HM Treasury

2025-26 departmental efficiency and savings performance

21 October 2026

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1. Introduction

1.1 This publication presents statistics on departmental efficiency and savings performance for the financial year 2025-26, in response to the government's 2% efficiency, savings and productivity target announced at Autumn Budget 2024[1]. HM Treasury is publishing this data as a one-off statistical release. From 2026-27, large ministerial departments will disclose efficiency performance against targets through departmental Annual Reports and Accounts (ARAs).

1.2 The Government Efficiency Framework (GEF)[2] provides the standard approach for tracking and monitoring of efficiency savings across government. It sets out common definitions and reporting standards that all departments, agencies, non-departmental public bodies (NDPBs), and arm's length bodies (ALBs) are expected to adopt in their efficiency reporting. The framework is primarily a financial tool: its focus is on productivity and efficiency where these can be measured in financial terms.

1.3 **Efficiency** is defined as the ability to spend less to achieve the same or greater outputs, or to achieve greater outputs for the same spend. This definition explicitly excludes decisions to reduce costs where the intended result is a reduction in outputs or service quality. **Savings** are reductions in planned expenditure that do not arise from efficiency improvements as defined above - for example, reductions in demand, policy changes, or decisions not to proceed with planned spending. Both efficiency and savings contribute to the overall 2% target, but they are tracked separately in this publication for analytical clarity.

1.4 This publication provides transparency on how public resources are being managed across government, supporting Parliamentary and public scrutiny of departmental performance. It does not represent a complete account of all fiscal consolidation measures taken in 2025-26 and only covers those measures falling within the GEF's definitions of efficiency and savings.

[1] Autumn Budget 2024', HM Treasury, October 2024.

[2] The Government Efficiency Framework - GOV.UK

2. Analysis

2.1 Departments delivered £16bn of efficiency and savings in 2025-26, 4.1% as a share of Resource Departmental Expenditure Limits (RDEL) excluding depreciation and Official Development Assistance (ODA). This is mainly driven by the NHS out-performing the target (5.2%).

Table 1: Departmental 2025-26 efficiencies and savings, £m [1], [2]

Departments	Total efficiencies and savings as share of total RDEL excluding depreciation and ODA[3]	Efficiencies	Savings
DHSC	5.2%	6,355	3,993
MoD	2.1%	439	377
DfE	2.3%	984	1,152
HO	3.4%	253	367
MoJ	2.2%	159	96
HMRC	2.4%	137	0
DWP	4.4%	417	31
DESNZ	2.8%	0	50
DEFRA	9.4%	54	379
DBT	3.5%	23	41
HMT	3.4%	12	1
CO	14.8%	61	62
FCDO	4.7%	64	36
MHCLG	15.7%	7	588
DCMS	3.4%	23	28
DfT	2.3%	190	0
DSIT	10.6%	12	31
TOTAL	**4.1%**	**9,192**	**7,231**

Footnotes

1. *All figures are 2025-26 outturns beside DSIT figures reflect the latest estimate provided by the department prior to the July 2026 Machinery of Government changes.*
2. *All figures are rounded to the closest £1 million, hence figures may not sum up.*
3. *Total efficiencies and savings are calculated as a share of the Autumn Budget 2024 baseline (RDEL) excluding depreciation and Official Development Assistance (ODA).*

Departments reported efficiencies across the Government Efficiency Framework categories

2.2 Departments reported efficiencies across all GEF categories, spanning across operational, administrative and frontline services reflecting the breadth of efficiency activity across government.

2.3 The GEF organises efficiency into a standard taxonomy of categories. Departments are required to assign their reported efficiencies to one or more of these categories. The main categories include:

a. Workforce and Organisation: reductions in staff costs through headcount reduction, pay restraint, or productivity improvements.

b. Policy and service redesign: a broad range of activity including lean process improvements, prevention/early detection, front-line service integration, digital process redesign, case management, and customer-centric design.

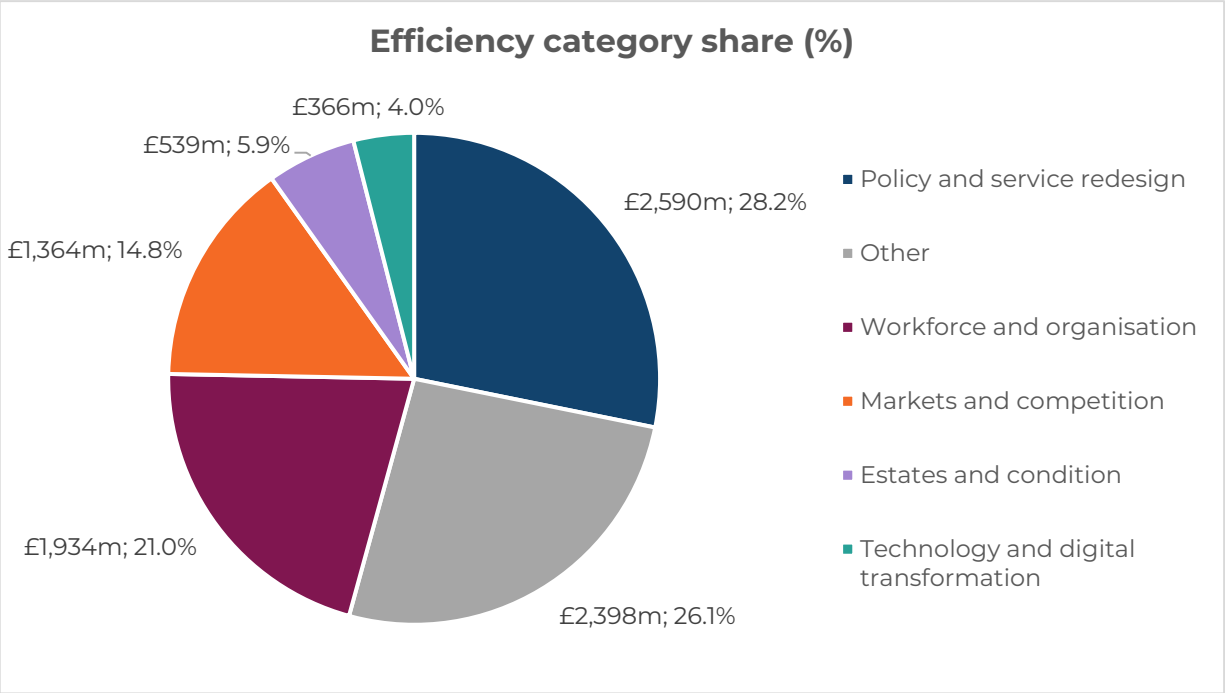
c. Markets and competition: savings from improved commercial terms, reduced unit costs, or better contract management.

d. Technology and Digital transformation: savings from automation, digitisation of services, or decommissioning of legacy systems.

e. Estates and condition: reductions in property costs through rationalisation or improved utilisation.

f. Other: efficiencies that span multiple categories or do not fit cleanly into the above.

Chart 1: Government efficiencies by GEF categories



Footnotes

1. *The 'Other' category comprises efficiencies that were not broken down by individual GEF category. Around 80% reflects aggregate efficiencies reported by NHSE, with the remainder from schools, arm's length bodies and other organisations.*

Examples of Efficiency Delivery Across Government

2.4 Departments delivered efficiencies through a range of interventions across government. The examples below illustrate how efficiencies were achieved in practice during 2025-26.

2.5 HMRC has modernised its technology estate by rationalising IT licences and hosting arrangements and retiring legacy systems, delivering around £39m in efficiencies in 2025-26. This reduces ongoing running costs while maintaining service availability and performance for users.

2.6 The Cabinet Office is centralising oversight of cross-government communications and marketing spend, delivering around £42m in efficiencies in 2025-26. This was achieved through spend controls and closer functional assurance across departments, including de-duplicating campaigns.

2.7 DWP has improved its online services in order to reduce the number of calls made to the department, delivering around £24m in efficiencies in 2025-26.

2.8 As part of the DHSC group, NHS Property Services has been rolling out energy-efficient LED lighting across its estate portfolio, delivering around £2m of efficiencies in 2025-26. The programme reduces electricity consumption, lowers ongoing utility and maintenance costs, and supports the reduction of carbon emissions.

3. Methodology

Overview

3.1 The methodology underpinning this publication follows the Government Efficiency Framework, which is itself consistent with HM Treasury's Green Book appraisal guidance and the Teal Book benefits realisation guidance. The GEF defines a set of categories through which efficiency can be achieved: workforce and organisation, markets and competition, technology and digital transformation, and estates and condition. Departments are expected to map their reported efficiencies to these categories.

Data collection

3.2 HM Treasury has worked with government departments to collect efficiency and savings data for 2025-26. Data was collected on a regular basis, with the figures in this publication representing 2025-26 outturns.

3.3 All efficiency data included within this publication has been provided by departments themselves. HM Treasury has quality assured the data in collaboration with departmental finance teams, but the data has not been subject to independent audit by the National Audit Office (NAO). Departments are responsible for the accuracy of the data they have submitted.

3.4 This publication reports efficiency at the level of the lead department. Where a department exercises oversight of ALBs, agencies, or NDPBs, the efficiency delivered by those bodies is consolidated into the lead department's total, provided it falls within the department's RDEL boundary.

Efficiency Calculations and Baseline

3.5 Efficiency savings are calculated in line with the GEF, the Green Book, and the Teal Book benefits guidance. The calculation requires departments to establish a clear and documented baseline; the starting point or counterfactual against which improvements are measured. This baseline represents the expected spend and output level absent any efficiency intervention.

3.6 Efficiency is then measured as the difference between the baseline cost of delivering a given level of outputs and the actual (or forecast) cost of delivering the same or greater outputs.

3.7 All efficiency savings are reported on a net basis: gross efficiency less the costs incurred in delivering the efficiency (e.g. investment in digital infrastructure, transition costs). This ensures the figures represent the net fiscal benefit.

3.8 Each department has reported their efficiency savings against their RDEL excluding depreciation and ODA as per Autumn Budget 2024, which provides a consistent comparator across departments.

NHS efficiencies

3.9 The NHS regularly publishes efficiency and productivity statistics. These include: i) NHS productivity statistics, which measure changes in healthcare outputs relative to inputs; and ii) NHS England's financial performance reports, which focus on delivery against the NHS budget and financial plan.

3.10 NHS efficiency figures reported via the Government Efficiency Framework are based on the Trust financial performance report for 2025-26.

3.11 Users seeking further detail on NHS productivity or financial performance should refer to the NHS financial performance reports.

Small Departments

3.12 Small departments and independent bodies listed in section 19 of the published Departmental Efficiency Plans are exempt from the requirement to disclose a summary of these efficiencies and progress towards agreed efficiency targets.

Non-Cash releasing Efficiencies

3.13 As per the Government Efficiency Framework, departments' reported figures include cash releasing and monetisable non-cash releasing efficiencies. Non-cash releasing means there is a monetisable benefit and value for money improvement, but it does not lead to a direct reduction in spending. Table 1 includes both cash and non-cash releasing activities.

Savings

3.14 Savings are collected to track departmental performance against the government's 2% efficiency, savings and productivity target for 2025-26.

3.15 Savings figures are collected separately from efficiency data. While efficiencies are reported and assessed against the Government Efficiency Framework methodology, non-efficiency savings are reported by departments as an aggregate total.

3.16 Savings represent reductions in planned expenditure that do not arise from efficiency improvements as defined by the Government Efficiency Framework. Examples may include reductions in demand, policy changes, or decisions not to proceed with planned spending.

Machinery of Government changes

3.17 On 22 July 2026, the Prime Minister announced a series of Machinery of Government (MoG) changes across government, including the transfer of functions from the Department for Science, Innovation and Technology (DSIT) to the Cabinet Office, the Department for Culture, Media and Sport (DCMS), and the Department for Business and Innovation, Science and Trade (BIST).

3.18 As this publication covers the 2025–26 financial year only, and the expenditure reported relates to the period before these changes took effect, departments affected by the MoG changes are presented in Table 1 under their pre-MoG departmental names.

3.19 Information reflecting the post-MoG departmental structures will be reported in the relevant departments' 2026–27 Annual Reports and Accounts (ARAs).

4. Limitations of the data

Overview of Limitations

4.1 Users of this publication should be aware of the following limitations when interpreting the data. These limitations do not undermine the overall picture presented, but they are material to how precisely the figures should be read and compared.

Verification and assurance

4.2 The data in this publication has not been independently audited. HM Treasury has worked with departments to quality assure submissions, but departments remain responsible for the figures reported. Departmental efficiency figures will be subject to further scrutiny through Annual Reports and Accounts.

Methodological consistency

4.3 Departments are expected to apply the Government Efficiency Framework consistently. However, as 2025-26 is the first year of reporting under the framework, some variation in interpretation and application may remain.

5. Background notes

Policy

5.1 This policy has been developed in accordance with the UK Statistics Authority Code of Practice for Official Statistics and HM Treasury's revisions policy: www.gov.uk/government/uploads/system/uploads/attachment_data/fil e/191042/statistics_revisions_policy.pdf

5.2 There are two types of revision covered by the policy above: unscheduled revisions and scheduled revisions.

5.3 In line with the policy above, if a significant unscheduled revision is needed (for example, from an error in the result of the compilation, imputation or dissemination process), the statistical release and accompanying tables would be updated with a correction notice as soon as is practical.

User engagement

5.4 Users are encouraged to provide feedback on how these statistics are used and how well they meet user needs. Comments on any issues relating to this statistical release are welcomed and encouraged. Responses should be addressed to the "Public enquiries" contact given at the beginning of this document.

5.5 The department's engagement strategy to meet the needs of statistics users is published here:

https://www.gov.uk/government/statistics/hm-treasury-statistics-timetable-standards-and-policies/standards-and-policies-for-hm-treasury-statistics#user-engagement

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This document can be downloaded from www.gov.uk

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