencies net of investment (%)	1.6%	3.1%	5.6%
Memo: total gross efficiencies	*13*	*20*	*34*
Memo: total gross efficiencies (%)	*2.4%*	*3.6%*	*6.0%*

2.76 The purpose of the Department for Science, Innovation and Technology (DSIT) is to drive economic growth, improve the performance and productivity of government and empower citizens. It is supported by 16 agencies and public bodies and plans to spend £0.6bn RDEL (excluding ODA) in 2025-26, the baseline year against which efficiency gains are calculated.

2.77 DSIT will deliver efficiency gains of £32m per year by 2028-29 through:

- AI and automation – developing and rolling-out AI tools and platforms, initially for tasks like summarisation, drafting and automation of repetitive processes;
- improving and expanding shared services – benefiting from economies of scale and reduced costs that arise from apportioning fixed shared service costs across a wider departmental customer base;
- organisational effectiveness – streamlining and enhancing operating structures and processes, reviewing workforce structure and numbers to reduce headcount (particularly Senior Civil Servants) and shifting staff grade mix. This includes replacing external digital specialists and contractors with civil servants where possible; and
- streamlining ALB sponsorship – reducing duplication and strengthening alignment of policy and strategy functions within DSIT and its ALBs.

AI and automation

2.78 DSIT will be an exemplar for modern digital government through exploring, identifying, and implementing AI opportunities across the department, to improve staff productivity and free up time spent on administrative tasks. It aims to automate processes such as summarisation, drafting and other repetitive processes, as well as exploring more ambitious opportunities to reimagine the way the department operates. DSIT will achieve productivity improvements in key functions including policy, operational delivery, legal, and Digital, Data and Technology (DDaT), together making up approximately 81% of departmental headcount. Potential efficiencies are estimated at £7m per year by 2028-29.

Improving and expanding shared services

2.79 Expanding the use of Integrated Corporate Services (ICS) will enable DSIT and others to benefit from increased economies of scale, reducing unit costs across commercial, digital, estates, finance, HR and security functions. DSIT is also the home department for the Matrix shared services programme which will modernise and consolidate the delivery of back-office systems of nine departments.

Organisational effectiveness

2.80 DSIT is streamlining and consolidating functional activities, through technological innovation and process re-engineering. Specific areas of focus include common and cross-cutting activity, such as business support, service operations and improving commercial and grants outcomes. This will also facilitate a reduction in the overall number of Senior Civil Servants and improve management ratios. This will lead to efficiency gains of £8m per year by 2028-29 from a combination of reductions in headcount and commercial spend.

2.81 DSIT also plans to reduce reliance on external consultancy and managed services by transitioning these roles to in-house civil servants. DSIT expects to reduce spend on external DDaT resources in the Government Digital Service over the SR period. It also expects to reduce contingent labour by c.40% by 2028-29. Transitioning roles from external contracts to civil servants will generate savings of £13m per year by 2028-29 and will support the development of a more diverse and inclusive workforce.

Streamlining ALB sponsorship and activities

2.82 DSIT will review its sponsorship model for managing the performance and risk of its ALBs to explore efficiency gains. As part of the wider Cabinet Office ALB landscape review, DSIT is exploring how to eliminate duplication, strengthen alignment of policy and strategy functions and reduce duplication of corporate functions. In addition to finding technical efficiencies in core DSIT, its ALBs will be making significant savings through use of AI and automation, wider change and improvement programmes, and rationalisation and co-location of estates as it continues to move staff out of London in line with 'Places for Growth' targets. UK Research and Innovation (UKRI) and the UK Space Agency (UKSA) are already undergoing an ambitious programme of reforms and UKSA are making significant cuts to consultancy spend.

Department for Transport

Table 2.10: Net efficiency gains vs 2025-26 planned RDEL excluding depreciation

£ million	**2026-27**	**2027-28**	**2028-29**
Corporate initiatives	52	144	199
Regulated settlements	256	331	424
Reform of executive agencies	6	16	39
Total efficiencies net of investment	**313**	**491**	**663**
Total efficiencies net of investment (%)	3.8%	5.9%	8.0%
Memo: total gross efficiencies	*320*	*500*	*676*
Memo: total gross efficiencies (%)	*3.9%*	*6.0%*	*8.2%*

2.83 The Department for Transport (DfT) is responsible for supporting the transport network that helps the UK's businesses and gets people and goods travelling around the country. It plans and invests in transport infrastructure to keep the UK on the move. It is supported by 23 agencies and public bodies and plans to spend £8.3bn RDEL in 2025-26, the baseline year against which efficiency gains are calculated.

2.84 DfT will deliver efficiency gains of £663m per year by 2028-29 through:

- corporate initiatives – including workforce reform, estate reform, greater use of AI and digital tools and de-duplication in processes, enabled in part by the establishment of Great British Railways;
- regulated settlements for Network Rail and National Highways; and
- reform of DfT's Executive Agencies – including modernising driver testing and corporate systems in the Driver and Vehicles Standards Agency (DVSA), exploring the use of AI and automation tools in the Driver and Vehicle Licensing Agency (DVLA); and improved functionality for customers within the Vehicle Certification Agency (VCA).

Corporate initiatives

2.85 DfT's workforce strategy will help it become a smaller department, which is more skilled, agile, and productive. This strategy will be delivered through changes to spans of control and layers of leadership, refining the department's approach to sponsorship of delivery bodies, increasing resource flexibility, and greater use of AI and digital tools. For example, the Unity Programme will unlock productivity benefits from shared services, and the department has established an AI programme to leverage efficiencies through DfT-specific AI technical projects. DfT will also rationalise its London estate and expand its presence in Leeds and Birmingham.

2.86 DfT will drive efficiencies through the streamlining of governance and processes within the rail sector. For example, the transfer of rail services into public ownership over the coming years will release efficiencies as DfT moves from several owning groups to one. This will remove duplication of functions and create economies of scale. DfT also aims to consolidate rail websites and ticketing, enabling efficiencies in operational running costs.

Regulated settlements

2.87 Network Rail is responsible for the railway infrastructure in England, Scotland and Wales. It is provided with a five-year settlement for each Control Period, covering its operations, maintenance, support functions, and renewals. As part of its regulated funding agreement, Network Rail is required by the Office of Rail and Road (ORR) to be more efficient and is set targets. Efficiencies over this SR period will include improvements to access planning, better integration with the supply chain to drive more efficient design and delivery, and changes to contracting arrangements such as Southern's Integrated Delivery model. In addition, Network Rail will use technology solutions to deliver efficiencies as well as benefits to performance and safety.

2.88 National Highways is responsible for maintaining and enhancing the Strategic Road Network. Efficiencies are embedded in its five-year financial settlement for each Road Investment Strategy (RIS) and monitored by the ORR. The Road Investment Strategy 3 (RIS3) is due to start in April 2026. The settlement and embedded efficiencies are due to be agreed shortly, but are not reflected in this plan.

2.89 Both Network Rail and National Highways have a proven track record for delivering their agreed efficiencies as demonstrated through their previous regulated settlements.

Reform of executive agencies

2.90 DVSA has multiple projects to modernise driver testing, including moving to digital test certificates and online test route planning. It will also increase digital capability, reducing reliance on contractors, simplify and standardise corporate services systems and reduce its estate and running costs.

2.91 DVLA will deliver efficiencies through a combination of:

- AI initiatives to increase automation and self-service at its contact centre;
- expanding the use of Robotic Process Automation software to a wider pool of transactions and services such as data transfers between DVLA and HM Courts and Tribunal Service;
- automating Vehicle Excise Duty (VED) refunds to customers instead of using mail; and
- wider organisational and workforce restructure.

2.92 The VCA has an established Evolve programme to replace aging, inefficient systems and tools to meet increased workload arising from a new GB vehicle type approval scheme. Efficiencies will come from faster processing time from automation, reduced duplication and error and improved progress reporting and self-service functionality for customers.

Department for Energy Security and Net Zero

Table 2.11: Net efficiency gains vs 2025-26 planned RDEL excluding depreciation and ODA

£ million	2026-27	2027-28	2028-29
Workforce and digital reform	22	35	40
Delivery activities	8	48	117
Total efficiencies net of investment	**30**	**82**	**157**
Total efficiencies net of investment (%)	1.7%	4.5%	8.7%
Memo: total gross efficiencies	*93*	*144*	*159*
Memo: total gross efficiencies (%)	*5.1%*	*7.9%*	*8.8%*

2.93 The Department for Energy Security & Net Zero (DESNZ) is responsible for UK energy security, protecting billpayers and reaching net zero. It is supported by 15 agencies and public bodies and plans to spend £1.8bn RDEL (excluding ODA) in 2025-26, the baseline year against which efficiency gains are calculated.

2.94 DESNZ will deliver efficiency gains of £157m per year by 2028-29 through:

- workforce and digital reform – improving productivity by using AI, better use of digital platforms and technology, insourcing expertise and increasing use of shared services; and
- delivery activities – to deliver outcomes with less of a burden on households by taking advantage of greater economies of scale and harnessing technologies to drive increased operational productivity within ALBs.

Workforce and digital reform

2.95 DESNZ will deliver non cash-releasing workforce productivity benefits of £19m per year by 2028-29 through integrating AI into the working habits of staff to assist with everyday tasks and free up time for other activities. In addition, DESNZ is exploring further applications of AI in its operational delivery: in planning, consumer facing activity, counter fraud work, and policy design and consultation.

2.96 DESNZ has developed a data improvement plan to reduce grant scheme fraud and error, promote reuse of data, reduce duplication of data acquisition, and replace time-consuming manual data processing. Together, this will deliver £6m of efficiency gains in 2028-29. This will also result in better evidenced policy and operational decisions that will help contribute to better targeting of grants and schemes and improved productivity of the department through faster access to data and insight.

2.97 DESNZ will drive down the use of contractor and consultancy spend by building in-house expertise in key corporate functions, estimated in some cases to be 40-60% cheaper.

2.98 Consolidation of common activities and sharing of digital platforms is key to DESNZ's transformation. DESNZ will standardise grant management and contact centre operational models across the department, bringing grant schemes together onto fewer shared digital platforms, to deliver £7m of efficiency gains by 2028-29.

2.99 Integrated Corporate Services (ICS) is a shared corporate centre set up by DESNZ and the Department for Science, Innovation and Technology providing estates, digital, commercial, HR, finance, shared service management and counter fraud services. ICS will deliver £5m in efficiencies by 2028-29 across DESNZ activities. This will be achieved primarily through ambitious plans to scale up and onboard additional government departments to ICS services, optimising team structures, standardising and automating processes, and consolidating digital services and contracts.

Delivery activities

2.100 The Nuclear Decommissioning Authority will deliver operational efficiencies of £116m by 2028-29. Activities include corporate restructuring, increased sharing of services, improving the effectiveness of corporate functions and through asset and performance management.

2.101 Non cash-releasing efficiencies of £0.2m in the Emissions Trading Scheme will be delivered by 2028-29 through streamlined contracting and associated management.

2.102 The Mining Remediation Authority has committed to increase activities that replace the need for government funding by £1m by 2028-29. In addition to optimising operations through better technology, this will involve issuing permits for commercial use of ochre which would otherwise have gone to landfill and, reducing energy costs by investing in solar panels.

Department for Environment, Food & Rural Affairs

Table 2.12: Net efficiency gains vs 2025-26 planned RDEL excluding depreciation and ODA

£ million	2026-27	2027-28	2028-29
Streamlining the department and services	22	35	39
Arm's-length bodies transformation	7	29	57
Arm's-length bodies delivery efficiencies	23	36	49
Total efficiencies net of investment	**51**	**100**	**144**
Total efficiencies net of investment (%)	1.1%	2.2%	3.1%
Memo: total gross efficiencies	*116*	*172*	*220*
Memo: total gross efficiencies (%)	*2.5%*	*3.7%*	*4.8%*

2.103 The Department for Environment, Food & Rural Affairs (Defra) is responsible for improving and protecting the environment in England, as well as overseeing food, farming, animal welfare, rural communities and environmental regulation. It is supported by its network of ALBs and plans to spend £4.6bn RDEL in 2025-26 (excluding ODA), the baseline year against which efficiency gains are calculated.

2.104 Defra will deliver efficiency gains of £144m per year by 2028-29 through:

- improving workforce productivity in the core department;
- modernising services delivered by ALBs; and
- improving efficiency in ALBs.

2.105 Defra is identifying further opportunities for efficiency and streamlined outcome delivery through implementation of the recommendations of the Dan Corry Review into Defra's regulatory landscape, and Sir Jon Cunliffe's Independent Water Commission.

Streamlining the core department and group-wide services

2.106 Defra will reduce costs in the core department by rationalising its estate – including reviewing its property portfolio, ensuring the estate is right-sized for its people. Further savings will come from streamlining back-office functions, decreasing the number of digital devices issued to staff, and reducing reliance on digital contractors. Some savings will come from headcount reductions. The department has already reduced headcount by around 8% since July 2024 and will reduce by a further 5% during 2025-26.

Transformation and optimisation of services delivered by ALBs

2.107 Defra will deliver £3m in efficiencies per year in its disease and pest management services. This includes migrating the animal health systems from legacy systems, automating document checks, and simplifying policy delivery.

2.108 Defra will reform grants and payments administration through consolidating and automating processes through a common grants platform. It will consider onboarding grants across the department onto this service over time, as well as potential organisational reform (such as consolidation of grants administration into a single grants delivery body).

2.109 £14m in efficiencies per year by 2028-29 will come from reforming how Defra and its ALBs ensure compliance with environmental regulations – covering inspections, enforcement, and monitoring – through simplifying and digitising processes, and improving data use.

2.110 Transforming registration, licensing, and approvals services using AI and automation will produce £7m in efficiencies per year by 2028-29. Enhanced digital services will cut duplication and improve user experience.

Arm's length bodies delivery efficiencies

2.111 Defra's ALBs will achieve £49m in non cash-releasing efficiencies per year by 2028-29. For example, the Environment Agency has committed to introduce remote monitoring and flood warning automation, simplify partnership funding arrangements, rationalise organisational structures and reduce reliance on external contractors.

Department for Business and Trade

Table 2.13: Net efficiency gains vs 2025-26 planned RDEL excluding depreciation

£ million	2026-27	2027-28	2028-29
Organisational design	7	15	18
Digital improvements to services	1	1	2
Transforming corporate functions	16	38	56
Total efficiencies net of investment	**25**	**54**	**75**
Total efficiencies net of investment (%)	1.4%	3.0%	4.2%
Memo: total gross efficiencies	*32*	*54*	*75*
Memo: total gross efficiencies (%)	*1.8%*	*3.0%*	*4.2%*

2.112 The Department for Business and Trade (DBT) is responsible for supporting businesses to invest, grow and export. It is supported by 19 agencies and public bodies and plans to spend £1.8bn RDEL in 2025-26, the baseline year against which efficiency gains are calculated.

2.113 DBT has a bold transformation plan to become a simpler, more effective department that's digitally enabled to deliver for business and drive growth. The first phase of this plan is outlined here and will deliver £75m in efficiency gains per year by 2028-29 through:

- organisational design – reviewing its operating model to focus on growth generating areas. This includes restructuring the Office for Investment (OfI), overseas network, trade and economic security and business sector support;
- digital improvements to services – harnessing AI to accelerate delivery and introducing a new Business Growth Service to streamline government advice, reduce the burden of regulation and provide support for small and medium sized enterprises (SMEs); and
- transforming corporate functions – reducing support functions by reviewing organisational design and services, adopting AI tools, and reducing commercial spend, for example on contingent labour.

Organisational design

2.114 DBT and its public bodies will make productivity gains by restructuring to become a smaller, leaner organisation. An example of this is the reform to the OfI. As announced by the Prime Minister in October 2024, the revamped OfI will roll out a new bespoke service to ensure investors receive the strongest possible government support. Through this transformation, running costs will be reduced, processes streamlined and technology improved.

2.115 DBT will develop new operating models for its trade policy and economic security groups, business sectoral support and overseas network. This will result in fewer directorates, a smaller cadre of Senior Civil Servants and more resources focussed towards priority sectors. The overseas network will prioritise core markets and industrial strategy sectors.

Digital improvements to services

2.116 DBT will introduce a new Business Growth Service (BGS) to streamline government advice and support for SMEs, making it easier and quicker to access. The BGS will be part of cross-government plans to create a coherent and navigable digital support platform for business. This will enable DBT to support more businesses at a lower cost, allowing existing resource to focus on higher growth potential businesses, using increased adoption of advanced digital technologies.

2.117 Alongside this, DBT will increase digital skills and the roll-out of AI tools, speeding up some of its most labour and time-intensive tasks. For example, the new Redbox tool will enable it to compare negotiating texts, summarise reports, standardise formatting and draft documents.

Transforming corporate functions

2.118 DBT aims to reduce its corporate services support spend by 2028-29 with changes in the following areas:

- commercial efficiencies through better value procurement and contracts. DBT will leverage the new flexibilities in the Procurement Act to drive additional value for money for the taxpayer, including delivering social and economic value;
- efficiencies in digital delivery by reducing reliance on digital managed service contracts. DBT will also expand its digital delivery capacity, consolidating digital services activity and streamlining duplicative applications;
- streamlining services, automation of processes and operational model changes. For example, by implementing new technology to improve HR and finance function performance; and
- delivering estates efficiencies through a programme of rationalisation that will reduce the size and cost of its estate, including focussing its regional estate in six Places for Growth locations. It will also continue to seek opportunities to improve estate utilisation in all locations by working with partner organisations and the Government Property Agency.

Department for Work and Pensions

Table 2.14: Net efficiency gains vs 2025-26 planned RDEL excluding depreciation and ODA

£ million	2026-27	2027-28	2028-29
Digital improvements to services	113	117	177
Shared services	6	6	8
Commercial efficiencies	39	79	120
Arm's-length bodies	2	4	6
Total efficiencies net of investment	**161**	**207**	**312**
Total efficiencies net of investment (%)	1.6%	2.0%	3.0%
Memo: total gross efficiencies	*167*	*230*	*330*
Memo: total gross efficiencies (%)	*1.6%*	*2.2%*	*3.2%*

2.119 The Department for Work and Pensions (DWP) is responsible for supporting people into employment, managing workplace pensions, and administering social security. It is supported by nine agencies and public bodies and plans to spend £10.2bn RDEL (excluding ODA) in 2025-26, the baseline year against which efficiency gains are calculated.

2.120 DWP will deliver efficiencies of £312m per year by 2028-29 through:

- digital improvements to services – using technology to streamline and automate processes including through the use of AI;
- shared services – leading the roll-out of the Synergy programme to drive efficiency through shared services across government, and streamlining HR functions, including through automation;
- commercial efficiencies – increasing efficiency and cost effectiveness through contract re-negotiations and automating commercial functions; and
- transforming delivery in ALBs through improved processes and automation.

Digital improvements to services

2.121 DWP will reform benefit administration through the Service Modernisation Programme. This programme includes a new business delivery model which will cluster services, taking advantage of AI and automation, and modernise delivery through a single customer account that provides DWP customers with access to their services whenever they need them.

2.122 DWP will invest in digitising services across the department, including the Jobcentre Plus network, supporting customers to access the jobs portal and learn new skills, which will improve employment outcomes. This digitisation will also cut administrative time on manual tasks, allowing work coaches to direct support to the most vulnerable. DWP will also make use of AI and automation to review CVs and reduce time spent on administrative tasks. DWP is exploring alternatives to paper verification, such as using the Gov.uk wallet to use government-issued credentials.

2.123 DWP is improving data tools and dashboards that will make processing and analysing data easier, supporting decision-making and managing customer communication.

Shared services

2.124 DWP will lead the roll-out of the Synergy programme in transforming business-critical services for DWP, MoJ, Home Office, and Defra, replacing end-of-life technology and manually-based service contracts with third-party suppliers. This will reduce administrative workload, improve decision-making accuracy, and enhance customer engagement, leading to efficiency gains.

2.125 DWP is streamlining its HR function by eliminating and automating processes to reduce the time spent on administrative tasks.

Commercial efficiencies

2.126 DWP will continue to drive value for money through contract renegotiations and reducing the use of contingent labour across the department.

2.127 DWP will use technology to improve its physical security and its cost effectiveness across its estate. DWP will drive improved productivity and effectiveness through its new Functional Assessment Service contracts, co-locating estates, using the same IT across providers, and incentivising providers to make savings.

Arm's-length bodies

2.128 DWP's ALBs will automate outdated services and processes. The Health and Safety Executive will further streamline its operational processes by increasing the use of data, insight and intelligence including embedding a new risk-based decision-making regulatory model. These changes will enhance efficiency and will target investigations to further mitigate health and safety risks, and ensure that frontline resources are focused on the most important work.

HM Revenue & Customs

Table 2.15: Net efficiency gains vs 2025-26 planned RDEL excluding depreciation and ODA

£ million	2026-27	2027-28	2028-29
Moving to digital services	11	49	126
Improving and modernising the IT estate	37	91	235
Continuous improvement and productivity	87	192	274
Restructuring the physical estate	19	57	78
Investment in compliance systems/ processes	-15	14	60
Total efficiencies net of investment	**139**	**403**	**773**
Total efficiencies net of investment (%)	2.4%	6.8%	13.1%
Memo: total gross efficiencies	*254*	*554*	*886*
Memo: total gross efficiencies (%)	*4.3%*	*9.4%*	*15.0%*

2.129 HM Revenue & Customs (HMRC) is the UK's tax, payments and customs authority, responsible for collecting the money that pays for the UK's public services, and helping families and individuals with targeted financial support. It plans to spend £5.9bn RDEL (excluding ODA) in 2025-26, the baseline year against which efficiency gains are calculated.

2.130 HMRC will deliver efficiencies of £773m per year by 2028-29 in five areas:

- moving to digital services – HMRC will use digital services as its main form of customer communication and the primary method of interaction. These services are more convenient, more productive, and more cost-effective;
- improving and modernising the IT estate – HMRC will replace its legacy IT infrastructure with modern platforms and services. Moving to modern IT platforms reduces risk, enables decommissioning of costly systems, and provides more productive digital tools for staff and customers;
- continuous improvement and productivity – HMRC has a strong track record of continuous improvement activity. Improvements in training, guidance and retention have also enabled HMRC to deliver productivity benefits;
- restructuring the physical estate – HMRC will consolidate its offices into modern regional centres, exit some sites and streamline its facilities contracts; and
- upstream compliance – HMRC aims to prevent non-compliance from happening proactively, rather than reacting when it has occurred. This prevents costly compliance and litigation, as well as closing the tax gap.

Moving to digital services

2.131 HMRC will continue to digitise its processes and provide digital interactions for customers, reaching a minimum of 90% digital self-serve engagement by 2029-30. There are processes customers cannot currently complete end-to-end through digital channels. Investment to digitise, such as Inheritance Tax Digitisation (announced at Autumn Budget 2024), enables HMRC to move to a digital-first strategy. This means fewer people will need to write to or call HMRC, enabling workforce efficiency as well as offering digital services that are quicker and easier to use for customers, available 24/7, and consistently rated better for customer satisfaction. Digitisation enables the elimination of outbound post, except for digitally-excluded customers, statutory communications and letters which generate revenue for the exchequer.

Improving and modernising the IT estate

2.132 HMRC maintains a large IT estate with a large volume of legacy systems and platforms which are costly to run and maintain. Its strategy is to move to Software as a Service (SaaS), buying modern platforms and services from the market and decommissioning the legacy estate. These modern tools are cheaper to run, generating an efficiency upon decommissioning of the legacy system. They are also more secure and offer productivity gains.

2.133 New systems and platforms also allow for connected data that enables HMRC to utilise AI and other digital tools to create internal efficiency and productivity. It also allows HMRC to review and streamline the volume of services and platforms used, and the licences bought. Fewer platforms and services, operated under SaaS, will enable efficiencies across the current range of licences due to rationalisation of the IT estate.

Continuous improvement and productivity

2.134 HMRC will bring the functions of its Executive Agency, the Valuation Office Agency (VOA), within HMRC by the end of 2025-26, resulting in 5% to 10% of additional savings against VOA administrative costs by 2028-29.

2.135 The Unity Programme seeks to implement a shared service platform for procurement, HR and finance and will generate both cash-releasing efficiencies, as well as productivity gains. The modern HR, procurement and finance system includes data analytics and dashboard capability that reduces manual data manipulation and presentation requirements across HMRC, enabling faster insight and a focus on higher value activities. Further work to review processes across recruitment, learning and organisational design will identify shadow functions, duplication in processes, and streamlining opportunities.

Estates

2.136 HMRC is reducing its estate in central London by 25% and will continue the implementation of its Locations Programme, which has reduced the number of office locations, and opened award-winning regional centres. These offices are cheaper to run than their legacy counterparts, and offer opportunities to sublet space to other government departments. Opportunities to streamline facilities management contracts generate additional efficiencies. In 2030, 85% of HMRC's staff will be based outside London.

Upstream compliance

2.137 HMRC will generate productivity improvements across compliance activities by investing in case management tools, automation and by providing new channels for customers to self-serve. It will link systems end-to-end to reduce staff time spent on re-entering data and back-office support.

HM Treasury

Table 2.16: Net efficiency gains vs 2025-26 planned RDEL excluding depreciation and ODA

£ million	2026-27	2027-28	2028-29
AI and automation	0	3	6
Non-pay spend	2	2	4
Arm's-length bodies	3	3	3
Total efficiencies net of investment	**5**	**8**	**13**
Total efficiencies net of investment (%)	1.1%	2.0%	3.0%
Memo: total gross efficiencies	*12*	*17*	*24*
Memo: total gross efficiencies (%)	*2.8%*	*4.1%*	*5.7%*

2.138 HM Treasury (HMT) is the government's economic and finance ministry, setting the direction of the UK's economic and fiscal policy and working to achieve strong and sustainable economic growth. HMT is supported by 16 agencies and public bodies and plans to spend £0.4bn RDEL (excluding ODA) in 2025-26, the baseline against which efficiency plans are calculated.

2.139 HMT will deliver efficiency gains of £13m per year by 2028-29 through:

- AI and automation - embedding AI into the department's work across policy roles and utilising it to deliver effective operational transformation;
- bearing down on non-pay related spend – including estates, legal and technology spend, ensuring HMT embeds a cost-conscious culture; and
- action in its ALBs – including from consolidating shared services, and other technology and workforce changes.

AI and automation

2.140 HMT is investing in digital and AI tools that automate processes, enable new ways of working and unlock productivity. HMT will bring together a new Digital and Data Function within the department to drive greater tech adoption, implement new digital-first solutions, improve governance and technical oversight and improve specialist career pathways.

2.141 On correspondence, the department is developing further AI to automate case allocation processes and use standard lines to produce draft responses. This will allow central resources to be scaled back, as well as enabling time savings.

2.142 The Office for Financial Sanctions Implementation (OFSI) will improve their operational processes, including through a more modern case management system, which will utilise the latest technology, such as AI, to speed up casework processing and drive efficiencies. Investment in new technology will improve how OFSI analyses data to inform proactive sanctions enforcement and enhance OFSI's online presence to provide a better, more efficient, user experience.

Non-pay spend

2.143 The department will continue to actively manage its estates. In 2025-26 the National Infrastructure and Service Transformation Authority (NISTA) was established within the department and is accommodated in existing space, saving £1m per year. Over the SR period, and subject to negotiation with the Government Property Agency, HMT will reduce its London footprint, delivering up to £1.5m of efficiencies per year by 2028-29. It will also transition to digital-only files and reduce its external legal support, using more in-house expertise.

2.144 HMT is embedding a stronger cost-conscious culture throughout the department, driven by internal communications and engagement, training, and strengthening existing policies. Increased controls will be implemented around Government Procurement Cards, travel and learning as well as rationalising licences and subscriptions. HMT aims to continuously drive improved financial management, for example by implementing a new approval gateway for technology and investment business cases.

Arm's-length body efficiencies

2.145 HMT's ALBs will drive efficiencies to live within their budgets. Specifically:

- National Wealth Fund (NWF) – the use of AI tools to aid individual and team productivity. Copilot is currently in proof of concept, but early metrics indicate this will save time on end-to-end tasks as well as support administrative processes. The NWF has already identified £1.5m efficiencies through the utilisation of AI and process reviews.

- UK Government Investments (UKGI) is moving to an activity based costing model, ensuring prioritisation of areas where it provides most value to departments, driving efficiency – including through the optimisation of team size and grade structures, disincentivising work on lower value areas, and providing clear lines of accountability to Parliament on UKGI's funding.

Changes to HMT's operating model

2.146 The department's SR settlement of a 10% real terms reduction to admin by 2028-29 means it will need to get smaller. To help deliver this, HMT will reduce resource in some areas. This will be informed by work through the zero-based review including in reviewing the relative roles and responsibilities of HMT versus other departments. The department will also introduce a more flexible resourcing model, to move resource more efficiently in line with ministerial priorities.

2.147 NISTA brought together the National Infrastructure Commission (NIC) and the Infrastructure Projects Authority (IPA) within HMT. Effective from 1 April, this has meant the abolition of one of HMT's ALBs and the department will seek to realise efficiencies through this merger.

Cabinet Office

Table 2.17: Net efficiency gains vs 2025-26 planned RDEL excluding depreciation

£ million	2026-27[1]	2027-28	2028-29
Shared services, workforce and digital reform	8	16	18
Corporate services efficiencies	0	0	7
Estates and location	12	12	12
Procurement	0	1	3
Total efficiencies net of investment	**20**	**29**	**40**
Total efficiencies net of investment (%)	2.4%	3.5%	4.7%
Memo: total gross efficiencies	*20*	*29*	*40*
Memo: total gross efficiencies (%)	*2.4%*	*3.5%*	*4.7%*

[1]investment costs incurred in 2025-26

2.148 Cabinet Office (CO) is responsible for supporting the Prime Minister and ensuring the effective running of the government. It is the corporate headquarters for the government, in partnership with HM Treasury, and takes the lead in certain critical policy areas. It is supported by 12 public bodies and plans to spend £0.8bn RDEL in 2025-26, the baseline year against which efficiency gains are calculated.

2.149 CO will deliver efficiency gains of £40m per year by 2028-29 through:

- workforce and digital reform – updating shared services, optimising management structures, consolidating and driving efficiencies across corporate services, digital consolidation and the adoption of AI;
- estates and location – by sharing estates with other departments and reducing running costs; and
- procurement – renegotiating commercial contracts.

Shared services, workforce and digital reform

2.150 As part of the cross-government shared services programme CO will, along with other departments join a new Matrix shared services model in summer 2026. This will create the opportunity for increased efficiency by standardising processes and data, resulting in the delivery of finance and HR efficiencies of £18m per year by 2028-29.

2.151 CO will rationalise one-to-one line management relationships, through an organisational re-structure. By widening the spans of control, the department aims to enhance operational efficiency and reduce managerial overheads leading to benefits of £5m per year by 2028-29. This move also allows work to be performed at the right level, reduces silos and facilitates greater resource flexibility. This will lead to cash-releasing efficiencies from the potential reduction of workforce.

2.152 CO is committed to empowering staff with AI tools to enhance efficiency and deliver significant operational and productivity gains. The department will invest resulting time savings, building upon its established AI adoption strategy.

2.153 CO will develop a new operating model that includes moving all digital teams and associated digital tools and platforms into the centre of the department. This will generate people and commercial efficiency gains through reducing headcount and contingent labour, as well as reducing duplication of contracts, platforms and services. This will deliver efficiency gains of £3m per year by 2028-29.

Corporate services efficiencies

2.154 CO will consolidate corporate services to drive efficiencies in finance, HR and business management through consolidation, simplification and process improvement. This will deliver at least £7m in efficiency gains per year by 2028-29.

Estates and location

2.155 A draft CO locations strategy was set out in 2024-25 aiming to realise efficiencies from consolidating the current estate. This includes an expectation that 50% of Senior Civil Service roles will be based outside London by 2030. Efficiencies will be realised through enabling the sharing of estates with other departments, driving quality and sustainability by implementing Places for Growth and Plan for London goals and reducing operating costs. CO plans to move roles from Westminster to Canary Wharf in outer London where estates costs are half that of the buildings in Westminster. Taken together these will deliver £12m of efficiency gains by 2028-29.

Procurement

2.156 There are opportunities for efficiency gains in renegotiating commercial contracts. This will be achieved through better specification and requirement setting, competitive sourcing, contract management, benchmarking and demand management. This will deliver efficiency gains of £3m per year by 2028-29.

Small departments

Table 2.18: Net efficiency gains vs 2025-26 planned RDEL excluding depreciation and ODA

	2025-26 RDEL budget (£m)	2026-27	2027-28	2028-29
Scotland Office	16	0.7%	1.3%	2.0%
Northern Ireland Office	63	4.6%	4.7%	4.7%
Wales Office	6	0.7%	1.3%	2.0%
National Savings and Investments[1]	201[2]	1.0%	1.1%	1.1%
Charity Commission	30	2.1%	2.5%	2.8%
Competition and Markets Authority	137	0.6%	2.6%	5.4%
UK Statistics Authority	365	1.1%	2.4%	5.0%
HM Land Registry	463	1.0%	2.3%	3.6%
Office for Standards in Education, Children's Services and Skills	140	1.0%	2.0%	3.6%
Office of Qualifications and Examinations Regulation	29	5.1%	5.1%	5.1%
Food Standards Agency	117	1.1%	2.0%	3.0%
The National Archives	42	1.0%	2.0%	5.6%
UK Supreme Court	9	3.7%	3.7%	3.7%
Law Officers' Departments[3]	1,027	1.6%	2.6%	3.0%
Security and Intelligence Agencies[3]	3,043	3.5%	5.2%	6.7%

[1]NS&I technical efficiencies exclude those that are expected to materialise from NS&I's transformation programme.

[2]Reflective of published NS&I running costs for 2028-29; the expected post-transformation date.

[3]LODs and SIA are considered under the small and independent body framework for efficiency analysis.

HM Treasury contacts

This document can be downloaded from www.gov.uk

If you require this information in an alternative format or have general enquiries about HM Treasury and its work, contact:

Correspondence Team
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Tel: 020 7270 5000

Email: public.enquiries@hmtreasury.gov.uk