

# A Short Guide to the **Cabinet Office**

July 2015



National Audit Office



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The National Audit Office scrutinises public spending for Parliament and is independent of government. The Comptroller and Auditor General (C&AG), Sir Amyas Morse KCB, is an Officer of the House of Commons and leads the NAO, which employs some 810 people. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether departments and the bodies they fund have used their resources efficiently, effectively, and with economy. Our studies evaluate the value for money of public spending, nationally and locally. Our recommendations and reports on good practice help government improve public services, and our work led to audited savings of £1.15 billion in 2014.

**This Short Guide summarises what the Cabinet Office does, how much it costs, recent and planned changes and what to look out for across its main business areas and services.**


**The primary purpose of this Short Guide is to help new members of the Public Administration and Constitutional Affairs Committee gain an informed understanding of the Cabinet Office.**

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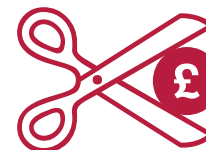
**£488 billion** of cross-government projects being assured, supported and reported on by the Major Projects Authority



**£650 million** Cabinet Office outturn for 2014-15. This comprises £807 million expenditure and £157 million income. The Cabinet Office also had a separate £50 million capital budget outturn



**£14.3 billion** of cross-government efficiency and reform savings reported in 2013-14 against a 2009-10 baseline, with an aim of exceeding £20 billion in 2014-15. The £20 billion figure also includes reducing losses to fraud, error and debt



Oversaw **19%** budget cuts across central government departments (excluding health and overseas aid), as part of its shared central role with HM Treasury



More than **1,800** websites shut down between May 2010 and December 2014 and replaced with a single government web presence: GOV.UK



**£22 billion** overdue debt. This represents debt owed to government at 31 March 2013




More than **100,000** participants in the National Citizen Service, a programme aimed at young people to help them build skills for work and life



**2 million m<sup>2</sup>** of central government space disposed of (with the support of the Cabinet Office's Government Property Unit)

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## High-level overview and context to the role of the Cabinet Office

During the last Parliament the Cabinet Office led a programme of cross-government reform, working closely with HM Treasury, to achieve an average 19% budget cut across central government departments. This followed the financial crisis, and at a time with less money, an unprecedented public sector deficit, an ageing population and rising expectations.

The Cabinet Office, as part of the centre of government, was strengthened in order to support departments to move effectively to reform. This included:


- setting up the Efficiency and Reform Group to be an operations hub to help implement cross-government priorities;
- setting up new posts such as the chief executive of the civil service;
- delegation from HM Treasury to the Cabinet Office of responsibility for centrally managed spending controls on areas of spending such as consultants, marketing and IT; and
- developing Cabinet Office capability in priority business areas (such as commercial, project delivery and digital) to enable the centre of government to lead the development of strategies with departments to coordinate and reform the way they work.

In 2013-14 the Cabinet Office claimed £14.3 billion of cross-government efficiency and reform savings against a 2009-10 baseline, with an aim of exceeding £20 billion in 2014-15. The £20 billion figure also includes reducing losses to fraud, error and debt.

The Budget 2014 set out that further savings will be required to put the public finances on a sustainable path. Achieving additional savings in the new Parliament will be more challenging and will have to come from transforming the way that departments work and will require clearer and more effective leadership from the centre of government.

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**The strategic challenges for the Cabinet Office**

**The challenges ahead across government will require the Cabinet Office to work effectively with departments and together with HM Treasury as part of a coherent centre of government**

We believe that the role of the centre of government (the centre) will be crucial in facilitating further transformation and savings. The Cabinet Office will need to provide clearer and more effective leadership from the centre.



As we set out in our recent report, The centre of government: An update, our work has identified areas in which the Cabinet Office as part of the centre will need to improve its effectiveness in order to achieve this. These include:

- improving the way the centre engages with departments, tackling the lack of incentives in place, and growing the centre's capacity and capability to implement its ambition;
- developing an understanding of the business of departments and their priorities. The current support and challenge offered is sometimes inappropriate and not helpful; and
- more effective communication between different parts of the centre. This includes communication between different spending teams working in HM Treasury and the Cabinet Office. Different parts of the centre do not act coherently, resulting in overlapping advice and requests for data.

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**About the Cabinet Office Responsibilities**

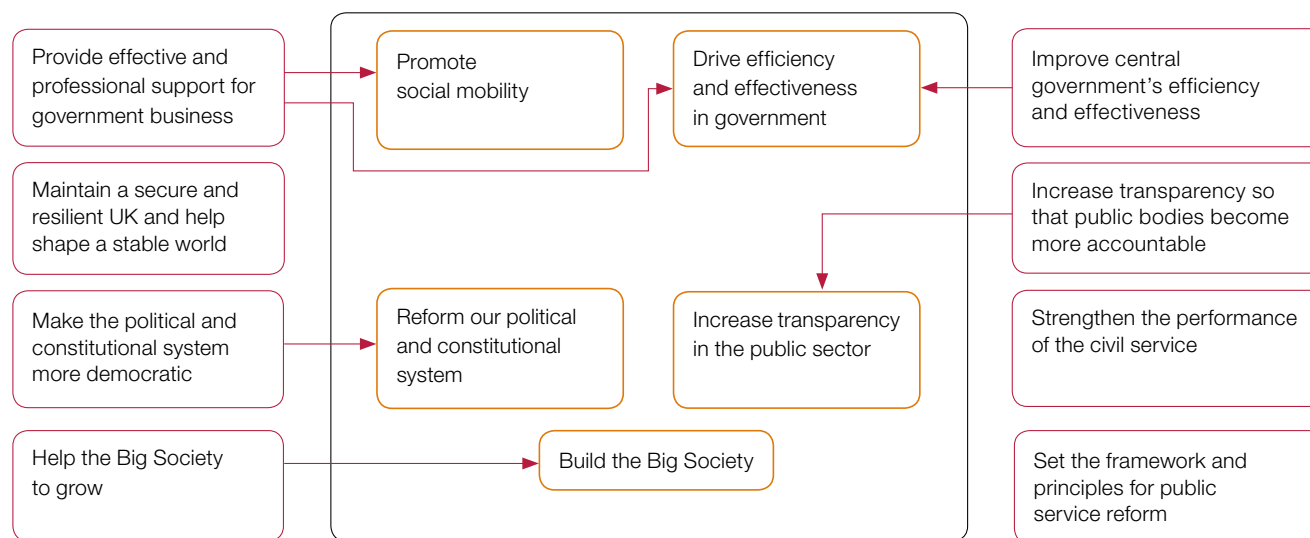
The Cabinet Office supports the Prime Minister and ministers for the Cabinet Office, and ensures the effective running of government. It is both a 'corporate centre' for government and a policy department in its own right.

The Cabinet Office:

- acts, in partnership with HM Treasury, as the corporate headquarters for government, and provides support to the Prime Minister and the Cabinet;
- works to ensure the successful and efficient delivery of the government's agenda and to help departments achieve their objectives; and
- leads on a number of specific government priorities.

During the last Parliament the Cabinet Office increasingly took on delivery responsibilities in addition to its policy role.

**The Cabinet Office's responsibilities**



Strategic objective     Structural reform priority

About the Cabinet Office

Leadership

Traditionally, the Cabinet Office contains the most senior civil service roles. Over the last Parliament there were a number of changes in the way these top roles are organised, reflecting changes in the approach to managing the civil service, and the move of more functions to the central departments to deliver efficiency savings.

The **cabinet secretary**, Sir Jeremy Heywood, is the Prime Minister's most senior policy adviser. He acts as secretary to the Cabinet, responsible to all ministers for the running of cabinet government. As **head of the civil service** he leads more than 400,000 civil servants.

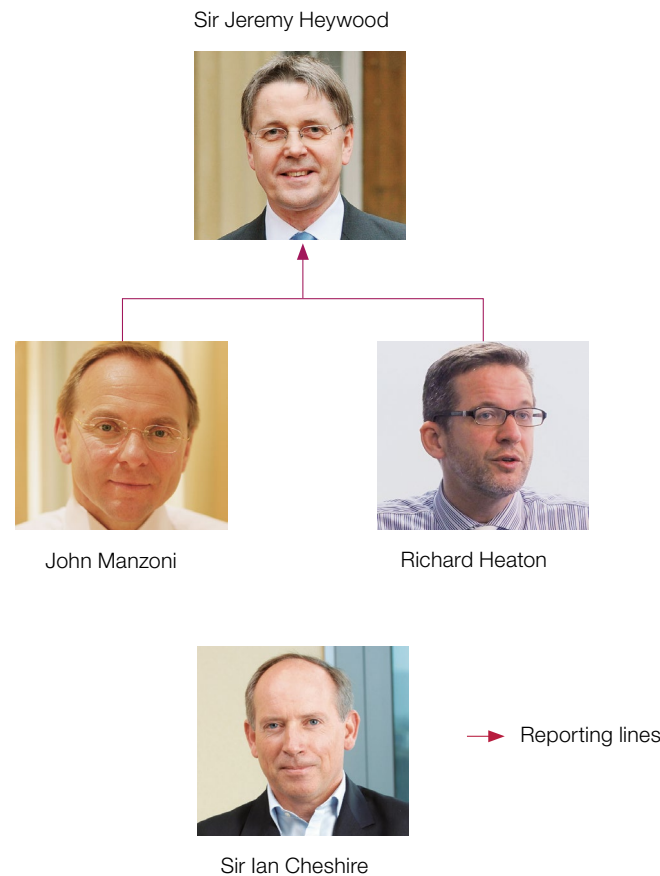
The **chief executive** role was created in October 2014. John Manzoni is responsible for improving the effectiveness and efficiency of government, working with permanent secretaries across government to put in place reforms. John Manzoni is the Accounting Officer for the areas he is responsible for.

The **permanent secretary**, Richard Heaton, is the head of department responsible for leadership and governance of the Cabinet Office. He is also its principal Accounting Officer. As first parliamentary counsel he oversees the Government in Parliament group.

The **lead non-executive director** for government, Sir Ian Cheshire, works closely with ministers, and in particular the minister for the Cabinet Office, as well as the non-executives and senior officials. He supports the chief executive to implement the efficiency and reform programmes and strengthen functional leadership across departments. Sir Ian published his first annual report as government's lead non-executive covering April 2014 to March 2015, on 2 July 2015.

Note

On 2 July 2015 the Cabinet Secretary announced that Richard Heaton is moving from the Cabinet Office and that John Manzoni will be the Permanent Secretary. This will be in addition to his role as chief executive of the civil service.



## About the Cabinet Office

### The 'functional model': a model for more efficient and effective government

The government has initiated a series of reforms to strengthen central leadership of corporate functions under the management of the new chief executive of the civil service.

The next spending review is likely to continue spending reductions and will require deeper change in departments.

The centre of government must capitalise on the opportunities arising from the functional model, working with departments to make significant further reductions while maintaining services.

The 10 functions, 6 of which are led by the Cabinet Office<sup>1</sup>

Function	Function lead – Cabinet Office
Commercial	The Chief Commercial Officer
Project Delivery	The Major Projects Authority
Digital	The Government Digital Service
Property	The Government Property Unit
Human Resources	Civil service Human Resources
Communications	The government communication service
<b>Function lead – Other</b>	
Finance	HM Treasury
Internal Audit	Government Internal Audit Agency, an executive agency of HM Treasury
Legal	Government Legal Department, an executive agency of the Attorney General's Office
Corporate Finance	HM Treasury (responsibility transferred from Department for Business, Innovation & Skills in June 2015)

#### Note

<sup>1</sup> Including its executive agency, the Crown Commercial Service.



## About the Cabinet Office

### Other primary activities

#### Teams led by John Manzoni

In addition to the functional leadership areas outlined in the [previous slide](#).

- **Civil Service Group**

Aims to deliver a more effective civil service.

#### Centres of expertise:

- **Transformation**

Responsible for transforming the way government delivers public service initiatives.

- **Fraud, error, debt and grants**

Identifying and reducing financial losses through fraud and error; improving overdue debt management across government; and improving the effectiveness of grants and reducing the cost of their administration.

#### Teams led by Richard Heaton

- **Government Innovation Group**

Leads on supporting civil society, transparency and open data, and innovation.

- **Government and Cabinet Office communications**

- **Corporate Services Group**

- **Government in Parliament**

Works with teams across government to prepare and deliver the government's legislative programme.

#### Teams led by Sir Jeremy Heywood

- **Prime Minister's office**

- **Economic and domestic affairs secretariat**

Supports effective Cabinet government and oversees the Implementation Group.

- **European and global issues secretariat**

Coordinates the work of government in reaching collective agreement on international policy.

- **National Security Secretariat**

- **Joint Intelligence Organisation**

- **Political and Constitutional Reform**

- **Propriety and Ethics**

Provides advice on standards and ethics issues.

#### Note

Responsibility for the teams currently led by Richard Heaton will be re-allocated after he moves from the Cabinet Office.

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**Where the Cabinet Office spends its money**

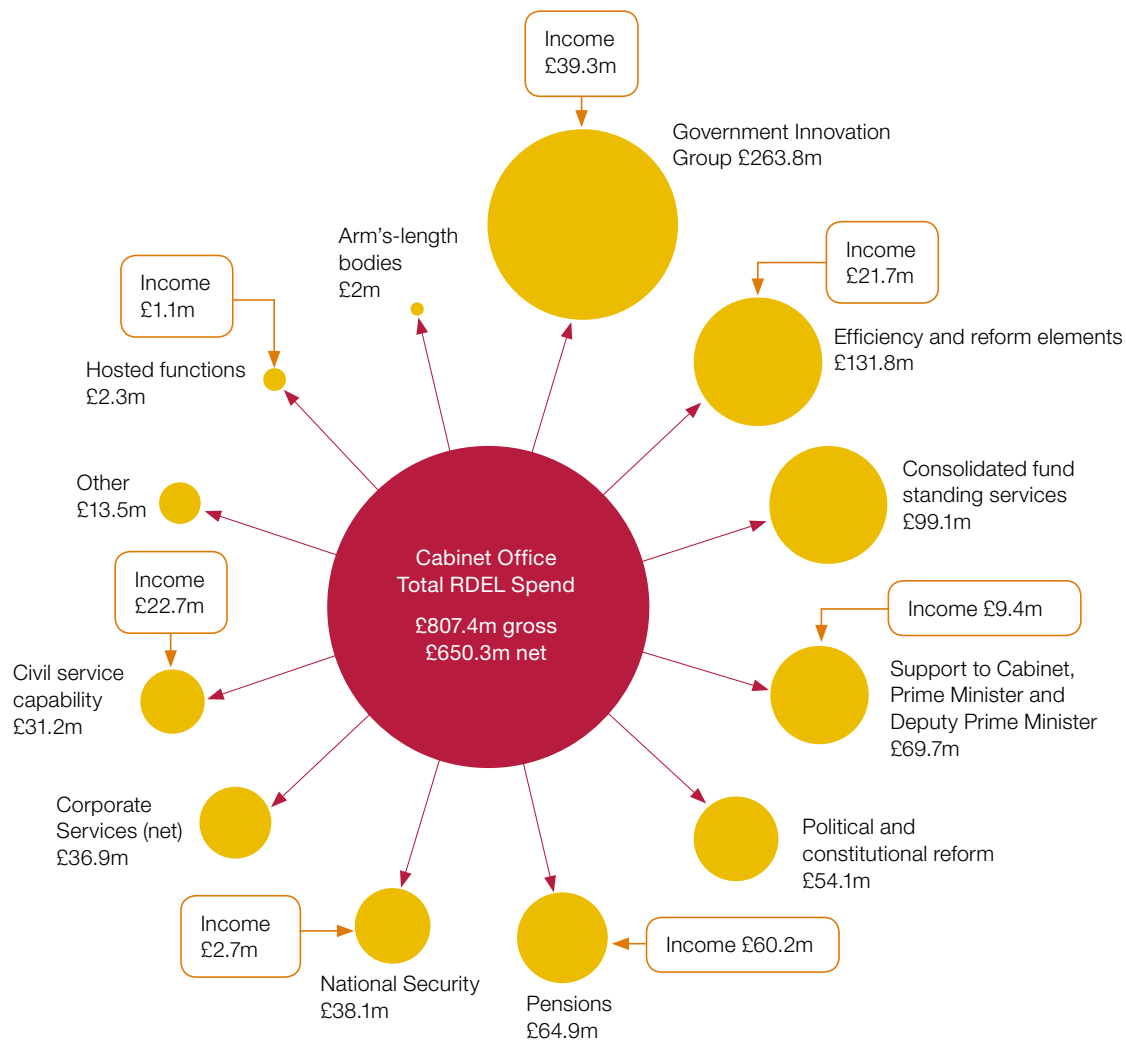
Compared with many departments, the Cabinet Office has a relatively small budget. However, it has a strong influencing role, be it through oversight of shared services, setting of certain spending controls, or the efficiency and reform agenda.

The Cabinet Office's biggest area of spend is the Government Innovation Group. Most of its expenditure relates to grant payments such as those to cover costs of the National Citizen Service.

The Cabinet Office also oversees the Principal Civil Service Pensions Scheme and is responsible for the development of policy and maintenance of scheme rules as well as scheme finances.

Crown Commercial Service  
Income: £74.1m  
Expenditure: £72.2m

Source: 2014-15 accounts



**Note**

1 The expenditure figures refer to gross resource expenditure within the departmental expenditure limit (DEL), and are subject to rounding.

Source: National Audit Office analysis of Cabinet Office, Annual report and accounts 2014-15

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**Spending reductions**

The **2010 Spending Review** settlement reduced the Cabinet Office's 2014-15 non-ring-fenced resource expenditure limit by 35% compared with the 2010-11 baseline.<sup>1</sup>

The **2013 Spending Review** settlement further reduced the 2015-16 budget by 10% on the 2014-15 baseline.<sup>2</sup>

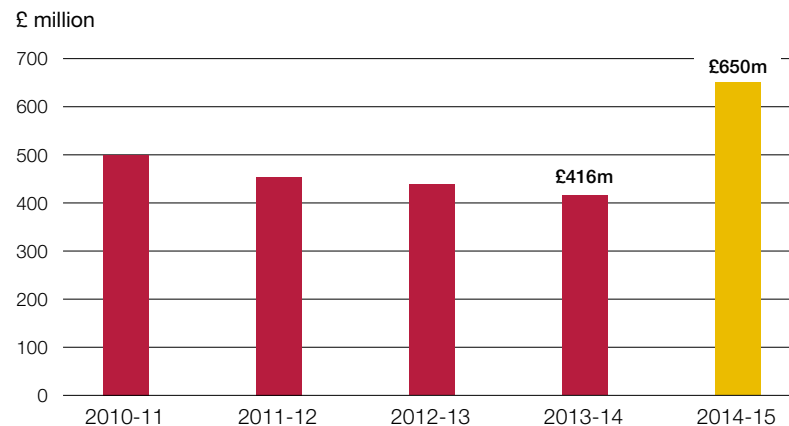
However, the profile of the Cabinet Office's actual spend over the last Parliament was also affected by:

- 'machinery of government' changes resulting in the Cabinet Office acquiring extra responsibilities and additional delivery responsibilities (*for example transactional shared services*);
- an increasing programme of constitutional and electoral reform work; and
- the increasing role of the corporate centre.

**Notes**

- 1 Excluding spend on European Elections and the Electoral Registration Transformation Programme.
- 2 Excluding spend on General Election and the Electoral Registration Transformation Programme.

**Total resource budget outturn**



The £234 million increase in the resource budget in 2014-15 (£650m) compared to 2013-14 (£416m) is largely attributable to:

**£97 million**



European 2014 parliamentary elections

**£55 million**



Office for Civil Society programmes including National Citizen Service

**£35 million**



Electoral Registration Transformation programme

**Note**

- 1 Total resource budget outturn is stated net of annual managed expenditure. In 2014-15 this amount was £0.369 million.

Source: Cabinet Office Annual Report and Accounts 2014-15

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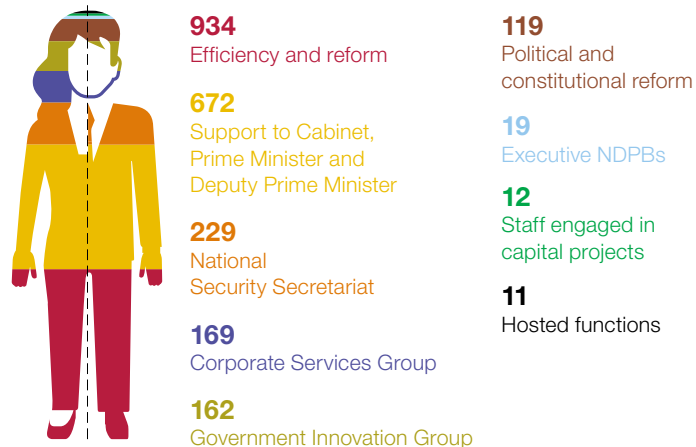
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Staff breakdown 2013-14



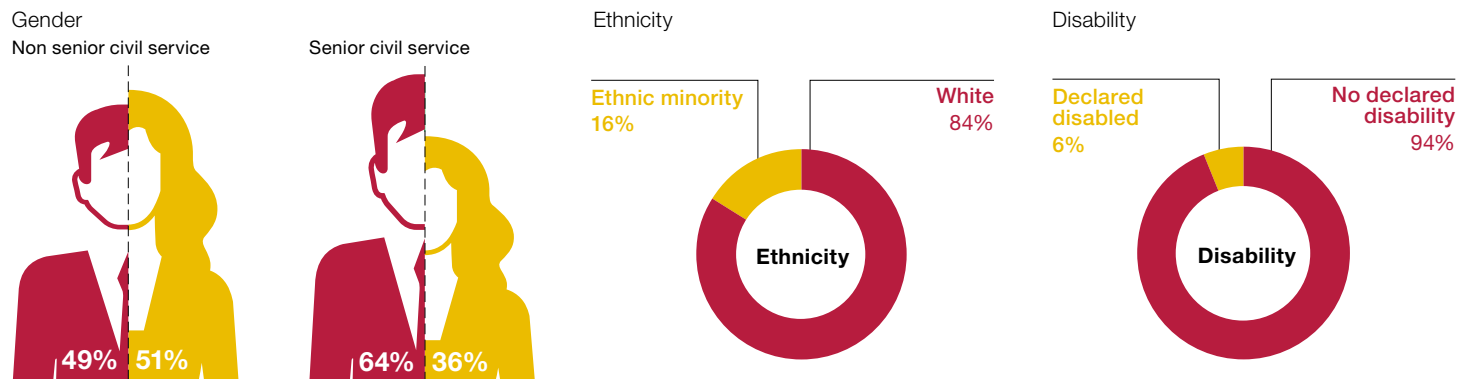
**Cabinet Office FTE**  
**2327**

Staff working for the Crown Commercial Service are not included in this figure. Details of those staff are shown on slide 16.

The majority of Cabinet Office staff work on efficiency and reform mainly in the functions, or give support to Cabinet, the Prime Minister and ministers for the Cabinet Office.

Diversity figures show a roughly equal gender split in the Cabinet Office. However, the senior civil service is less diverse, for example only 36% of senior civil servants working in the Cabinet Office are women.

Workforce in the Cabinet Office 2013-14



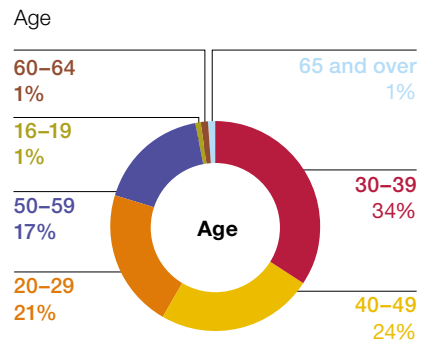
Note

1 Most Cabinet Office staff do not declare either whether they have a disability or their ethnicity. The percentages shown above are known figures. Percentages of Cabinet Office staff in the senior civil service either declaring a disability or claiming they are from an ethnic minority are not shown and are less than 5%.

Sources: Cabinet Office 2013-14 Annual Report, ONS 2014 data

**Staff and pay**

**Workforce in the Cabinet Office 2013-14** *continued*



Note: Age percentages are subject to rounding and may not add up to 100%

**Pay median of directors 2013-14**



**6.33**

Highest remuneration	<b>£267,500</b>
Median	<b>£42,300</b>
	Cabinet Office

The Cabinet Office's cross-government Talent Action Plan is seeking to remove the barriers preventing some talented people from succeeding and reaching the top positions. The Cabinet Office also leads on social mobility. It sees social mobility in the civil service, including the Cabinet Office as an integral part of the Talent Action Plan.

Median pay fell from £44,743 in 2012-13 to £42,300 in 2013-14, with a proportionately smaller decline in the highest paid employee's remuneration. This led to an increase in the pay multiple, which compares the salary of the highest paid member of staff to the median full-time equivalent base pay of all staff from 6.12 to 6.33.

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**Staff attitudes and engagement**

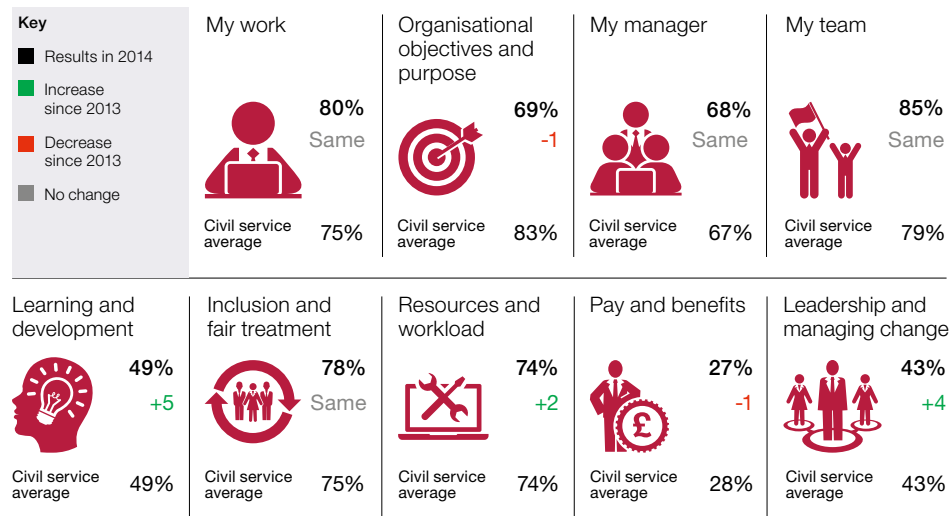
The government has conducted its Civil Service People Survey annually for the past 6 years. The most recent survey was carried out during October 2014.

The Cabinet Office results remain fairly consistent from 2013 to 2014, and are broadly in line with the civil service benchmark. However, the Cabinet Office performs less well under 'organisational objectives and purpose'.

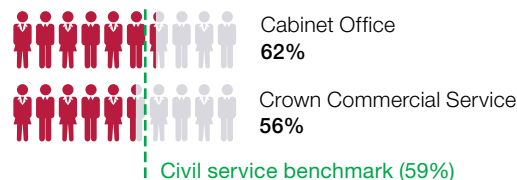
The main measure from the People Survey is the employee engagement index, which measures an employee's perceptions of working for their organisation.

The Cabinet Office results have been improving and were above the civil service benchmark in both 2013 and 2014, whereas the Crown Commercial Service (known as the Government Procurement Service in 2013) results have shown the opposite trend: declining and below the civil service benchmark.

**Attitudes of staff in 2014 compared with 2013 – Cabinet Office**



**Engagement index 2014**



Sources: Civil Service People Survey 2013 and 2014

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## Significant programmes delivered by the Cabinet Office

### Shared services

The Cabinet Office published its **Next-Generation Shared Services** strategy in December 2012. This set out how it intended to reduce the cost of administering HR, procurement, finance and payroll services through sharing back-office functions. It aimed to make cross-government savings of **£400 million to £600 million per year (implementation costs of £44 million to £95 million)**.

The government has since established 2 new independent shared service centres that serve more than 240,000 users. The Next-Generation Shared Services programme in the Cabinet Office is now responsible for managing the framework agreement with both shared service providers and is the interface between those suppliers and departmental customers. Its primary role is one of assuring the delivery of business case and complex commercial and contract management.

Our report Update on the next-generation shared services strategy, published in March 2014 identified:

- the strategy's timetable is ambitious and a number of significant challenges need to be addressed. There have since been significant delays in implementation and transformation of systems and services;
- robust, timely, comparable management information is needed to assess value for money and ensure benefits are properly realised and tracked; and
- the Cabinet Office needs to work with departments to help them become intelligent customers of shared services.

### National cyber security programme

Lifetime budget – £860 million

The programme is managed by the Office of Cyber-Security and Information Assurance in the Cabinet Office.

It has 4 objectives:

- tackle cyber-crime
- improve resilience
- shape an open, vibrant and stable cyberspace
- build the UK's cross-cutting knowledge, skills and capability

We reported on the programme in September 2014 and found good progress being made to implement it.

### Electoral Registration Transformation Programme

Lifetime budget – £171 million

The programme intends to change electoral registration to require individual voters rather than households to register. It is run by a special project team.

There were 9.2 million applications from June 2014, when the programme went live to 20 April 2015, the registration deadline for the May 2015 election.

Moving to a wholly individual register will complete on either 1 December 2015 or 2016. This decision is relevant to a Boundary Review, due to take place by 2018, which will reduce the number of MPs from 650 to 600.

### National Citizen Service

Budget 2010 to 2015 – £325 million

The programme aims to provide young people with skills for citizenship and community engagement. It forms part of the Building the Big Society agenda.

An independent evaluation of the 2013 programme published in August 2014 found that participants' experience of the programme was very positive. However, there were more available places than participants.

More than 100,000 young people have taken part in National Citizen Service.

The commercial function

The project delivery function

The digital function

The property function

The other functions led by Cabinet Office



### The commercial function

## The commercial function

The Cabinet Office defines the role of the commercial function as:

“Leveraging government’s scale and purchasing power by acting as a single, coordinated and informed customer to drive better value procurement. This includes central procurement of common goods and services.”

“Working with suppliers to ensure that there are effective and developed markets for government to work with.”

The chief commercial officer role was established in March 2014. The officer is tasked with driving commercial acumen across central government.

- The Crown Commercial Service aims to provide an integrated commercial and procurement service for government and the UK public sector, including health, local government, devolved administrations, education and not-for-profit organisations.
- It is an executive agency and trading fund of the Cabinet Office.
- It brings together policy, advice and direct buying.
- The Service employed 430 FTE staff in 2013-14, including 349 operational staff (378: 2012-13).

### Notable statistics on the commercial function

£16 billion – annual spend by government through strategic suppliers.

Crown Commercial Services savings claimed in 2013-14:

£5.2 billion comprising:

- **£1.4 billion** – from the centralisation of procurement for common goods and services;
- **£1.8 billion** – from better management of contracts and commercial relationships; and
- **£2.0 billion** – from limiting discretionary expenditure on marketing and advertising, consultancy and temporary agency staff.



The commercial function



The project delivery function

The digital function

The property function

The other functions led by Cabinet Office

The commercial function

# Challenges

Our reports have found widespread problems in the management of contracts across government that are systemic, deep rooted and cultural. In response to these problems, the Cabinet Office is strengthening its role in supporting the commercial profession, managing collective spending on goods and services, and supporting departments.

## Our work has identified the challenges that the Cabinet Office faces in this area

We have published 3 recent reports on the delivery of public services through private contractors:

- [Transforming government's contract management](#), published September 2014
- [The role of major contractors in the delivery of public services](#), published November 2013
- [Managing government suppliers](#), published November 2013

### Contract management

Cabinet Office needs to lead efforts to ensure government uses all the tools available to manage contractors, including improving commercial levers, intelligence, assurance, contractors' accountability, and incentives.

### A more vibrant commercial profession

Cabinet Office needs to lead the transformation of the commercial profession, shifting its focus from procurement to managing contractors, and creating career paths, incentives and pay structures that attract talent.

### Centralising procurement

Crown Commercial Services needs to continue to develop its own capability and prove it can achieve sustained savings to departments.

### Departmental capability

Crown Commercial Services needs to coordinate departmental efforts to reform their governance, structures, information systems and processes to become better commissioning organisations.

### Managing markets


Cabinet Office needs to continue to lead efforts to improve the management of strategic suppliers, ensure that no contractor is too big to fail, and open competition to SMEs and the third sector.

### Transparency

Cabinet Office needs to lead initiatives to publish contracts, spend and performance.



The commercial function

The project delivery function 

The digital function

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The other functions led by Cabinet Office

### The project delivery function

## Major Projects Authority

The Cabinet Office defines the role of the project delivery function as:

“Overseeing and managing the government’s major projects portfolio.”

“Providing assurance and expertise to support and improve the delivery of major projects.”

The Authority, established in 2011, collaborates with HM Treasury and departments with the aim of significantly improving the delivery success rate of major projects across central government.

In 2010 two-thirds of government projects ran over time or over budget. Some major projects had no senior responsible owner accountable for the project.

A major project is a project that:

- requires spending over and above departmental expenditure limits
- requires primary legislation
- is innovative or contentious

188 projects in the Authority’s portfolio

£489 billion – lifetime budget of major projects across government at September 2014

The priorities for the Major Projects Authority are:

- **Capability** – build and develop a group of experienced project leaders to work on government projects;
- **Profession** – ensure the civil service is known for excellence in project delivery;
- **Strategic prioritisation and front-end loading** – work with project teams to actively engage decision-makers;
- **Challenge, assure and support** – provide expert advice and support to departments delivering major projects; and
- **Alignment** – give project teams the space to ‘get on and do’ in a project environment within agreed tolerances.



The commercial function

The project delivery function

The digital function

The property function

The other functions led by Cabinet Office

The project delivery function

## The Major Projects Authority – current challenges

The Authority has initiated greater transparency and scrutiny by publishing an annual report on the status of its major projects. The first report was published in May 2013.

### What we have said about the Authority

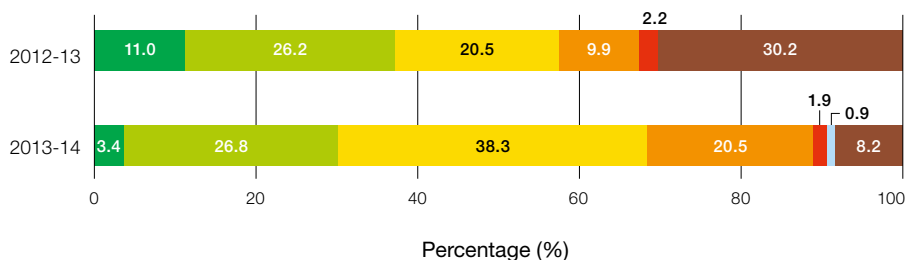
We published a memorandum in February 2014 on the Major Projects Authority and its first annual report.

We concluded that the Authority was increasing its capacity and taking steps to ensure its work was more effective and influential.

We reported again in June 2014 on subsequent developments, noting good progress over the quality of the data published by departments. However, there was still room for improvement in the quality of departmental narrative disclosures to make them more useful for readers.

The portfolio data shown opposite are the most up-to-date available. These are taken from September 2013 supporting the 2014 annual report and show an overall deterioration in the delivery confidence ratings of government major projects.

Delivery confidence ratings of government major projects analysed by whole-life costs, 2012-13 and 2013-14



- Green
- Green-amber
- Amber
- Amber-red
- Red
- No Delivery confidence assessment
- Not disclosed

Notes

- 1 National Audit Office analysis of departmental data published alongside the Department's *Major Projects Authority Annual Report 2013-14*, May 2013.
- 2 Delivery confidence ratings give an overall summary of the state of a project. Risk is indicated using a 5 point 'traffic' light system known as the RAG (Red-Amber-Green) scale. They should be read in conjunction with the broader narrative on a project.
- 3 Full definitions of ratings are shown on pages 24-25 of the Major Projects Authority Annual Report.

Source: National Audit Office, *Major Projects Authority Annual Report 2013-14*, June 2014

The commercial function

The project delivery function

The digital function



The property function

The other functions led by Cabinet Office

The digital function

# Government Digital Service

The Cabinet Office defines the role of the digital function as:

- “Designing, building and running digital services.”
- “Running national digital infrastructure.”
- “Giving civil servants the technology and digital skills they need.”
- “Improving how government commissions and builds technology.”
- “Working with teams across the country to digitally transform government.”

### Cabinet Office government digital strategies from the previous Parliament

**Nov 2012 updated Dec 2013**  
[Digital strategy for government](#)

**Dec 2013**  
[An approach to assisted digital strategy](#)

**Apr 2014**  
[Digital inclusion strategy](#)

Departmental digital strategies were also published in 2012-13.

The Cabinet Office has also published papers, policies and strategies pertinent to digital including: Open data white paper (2012) and Government security classifications policy (2013).

The Cabinet Office's plans for digital transformation in the next Parliament are outlined in [Government as a platform: the next phase of digital transformation](#).

### Staff

Government digital service employs more than 500 staff all over the UK. Its main office is in Holborn, London.

Staff work in 3 units: delivery programmes, support and business management.

### Cross-government savings and efficiencies reported by the Cabinet Office

In 2013-14 the government claimed savings of approximately £210 million from digital and technology.

1,800 websites were shut down between May 2010 and December 2014 and replaced with a single government web presence; GOV.UK



The commercial function

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The digital function

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The other functions led by Cabinet Office

The digital function

# Digital Government Digital Service

2010 to 2015

2015 to 2020

## The exemplar programme, 2013–2015

In early 2013 the digital exemplar programme was set up to transform 25 major 'transactional services' (for example, filing a PAYE tax return or applying for a visa) by April 2015.

The Government Digital Service aimed to transform these services into digital-by-default, making them simpler, clearer and faster to use.

By its deadline 20 exemplar services were publicly available, 15 of which are live.

The remaining 5, including Universal Credit, are still in development. The Home Office, the Department for Work & Pensions, HM Revenue & Customs and the Department for Business, Innovation & Skills/Land Registry will continue to work to deliver these.

The Cabinet Office is directly responsible for 1 exemplar, Individual Electoral Registration, which allows people to register to vote online.

## Government as a platform

Government Digital Service is investigating the potential for Government as a Platform – a common, core infrastructure of shared digital systems, technology and processes on which it is easy to build user-focused government services.

Platforms – like GOV.UK and GOV.UK Verify – could have a significant impact on public sector services, and reach areas such as local government or health which the service has not yet had the mandate to look at.

Government Digital Service is working with HM Treasury and other departments to investigate the potential impact of platforms and how it can help government save money by turning off analogue and duplicate services. The service is referring to that work as the 'enabling strategy'.

## Enabling strategy workstreams

- Common technology services
- Cross-government platforms and standards
- Agency transformation
- Departmental transformation



The commercial function

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The digital function 

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The other functions led by Cabinet Office

**The digital function**

Government Digital Service (GDS) – Other areas of cross-government activity

<p><b>Skills</b></p> <p>GDS recruiting and developing in-house skills in digital</p> <hr/> <p>GDS supporting recruitment of digital leaders in departments</p> <hr/> <p>GDS staff working alongside department staff on exemplars</p>	<p><b>GOV.UK</b></p> <p>A single web presence established for government with a common 'look and feel'</p> <hr/> <p>Replacing DirectGov, businesslink and 21 ministerial websites</p> <hr/> <p>Reported cost saving of £62 million in 2013-14 (compared with 2009-10)</p>	<p><b>Assurance</b></p> <p>GDS developing GOV.UK Verify as a single sign-on for government services</p> <hr/> <p>Using third-party service providers to provide independent identity assurance</p> <hr/> <p>Delivery of live service delayed several times in 2014, but now available for public testing</p>
<p><b>Data centres</b></p> <p>Crown Hosting Data Centres established in March 2015 as a joint venture with Ark Data Centres Ltd</p> <hr/> <p>The joint venture provides a cross-government approach to buying hosting services for those applications that cannot move to cloud hosting</p> <hr/> <p>By acting as one customer, government can achieve lower prices and better terms than each individual department procuring on its own</p>	<p><b>Infrastructure</b></p> <p>Continued development of the Public Sector Network (PSN)</p> <hr/> <p>Providing a common network across departments, including local authorities</p> <hr/> <p>2013-14 declared cross-government savings of £116 million on hosting and telecoms compared with 2009-10</p>	<p><b>IT procurement</b></p> <p>New standards for IT procurement and introduction of digital marketplace</p> <hr/> <p>£100 million upper limit for hosting contracts (except in exceptional circumstances)</p> <hr/> <p>No contract extensions without compelling reasons</p>

The commercial function

The project delivery function

The digital function

The property function



The other functions led by Cabinet Office

The property function

# Government Property Unit

The Cabinet Office defines the role of the property function as:

“Centrally managing the government’s estate in the most efficient and cost-effective way.”

The Cabinet Office published an estate strategy in October 2014, updating its initial June 2013 strategy.

The strategy’s aims are to use the estate to:

- provide value for money for the taxpayer;
- deliver better-integrated public services; and
- act as an enabler for growth.

**The updated strategy plans to continue to reform how the state uses property, so that it:**

- removes artificial boundaries between departments, local authorities and other public bodies;
- works in ways that minimise the need for office space;
- uses what it has more efficiently;
- gets rid of surplus in a way that maximises receipts; and
- boosts growth and supports the creation of new homes.

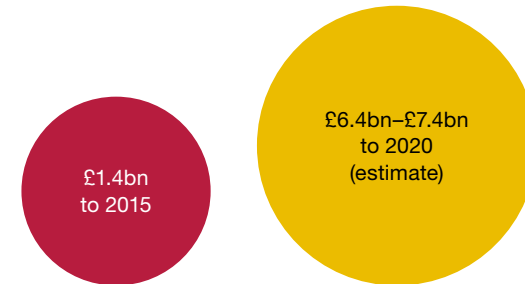
### Staff

The Government Property Unit employed 72 FTE staff in 2014-15, all but 3 of these being operational staff.

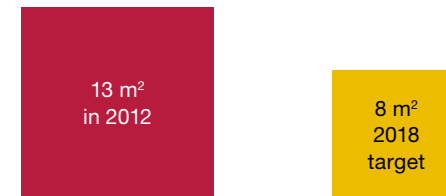
Staff numbers are increasing, up from 60 in 2013-14.

Cross-government savings reported by the Cabinet Office

Cumulative proceeds from all land and buildings sales, since 2010



Average space per full-time employee



Cross-government savings in running costs – £625 million to 2014

The commercial function

The project delivery function

The digital function

The property function



The other functions led by Cabinet Office

**The property function**

## Government Property Unit – planned reforms

Over the past 12 years governments attempted to save money through moving departments to cheaper parts of the country.

To help reduce the costs of its estate, government is looking to reduce the number of its buildings in central London by moving posts to outer London hubs. This strategy will not only deliver greater economic value by government sharing fewer larger buildings, but will utilise new technologies to enable productive, flexible and collaborative working.

Many government IT contracts are due to end in the next 3 or 4 years, which will enable departments to switch staff to newer technology that enables remote working.

**An example of how government ‘gets rid of surplus’**

The Ministry of Defence sold a 250-year-long leasehold in the Old War Office on Whitehall, which will be renovated and transformed into luxury flats and a hotel.



**Budget 2015 announced that:**

“The government will implement a new commercially driven approach to land and property asset management across the central government estate, based on departments paying market-level rents for the freehold assets they own. The government will create a new central body or bodies, which, working under a cross-government framework and direction provided by HM Treasury and the Government Property Unit of the Cabinet Office, will own and manage relevant property and land assets, as well as leasehold assets where appropriate.”

“Implementation of the reform will commence immediately, with the model becoming operational by March 2017, subject to legislation.”

**Annual office costs for a civil servant based in**

Ministry of Defence's main building on Whitehall	£35,000
Croydon	£3,000

**Number of government buildings in central London**

2010	143
2020	Estimated 23



The commercial function

The project delivery function

The digital function

The property function

The other functions led by Cabinet Office

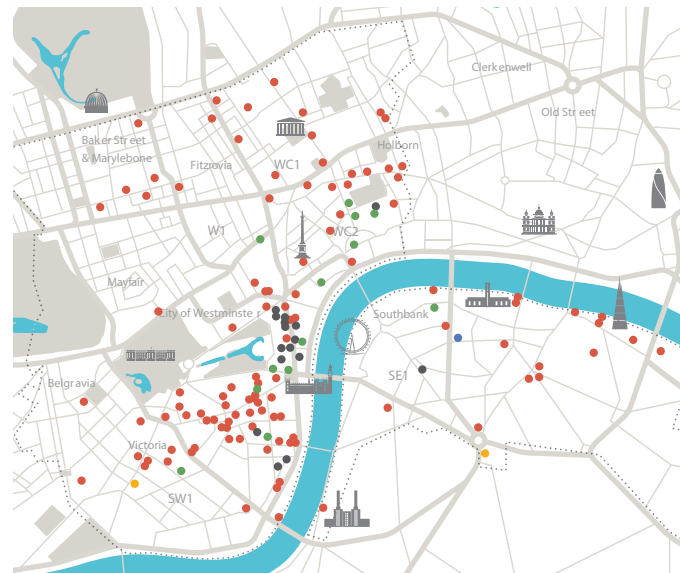


The property function

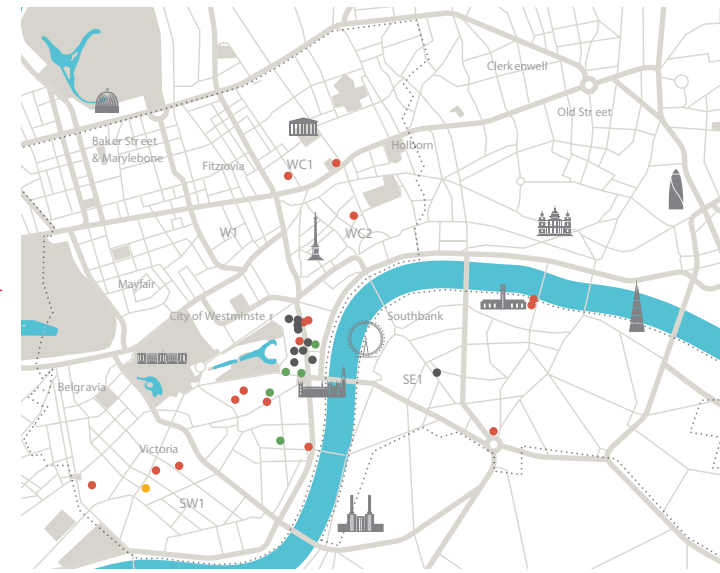
Planned reform of the central government office estate

Planned rationalisation of the Central Government Office Estate, with reductions of more than 2 million square metres since 2010 being claimed.

Central government office estate 2010



Central government office estate 2020



- Leasehold
- Freehold
- PFI
- Serviced office
- Other



The commercial function

The project delivery function

The digital function

The property function

The other functions led by Cabinet Office



### The other functions led by Cabinet Office

## Civil service Human Resources (HR)

The Cabinet Office defines the role of the Human Resources function as:

“To develop and deliver talent strategies and programmes, which attract, develop and retain the most talented people from different professions and backgrounds. Making sure that there is a strong and diverse pipeline of leaders in the civil service.”

“Providing common HR policies and expert services to support departments including recruitment, learning and development and organisational design and development – working as a function across the civil service. Improving the capability and development of the people in the HR function.”

“Supporting civil service workforce reforms, including frameworks for terms and conditions across the civil service and senior civil service pay policy.”

### Civil service Talent Action Plan: removing the barriers to success

In September 2014, the Cabinet Office published proposals to ensure that the best people progress in the civil service, ensuring it remains one of the best and most progressive UK employers. It updated the plan in March 2015.

The plan, which is part of the civil service reform agenda, introduces a series of new measures to ensure that people can reach the top positions regardless of their gender, ethnicity, sexuality or disability.

### NAO work in this area

Our June 2015 report [Central government staff costs](#) found that government departments have made significant reductions in their staff numbers and salary bill since 2010. This has been achieved mainly by minimising recruitment, a cheaper option in the short term than paying staff to leave, but resulting in older staff comprising a greater proportion of the workforce. This changing of the age profile in the civil service might increase the risk of a shortage of talent and skills in future.

We also published a report on equality, diversity and inclusion in the civil service, in June 2015.



The commercial function

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The project delivery function

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The digital function

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The property function

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The other functions led by Cabinet Office

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**The other functions led by Cabinet Office**

## Government Communications Service

The Cabinet Office defines the role of the Communications function as:

“Ensuring the government communicates with the public in a consistent and coordinated manner, using the most effective and efficient media channels.”

“Communicating internally so civil servants are well informed on issues that affect them and fully engaged in the delivery of public services.”

## Other Cabinet Office key delivery areas

# Other key delivery areas

## Fraud, error, debt and grants

In the past 4 years, the Cabinet Office's Fraud, Error and Debt Taskforce has worked across government to identify common initiatives and reduce fraud and error losses where they are known. Initiatives have included spend recovery audits, the Check First agenda, the appointment of board-level accountable individuals in departments and the mapping of counter-fraud activity across government. A debt 'market integrator' (a new public/private joint venture, Indesser) is also being introduced as a single point of access for departments to purchase debt collection, analytics and enforcement services.

Our report [Managing debt owed to government](#), published in February 2014, found that government allows too much overdue debt to age, and this can lead to its value being eroded, as older debt is more difficult to collect. We found conflicting priorities, poor data and uncertainties over departmental take-up had led to delays in agreeing a way forward.

Overdue debt owed to government **£22 billion** at March 2013

**£6 billion** of debt written off as irrecoverable or unlikely to be recovered in 2012-13

Our report [Government grant services](#), published in July 2014, found that government has given less attention to grants than other policy funding mechanisms, despite grant funding being higher in value, making up 41% (£292 billion) of its total expenditure.

## Pensions (Part of Civil service Human Resources)

The Cabinet Office oversees the Civil Service Pension Scheme and the Royal Mail Statutory Pension Scheme.

The C&AG issued a short report on the 2013-14 Civil Superannuation accounts, detailing progress in addressing data quality issues. This covered the completeness and accuracy of data and member records, and deficiencies in control. Data quality is now even more important following the introduction of the new Civil Service Alpha Scheme in April 2015, a career average scheme.

## Other Cabinet Office key delivery areas

# Other key delivery areas

## Office for Civil Society

This area of the Cabinet Office covers: the Big Society agenda; National Citizen Service and youth policy; Social Action; Civil society sector support; Social enterprise and social investment.

We carried out 2 investigations into the Big Society:

- Our initial investigation into grants from the Big Lottery Fund and the Cabinet Office Big Society network and the society network foundation report, published in July 2014, concluded that the Cabinet Office expanded eligibility criteria for organisations after the closing date for applications, failed to identify a lead organisation for a joint bid against its guidance and made a payment to an organisation without referring to its latest financial position.
- Our follow-up: grants to the Big Society Network and the Society Network Foundation, published in November 2014, found that the Cabinet Office does not maintain a detailed database for grant programmes despite its total grant portfolio being more than £100 million a year.

## The security and intelligence agencies

The Cabinet Office has financial responsibility for the security and intelligence agencies. The agencies are:

- Secret Intelligence Service;
- Government Communications Headquarters; and
- the Security Service, also known as MI5.

The C&AG issued an unqualified opinion on the 2013-14 accounts. The governance statement identified cross-cutting risks facing the security and intelligence agencies. These covered recruitment and retention; maintaining capabilities at a pace with technological change; and uncertainty around funding beyond March 2016.

# Appendix One



## Cabinet Office sponsored bodies

### Ministerial departments

[Office of the Leader of the House of Commons](#)

[Office of the Leader of the House of Lords](#)

### Bodies within the Cabinet Office's accounting boundary

[Advisory Committee on Business Appointments](#)

[Commissioner for Public Appointments \(OCPA\)](#)

[Committee on Standards in Public Life](#)

[House of Lords Appointments Commission](#)

[Main Honours Advisory Committee \(Honours and Appointments Secretariat\)](#)

[Parliamentary Boundary Commission for England](#)

[Parliamentary Boundary Commission for Wales](#)

[Security Vetting Appeals Panel](#)

[Senior Salaries Review Body](#)

[Social Mobility and Child Poverty Commission](#)

[The Registrar of Consultant Lobbyists](#)

### Executive non-departmental public bodies (NDPBs)

[Civil Service Commission](#)

[Big Lottery Fund](#)

### Bodies outside the Cabinet Office's accounting boundary (executive agencies)

[Crown Commercial Service – Government Procurement Service.](#)

This service operates as a trading fund.

# Appendix Two



## National Audit Office reports

Publication date	Report title	HC number	Parliamentary session
25 June 2015	Equality, diversity and inclusion in the civil service	HC 88	2015-16
5 June 2015	Central government staff costs	HC 79	2015-16
12 March 2015	The centre of government: an update	HC 1031	2014-15
11 March 2015	Investigation into government travel expenditure	HC 947	2014-15
8 January 2015	Cabinet Office and Department for Business, Innovation & Skills: paying government suppliers on time	HC 906	2014-15
6 January 2015	Central government's implementation of the National Compact: a follow-up	–	2014-15
28 November 2014	The Big Lottery Fund and the Cabinet Office – follow-up to the Big Society Network and the Society Network Foundation	HC 840	2014-15
10 September 2014	Update on the National Cyber-Security Programme	HC 626	2014-15
4 September 2014	Transforming government's contract management	HC 269	2014-15
21 July 2014	Investigation into grants from the Big Lottery Fund and the Cabinet Office to the Big Society Network and the Society Network Foundation	HC 572	2014-15
16 July 2014	The 2013-14 savings reported by the Efficiency and Reform Group	HC 442	2014-15
3 July 2014	Government grant services	HC 472	2014-15
19 June 2014	The centre of government	HC 171	2014-15
31 March 2014	Update on the next-generation Shared Services strategy	HC 1101	2013-14
14 February 2014	Managing debt owed to central government	HC 967	2013-14
7 February 2014	Progress on public bodies reform	HC 1048	2013-14

## Appendix Two

### National Audit Office reports

Publication date	Report title	HC number	Parliamentary session
31 January 2014	Forecasting in government to achieve value for money	HC 969	2013-14
12 November 2013	The role of major contractors in the delivery of public services	HC 811	2013-14
12 November 2013	Managing government suppliers	HC 810	2013-14
12 September 2013	Spinning-out MyCSP as a mutual joint venture	HC 538	2013-14
11 September 2013	Managing the risk of legacy ICT to public service delivery	HC 539	2013-14
8 July 2013	The 2012-13 savings reported by ERG	HC 126	2013-14
21 June 2013	Confidentiality clauses and special severance payments	HC 130	2013-14
19 June 2013	Building capability in the senior civil service to meet today's challenges	HC 129	2013-14
13 June 2013	Financial management in government	HC 131	2013-14
17 April 2013	Cabinet Office – The Efficiency and Reform Group	HC 965	2012-13