National Audit Office

Departmental Overview

The performance of the Cabinet Office 2013-14

NOVEMBER 2014

Our vision is to help the nation spend wisely.

Our public audit perspective helps Parliament hold government to account and improve public services.

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 820 employees. 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 £1.1 billion in 2013.

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Links to external websites were valid at the time of publication of this report. The National Audit Office is not responsible for the future validity of the links.

Introduction

Aim and scope of this briefing

1 The primary purpose of this report is to provide the Public Administration Select Committee with a summary of the Cabinet Office's (the Department's) activity and performance since September 2013, based primarily on published sources, including the Department's own accounts and the work of the National Audit Office (NAO).

2 Part One focuses on the Department's activity over the past year. Part Two examines developments in this Parliament. Part Three concentrates on NAO analyses of activity over the last year. Part Four takes the form of a case study, looking in greater detail at the Electoral Registration Transformation Programme, a key issue for the Department at the current time.

3 The content of the report has been shared with the Department to ensure that the evidence presented is factually accurate.

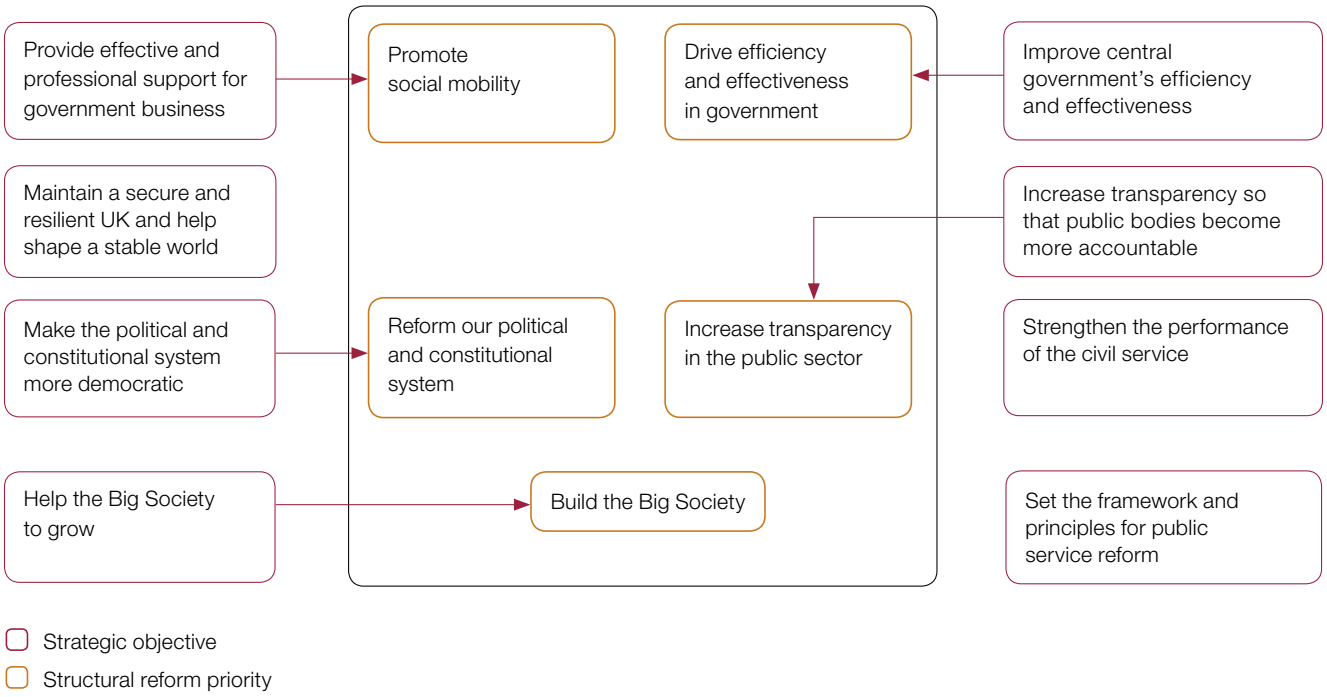
Part One

About the Cabinet Office

The Cabinet Office's responsibilities

1.1 The Cabinet Office (the Department) works to ensure the successful and efficient delivery of the government's agenda and to help departments achieve their objectives. In partnership with HM Treasury, it acts as the corporate headquarters for government, and provides support to the Prime Minister and Deputy Prime Minister. Alongside this, as part of these more general responsibilities, the Department leads on a number of specific coalition government priorities. **Figure 1** shows the Department's strategic objectives and how these relate to the coalition government's structural reform priorities, set out in 2010.

Figure 1
The Cabinet Office's responsibilities



Source: National Audit Office, adapted from the Cabinet Office *Annual Report and Accounts 2013-14*

1.2 Lord Browne, the lead non-executive director said in 2014 that "compared to other government departments, the Cabinet Office has a remit of unusual breath and depth, which changes regularly to reflect the evolution of government and civil service priorities. It is therefore essential for the Department continually to clarify its strategic purpose".[1]

1.3 During the course of this Parliament the Cabinet Office has increasingly taken on delivery responsibilities in addition to its policy role.

How the Cabinet Office is organised

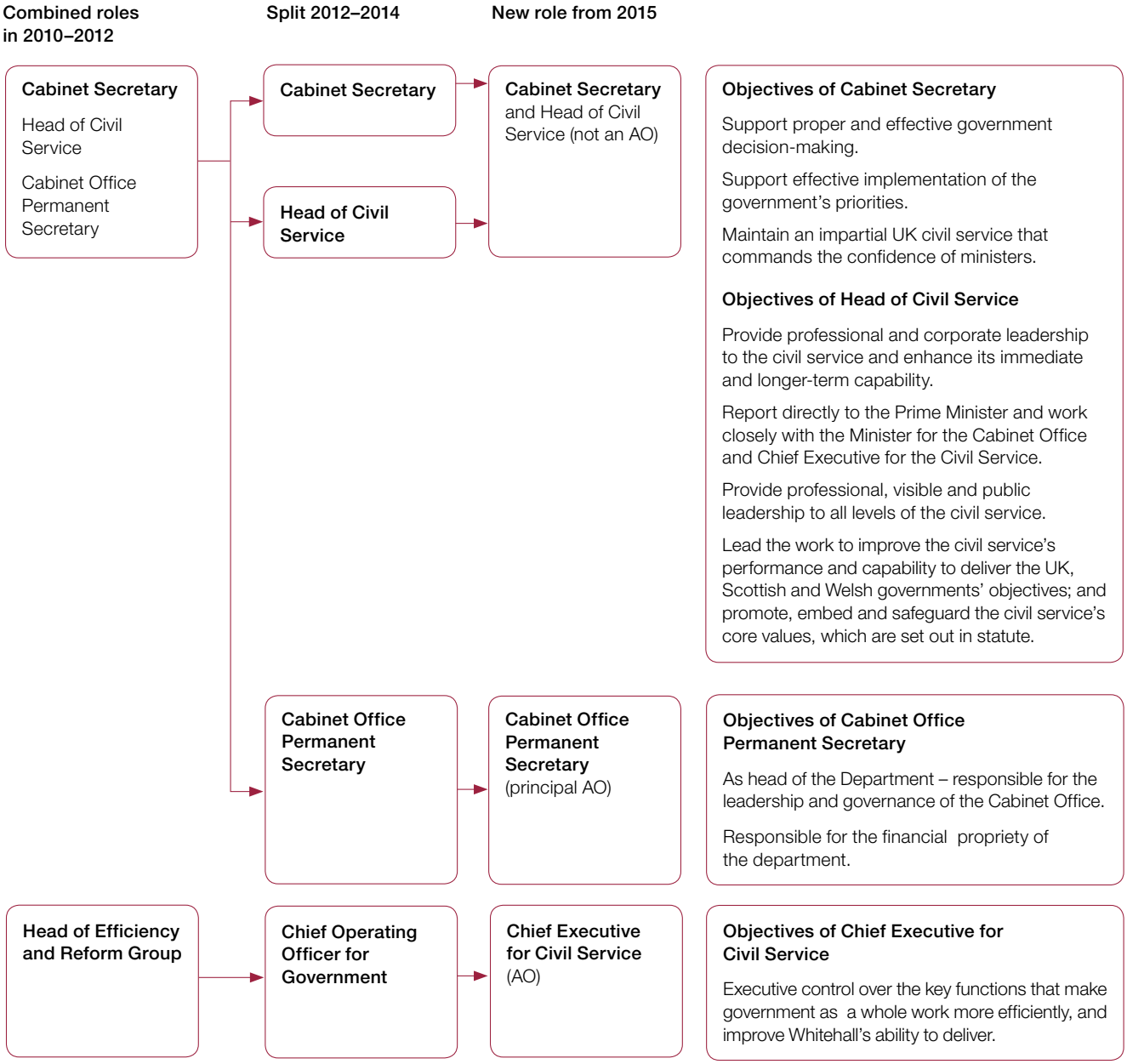
1.4 As of November 2014 the Cabinet Office supported a total of 12 ministers, including the Prime Minister, Deputy Prime Minister and leaders of the House of Lords and House of Commons. The Departmental Board is responsible for: planning and performance, strategy and learning, resources and change, capability and risk. It is made up of 3 ministers, 3 non-executive members and 7 senior officials.

1.5 Traditionally, the Cabinet Office contains the most senior civil service roles, including the Cabinet Secretary and Head of the Civil Service. Over the current Parliament, there have been 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 in a deliberate strengthening of the corporate centre designed to deliver efficiency savings. This culminated in October 2014 in the appointment of the first Chief Executive for the Civil Service, who is to have executive control over government's corporate functions. The holder of the post will sit on the Civil Service Board, attend Cabinet and support the Cabinet Secretary as Head of the Civil Service in performance managing the other Whitehall permanent secretaries (**Figure 2**).[2]

1.6 The objectives of the Cabinet Office Permanent Secretary, the Cabinet Secretary and Head of the Civil Service are shown in Figure 2. The Department will also publish the objectives of the Chief Executive for Civil Service once the terms of the role are finalised. A high-level overview of the groups reporting to these senior staff at October 2014 is at **Figure 3** on pages 8 and 9, athough some changes to this structure are expected following the creation of the Chief Executive role.

1 Cabinet Office, *Annual Report and Accounts 2013-14*, HC 3, June 2014. Available at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/325328/41432_HC_Cabinet_Office_annual_report_2013-14_accessible.pdf
2 Cabinet Office, Chief executive for civil service appointed, press release 2 October 2014. Available at: www.gov.uk/government/news/chief-executive-for-civil-service-appointed

Figure 2
Leadership of the Cabinet Office



Notes

1 A detailed description of the roles and objectives is available at: www.gov.uk/government/publications/permanent-secretaries-objectives-2014-to-2015

2 The current Cabinet Office Permanent Secretary is also First Parliamentary Counsel and oversees the Government in Parliament Group.

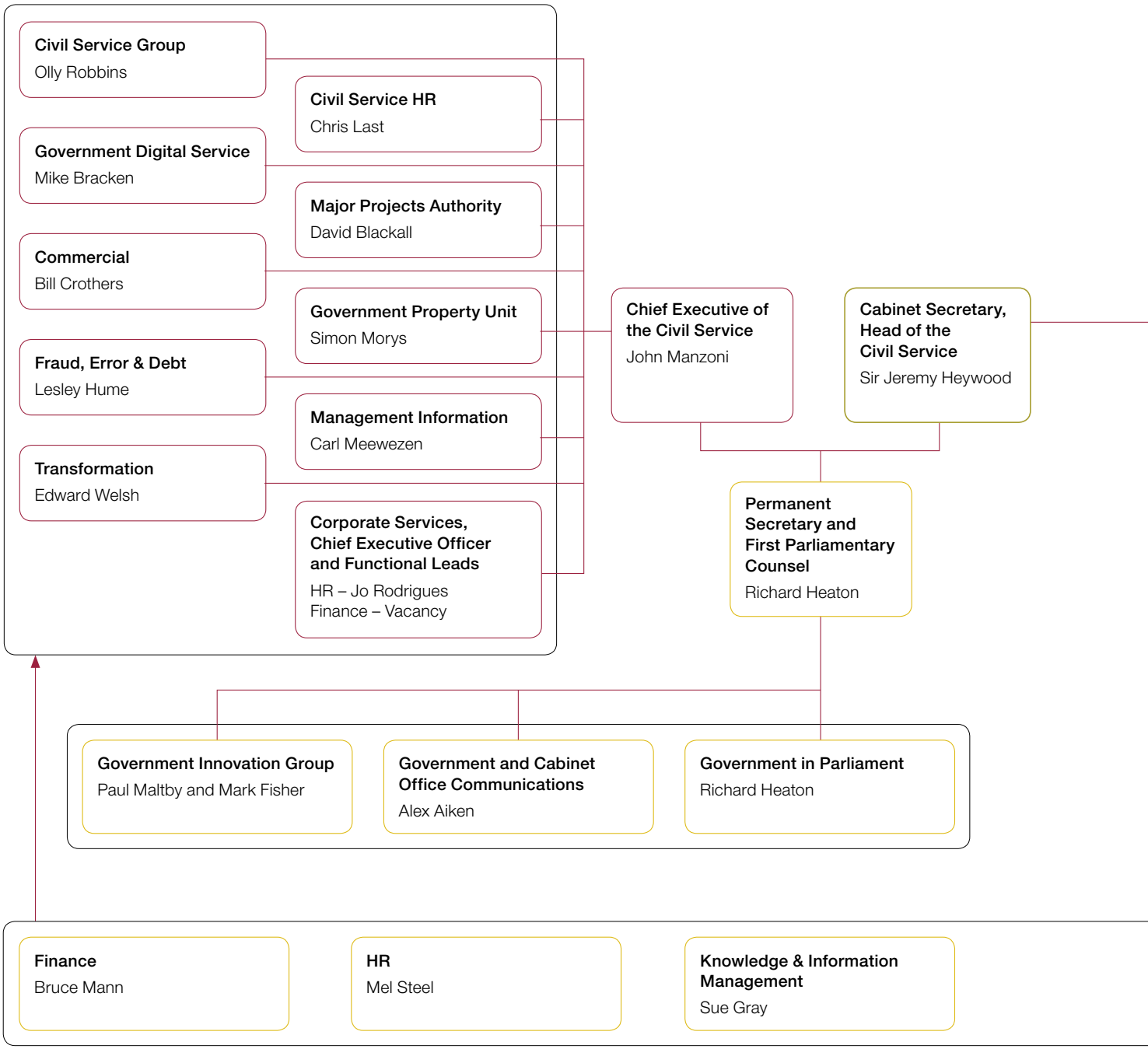
3 The current Cabinet Office Permanent Secretary is also accounting officer for the Civil Superannuation Account (Available at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/371361/44319_HC_43__civil_superannuation_print_ready.pdf), the Royal Mail Statutory Pension Scheme Account (Available at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/356952/41784_HC_49_Royal_Mail_Pension_Scheme_printing.pdf) and Returning Officers' Expenses England and Wales Account (Available at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/354165/42940_HC_619_ROE_Accessible.pdf)

4 Sir Kim Darroch acts as principal accounting officer for the Security and Intelligence Agencies Account. Available at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/323828/S_IA_financialstatement_2013-14_print.pdf.

Source: National Audit Office analysis based on Cabinet Office data

Figure 3

Structure of the Cabinet Office including its reporting lines at November 2014

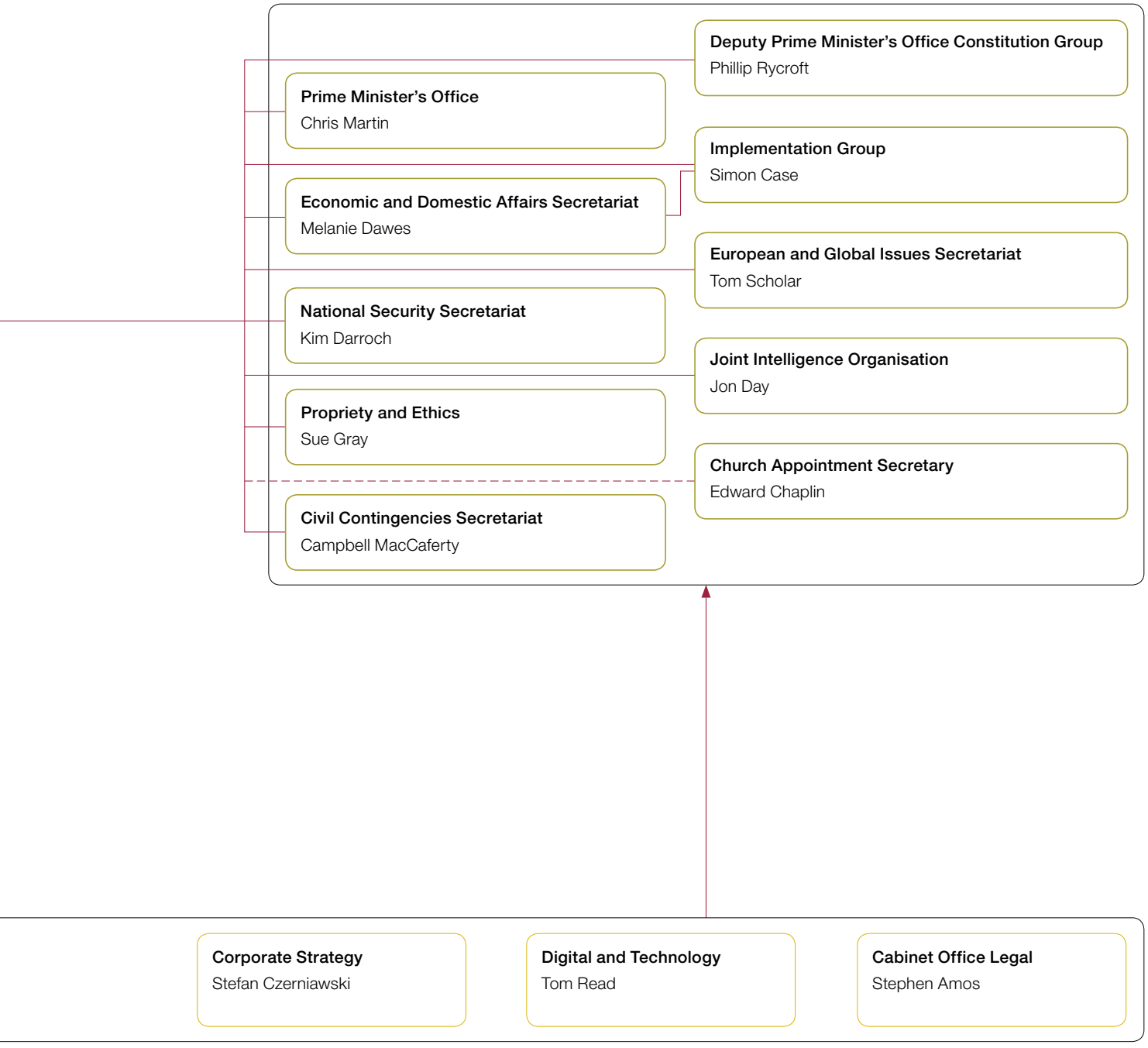


Notes

1 The Cabinet Office supports the Prime Minister, Deputy Prime Minister and Minister for the Cabinet Office and ensures the effective running of government.

2 The Cabinet Office is split into 3 main areas, with Corporate Services support functions that have interactions with all areas.

Source: The Cabinet Office


Deputy Prime Minister's Office Constitution Group
Phillip Rycroft
Prime Minister's Office
Chris Martin
Implementation Group
Simon Case
Economic and Domestic Affairs Secretariat
Melanie Dawes
European and Global Issues Secretariat
Tom Scholar
National Security Secretariat
Kim Darroch
Joint Intelligence Organisation
Jon Day
Propriety and Ethics
Sue Gray
Church Appointment Secretary
Edward Chaplin
Civil Contingencies Secretariat
Campbell MacCaferty
Corporate Strategy
Stefan Czerniawski
Digital and Technology
Tom Read
Cabinet Office Legal
Stephen Amos

Where the Cabinet Office spends its money

1.7 The Cabinet Office spent £609.9 million in 2013-14, making it one of the lowest-spending departments. As in 2012-13, the largest component of the Department's resource expenditure related to the Government Innovation Group, at £221 million (**Figure 4**). The role of this group is to promote new approaches to tackle social problems so public services can deliver better with less. The Department spent approximately £134 million on grants in 2013-14, with £84.3 million of this being spent on the National Citizen Service, a government-backed programme for young people.

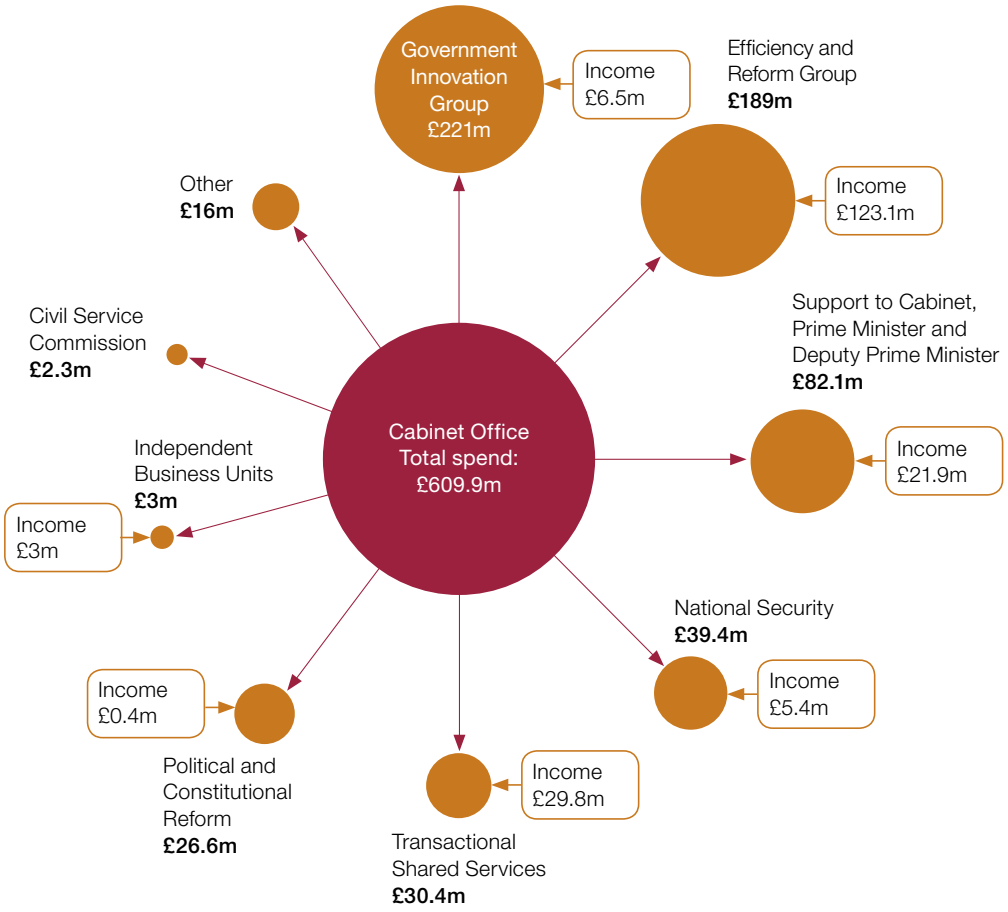
1.8 In addition, the Cabinet Office oversees the Principal Civil Service Pension Scheme and is responsible for development of policy and maintenance of scheme rules as well as the scheme finances. This includes production of the annual accounts, although the figures are not consolidated into the Cabinet Office Resource Account. As at 31 March 2014, the scheme's pension liability was £175.7 billion. Net pension expenditure for 2013-14 was £7.2 billion. The total pension liability for the Royal Mail Statutory Pension Scheme was £36.8 billion at 31 March 2014 and net expenditure for the year totalled £1.3 billion. The Department also has financial responsibility for the security and intelligence agencies, which incurred a net expenditure of £2.1 billion in 2013-14.[3]

1.9 The Cabinet Office has 8 major projects, of which the 3 largest are National Citizen Service, National Cyber-Security Programme and Electoral Registration Transformation Programme (**Figure 5** on page 12).

3 Security and Intelligence Agencies, *Financial Statement 2013-14*. Available at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/323828/S_IA_financialstatement_2013-14_print.pdf

Figure 4

Where the Cabinet Office spent its money in 2013-14



Notes

1 The expenditure figures refer to gross resource expenditure within the departmental expenditure limit (DEL).

2 Independent Business Units includes work carried out by the Iraq Inquiry, Detainee Inquiry, Committee for Standards in Public Life and the Intelligence and Security Committee.

3 Political and Constitutional Reform delivers day-to-day policy and operational work on issues relating to the constitutional structure of the UK and electoral law, policy and conduct and also includes ministerial sponsorship of the Independent Parliamentary Standards Authority. Additionally, the segment covers the implementation of Individual Electoral Registration.

4 The Government Innovation Group develops new approaches to tackle social problems in order that public services can deliver better with less.

5 The programme costs and income relating to Transactional Shared Services are for monies paid and collected by the Cabinet Office in relation to services provided by SSC, the Shared Service Centre, that it became accountable for from 1 April 2013 until the Shared Services Connected Ltd associate was created on 1 November 2013.

Source: Cabinet Office, *Annual report and Accounts 2013-14*, HC 3, June 2014

Figure 5
The Cabinet Office's 3 largest projects

Project/Programme	Description	Budget (£m)		Recent developments and Major Projects Authority rating at September 2013
National Cyber-Security Programme	This programme is managed by the Office of Cyber-Security and Information Assurance in the Cabinet Office. The programme has 4 objectives: • tackling cyber-crime and making the UK one of the most secure places in the world to do business; • making the UK more resilient to cyber-attack and better able to protect our interests in cyberspace; • helping shape an open, vibrant and stable cyberspace that the United Kingdom public can use safely and that supports open societies; and • building the UK's cross-cutting knowledge, skills and capability to underpin all our cyber-security objectives.	860	Amber/ green	We reported on the programme in September 2014 and found good progress being made in implementing it. We discuss these findings in Part Three of this report.
National Citizen Service	This programme, which is run by the Office for Civil Society, aims to provide young people with skills for citizenship and community engagement.	325	Amber	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. The evaluation is discussed in Part Two of this report.
Electoral Registration Transformation Programme	This programme intends to change electoral registration to require individual voters rather than households to register. It is run by a special project team.	171	Amber	The programme has now successfully gone live. We discuss the programme in our case study section, Part Four of this report.

Amber/green	Successful delivery appears probable; however, constant attention will be needed to ensure risks do not materialise into major issues threatening delivery.
Amber	Successful delivery appears feasible but significant issues already exist requiring management attention. These appear resolvable and at this stage if addressed promptly should not present a cost/schedule overrun.

Source: Major Projects Authority annual data at September 2013, the latest made available by the Major Projects Authority. Available at: www.gov.uk/government/publications/major-projects-authority-annual-report-2014

1.10 Although its direct spend is relatively small, the Cabinet Office's central role means that it is involved in implementing a wide range of government priorities and practices, and the value for money of many billions of pounds of spending, through its efficiency and reform activity. For example:

- The Department has taken a lead with HM Treasury on the management of debt owed to government, estimated at £22 billion as at March 2013. The Debt Market Integrator is due to go live in March 2015, and will play a central role in this, helping departments identify, analyse, assess and recover debt, and negotiating debt collection contracts with the private sector on behalf of government;
- The Department and HM Treasury have worked with departments to reduce fraud and error loss where this is identified;
- The Department is also working to improve grant-making across government through:
    - reducing the cost of administering government grants;
    - reducing losses from fraud and error in grants; and
    - improving the effectiveness of government grants.
- The Department's Government Property Unit is working to reduce the number of properties in the central civil estate to deliver savings. The Cabinet Office's new Crown Commercial Service has a crucial role in reforming the way government ensures it gets value for money from the £16 billion spent each year on government's strategic suppliers. 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.
- The Major Projects Authority, led by the Cabinet Office, collaborates with HM Treasury and departments with an aim of significantly improving the delivery success rate of major projects across central government.

Staff engagement

1.11 The government has conducted its Civil Service People Survey annually for the past 5 years. The most recent survey was carried out during October 2013. Continuing our practice in past briefings, we summarise here the views of the Department's staff on a number of key issues, and compare them with benchmarks for the civil service as a whole. Detailed results for all departments are reproduced at Appendix Two.

1.12 The survey includes a range of questions across 9 themes, which seek to measure the experiences of civil servants at work. **Figure 6** on pages 15 and 16 and **Figure 7** on page 17 list the results for the Department, covering the themes of leadership and managing change, organisational objectives and purpose. Figure 6 also lists resources and workload, pay and benefits and organisational culture. Across these themes the Department has improved its score in some areas and worsened in others. Overall, the Department remains below the civil service average.

1.13 As part of the annual survey, each department receives a staff 'engagement index', assessing the extent to which staff speak positively of the organisation, are emotionally attached and committed to it, and are motivated to do the best for the organisation. The Department's engagement index, which improved 1 point in 2012, improved another point in 2013 to 61%, now 3 points above the civil service average.

Departmental Improvement Plan

1.14 The Department published a Departmental Improvement Plan in March 2014 setting out 16 actions grouped under 5 goals where the Department thinks improvements are necessary and achievable.[4] The 5 goals are:

- building clear and consistent external relationships;
- improving IT communication and collaboration;
- embedding innovation and creativity;
- enhancing capability; and
- improving line management and personal development.

1.15 The Department has set out actions against each priority goal and has included indicative measures it can use to monitor progress. In his foreword to the plan, the Permanent Secretary to the Cabinet Office committed to monitoring the plan and reporting progress.

4 Cabinet Office, *Departmental Improvement Plan*, March 2014. Available at: www.gov.uk/government/publications/cabinet-office-departmental-improvement-plan

Figure 6

To illustrate the attitudes of Cabinet Office staff

	Strength of response: strongly agree, agree, neither, disagree and strongly disagree (left to right)	Cabinet Office score (% positive)	Change from 2012 survey	Variance from civil service average
Theme scores				
Engagement index				
Overall engagement score	Not applicable	61	+1	+3
Leadership and managing change				
Senior civil servants in the Cabinet Office are sufficiently visible	11 42 25 17 5	53	+6	+2
I feel that the Department as a whole is managed well	5 34 35 19 7	39	+1	-4
When changes are made in the Department they are usually for the better	3 22 51 17 7	25	+2	-2
The Department keeps me informed about matters that affect me	6 53 26 11 4	59	+2	+1
I have the opportunity to contribute my views before decisions are made that affect me	4 30 34 24 8	34	+1	-2
I think it is safe to challenge the way things are done in the Department	7 35 33 16 9	42	+1	+3
Organisational objectives and purpose				
I have a clear understanding of the Department's purpose	18 55 17 8 2	73	0	-12
I have a clear understanding of the Department's objectives	14 49 23 11 3	63	0	-17
I understand how my work contributes to the Department's objectives	23 50 17 7 3	73	0	-9

Figure 6 *continued*
To illustrate the attitudes of Cabinet Office staff

	Strength of response: strongly agree, agree, neither, disagree and strongly disagree (left to right)	Cabinet Office score (% positive)	Change from 2012 survey	Variance from civil service average
Resources and workload				
In my job I am clear what is expected of me	28 / 54 / 10 / 7 / 1	81	+2	-2
I have an acceptable workload	11 / 51 / 16 / 14 / 6	63	-1	+3
I achieve a good balance between my work life and my private life	17 / 47 / 16 / 14 / 6	64	0	-4
Pay and benefits				
I feel my pay adequately reflects my performance	4 / 25 / 21 / 29 / 21	29	-1	0
Organisation culture				
I believe I would be supported if I try a new idea, even if it may not work	26 / 51 / 13 / 7 / 2	78	+7	+11
When I talk about the Cabinet Office I say "we" rather than "they"	24 / 43 / 19 / 10 / 4	68	-10	0

Notes

1 Percentage positive measures the proportion of respondents who selected either 'agree' or 'strongly agree' for a question.

2 The 2012 benchmark is the median per cent positive across all organisations that participated in the 2012 Civil Service People Survey.

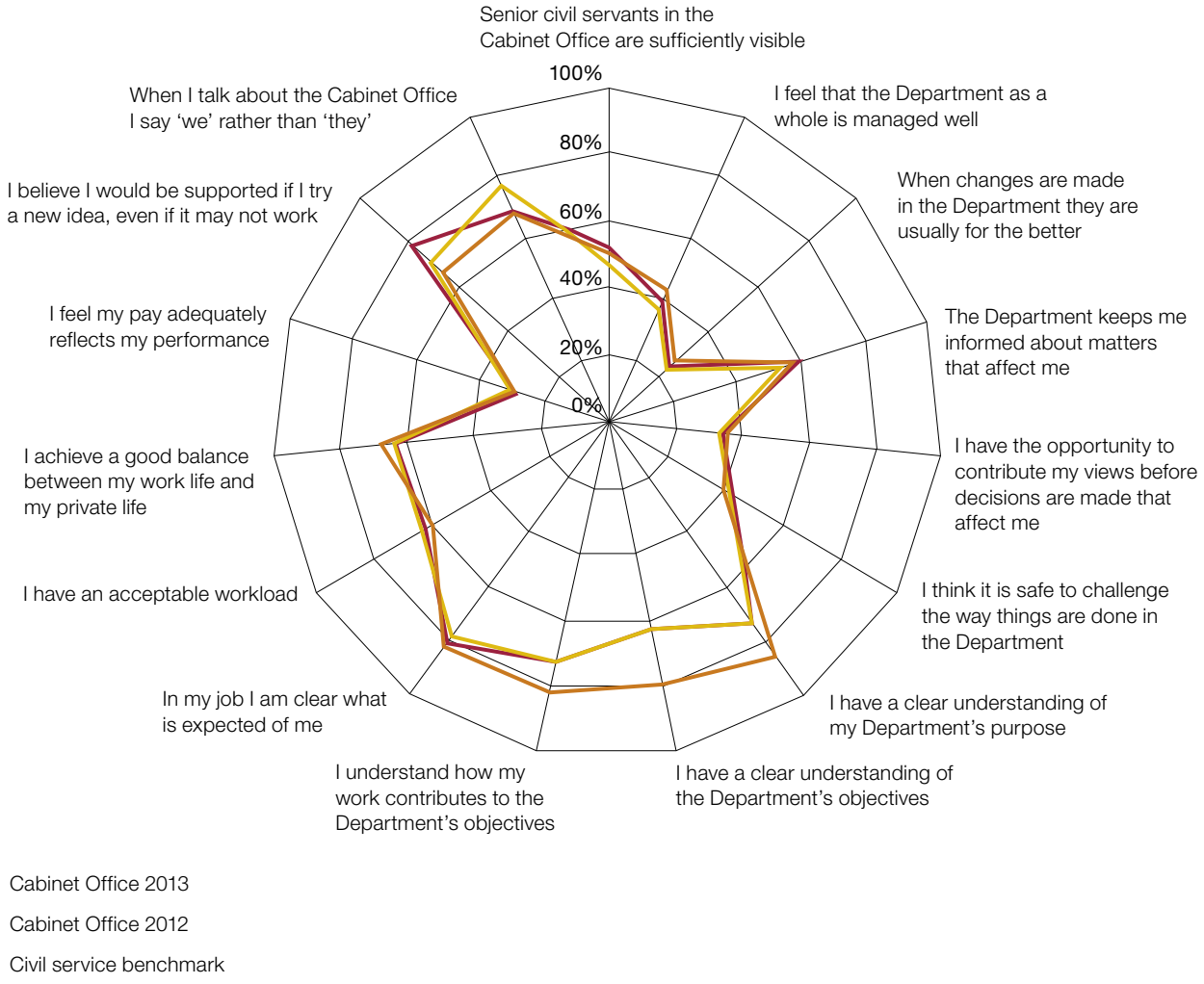
3 These are the results from the core Cabinet Office and do not include staff from the Government Procurement Service (a separate survey was completed for this organisation). These staff transferred over in 2010-11.

4 Numbers do not sum to 100% due to rounding.

Source: Cabinet Office, *Civil Service People Survey 2013 Summary of findings*, November 2013. Available at: http://resources.civilservice.gov.uk/wp-content/uploads/2013/11/csps2013_benchmark_report_20121125.pdf

Figure 7

Detailed breakdown of Cabinet Office's staff attitudes to 'leadership and managing change' and 'organisational objectives and purpose' themes



Source: National Audit Office derived from data in Cabinet Office, *Civil Service People Survey 2013 Summary of findings*, November 2013. Available at: http://resources.civilservice.gov.uk/wp-content/uploads/2013/11/csps2013_benchmark_report_20121125.pdf

Part Two

Developments in this Parliament

Changes to the Cabinet Office's spending since 2010

2.1 The 2010 Spending Review Settlement provided for a real reduction in non-ring-fenced Resource DEL of 35% on the Cabinet Office's (the Department) 2011-12 baseline after excluding all changes in departmental responsibilities. The profile of the Department's actual spend over the Parliament has also been affected by:

- the Department acquiring additional responsibilities as a result of a number of 'machinery of government' changes (**Figure 8**);
- the increasing role of the corporate centre, as a provider of services to other departments such as transactional shared services;
- an increasing programme of constitutional and electoral reform work; and
- the creation of the Crown Commercial Service.

2.2 The Department's budget reductions have been made on a year-by-year basis since 2011-12. The Department delivered headcount reductions which mainly crystallised in 2011-12. However, these reductions are offset by the changes in the Department's profile. In 2011-12, for example, 538 staff were transferred into the Cabinet Office as part of machinery of government changes (**Figure 9** on page 20).

2.3 The 2013 Spending Round Settlement provides for a real reduction in non-ring fenced Resource DEL of 10% on the Department's 2014-15 baseline, setting a budget of £300 million for 2015-16. The Department intends to achieve this largely through efficiency savings within the core department, including pay restraint, a reduction in information technology running costs and completion of the Department's estate consolidation programme. Supply estimates are the means by which the government seeks authority from Parliament for its own spending each year. The main estimates start this process and are presented to Parliament by HM Treasury at the start of the financial year to which they relate. The Department's main estimate for its gross resources 2014-15 totals £754 million.[5]

5 HM Treasury, *Central Government Supply Estimates 2014-15* (Main Supply Estimates), April 2014. Available at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/306926/main_supply_estimates_2014_2015_web.pdf p. 603.

Figure 8

Machinery of government transfers into the Cabinet Office during the current Parliament

Machinery of government transfer	Date
Direct.gov, transferred from the Secretary of State for Work & Pensions. Direct.gov was the government's digital service for UK citizens, which provided a single point of access to public sector information and services. It is now subsumed as part of the Government Digital Service.	1 April 2011
Responsibility for political and constitutional reform, transferred from Ministry of Justice.	1 April 2011
The National School of Government, a Non-Ministerial Department which ran training and consultancy courses for civil servants.	1 April 2011
Office of Government Commerce and the Executive Agency Government Procurement Service (formerly, Buying Solutions) were transferred from HM Treasury. They became part of the Efficiency and Reform Group so that common interests could be pursued and linked together, such as contract renegotiation involving IT and non-IT procurement. In April 2014 Government Procurement Service plus the procurement policy teams in the Efficiency and Reform Group formed the core of the Crown Commercial Service.	1 April 2011
The Government Property Unit, transferred from the Department of Business, Innovation & Skills. The unit works collaboratively across the public sector, aiming to create an effective and efficient government estate that provides value to the taxpayer, reduces environmental impact and enables improvements in the way people work.	1 April 2011
The Royal Mail Statutory Pension Scheme, moved from the Department for Business, Innovation & Skills following a review of where the scheme would best sit in government.	1 April 2013
Accountability for IT, employee and financial transactional shared services to other public sector bodies, formerly provided by the Department for Work & Pensions.	1 April 2013

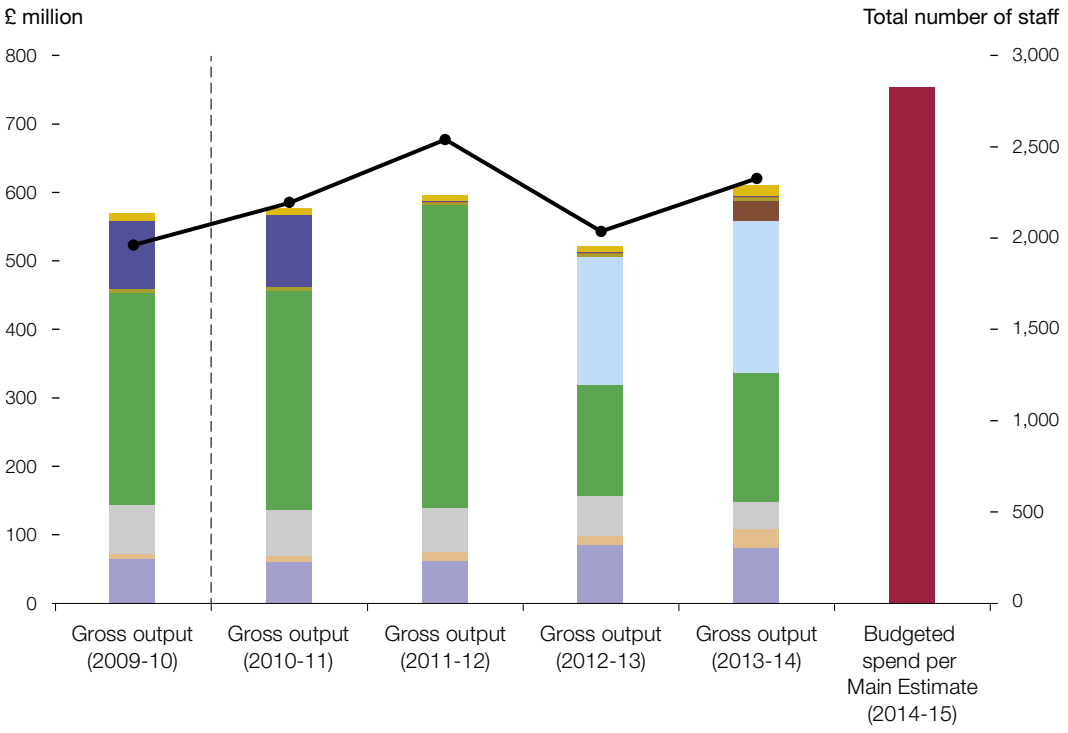
Source: Cabinet Office, *Annual report and Accounts 2010-11, 2011-12, 2012-13* and *2013-14*

2.4 The Department has budgeted approximately £148 million in 2015-16 to fund the 2015 general election, the Parliamentary Boundary Review and continued support for Individual Electoral Registration arrangements. Our case study, Part Four of this report, examines the Electoral Registration Transformation Programme. The majority of the £112 million whole-life cost of this programme is expected to fall in 2014-15 when individual electoral applications will be processed.

2.5 The Cabinet Office has seen increased levels of income over the Parliament, from £56.5 million in 2010-11 to £190 million in 2013-14. Much of this increase relates to reimbursement of services provided to other departments.

Figure 9

The Cabinet Office's gross resource outturn by operating segment and budgeted spend



- Total spend
- Other administrative
- Consolidated Fund Standing Services (Election Expenses)
- Civil Service Commission
- Independent Business Units
- Transactional Shared Service
- Government Innovation Group
- Efficiency and Reform
- National Security
- Political and Constitutional Reform
- Support to the Cabinet, Prime Minister and Deputy Prime Minister
- Headcount

Notes

1 Gross outturn in 2013-14 is the highest for this Parliament, at £610 million.

2 The large proportion of Consolidated Fund Standing Services in 2010-11 is attributable to the general election and is something that can be expected to be seen again in May 2015.

3 Government Innovation Group was contained within Efficiency and Reform in 2010-11 and 2011-12 but is now reported separately.

4 Transactional Shared Services is a new form of expenditure in 2013-14 as it relates to operation of the Independent Shared Service Centre.

5 2009-10 figures have been included to show levels of expenditure in the previous Parliament. However, spending was not reported by operating segment (eg, Efficiency and Reform, National Security, etc) but by strategic objective. In order to create a like-for-like comparison, the strategic objectives have been matched to a corresponding operating segment.

6 An average 430 people worked for the Government Procurement Service, an executive agency, during the year ended 31 March 2014. (On 1 April 2014 Government Procurement Service was replaced by Crown Commercial Service).

7 Budgeted spend in 2014-15 is taken from the 2013 Spending Review.

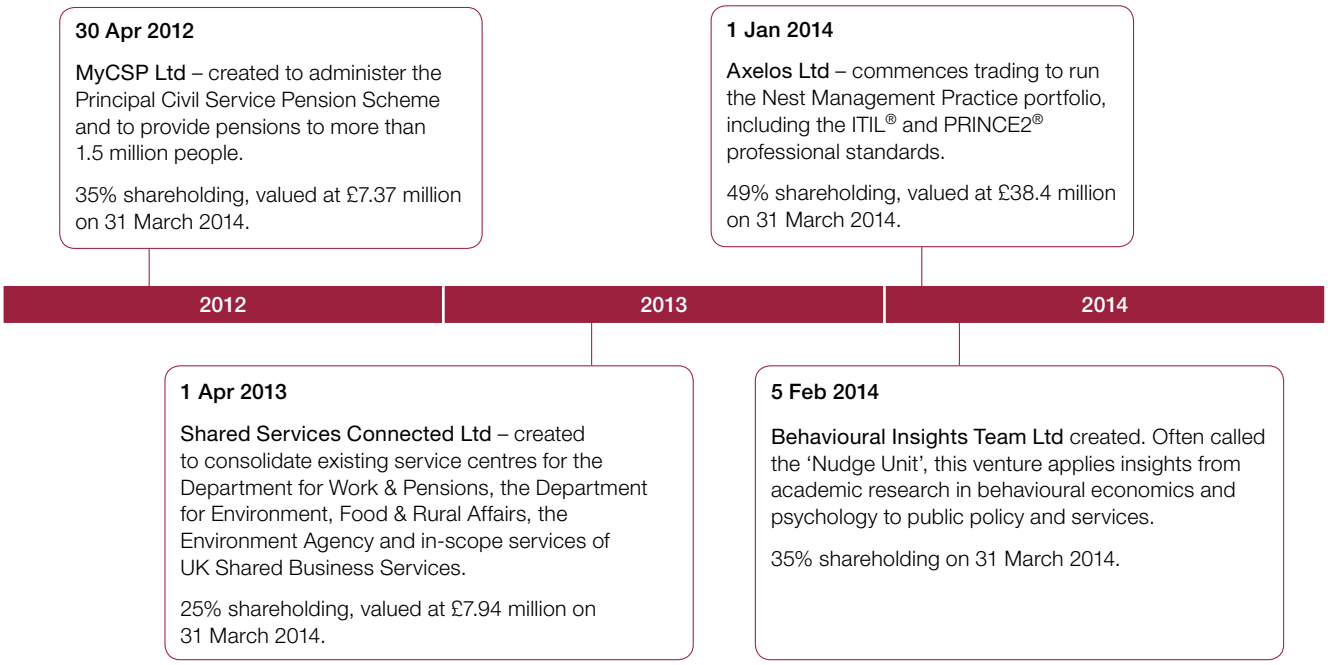
Source: Cabinet Office, *Annual report and Accounts 2013-14*, HC 3, June 2014

2.6 The Department has also created several spin-out joint ventures (**Figure 10**). These are organisations that have transitioned out of a public sector body to become an independent public sector provider, often under an initial contract with their parent authority.

Policy and delivery: major developments since 2010

2.7 The story of the key developments in the Department's role and responsibilities is summarised in **Figure 11** on pages 22 and 23. This section looks in more detail at major developments over the life of this Parliament under 2 key areas of the Department's work on: **efficiency and the changing role of the centre of government**; and **civil service reform**.

Figure 10
Timeline of Cabinet Office's joint ventures



Notes

1 Valuations subject to fluctuate over time.

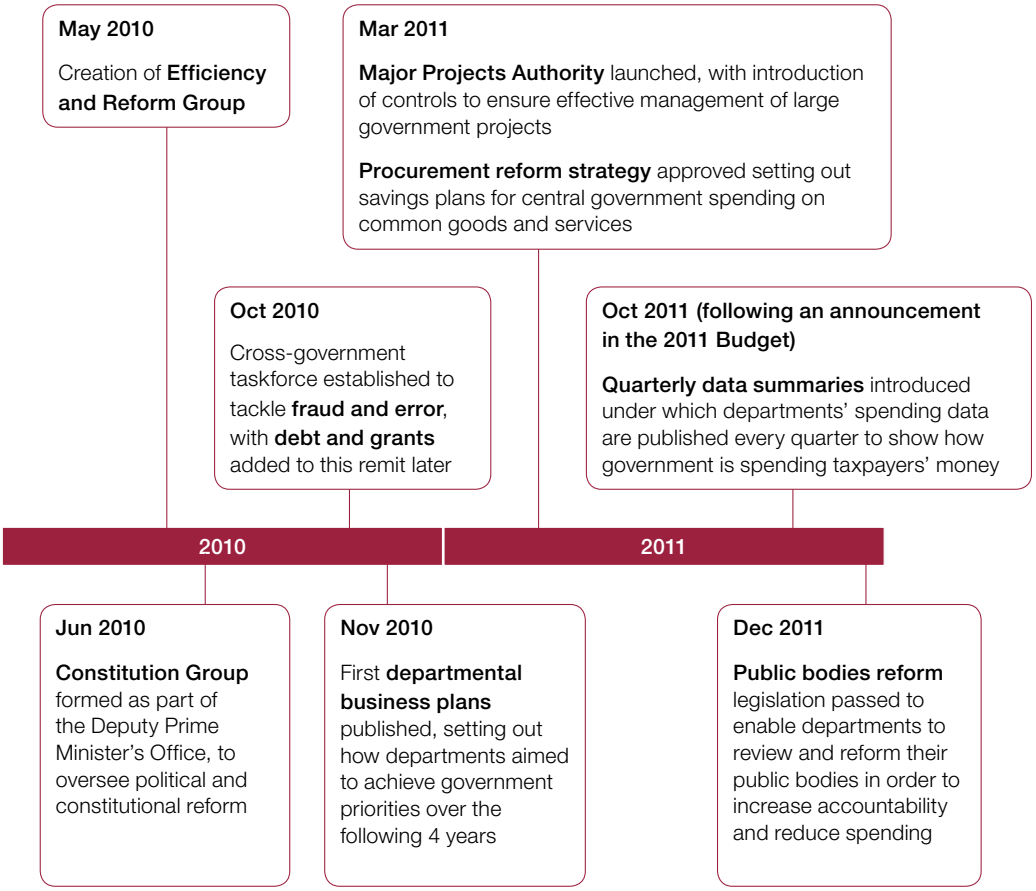
2 Behavioural Insights Team Limited will prepare its first published accounts for the 14-month period from 4 February 2014 to 31 March 2015 and consequently Cabinet Office has not recognised its share of this associate's net assets in 2013-14.

3 A full analysis of all shareholders is available in each company's annual return, available from Companies House.

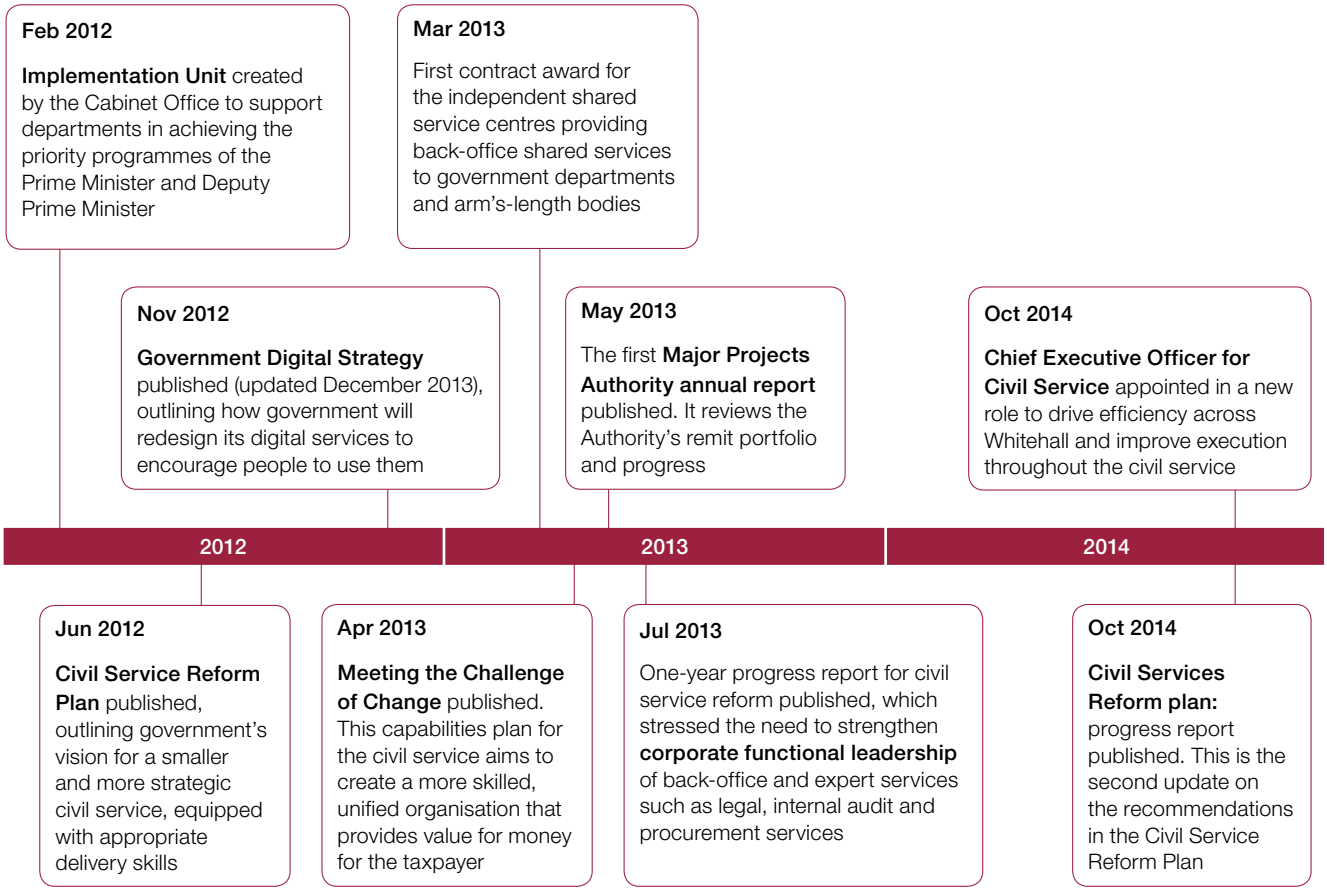
Source: National Audit Office, adapted from the Cabinet Office *Annual Report and Accounts 2013-14*, HC 3, June 2014

Figure 11

Key developments in the Cabinet Office's central role since 2010



Source: National Audit Office, *The centre of government*, Session 2014-15, HC 171, June 2014. Adapted from Figure 7


Feb 2012
Implementation Unit created by the Cabinet Office to support departments in achieving the priority programmes of the Prime Minister and Deputy Prime Minister
Mar 2013
First contract award for the independent shared service centres providing back-office shared services to government departments and arm's-length bodies
Nov 2012
Government Digital Strategy published (updated December 2013), outlining how government will redesign its digital services to encourage people to use them
May 2013
The first **Major Projects Authority annual report** published. It reviews the Authority's remit portfolio and progress
Oct 2014
Chief Executive Officer for Civil Service appointed in a new role to drive efficiency across Whitehall and improve execution throughout the civil service
2012
2013
2014
Jun 2012
Civil Service Reform Plan published, outlining government's vision for a smaller and more strategic civil service, equipped with appropriate delivery skills
Apr 2013
Meeting the Challenge of Change published. This capabilities plan for the civil service aims to create a more skilled, unified organisation that provides value for money for the taxpayer
Jul 2013
One-year progress report for civil service reform published, which stressed the need to strengthen **corporate functional leadership** of back-office and expert services such as legal, internal audit and procurement services
Oct 2014
Civil Services Reform plan: progress report published. This is the second update on the recommendations in the Civil Service Reform Plan

Efficiency and the changing role of the centre

2.8 Government set up the Efficiency and Reform Group (ERG) within the Cabinet Office in May 2010 to tackle inefficiencies in how government carries out common functions. Its creation signalled the start of moves towards stronger management of the corporate functions of government. The ERG's focus on improving efficiency was based on the following analysis:

- Government could improve efficiency by **centralising functions**. This would create economies of scale from government acting as one buyer.
- Civil servants need to be more **commercially astute** to get best value out of suppliers and contracts.
- Increasing the provision of **digital services** would improve service quality by making government more responsive to service users' needs and expectations.[6]
- Government could reduce loss by dealing with fraud, error and debt recovery better and developing a new way to deliver government grants.

2.9 **Figure 12** sets out the main actions for 4 of the key initiatives led by ERG and **Figure 13** sets out the savings reported by ERG during the course of this Parliament to date.

2.10 The aim of introducing many of these central controls and reform programmes is to enable a coordinated approach in certain areas. The benefits of doing so include improved efficiency from economies of scale, using collective buying power, avoiding duplication and concentrating expertise to make it available across government. The Department at the centre of government can address any lack of consistency in managing strategic issues, and can help to share expertise and lessons learned across government. Many of the policy and delivery developments set out in Figure 12 are still at an early stage. It is too early to establish the success of the changes, particularly in achieving sustainable long-term change in how government operates. But savings from property management and greater central procurement have already contributed to growing annual savings reported by ERG since 2010-11 (Figure 13).

6 Available at: www.nao.org.uk/report/centre-government/

Figure 12

The main actions for ERG-led initiatives on Procurement, Shared Services, Digital and Property

Procurement

Commercial Service and centralisation project to:

- buy common items through centrally managed contracts;
- actively manage key suppliers, using buying power to make savings in contracts; and
- establish a Commissioning Academy to improve civil servants' commercial skills.

Shared services

Set up independent shared service centres. These will contract with individual departments to provide standardised services (including HR, finance, procurement and payroll) at lower cost.

Create and operate a Crown oversight function to work with departments to ensure service quality and cost reduction.

Digital

Establish the Government Digital Service to:

- have overall responsibility for users' online experience with government;
- bring government websites onto a single domain, gov.uk; and
- make the most important transactions within government into digital services, starting with 25 'exemplar' services to be transformed by March 2015.

Property

Introduce national property controls that require ministerial approval for lease renewals, sales and acquisitions of new properties.

Establish a Government Property Unit to monitor controls and work with departments on plans to rationalise office space.

Note

1 These actions are all under way.

Source: National Audit Office

Figure 13

Annual savings announced by ERG since its inception

Year to 31 March	£ billion
2013-14	14.3
2012-13	10.0
2011-12	5.5
2010-11	3.75

Notes

1 The savings claimed are against a 2009 to 2010 baseline.

2 The NAO has not audited these figures but has reported on the strength of processes in place to calculate these savings. We comment on our findings on these processes in Part Three of our report.

3 Some of the cost savings relate to recurring cost savings, others are one-off savings.

4 An example of these savings is on procurement. In 2013-14 government reported £1.5 billion of savings from centralised procurement and £1.8 billion from better management of contracts and commercial agreements. Savings were also reported from controls on consulting and contingent labour (£1.6 billion), and advertising and marketing (£378 million).

Source: National Audit Office from Cabinet Office figures

Civil Service Reform

2.11 Civil service reform is a long-standing issue for government. Over the past 50 years, several reform initiatives have worked to adapt the civil service to the changing needs of government and citizens. The most recent reform programme was set out in the 2012 Civil Service Reform Plan. This outlined a vision of a smaller, more strategic civil service equipped with appropriate delivery skills.

2.12 The Civil Service Reform Plan contained 18 high-level actions covering the following areas:

- Clarifying the future size and shape of the civil service.
- Improving policymaking capability.
- Implementing policy and sharpening accountability.
- Building capability by strengthening skills, deploying talent and improving organisational performance across the civil service.
- Creating a modern employment offer for staff that encourages and rewards a productive, professional and engaged workforce.

2.13 Progress on implementing reform has been slower than the Department hoped. A year after publishing the Reform Plan, just 7 of the 18 actions were on track or delivered, with the rest moderately or significantly off track, or delayed. In our memorandum on the *2012 Civil Service Reform Plan*, we attributed the slow progress in part to delays in setting up the implementation team and appointing a director-general.[7] Key staff on the reform programme have since changed again, including the appointment of a new Director-General of Civil Service Reform in December 2013.

2.14 As we reported in *The centre of government*, there have been some significant steps towards a reformed civil service, including:

- a strong emphasis on recruiting and developing staff with the delivery skills government needs, particularly commercial, digital and project management skills – for example, through the Major Projects Leadership Academy;
- improving leadership of corporate functions across Whitehall. This includes professional leadership of functions such as HR and finance, as well as using expert bodies to provide specialist services to departments, for example for legal services and internal audit; and
- publishing a capabilities plan for the civil service to explain how government is tackling skills gaps, and a civil service competency framework, setting out expectations for how civil servants should work.[8]

7 Comptroller and Auditor General, *Memorandum on the 2012 Civil Service Reform Plan*, Session 2012-13, HC 915, National Audit Office, January 2013. Available at: www.nao.org.uk/report/memorandum-on-the-2012-civil-service-reform-plan/

8 Comptroller and Auditor General, *The centre of government*, Session 2014-15, HC 171, National Audit Office, June 2014. Available at: www.nao.org.uk/report/centre-government/

2.15 In December 2013 the Head of the Civil Service redefined the priorities within the Reform Plan. Government would primarily focus its leadership and resources on 7 priority areas for reform, which he termed 'game changers'. These include developing digital capability, further strengthening functional leadership and ensuring major projects are delivered on time.

2.16 A second update on civil service reform, pubished in October 2014, stated that since publication of the original plan there has been "real progress towards the Government's vision of a more skilled, less bureaucratic and hierarchical, and more unified" civil service.[9] However, it acknowledged "there is much more to be done" and that constant improvement is needed to avoid "slipping back". "Strong, coherent leadership" focused on performance and competence will be required. The incoming Chief Executive and the Head of the Civil Service, working closely with ministerial and official colleagues, see this as their "top priority".[10]

Independent assessments of the Cabinet Office's performance and of related performance

2.17 In Part Three of this report, we set out the National Audit Office's (NAO's) assessments of the Department's performance in 2013-14. Alongside our work, a number of other bodies produce independent analyses of how the Department is doing and of the challenges it faces. In this section, we look at:

- some of the most notable of these reports published in the last year; and
- our own work which examined non-ministerial departments that the Department provides ministerial support to.

On supporting a stronger civil society

The Community Life survey[11]

2.18 The Community Life Survey is an annual survey commissioned by the Department to provide official statistics on issues vital to encouraging social action and empowering communities, including volunteering, giving, community engagement and well-being. The 2013-14 survey carried out by TNS-BMRB showed that 74% of respondents (72% in 2012-13) had volunteered at least once in the past 12 months. A notable finding was the statistically significant fall in the proportion of people who had a strong sense of belonging to their neighbourhood, which fell to 70% from 78% in 2012-13.

9 Second progress update to the *Civil Service Reform Plan*. Available at: www.gov.uk/government/publications/civil-service-reform-plan-progress-report

10 Cabinet Office, *Civil Service Reform plan: progress report*, October 2014. Available at: www.gov.uk/government/publications/civil-service-reform-plan-progress-report

11 Cabinet Office, *Community Life Survey: (2013-14) statistical Press Release*, undated. Available at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/335012/Community_Life_Survey_-_Statistical_summary_2013-14.pdf

National Citizen Service

2.19 The Department commissioned Ipsos MORI, the Social Research Institute, to carry out an evaluation of National Citizen Service 2013.[12] This initiative brings together young people aged 15 to 17 from different backgrounds to help them develop greater confidence, self-awareness and responsibility, with a view to creating a more cohesive, responsible and engaged society.[13] In November 2013 the NCS Trust, a Community Interest Company supported and funded by government to shape, champion and support NCS, took over management of the programme from the Department.

2.20 Almost all participants (97%) in the summer and autumn 2013 programmes enjoyed their experience. A similar percentage of these participants found the programme worthwhile overall. Ninety per cent of participants said they would definitely recommend it to others. The programme also ran in spring 2013. As this involved only a small number of participants (428) Ipsos MORI did not include these as part of its evaluation. In total, 39,994 young people took part in the 3 programmes during 2013, 20% below the 50,000 target.

The regulatory effectiveness of the Chartiy Commission (December 2013)[14]

2.21 This report found that the Charity Commission was not regulating charities effectively. The Department provides ministerial support to the Charity Commission although the Commission remains directly accountable to Parliament for how it uses its funds. The report recommended that the Department should assist the Commission in securing legislative changes to address gaps and deficiencies in the Commission's powers. The Department is now consulting on changes to the Charity Commission's legal powers, which will be included in the Protection of Charities Bill to be put before Parliament in due course.

On strengthening the performance of the civil service

2.22 The Department published a Talent Action Plan in September 2014 as part of its civil service reform agenda.[15] This introduced a series of new measures to ensure that the civil service is among the most female-friendly employers in the country, and the most talented people succeed and reach the top positions, regardless of gender, ethnicity, sexuality or disability. To support development of the action plan, the Department commissioned Hay Group to produce a report examining the barriers facing talented women from developing their careers as senior civil servants.[16]

12 Ipsos MORI, *National Citizen Service 2013 evaluation*, August 2014. Available at: www.ipsos-mori.com/DownloadPublication/1692_SRI-National-Citizen-Service-2013-evaluation-main-report-August2014.pdf
13 We examined the programme in the case study section of our 2013 departmental overview of the Cabinet Office. Available at: www.nao.org.uk/wp-content/uploads/2013/12/10312-001-Cabinet-Office-DO1.pdf
14 Comptroller and Auditor General, *The regulatory effectiveness of the Charity Commission*, Session 2013-14, HC 813, National Audit Office, December 2013. Available at: www.nao.org.uk/report/regulatory-effectiveness-charity-commission-2/
15 Cabinet Office, *Talent Action Plan: Removing the barriers to success*, September 2014. Available at: www.gov.uk/government/publications/talent-action-plan-removing-the-barriers-to-success
16 Hay Group, *Women in Whitehall: culture, leadership, talent*, May 2014. Available at: www.gov.uk/government/publications/women-in-whitehall-culture-leadership-talent

2.23 The Hay Group report *Women in Whitehall* sets out 5 recommendations that taken together are designed to transform the quality of the leadership, culture and talent pipeline in the senior civil service. These are:

- establish a more inclusive leadership climate by improving clarity of purpose, vision and values for the top 200 most senior civil servants;
- reduce the variability in senior civil service leadership capability so that the best talent can prosper;
- clarify accountability for leadership behaviour;
- gather and publish data on gender diversity as a driver for reform; and
- continue, and develop further, positive action initiatives for women.

2.24 The Cabinet Office has commissioned 3 further reports to examine the barriers faced by those who declare disabilities; those from a minority-ethnic background; and those who are lesbian, gay, bisexual or transgender.

On increasing transparency and accountability

2.25 The objectives of permanent secretaries who head Whitehall's main departments and that of the Cabinet Secretary and Head of the Civil Service, are published online since 2012-13 as part of increasing the accountability of the civil service. They are agreed with ministers and the Prime Minister and updated periodically, including when ministers of the permanent secretaries change.

2.26 The Institute of Government carried out an analysis into the 2014-15 objectives comparing these to previous releases.[17] For nearly all permanent secretaries, objectives are split into 3 categories: business, cross-government working and civil service reform and capability. More than half the objectives are business objectives. The Institute found a number of improvements in the current release when compared with previous releases, although it still felt that "some departments are still shoe-horning quite a lot into single objectives". The improvements included:

- publication earlier in the year to which they applied;
- a reduced, more realistic number of objectives for each permanent secretary;
- providing a general statement about the role and the priorities of the Department; and
- listing measures more consistently next to each objective.

17 Institute for government, *An objective review: permanent secretary objectives 2014-15*, blog, 22 July 2014. Available at: www.instituteforgovernment.org.uk/blog/8617/an-objective-view-permanent-secretary-objectives-2014-15/

Major developments for the year ahead

The new Civil Service Chief Executive role

2.27 The creation of this new role, and the recruitment of John Manzoni, a senior executive who has spent the vast majority of his career in the commercial sector, as its first incumbent is a key development for the Department. The Cabinet Secretary described the new post as "a very large role with a huge amount of autonomy directly responsible for addressing some of the biggest weaknesses we have in the civil service".[18] Bernard Jenkin, chair of the Public Administration Select Committee, said that it provides a "great opportunity to take forward the leadership of change in the civil service in respect of the changes in behaviours and attitudes required across the civil service".[19]

2.28 The new chief executive is required to "support and challenge departmental permanent secretaries to ensure that the government's operational delivery, reform and programme priorities are implemented with pace and rigour". Establishing effective ways to accomplish this within the devolved model of departmental accountability and, in particular, working effectively with the new Director General for Spending and Finance in HM Treasury are important challenges.

Constitutional reform priorities

2.29 As the lead department on political and constitutional reform, and with its core responsibility to support the effective operation of government, the Cabinet Office faces a number of critical challenges in 2015-16. First and foremost, the Cabinet Secretary will lead on providing support to the next government after the general election in May 2015, including any complexities involved in a potential coalition.

2.30 The decision made at the referendum that Scotland should remain as part of the United Kingdom will lead to a range of work for the Department. Lord Smith of Kelvin is leading a commission considering proposals made by the political parties represented in the Scottish Parliament for further devolution of powers to Scotland. The Cabinet Office is engaged with other government departments in providing factual analytical support to that process, and commitments have been made by the leaders of the poltiical parties in government to publish draft clauses in January 2015 reflecting the heads of agreement to be published by the Smith Commission by the end of November.

18 Public Administration Select Committee, *Oral evidence: the work of the Cabinet Secretary and Head of the Civil Service*, HC 181, 8 September 2014. Available at: http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/public-administration-committee/work-of-the-cabinet-secretary-and-the-head-of-the-civil-service/oral/12559.html

19 Public Administration Select Committee, *Oral evidence: the work of the Cabinet Secretary and Head of the Civil Service*, HC 181, 8 September 2014. Available at: http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/public-administration-committee/work-of-the-cabinet-secretary-and-the-head-of-the-civil-service/oral/12559.html

2.31 The Prime Minister, in his statement following the Scottish independence referendum, announced that a vital part of the referendum decision will be a balanced settlement giving the people of each separate country in the UK a bigger say over their affairs.[20] A key part of this is the 'West Lothian question'. In his statement the Prime Minister said that "just as Scotland will vote separately in the Scottish Parliament on their issues of tax, spending and welfare, so too England, as well as Wales and Northern Ireland, should be able to vote on these issues and all this must take place in tandem with, and at the same pace as, the settlement for Scotland". The Department will play a key role in the policy work arising from this statement.

2.32 The move to Individual Electoral Registration, from the current household-based registration system, has begun with the launch in England and Wales on 10 June and Scotland on 19 September. It will be completed after the 2015 election, at a date to be determined, and is a major deliverable for the Cabinet Office. We examine this project in more detail in Part Four of this report. Work will also continue on several projects aimed at reforming the political and constitutional system in the UK to help restore people's faith in politics and politicians:[21]

- The Recall of MPs Bill. If it becomes an Act, the bill will allow the triggering of a petition and possible by-election in certain prescibed circumstances. The Department's ministers are piloting this bill through Parliament.
- Preparations for the Department's role in supporting the delivery of the 2015 general election.
- Implementation of the Transparency of Lobbying Act. A consultation seeking views on draft regulations for a statutory register of consultant lobbyists closed in October 2014 and the Department will be involved in completing the statutory framework needed to implement the register and setting the charging framework.[22]

20 Cabinet Office, *Scottish Independency Referendum: statement by the Prime Minister*, press release, 19 September 2014. Available at: www.gov.uk/government/news/scottish-independence-referendum-statement-by-the-prime-minister
21 Cabinet Office, *Reforming the constitution and political system, policy statement*, 20 February 2013 – updated 11 September 2014. Available at: www.gov.uk/government/policies/reforming-the-constitution-and-political-system
22 Cabinet Office, *Statutory register of consultant lobbyists consultation*, 11 September 2014. Available at: www.gov.uk/government/consultations/statutory-register-of-consultant-lobbyists

Part Three

Recent NAO findings on the Cabinet Office

Our audit of the Cabinet Office's accounts

3.1 The National Audit Office's (NAO's) financial audits of government departments and associated bodies are primarily conducted to allow the Comptroller and Auditor General (C&AG) to form an opinion of the trueness and fairness of the public accounts. In the course of these audits, the NAO learns a great deal about government bodies' financial management and sometimes this leads to further targeted pieces of work that examine particular issues. In this section, we look at the outcome of our most recent financial audit on the Cabinet Office and its bodies.

3.2 The C&AG issued an unqualified and unmodified opinion on the Cabinet Office's 2013-14 accounts. The audit showed continued improvements in the Department's financial reporting but noted a need for the Department to continue to develop its financial management capability to meet the challenges of increasing complexity to its business.

3.3 In his 2013-14 Governance Statement, part of the *Annual Report and Accounts*, the Department's Accounting Officer highlighted the growing scope and complexity of the Department's work and the consequent need to refocus the way it is managed at a tactical and strategic level. The changes involve forming a new core Executive Management Committee group that will focus on the decisions that need to be made at a strategic level. There are also a number of sub-committees led by committee group members or other senior leaders. These sub-committees are delegated authority to make decisions in particular areas. If these decisions are of strategic importance to the Cabinet Office, they will be referred to the executive committee.

Civil Superannuation Accounts

3.4 The C&AG gave an unqualified opinion on the 2013-14 Civil Superannuation Accounts but issued a short report detailing progress in addressing the data quality issues highlighted by prior-year audits. Our work, and that of the Department's Internal Audit, showed that there remain some concerns over the completeness and accuracy of data and member records. In addition, Internal Audit found that there were deficiencies in the controls to ensure that accurate data was being supplied to the scheme, operated by a number of the employers they examined.

3.5 Data quality will become even more important in the coming year as the Cabinet Office introduces the new Alpha Scheme in April 2015. This is a career average scheme and will require the pension administrator, MyCSP, to hold salary information over longer periods. MyCSP has implemented a new IT system in advance of the introduction of the new scheme and has improved its data validation checks. MyCSP and the Department are also working with employers on a data cleanse exercise, the pilot of which is now complete. Finally, the Department is strengthening the framework by which employers provide assurance over the data they supply, which they hope will foster an improved sense of ownership.

Security and intelligence agencies' accounts

3.6 The accounts of these agencies are consolidated in the Single Intelligence Account, which showed net expenditure of £2.1 billion in 2013-14. The C&AG issued an unqualified and unmodified opinion on the 2013-14 accounts.

3.7 The 2013-14 Governance Statement identifies the main cross-cutting risks currently facing the security and intelligence agencies, namely:

- the ability to recruit and retain people with the right skills;
- the challenge of maintaining capabilities in the face of rapid technological change; and
- the uncertainty around funding beyond March 2016.

The Royal Mail Statutory Pension Scheme accounts

3.8 The C&AG gave an unqualified opinion on the 2013-14 Royal Mail Statutory Pension Scheme Accounts.

Our investigations work relating to the Cabinet Office

3.9 We conduct investigations to respond quickly to information about wrongdoing. We gather facts and may involve other relevant authorities. Our investigations work will become more relevant as the public sector increasingly uses private and third-sector bodies to provide services. These delivery models can affect service quality and financial management, and sometimes services fail.

Investigation into grants from the Big Lottery Fund and the Cabinet Office to the Big Society Network and the Society Network Foundation (July 2014)[23]

3.10 This report investigated 3 grants, one of which was a grant of £299,800 awarded by the Department in April 2012 to the Society Network Foundation for its 'Get In' project. We carried out this investigation in response to questions raised with us by Gareth Thomas MP, the former shadow Minister for Civil Society.

3.11 This investigation focused on whether the Department followed its own procedures in soliciting and assessing the grant application, monitoring project progress and making payments to the project. The report concluded that the Department expanded eligibility criteria for organisations after the closing date for applications, failed to identify a lead organisation for a joint bid involving the Society Network Foundation (against the Department's own guidance), and made a payment to the organisation without referring to its latest financial position. We did not seek to assess the value for money of the grant award, nor did we draw conclusions on other grants made by the Department.

Our audits of the Cabinet Office's effectiveness and value for money, including its cross-government role

3.12 As we describe in Part One and Part Two, the Cabinet Office is seeking to influence a growing proportion of government's spending, bringing cost efficiency through shared approaches. It is also seeking to strengthen its role, with HM Treasury, as an effective corporate centre, taking a whole-of-government approach where necessary. The NAO's work to test the effectiveness and value for money of government spending in 2013-14 included a number of projects which focused on the effectiveness of the Cabinet Office in this corporate role.

3.13 In June 2014 we reported on *The centre of government* specifically. We looked at current responsibilities of the centre, relationships with other departments and recent changes. We found that government had clearly recognised the need for further integration of government activities, accepting that the traditional operating model of departmental autonomy was outdated, and we noted some clear progress towards that goal, much of which had been led by the Cabinet Office. But we found that more emphasis was needed on coherent, long-term planning in government, and that there needs to be a clearer consensus on the role of the centre. At present there remain significant tensions between the centre and individual departments that are unhelpful to the effective management of governmment's projects and programmes.[24]

23 Comptroller and Auditor General, *Investigation into grants from the Big Lottery Fund and the Cabinet Office to the Big Society Network and the Society Network Foundation*, Session 2014-15, HC 572, National Audit Office, July 2014. Available at: www.nao.org.uk/wp-content/uploads/2014/07/Investigation-into-grants-from-the-Big-Lottery-Fund-and-the-Cabinet-Office-to-the-Big-Society-Network-and-the-.pdf

24 Comptroller and Auditor General, *The centre of government*, Session 2014-15, HC 171, National Audit Office, June 2014. Available at: http://www.nao.org.uk/wp-content/uploads/2014/06/The-centre-of-government.pdf

3.14 We have spotlighted some of the biggest issues facing government in our published reports this year, including:

- **delivery of public services through private contractors;**
- **elements of the efficiency and reform agendas**, including reducing the number of public bodies, sharing back-office services, the shift to digital public services and the role of the centre in targeting and capturing efficiency savings;
- **support from the centre** for departments tackling issues that cut across the whole of government and have a potential impact at a corporate level, such as managing debtors, the challenges of legacy ICT and cyber-security coordination; and
- **delivery of major projects**.

Under these headings, we summarise below the findings of our major published reports. **Unless otherwise stated, the commentary refers to the position at the time each report was published**.

Delivery of public services through private contractors

The role of major contractors in the delivery of public services (November 2013)[25]

3.15 In this memorandum we set out some of the benefits that can be achieved through contracting but highlighted 3 issues that deserve greater public scrutiny.

3.16 First, we highlighted the need for scrutiny over whether public service contracts are sufficiently competitive and whether the rise of a few major contractors is in the public interest. **Figure 14** overleaf shows that most of the contracts with the 4 main government contractors were competitively tendered in 2012-13.

3.17 Second, scrutiny is needed over whether contractors' profits reflect a fair return. Understanding contractors' profits is important to ensure that their interests are aligned properly with that of the taxpayer. But transparency over rewards that contractors make is at present limited.

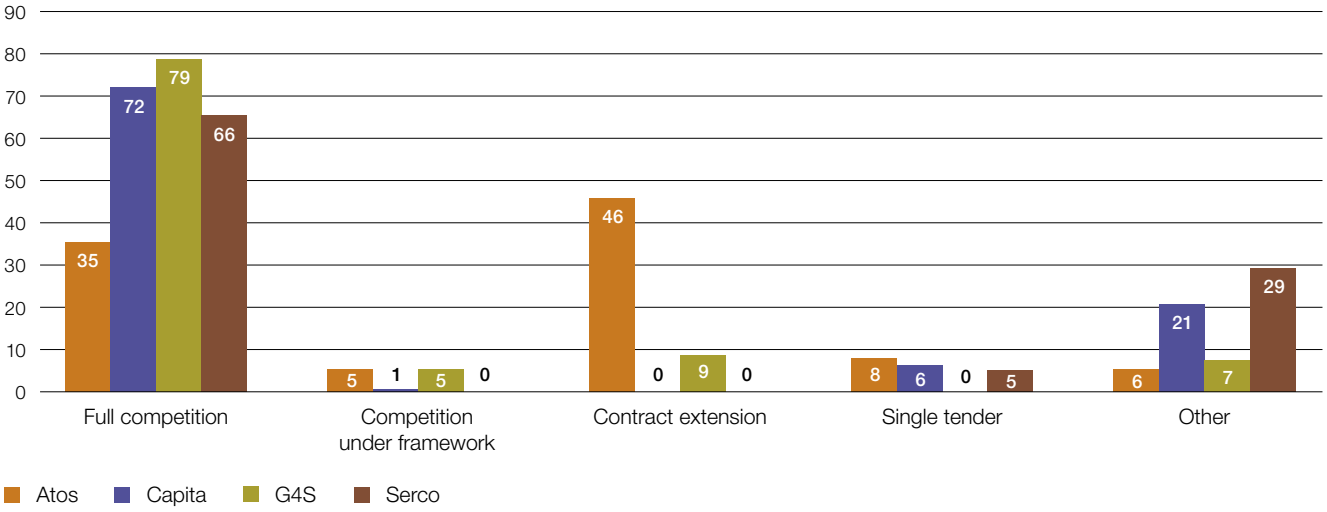
3.18 Third, government and taxpayers need to know that contractors are delivering services to the high standards expected. In particular, government needs to ensure that large companies with sprawling structures are not paying 'lip-service' to control and that they have the right culture and control environment across their group. This requires transparency over contractors' performance and the use of contractual entitlement to information, audit and inspection. This should be backed up by the threat of financial penalties and being barred from future competitions if things are found to be wrong. We therefore welcomed the strong response by the Department and Ministry of Justice once contracting issues were uncovered with the electronic monitoring contract.

25 Comptroller and Auditor General, *The role of major contractors in the delivery of public services*, Session 2013-14, HC 810, National Audit Office, November 2013. Available at: www.nao.org.uk/wp-content/uploads/2013/11/10296-001-Delivery-of-public-services-HC-8101.pdf

Figure 14

Much of the major contractors' central government revenue is from contracts let competitively

Percentage of revenue from central government contracts in 2012-13



Note

1 The Atos contract extension value is largely made up of 2 contracts. One has now been competitively re-tendered in the past year and the other is currently in the process of being competitively re-tendered.

Source: National Audit Office analysis of data from contractors and Cabinet Office

Memorandum on managing government suppliers (November 2013)[26]

3.19 In a second memorandum we praised the Department for now asserting government's position as a major customer with contractors more strongly, through its Crown Commercial Service (CCS). Specifically, this has enabled government to get greater value from contracting and has sent signals that government is willing to be tough on underperformance. However, the Department still faces a number of challenges in developing a more mature approach.

3.20 At the time of our report the Department focused on short-term savings and adopted a robust approach with departments and suppliers, which enabled it to report significant savings from contract renegotiations. However, we identified that this approach will become harder over time, and risks missing out on achieving longer-term value for money through innovation and investment. There is a balance to be struck between tough negotiations and maintaining relationship with suppliers in the long term, if government is to maintain competition in public-sector markets.

26 Comptroller and Auditor General, *The role of major contractors in the delivery of public services*, Session 2013-14, HC 810, National Audit Office, November 2013. Available at: www.nao.org.uk/wp-content/uploads/2013/11/10296-001-Delivery-of-public-services-HC-8101.pdf

3.21 The Department is seeking to reform commercial practice across government with the development of the CCS. There is a risk that the Department's ambitions are not matched by the right resources, capability and information. It has gaps in commercial experience and expertise below senior levels, while its information on its 40 strategic suppliers is inconsistent and incomplete.

3.22 According to departmental data returns, central government spent an estimated £10 billion on goods and services directly with its strategic suppliers in 2012-13, some 25% of total central government expenditure.

Transforming government's contract management (September 2014)[27]

3.23 Government manages an annual £40 billion of contracts with the private sector – a significant task. Spending departments together with the Cabinet Office and HM Treasury have recognised the scale of this undertaking and have responded with significant improvement programmes. Our report found that a lot still needs to be done. This includes introducing widespread changes in the culture of the civil service and its capability to procure and manage commercial contracts.

3.24 In July last year government ministers and senior officials announced significant overbilling dating back to 2005, principally in the Ministry of Justice's electronic monitoring contracts with G4S and Serco. Around the same time, the NAO and the Ministry of Justice received allegations from a whistleblower about operational practices at G4S. The Ministry of Justice commissioned further reviews of its other contracts and the Cabinet Office did the same for the major G4S and Serco contracts across government. The Home Office and Department for Work & Pensions (DWP) also commissioned internal reviews of contracts with a range of contractors.

3.25 In most of the contracts reviewed across government there were weaknesses in the way those contracts were managed. Widespread problems were found in administration, including poor governance and record-keeping and capacity issues.

3.26 Our report found that the government is taking the findings of its reviews very seriously and reforms are going in the right direction. Our report sets out the steps that we believe are important to transforming contract management. These include establishing the systems and processes needed if contracts are to be overseen and managed effectively, and ensuring that responsibility for the delivery of contracted-out services properly rests with the contractors. Departments also need to find ways of making the most of their commercially experienced staff, giving them the right skills and an enhanced role.

27 Comptroller and Auditor General, *Transforming government's contract management*, Session 2014-15, HC 269, National Audit Office, September 2014. Available at: www.nao.org.uk/report/transforming-governments-contract-management.pdf

Efficiency and reform

Progress on public bodies reform (February 2014)[28]

3.27 We reported that the government's public bodies reform programme, designed to reduce the number and cost of public bodies and to make them more accountable to elected representatives, was making good progress. There had also been substantial reductions in the administrative spending of non-departmental public bodies (NDPBs). However, there had not been enough emphasis on managing the benefits of the reform programme and the ongoing programme for reviewing the remaining public bodies needed to be strengthened.

3.28 Under the reform programme, the Department intends to reduce the number of bodies by 306, through abolition and merger. By 31 December 2013 some 93% of the planned abolitions and mergers had been completed, reducing the number of public bodies in the programme by 283 to 621 (**Figure 15**). However, we found that even after all the planned reforms are complete, the public bodies landscape would still be complex.

3.29 At the time of our report the Department estimated that, over 4 years, the public bodies in the programme would have reduced administrative spending by at least the original estimate of £2.6 billion. Our analysis of departments' audited accounts confirmed that annual administrative spending reductions achieved by public bodies have been substantial, with an estimated £723 million saved in 2012-13 compared with 2010-11.

3.30 More needs to be done to increase the transparency of remaining public bodies. Furthermore, the Department and other departments have, so far, been unable to collect quantifiable evidence to measure the wider value of reforms for public services, citizen trust and participation.

Update on the next-generation shared services strategy (March 2014)[29]

3.31 In December 2012 the Department published its *Next-Generation Shared Services* strategy. This set out how it intended to reduce the cost of administering finance, human resources and procurement services through sharing back-office functions. The Department estimated that the savings would be between £400 million and £600 million per annum (**Figure 16** on page 40). The estimated implementation cost was between £44 million and £95 million.

3.32 The Department has established 2 new independent shared service centres and is now responsible for the strategic management of the performance of outsourced services to 140,000 customers. At the time of our report the Department had spent £9.8 million on this strategy, but the total cost to other participating departments had not been collated.

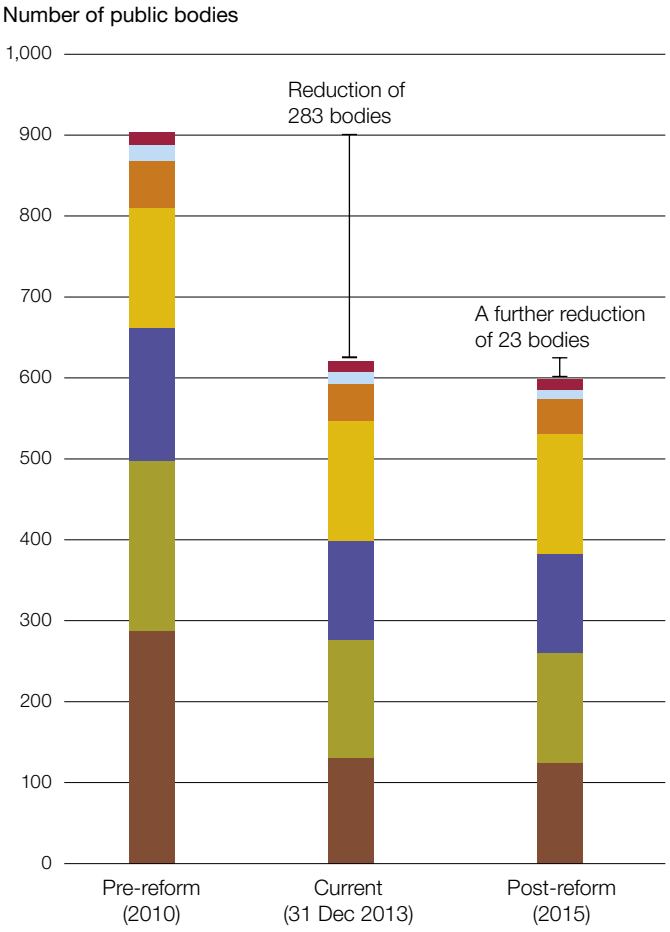
28 Comptroller and Auditor General, *Progress on public bodies reform*, Session 2013-14, HC 1048, National Audit Office, February 2014. Available at: www.nao.org.uk/wp-content/uploads/2014/02/Progress-on-public-bodies-reform.pdf

29 Comptroller and Auditor General, *Update on the Next Generation Shared Services strategy*, Session 2013-14, HC 1101, National Audit Office, March 2014. Available at: www.nao.org.uk/wp-content/uploads/2014/03/Update-on-the-next-generation-shared-services-strategy.pdf

Figure 15

Reduction in the number of public bodies within the Programme

The 2010 reform programme will reduce public bodies by 306 to 598 by 2015. As at 31 December 2013, there were 621 bodies in the programme.



	Pre-reform (2010)	Current (31 Dec 2013)	Post-reform (2015)
Non-ministerial department	16	13	13
Tribunal NDPB	20	16	11
Other (this includes ombudsmen, National Park Authorities and HM inspectorates)	58	45	43
Independent monitoring board	148	148	148
Internal drainage board	164	123	123
Executive NDPB	210	145	135
Advisory NDPB	288	131	125

Notes

1 The programme examined the vast majority of public bodies, and did not include all non-ministerial departments or executive agencies.

2 NDPB = Non-departmental public body.

Source: National Audit Office analysis of Cabinet Office data

Figure 16

The Cabinet Office's expected savings from the Next-Generation Shared Services strategy

£400m to £600m of savings per annum

£400m to £600m could be achieved if the organisations improve the performance of the whole of the back-office with shared services centres acting as an enabler.

£128m of savings per annum

This is achieved by setting up the shared service centres and moving the HR, finance, payroll and procurement functions of the relevant organisations into the centres.

Note

1 The savings are based on an estimate of back-office costs totalling £1.5 billion.

Source: National Audit Office analysis of shared service business cases

3.33 In 2012 the Committee of Public Accounts was disappointed in how the Department had previously engaged with its recommendations. Although the Department has made progress and the overall programme was broadly on track, some delays were becoming apparent and work to address a number of significant challenges had been deferred. Our report concluded that only 2 of the 7 recommendations made by the Committee of Public Accounts in 2012 had been implemented in full and 5 were still in the process of being implemented, and that many challenges lay ahead for the programme.

3.34 Our report identified that an ambitious procurement timeline, combined with the change in role of the Department and the need to implement a standard way of working, leaves a number of significant challenges to be addressed. These included the need to implement 2 technology platforms and migrate a significant number of bodies to the centres.The Department will also need to maintain clear leadership, as it assumes its new role for delivering and prioritising the programme for the benefit of government as a whole. The Department has clear ownership of the £400 million to £600 million per year savings, and needs to work closely with departments to realise these.

3.35 We also emphasised that the Department needs to have management information that is robust, more timely and comparable, to show that its shared services initiatives have achieved value for money, and that the full benefits of the entire shared services programme are properly realised and tracked. The Department and other government departments will need to be clear in their reporting of the savings that have been achieved through the Next Generation Shared Services strategy, as well as the savings that would have been achieved by reduced activity as a result of government spending constraints.

The 2013-14 savings reported by the Efficiency and Reform Group (July 2014)[30]

3.36 In this report we pointed out that the ERG had achieved significant savings for the taxpayer and was continuing to make improvements to the way it calculated savings. However, we concluded that there remained a few important areas where further work should be done to improve the process of gathering and collating evidence to support the savings reported.

3.37 ERG, whose purpose is to help spending departments achieve cost reductions, reported in June 2014 that £14.3 billion of savings had been achieved for 2013-14, substantially more than the £10 billion claimed for 2012-13. A summary of each category of savings can be found in **Figure 17** on page 42 and 43.

3.38 Our report examined the methodologies and processes employed by ERG to validate its savings claim. We recognised the work that ERG had done to improve the calculation and assurance of individual saving areas. We considered that 9 of the 14 areas of savings had strong methods and evidence.

30 Comptroller and Auditor General, *The 2013-14 savings reported by the Efficiency and Reform Group*, Session 2014-15, HC 442, National Audit Office, July 2014. Available at: www.nao.org.uk/wp-content/uploads/2014/07/The-2013-14-savings-reported-by-the-efficiency-and-reform-group.pdf

Figure 17
Summary of each savings line including NAO assessment

Saving category	Amount claimed (£m)	Does the method provide adequate basis for saving?	Is the method applied consistently?	Does the assertion accurately describe saving?	Internal audit rating
Operational savings					
Advertising and marketing	378	Yes	Yes	Yes	Reasonable
Centralising procurement	1,490	Yes	Variation between categories of procurement makes consistent application difficult	Yes, although they may be understated as supplier data may be incomplete	Reasonable
Commercial relationships	1,809	Yes	There are variations in the evidence provided	Yes	Reasonable
Consulting and contingent labour	1,615	Yes	Yes	Yes, although inflation of baseline is new this year	Reasonable
Common infrastructure programme	116	Yes	Yes	Yes	Reasonable
Workforce reductions	2,392	Yes	Yes	Yes	Reasonable
Pensions	2,340	Yes	Yes	Yes. However, the saving is different in nature to other operational savings	Moderate
Property portfolio optimisation	461	Yes	Savings data are taken from multiple sources	Yes	Reasonable
Projects and construction					
Major projects	2,479	Yes, but does not capture full work of Major Projects Authority	Inherent complexity has led to variable methods for different types of saving and evidence bases are not uniformly strong	Yes, subject to comments on method basis and application	Moderate
Construction	840	Yes	Inherent complexity has led to variations between departments in what is the exact method	Yes, subject to comments on method basis and application	Moderate
Government Digital Service controls savings and Government Digital Service wider savings	91	Yes, the saving is based on forecast spend but this is made clear	Variations in the evidence available. Internal audit identified several errors in the calculation of savings, which were removed from the final saving	Yes, subject to comments on method basis and application	Moderate
Government Digital Service transformation	119	Yes	Yes	Yes	Reasonable

Figure 17 *continued*
Summary of each savings line including NAO assessment

Saving category	Amount claimed (£m)	Does the method provide adequate basis for saving?	Is the method applied consistently?	Does the assertion accurately describe saving?	Internal audit rating
Receipts from asset sales and new commercial models					
Asset sales	163	Yes	Yes	Yes	Reasonable
Commercial models	10	Yes	Yes – there is only a single project included this year	Yes	Reasonable

Notes

1 Figures from ERG's published technical note, available at www.gov.uk/government/publications/government-savings-in-2013-to-2014.
2 We have not examined departmental records and do not comment on departments' processes for producing information.
3 In ERG's published summary all savings have been rounded to the nearest £100 million.
4 Internal audit defines its ratings as set out in notes 5 and 6 below.
5 Reasonable assurance: a sound evidence base supporting the claimed savings and assertions reported by ERG.
6 Moderate assurance: The evidence base supports claimed savings and assertions with some weaknesses.

Source: Efficiency and Reform Group published savings and National Audit Office conclusions

3.39 In the remaining 5 areas the methods were weaker, but significant savings were still likely to have been achieved. These savings included 'commercial models', which was a new category this year. The current method for this category is adequate to support the one saving reported but it will need development as future savings are claimed. The areas of construction and commercial relationships have established methods, but more attention is needed in the collection of evidence for individual savings. In the areas of major projects and Government Digital Service (GDS) controls, the processes are weaker, which has led to errors being identified and removed.

3.40 ERG has responded well to many of the recommendations made by the NAO in 2012-13. For example, it has standardised how it calculates pension contributions and improved how it collates construction evidence. ERG has also improved how it discloses the savings figures to the public, issuing the technical note with the savings announcement this year. However, 3 of the areas the NAO identified as needing improvement in 2012-13 – GDS controls, construction and major projects – have continued to be weaker in 2013-14.

3.41 The savings announced are now much wider in scope than originally reported in 2010-11. The first savings to be announced focused on those areas where ERG had worked directly with central government. However, some savings areas, particularly pensions and centralising procurement, now also include ERG's less direct influence on the wider public sector. ERG should do more to highlight changes in savings, particularly when showing savings trends and year-on-year comparisons.

Support from the centre of government on corporate issues

Managing debt owed to central government (February 2014)[31]

3.42 At the time of our report we found that there was no integrated approach for managing debt across government. The Department had raised awareness of the issue across government and HM Treasury had agreed new financial incentives for departments, but the centre of government had not yet fully got to grips with debt management, and the Department and HM Treasury needed to work together better.

3.43 Individuals and businesses are in debt to government for overdue tax liabilities, benefit or tax credits overpayments and other reasons, including outstanding fines and court confiscation orders. Our data suggest that overdue debt identified by government was at least £22 billion at March 2013, against total collected revenue of more than £600 billion in 2012-13 (**Figure 18**).

3.44 Some £6 billion of debt was written off in 2012-13 as irrecoverable, or 'remitted' on the basis that it was not a good use of scarce resources to pursue it. In total, government accounts show losses of more than £32 billion over the past 5 years. Government cannot easily control all losses – around 70% result from write-offs in insolvency cases. But it intends to learn lessons from the way the tax credits system works to create overpayments to 'design out' unnecessary debt when implementing future policies such as Universal Credit.

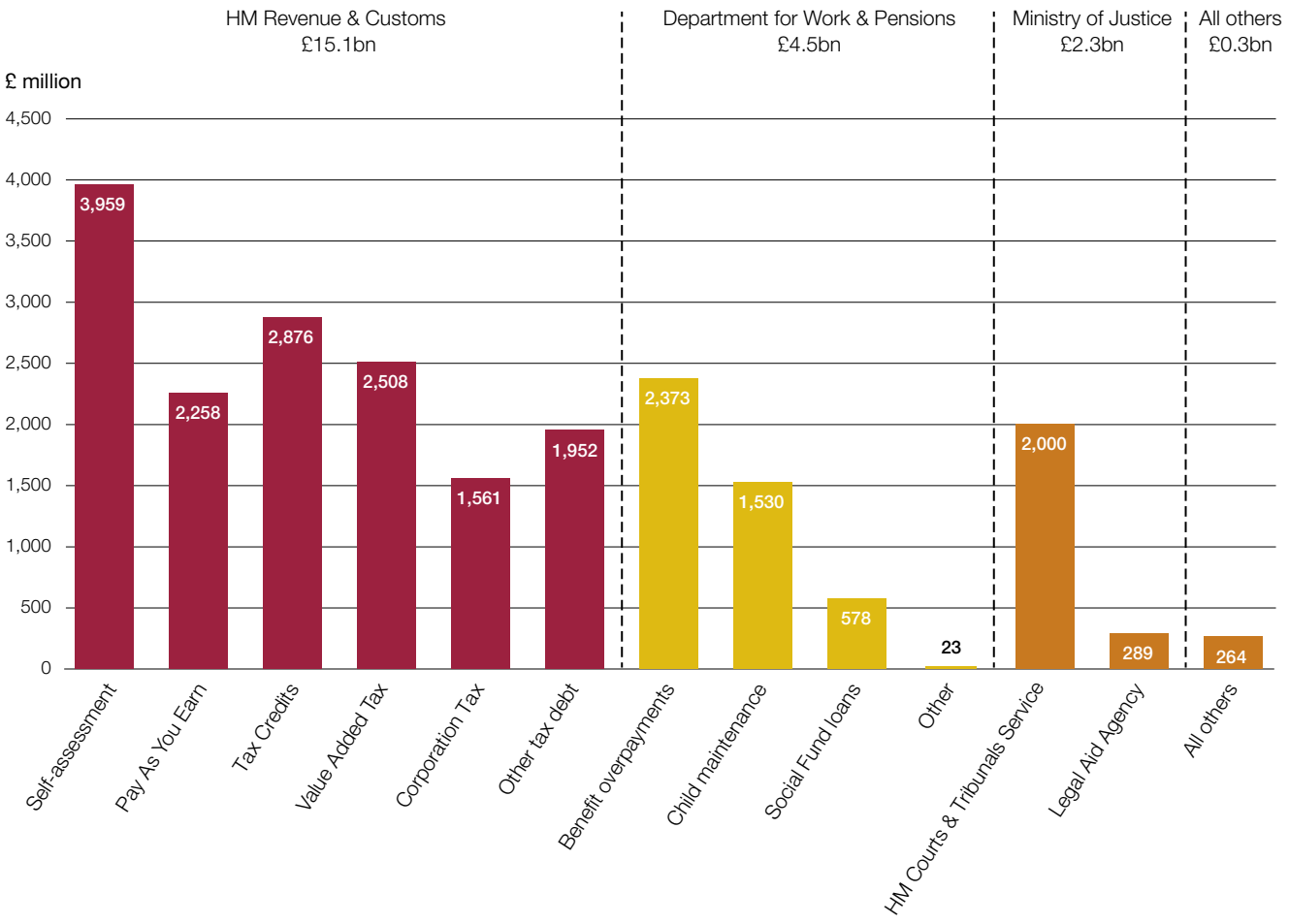
3.45 Government allows too much overdue debt to age, and this can lead to its value being eroded, as older debt is more difficult to collect. Some 61% of debt owed to HM Revenue & Customs (HMRC) was more than 180 days old. For DWP, 81% of benefit overpayment debt was more than 180 days old, and legal restrictions limit the rate of repayment from people on benefit, who make up 66% of DWP debtors. Our report acknowledges that HMRC and DWP are working to reduce old debt by improving their understanding of debtors. However, the ability across government to manage debt is undermined by poor-quality data, barriers to data-sharing and inconsistent definitions.

3.46 Ministers agreed in 2012 to look at bringing together government debt management and to make better use of departments' buying power for specialist debt services. We found conflicting priorities, poor data and uncertainties over departmental take-up had led to delays in agreeing a way forward.

31 Comptroller and Auditor General, *Managing debt owed to central government*, Session 2013-14, HC 967, National Audit Office, February 2014. Available at: www.nao.org.uk/wp-content/uploads/2015/02/Managing-debt-owed-to-central-government.pdf

Figure 18
Estimated overdue debt balances at 31 March 2013

Debt owed to government as at 31 March 2013, by type of debt



Notes

1 This chart is based on 2013 data from the Cabinet Office's survey of departments. Where debt balances were incomplete or missing entirely, we used 2012-13 financial statements, management accounts and other debt returns submitted to the Cabinet Office.

2 For HM Courts & Tribunals Service, the value of confiscation order debt at 31 March outside the agreed payment terms (overdue) was £1.3 billion. Debt from other financial impositions was £0.7 billion. HM Courts & Tribunals Service is not able to analyse this other debt between balances within and outside payment terms.

3 Student loans are included in 'All others'. Although loans total £46 billion, only a small fraction of this is overdue.

Source: National Audit Office analysis of financial accounts, management accounts and Cabinet Office data

Managing the risks of legacy ICT to public service delivery (September 2013)[32]

3.47 This report identified that older ICT systems that are critical for the delivery of key public services ('legacy ICT') expose departments to risks, which must be understood and managed. A particular risk is that departments dependent on legacy ICT will find it more challenging to achieve the business transformation envisaged by the government in its digital strategy.

3.48 We found that at least £480 billion of the government's operating revenues and at least £210 billion of non-staff expenditure such as pensions and entitlements were reliant to some extent on legacy ICT (**Figure 19**). Good practice in managing legacy ICT as an integrated part of public service delivery is therefore crucial to maintaining the performance of these services.

3.49 Our report drew on case studies to demonstrate the reliance of government on legacy ICT. It highlighted that their failure could, for example, put the payment of state pensions and benefits at risk and also the collection of tax revenues. However, both these systems have been successfully adapted, were well managed and provided stable platforms, with availability typically above target and few technical problems. The report stressed that organisations that fail to introduce a strategy for changing their legacy ICT can quickly develop inefficiencies.

3.50 We identified that the common risks in the case study examples included:

a a higher vulnerability of legacy ICT to security problems;

b being locked in to uncompetitive support arrangements with a single supplier; a shortage of skills to maintain and support legacy ICT;

c the proliferation of manual processes as legacy ICT systems have to cope with changing business needs;

d the cost of new business processes to compensate for missing functionality in the legacy ICT system; and

e increased complexity caused by additional interfaces with other systems, driving up costs.

3.51 We recommended that organisations making change and delivering service improvement involving legacy ICT should follow existing guidelines and advice. However, the Department should also listen to the needs of service managers and those undertaking digital transformations across government, as there was demand for more support from the centre.

32 Comptroller and Auditor General, *Managing the risks of legacy ICT to public service delivery*, Session 2013-14, HC 539, National Audit Office, September 2013. Available at: www.nao.org.uk/wp-content/uploads/2013/09/10154-001-Managing-the-risk-of-legacy-ICT-Book-Copy2.pdf

Figure 19
Scale of dependency on legacy ICT

We estimate that in 2011-12 at least £480 billion of operating revenues and at least £210 billion of non-staff operating expenditure in central government were reliant on legacy ICT

	Operating revenues		Non-staff operating expenditure	
	£ billion	Percentage of total	£ billion	Percentage of total
Examined by NAO, found to be underpinned by legacy ICT systems	477.8	94	211.2	61
Examined by NAO, found not to be underpinned by legacy ICT systems	29.8	6	133.7	39
Total examined by NAO	507.6	100	344.9	100
Memo: Not examined by NAO as less than £1 billion	21.7		59.3	

Items above £10 billion examined by NAO and found to be underpinned by legacy systems are:

Income tax	151.8	
National Insurance contributions	101.6	
VAT	99.6	
State pension		74.1
Corporation tax	40.1	
Tax credits		30.5
Hydrocarbon oils	26.9	
Grant to local authorities for non-domestic rates		19.7
Disability living allowance		12.6
Child benefits		12.2

Notes

1 We examined all identifiable line items above £1 billion disclosed in 16 of the 17 main departmental resource accounts and trust statements. We also examined some items under £1 billion where these were considered significant. The departments examined are the Cabinet Office, the Department for Business, Innovation & Skills, the Department for Communities and Local Government, the Department for Culture, Media & Sport, the Department for Education, the Department for Environment, Food & Rural Affairs, the Department for International Development, the Department for Transport, the Department for Work & Pensions, the Department of Energy & Climate Change, the Foreign & Commonwealth Office, HM Revenue & Customs, the Home Office, the Ministry of Defence, the Ministry of Justice and HM Treasury. The devolved nature of the department has prevented us from completing our analysis of the Department of Health.

2 In addition to income and expenditure, major balance sheet items, such as the student loans of £28 billion, and HM Treasury's central funds, such as the Consolidated Fund of £514 billion, are also reliant on legacy ICT systems.

3 The £99.6 billion of VAT income is a net figure. Gross VAT revenue was £174.9 billion in 2011-12 and repayments were £75.3 billion.

4 The £84.3 billion figure quoted as the amount paid out by the DWP pension service includes the £74.1 billion in the table above for state pension plus pension credits and winter fuel allowance.

Source: National Audit Office analysis of departmental resource accounts and trust statements for 2011-12

Update on the UK's Cyber-Security Programme (September 2014)[33]

3.52 This report forms an update for the Committee of Public Accounts on the government's National Cyber-Security Programme. The programme's objectives include tackling cyber-crime and making the United Kingdom one of the most secure places in the world to do business. A small programme team in the Office of Cyber-Security and Information Assurance, in the Cabinet Office, manages the programme. The team reports to the Deputy National Security Adviser, who is the senior responsible owner for the programme. The Cabinet Office allocates resources to delivery partners across the public, private and third sectors.

3.53 The report found that the government has made good progress in improving its understanding of the most sophisticated threats to national security. It is clear that there is a belief across all sectors – government, academia and industry – that there is a good understanding of the threat by central government. However, the level of understanding of threats to wider public services is varied.

3.54 While exports in UK cyber products and services have increased by 22% between 2012 and 2013 progress in encouraging trade and exports has been slow and, according to our survey of stakeholders, this is the objective against which the government currently has the poorest performance.

3.55 Some progress has been made in encouraging businesses and citizens to mitigate risks, particularly in getting larger companies to take action. The government has, however, had a limited impact in targeting small and medium enterprises (SMEs), where it has struggled to communicate guidance in a way that meets their needs.

3.56 The programme's financial management and governance mechanisms are strong, and the government is on track to spend the programme's budget of £860 million by March 2016.

3.57 Overall, we found that government continues to make good progress in implementing the programme, which is helping to build capability, mitigate risk and change attitudes. Cyber threats, however, continue to evolve and government must increase the pace of change in some areas to meet its objectives.

33 National Audit Office, *Update on the National Cyber Security Programme*, press release, 10 September 2014. Available at: www.nao.org.uk/press-releases/update-national-cyber-security-programme/

Managing major projects

Major projects annual reports 2012-13[34] and 2013-14[35]

3.58 The purpose of our February 2014 memorandum was to support a Committee of Public Accounts hearing on the Major Projects Authority and its first annual report, published in May 2013. We reported again in June 2014 to update the Committee on subsequent developments.

3.59 Our memorandum concluded that the Authority is increasing its capacity and taking steps to ensure that its work is more effective and influential. This includes a broad range of activities, from developing new and more robust assurance products to issuing guidance on how best to reward and retain project delivery specialists. Many of the elements necessary to make significant changes in government project delivery are therefore starting to be put into place. However, significant challenges remain if these changes are to have their full effect. One of these is for the Authority to present more useful and comprehensive data in their annual report. Other challenges will require broader action. Effective cooperation between HM Treasury, the Department and other government departments will be essential to making real improvements.

3.60 Our second report updated on developments since the original report, in particular the release of the Authority's second annual report on 23 May 2014. We found that the Authority had responded positively to the recommendations we made in our February 2014 report. The second annual report includes project data from the period June to September 2013 and contains much more analysis of this data, as we recommended. Revised guidance issued by the Authority has helped to improve the quality of the data published by departments and has contributed to reducing the amount of undisclosed data by nearly one-third. However, despite this progress there is still room for further improvement in the quality of departmental narrative disclosures to make them more useful for readers.

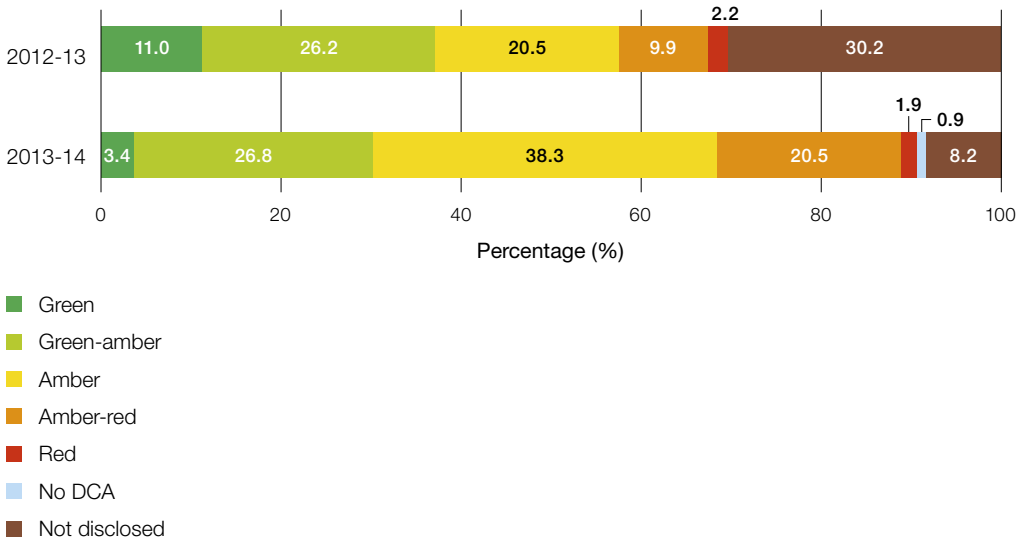
34 Comptroller and Auditor General, *Major Projects Authority Annual Report 2012-13 and government project assurance*, Session 2013-14, HC 1047, National Audit Office, February 2014. Available at: www.nao.org.uk/report/major-projects-authority-annual-report-2012-13-and-government-project-assurance/

35 Comptroller and Auditor General, *Major Projects Authority Annual Report 2013-14*, National Audit Office, June 2014. Available at: www.nao.org.uk/wp-content/uploads/2014/06/Major-Projects-Authority-Annual-Report-2013-14.pdf

3.61 The Portfolio data from September 2013 that supports the 2014 annual report shows an overall deterioration in the delivery confidence ratings of government major projects. In part, this is due to 39 mature projects leaving the Portfolio while 47 new projects have joined. More mature projects tend to have higher delivery confidence ratings while projects at an early stage tend to be rated as higher risk, so this has impacted on the overall deliverability of the Portfolio. However, the rating of ongoing projects declined slightly as well, with 27 projects receiving an improved delivery confidence rating and 32 receiving a lower confidence rating. This highlights the severity of the challenges facing the Authority and the government in improving the delivery record of government major projects (**Figure 20**).

Figure 20

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



Note

1 National Audit Office analysis of departmental data published alongside the Department's Major Projects Authority Annual Report 2013-14, May 2013.

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

NAO work in progress

Paying government's suppliers on time (planned for publication autumn 2014)

3.62 In 2010 the government announced that departments and their agencies would aim to pay 80% of undisputed supplier invoices within 5 working days. Departments and their agencies will also require their main contractors to pay subcontractors' invoices within 30 days. The Cabinet Office is responsible for the prompt payment policy within central government. This report will examine reported performance against the target across Whitehall departments and consider the extent to which SMEs – whom the policy was intended to help – are benefiting from the policy.

Compact (planned for publication autumn 2014)

3.63 The national Compact is a voluntary agreement between UK government and civil society organisations in England which sets out shared principles for effective partnership working. The Department is responsible for the Compact within government. This report is a follow-up to our 2012 report on the Compact and will assess progress across government in implementing the recommendations made in our 2012 report.[36]

Central government staff costs (planned for publication early 2015)

3.64 Government estimates the civil service headcount will have reduced by 23% between 2010 and 2015, with further reductions possible after 2015.

3.65 This study will assess the reductions in staff costs to date, and will build on previous work examining the extent to which departments are developing strategic workforce plans to make further efficiencies in the future. It will examine how the centre of government is influencing the speed and direction of change, given the status of departments (and their arm's-length bodies) as independent employers.

The creation and governance of companies in government (planned for spring 2015)

3.66 Since the NAO published the 2007 report *The Shareholder Executive and Public Sector Businesses* the government landscape has changed. There has been increased corporatisation as companies have been created across many different sectors of government to deliver services and manage assets. Our review will examine the profile of companies within government; the rationale for creating a company within government; if there is appropriate governance of companies within government; and whether there is central oversight and coordination of companies within government.

36 National Audit Office, *Central government's implementation of the national Compact*, January 2012. Available at: www.nao.org.uk/wp-content/uploads/2012/01/National_Compact.pdf

The centre of government II (planned for early 2015)

3.67 At a Committee of Public Accounts hearing in July 2014 on our initial output on the centre of government the Committee expressed the intention to return to the issue in the last hearing of the Parliamentary session.

3.68 By that time, a number of developments in the way the centre operates will have occurred. This second report will provide our initial comments on the role of the new Chief Executive for the Civil Service and on other ongoing changes, such as the implementation of the Financial Management Review. It will examine the functions of the centre of government, look at how the centre interacts with other departments, and will assess the achievements made over the whole of the Parliament.

Property disposals (planned for spring 2015)

3.69 This study will form a review of government's progress in meeting its target to "release enough public land to build as many as 100,000 new, much-needed, homes".[37]

Embedding workforce equality, diversity and inclusion in the civil service to optimise capability for the future (planned for spring 2015)

3.70 We are looking at this issue because the civil service has faced criticisism particularly for the lack of women and minority ethnic people in leadership roles. Senior leaders now admit it is losing talent, and that unconcoious bias, lack of leadership and a 'macho' culture at senior levels are among the causes. Our study will provide the Committee of Public Accounts with a framework to help it hold the civil service leadership to account on this complex issue, which is fundamental to capability and reform.

37 Department for Communities and Local Government, Government plans release of public land to build 100,000 homes, press release, 8 June 2011. Available at: www.gov.uk/government/news/government-plans-release-of-public-land-to-build-100-000-homes

Part Four

Case study on the Electoral Registration Transformation Programme

Overview and objectives

4.1 The Electoral Registration Transformation Programme (the Programme) aims to transform the UK's electoral registration process by introducing Individual Electoral Registration (IER). The electoral register is the official list of the names and addresses of everyone who is registered to vote in public elections.[38] It is important because only those on the electoral register are able to vote at the time of an election.[39] There are currently 46 million people registered to vote.[40] There is no central UK database – registers are held and managed locally by electoral registration officers in each local authority.

4.2 It is estimated that a further 7.5 million people are eligible to register but do not.[41] Pushing up registration through making the process of registering to vote more convenient, through online registration, as well as helping local authorities to target missing electors is part of the wider Programme. This is also seen as a longer-term challenge that goes beyond the Programme.

4.3 IER gives people eligible to vote in England, Wales and Scotland control over their registration, allowing them to register individually, and to apply to register online. It replaces a paper-based system where the head of the household supplies details of all people living at the same address. The household system is no longer used by any other Western democracy and has gradually come to be seen as unsustainable (**Figure 21** overleaf).

38 The Electoral Commission, *What is the electoral register?* Available at: www.electoralcommission.org.uk/faq/voting-and-registration/what-is-the-electoral-register

39 The electoral register is also used for other limited purposes specified in law, such as: detecting crime, calling people for jury service and checking credit applications.

40 Cabinet Office Digital Strategy. Available at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/80173/Cabinet-Office-Digital-Strategy-20-12-12.pdf, p. 15.

41 The Electoral Commission, *The quality of the 2014 electoral registers in Great Britain*, July 2014. Available at: www.electoralcommission.org.uk/__data/assets/pdf_file/0005/169889/Completeness-and-accuracy-of-the-2014-electoral-registers-in-Great-Britain.pdf (The most recent estimate).

Figure 21
History of the move to individual voter registration

2003	Electoral Commission first recommended the introduction of IER to improve the quality of the electoral register.
2006	Electoral Administration Act 2006 introduced to improve the security around how people vote. It created 2 new offences relating to supplying false information and fraudulent application for a postal vote. It also extended the time that police have to carry out investigations into electoral fraud.
2007	Report by the Committee for Standards in Public Life recommended that a system of IER should be introduced, arguing it would make the register more accurate. The Society for Local Authority Chief Executives, the Association of Electoral Administrators and the European Commission for Democracy through Law all called for its introduction.
2009	Political Parties and Elections Act 2009 legislates for the transition to IER on a voluntary basis, with a mechanism for the move to compulsory individual registration over time.
May 2010	Coalition agreement promised to "reduce electoral fraud by speeding up the implementation of individual voter registration". Responsibility for IER transferred to the Cabinet Office from the Ministry of Justice.
December 2010	Despite the measures introduced in the 2006 Act, research on behalf of the Electoral Commission found that 40% of those eligible to vote in the UK perceived fraud to be a problem under the household system.
June 2011	Government issued a white paper and draft bill on speeding up the move to Individual Electoral Registration.
January 2013	Royal Assent to Electoral Registration and Administration Act 2013, which provided legislative framework for the move to IER under current plans.

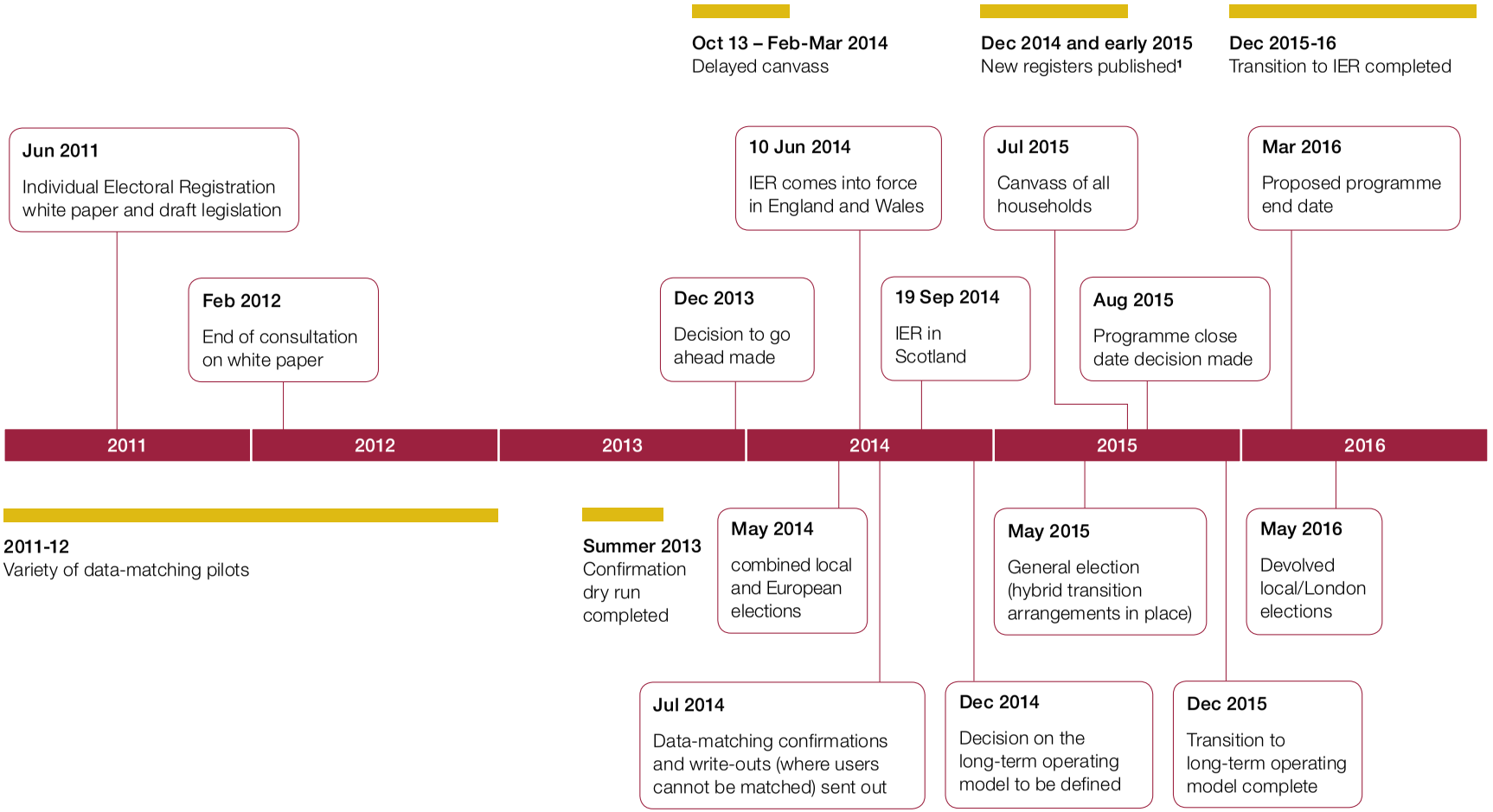
Source: National Audit Office based on Cabinet Office data

Background and timeline for IER and the Programme

4.4 The Department initiated the project to deliver IER in summer 2010 (**Figure 22**). It sees the benefits of introducing Individual Electoral Registration in Great Britain as:

- to modernise the way people register to vote – make the process quick and convenient;
- to help tackle electoral fraud – the process is more secure (as well as the risk of electoral fraud, getting on the electoral register is also one of the methods of creating a new identity which can be used for financial fraud); and
- to improve confidence in the electoral register, making it initially at least as accurate and complete as under the household system and then driving up accuracy and completeness.

Figure 22
Timeline for the Programme



Notes

1 New register published in December 2014 and December 2015.

2 The Electoral Registration & Administration Act 2013 contains a power for ministers to make an order to complete transition in December 2015. The current government has said it intends to do so, but will consider the evidence when making a decision. The legislation provides for that decision between June and August 2015.

Source: National Audit Office, based on Cabinet Office plans

4.5 The Electoral Commission provides definitions of completeness and accuracy of electoral registers. Completeness is where "every person who is entitled to have an entry in the electoral register is registered'. Accuracy is defined as there being 'no false entries on the electoral register".[42] Where completeness or accuracy errors occur these errors can be minor or major. An example of a major completeness error includes where a person is found to be living at an address but is not named on the register. A major accuracy error includes where the register contains a name that a respondent does not give as resident at the address.[43]

Design and implementation of IER

4.6 To register to vote online, electors are required to provide information through the gov.uk website. This involves providing name, nationality, address, date of birth and national insurance number, and is estimated to take around 5 minutes. The online application was designed to be accessed on smart phones and other internet devices. For those who do not use the internet, applications can be submitted on a paper form to be entered by the local authority, and many authorities allow face-to-face and telephone applications.

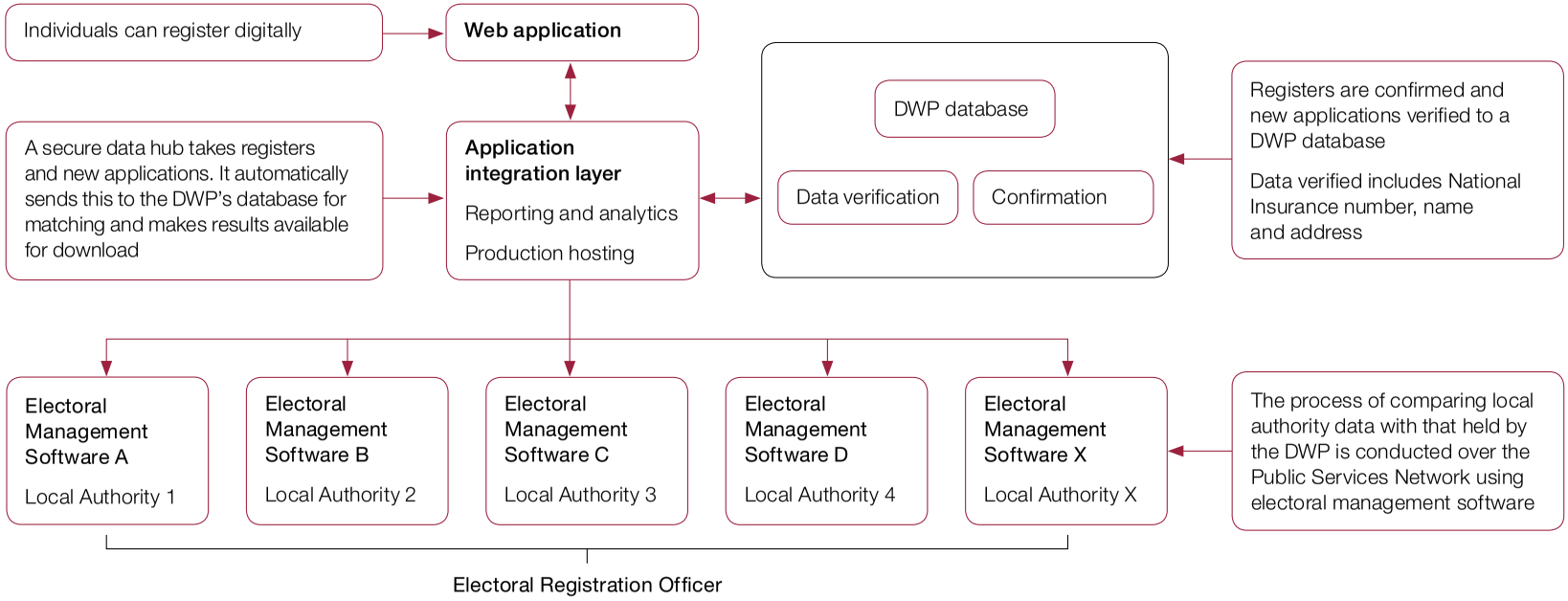
4.7 The Department's digital service accepts applications, supports transactions and feeds data to local electoral management systems (**Figure 23**). A major element of the process is automatic data-matching to National Insurance and other records, where possible, to confirm eligibility. This applies to the great majority of applications.

4.8 The Department carried out early data-matching pilots, followed by dry run testing of the confirmation process in summer 2013, before going live. The Electoral Commission's report on the results of the dry run test found that across Great Britain there was a 78% record match between electoral registers and the database. However, this varied from 46.9% in Kensington and Chelsea to 86.4% in Mansfield. Students, young adults and private renters were least likely to be automatically transferred. A high proportion (85%) of electoral registration officers were confident about the process of confirming electors at that stage.

4.9 Electors in England and Wales received notification of the introduction of the new system and what, if anything, they needed to do in summer 2014. In Scotland this process started later, following the Scottish referendum. The Cabinet Office announced in August 2014 that one million voters had applied to register to vote since the new system went live in June. It also announced that satisfaction with the new online service ran at 90%.[44] Real-time information about voter registration is available at: www.gov.uk/performance/register-to-vote.

42 The Electoral Commission, *The completeness and accuracy of electoral registers in Great Britain*, March 2010.
43 Full definitions of measuring accuracy and completeness are set out in appendix B. The Electoral Commission, *The quality of the 2014 electoral registers in Great Britain*, July 2014. Available at: www. electoralcommission.org.uk/__data/assets/pdf_file/0005/169889/Completeness-and-accuracy-of-the-2014-electoral-registers-in-Great-Britain.pdf
44 Cabinet Office, *One million voters applied to register to vote since new government system launched,* press release, August 2014. Available at: www.gov.uk/government/news/one-million-voters-apply-to-register-to-vote-using-new-government-system

Figure 23
The IER Digital Service



Source: Cabinet Office

4.10 In October 2014 the Cabinet Office announced that almost 9 in 10 electors (87%) in England and Wales were being automatically added to the electoral register,[45] based on findings by the Electoral Commission.[46] This percentage comprised 79% of electors matched against DWP data, slightly higher than achieved during the dry run in 2013. The balance of those matched automatically were confirmed using local data. Local data-matching is not mandatory and some local authorities may have chosen not to focus their resources on this if they had already achieved a high DWP match rate. The most commonly used source of local data-matching involves referencing to council tax information.

Next steps – the transition process

4.11 The government decided that a phased transition to IER was most appropriate as it would avoid needing to start a new register from scratch. It differs from the approach taken in Northern Ireland, where individual registration was introduced in 2002 and the change took place on a single day.

4.12 During the transition period voters will be moved from household to individual registration. Most people, already registered to vote under the old system, will be registered automatically under the new system, see **Figure 24**. Again, this differs from the approach in Northern Ireland, which required each elector to re-apply.

4.13 Electoral registers are published annually. Electoral registration officers will publish registers for England and Wales on 1 December 2014, and registers for Scotland slightly later on 28 February 2015. For the May 2015 general election, a hybrid arrangement will be in place, with those registered under **either** the household system **or** IER eligible to vote. The approach to the length of time for which a registration remains on the register under the transition is similar to that under the household system in that eligibility to vote is carried forward for one year once registered, and nobody added to the register under the household system will be removed until after the May 2015 general election. Once transition to IER is completed, all future elections will be operated under IER only.

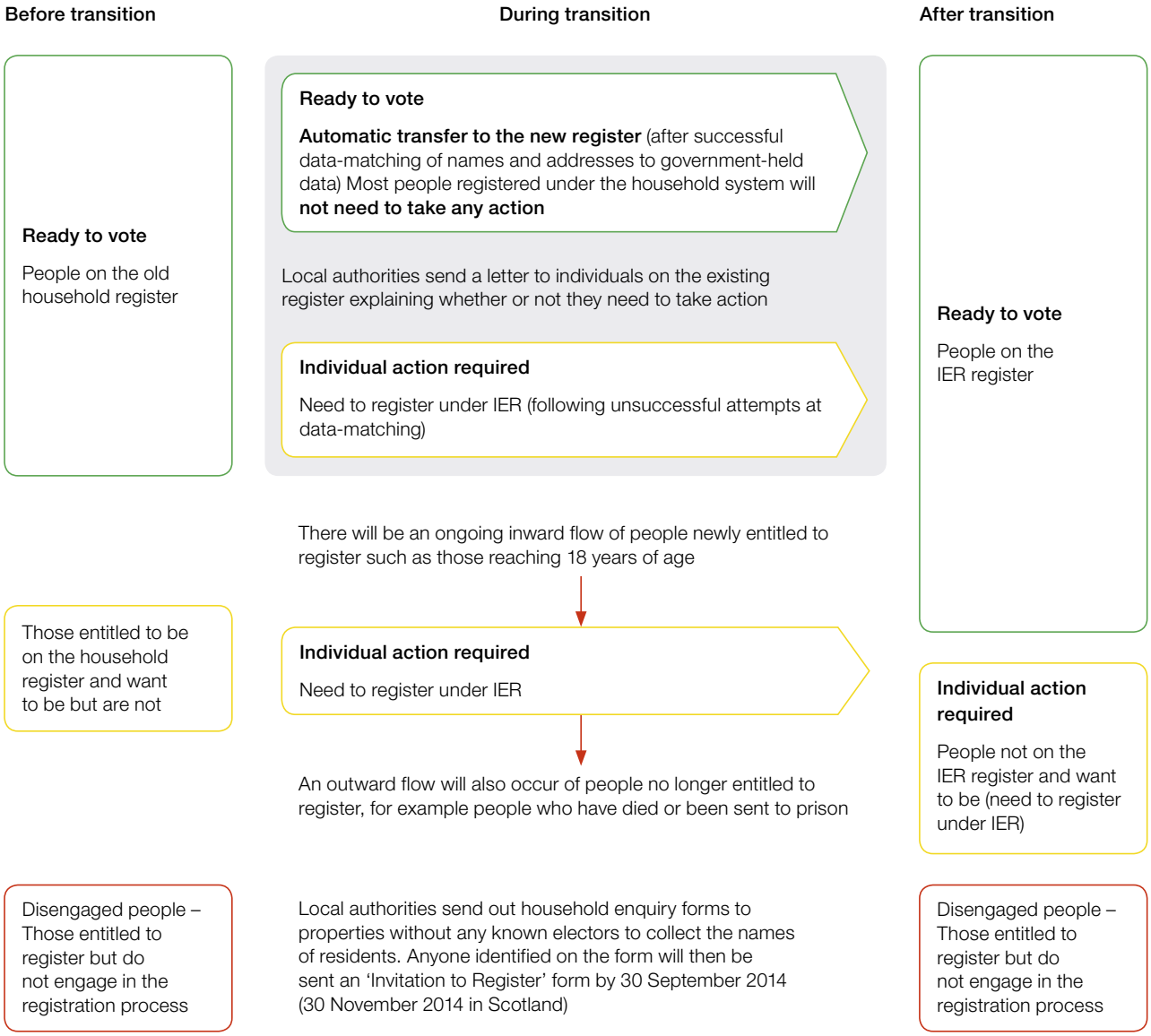
4.14 The government will decide whether the transition process will complete on either 1 December 2015 or one year later in line with the provisions in law, namely between June and August 2015. The decision will be informed by the likely state of the electoral register once transition ends. Improving the completeness of the register:

- leads to increased democratic participation;
- ensures as representative a 'voice' as possible is given to local views;
- assists local people by supporting identification and residence; and
- ensures the register can be used as a basis for the collection of national statistics.

45 Cabinet Office, *9 in 10 automatically transfer to the new system for voter registration*, press release, October 2014. Available at: www.gov.uk/government/news/9-in-10-automatically-transfer-to-the-new-system-for-voter-registration

46 *Analysis of the Confirmation Live Run in England and Wales,* October 2014. Available at: www.electoralcommission.org.uk/__data/assets/pdf_file/0009/177975/Analysis-of-the-Confirmation-Live-Run-in-England-and-Wales.pdf

Figure 24
The transition process



Notes

1 Figures not to scale.

2 The grey box relates to people already registered under the household system. Based on pilot testing of these people in 2013, 78% could be confirmed by automatic matching, and an additional 7% confirmed by local data-matching, the green arrow. This means that the remaining 15% of those previously registered. The amber arrow (in the grey box area) would need to be written to and asked to register online.

3 During and after transition there will be an ongoing churn of people. This consists of people now eligible to register who were not before and those no longer eligible.

Source: National Audit Office based on information from the Cabinet Office

4.15 Once transition has taken place, the Cabinet Office expects 5 million people will register to vote online each year. This number will include people eligible to vote for the first time, and those on the register who are moving address.

The Cabinet Office's management of the Programme

4.16 Delivering IER is one of the most significant public-facing operational delivery projects ever taken on by the Cabinet Office, and delivering it also involves many other parties, including 380 electoral registration officers and their IT system suppliers, other government departments, agencies and independent bodies (**Figure 25**).

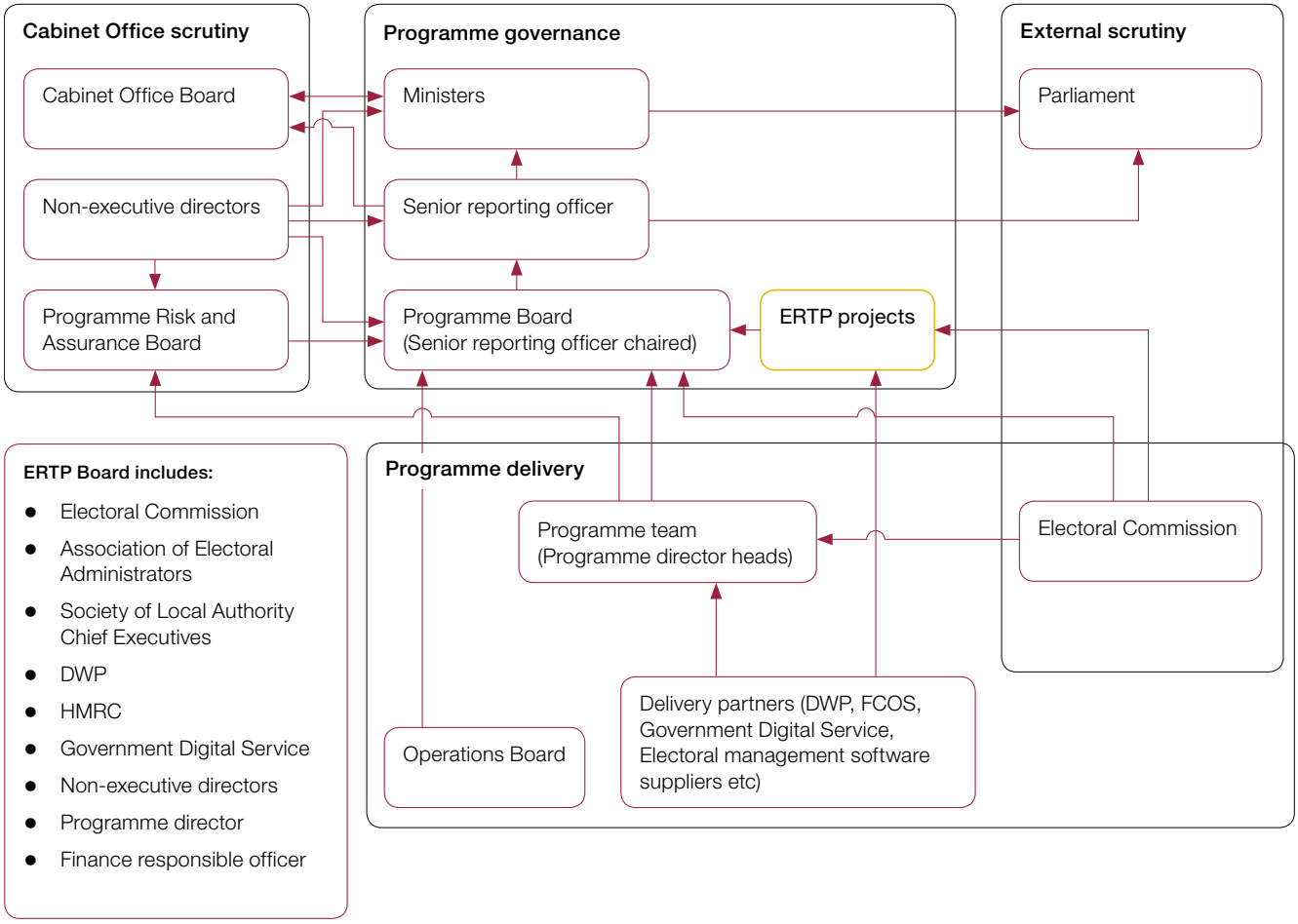
4.17 The Department told us that from the start of the Programme they sought to include all key stakeholders and delivery partners in the development of the approach, in particular the Electoral Commission, the Society of Local Authority Chief Executives (who speak for returning officers and electoral registration officers) and the Association of Electoral Administrators. All 3 of these bodies are directly represented on the programme board and in ongoing working groups, to develop and test the proposed model for IER.

4.18 The Department considers this has produced a strong example of sustained collaboration across and outside government, based on a clear understanding of each group's distinctive role and independent governance. The Electoral Commission has, for example, published regular independent reports on progress from its perspective as an independent regulator, without compromising its involvement in the project.

4.19 The Cabinet Office has also sought to apply best practice in risk management throughout the Programme to date. An independently chaired Risk and Assurance Board has scrutinised the risk governance and strategy, and handling of risks and issues at each stage. Furthermore, at important decision points the Department identified the risk profile and the appetite for risk which it was prepared to take into live running, and tested this appetite with ministers. This was done at the 'approval to proceed' stage in late 2013 and for go-live in 2014. The Department provided ministers regular updates on progress in reducing risks to a tolerable level, such as the dry run of the confirmation of 46 million existing electors through data-matching all electoral registers with the DWP, and testing readiness of local authority staff to implement the new system.

4.20 At ministerial level responsibility for constitutional reform has sat with the Deputy Prime Minister, although there have been several different junior ministers, **Figure 26** on page 62. MPs from both sides of the House have expressed a close interest in the Programme.

Figure 25
Electoral Registration Transformation Programme (ERTP) governance



Notes

1 The Programme Board is a strategic board which provides overall governance and supports the senior responsible officer in ensuring the Programme is delivered to time, cost and quality. It meets monthly.

2 The Operations Board assesses IER operational service performance, manages changes and supports, guides and challenges the operation. It meets monthly.

3 The Programme Risk and Assurance Board assures that appropriate risk and issue management is in place throughout the Programme. It assures Programme deliverables, processes and procedures. It meets monthly.

4 An expert panel provides practitioner expertise and advice to the Programme on policy and business design issues. It meets monthly.

5 A Delivery Action Working Group provides an agile forum for focus on urgent issues to propose and discuss solutions and make decisions or agree next steps. It meets weekly.

6 The Electoral Commission is an independent body set up by the UK Parliament to regulate party and election finance and sets the standards for well-run elections. The Commission is independent of government and answerable to Parliament.

7 The Association of Electoral Administrators promotes the advancement of consistent and efficient administration of electoral registration and the conduct of elections.

8 The Society of Local Authority Chief Executives is a representative body for senior strategic managers working in local government.

9 The DWP and HMRC work to ensure that data-matching of National Insurance data is accurate.

10 Government Digital Service helps ensure that government digital services and information is simpler, clearer and faster.

11 There are 3 experienced non-executive directors on the Programme: Geraldine Terry (with a wide-ranging career covering finance, marketing, retail buying and logistics), Dave Smith (Sunderland City Council) and Eric Gregory (an experienced consultant who previously worked as systems IT director at John Lewis Partnership).

Source: National Audit Office

Figure 26
Ministerial responsibilities for the Programme

Name	Role	Period in role
Sam Gyimah MP	Parliamentary Secretary (Minister for the Constitution)	From July 2014
The Rt Hon Greg Clark MP	Minister of State for Cabinet Office (Cities and Constitution)	October 2013 to July 2014
Chloe Smith MP	Minister for Political and Constitutional Reform	September 2012 to October 2013
Mark Harper MP	Minister for Political and Constitutional Reform	May 2010 to September 2012

Source: National Audit Office

Costs of the Programme

4.21 The total forecast cost of the Programme is £112 million (**Figure 27**) of which more than half is forecast to fall in 2014-15. The government agreed to fund all the additional costs arising from IER, over and above the current costs of electoral registration, which would be met by local authorities in the usual way. In 2013-14 upfront funding was made available to local authorities for the work on introducing IER and to cover the cost of the dry run carried out in mid-2013. The Cabinet Office expects that over time the online voter registration service will reduce costs, because it is cheaper to process an online registration than a paper-based one.

4.22 In 2014-15 local authorities have received additional funding to cover the 'core allocation', plus printing and posting costs. The 'core allocation' is based on a national formula combining 5 elements of additional cost arising from IER. The largest of these is the IER 'write-out', which involves local authorities contacting electors who are not automatically verified through DWP data. Total IER funding in 2014-15 ranges from £10,779 in the Isle of Scilly to £517,987 in Birmingham and £593,595 in Lothian. Some funding additional to the 'core allocation' is available where local authorities can provide evidence of additional costs incurred.

Figure 27
Costs of The Programme

	Spending Review (SR) 2010			SR 2015		
	Actual			Forecast	Forecast	Total
	2011-12 (£m)	2012-13 (£m)	2013-14 (£m)	2014-15 (£m)	2015-16 (£m)	Total (£m)
Overall	2.4	5.1	20.9	65.5	18	111.9
Resource	2.3	2.8	14.4	62.5	18	100
Capital	0	2.3	6.6	3	0	11.9

Notes

1 There were no costs arising during 2010-11.

2 Figures subject to rounding adjustments.

Source: The Cabinet Office

Beyond IER – widening engagement in the electoral process

4.23 The Electoral Commission found in July 2014 that local government electoral registers are 84.7% complete.[47] This percentage has stabilised since 2011 following a decline in registration between 2001 and 2011. Research shows that levels of registration are linked to various socio-economic factors (**Figure 28** overleaf), but the general decline is attributed to:

- a decline in interest in politics, particularly among young people;
- a more mobile population; and
- an increase in the population of those eligible but traditionally under-registered groups, particularly Commonwealth and EU citizens.

4.24 As at early 2014, the Commission also found that the accuracy of the register was 86.5% compared with 89–92% in 2010. The main reason for inaccurate entries on the register was people no longer being resident at the property.

4.25 The government believes that it is a civic duty to register to vote and to support registration officers in their duties. Local authorities have a statutory requirement to encourage people to vote – they must send 2 reminders and knock at the door of houses where no-one is registered. After that, any further reminders are at the discretion of individual local authorities. From 10 June 2014 a civil penalty of £80 will be in force, which local authorities may apply to those who refuse repeated invitations to register.

47 The Electoral Commission, *Levels of electoral registration have stabilised since 2011, new research shows*, press release, 22 July 2014. Available at: www.electoralcommission.org.uk/i-am-a/journalist/electoral-commission-media-centre/news-releases-reviews-and-research/levels-of-electoral-registration-have-stabilised-since-2011,-new-research-shows

Figure 28
Factors linked to differences in the level of registration

Factor	Explanation	Percentage registered to vote
Length of residence	The longer the residence the more likely to be registered	40.1% of people resident for less than a year 93.9% of people resident for more than 16 years
Age	Older people are more likely to be registered, except those aged 20–24	70.2% of 20–24-year-olds 95.45% of those aged 65+
Gender	Women are slightly more likely to register than men	85.8% of women 83.6% of men
Tenure of housing	Homeowners are more likely to be registered than renters	63.3% of private renters are registered (the lowest in this category)
Ethnicity	White and Asian people are more likely to be on the register than Black people	85.9% of White people 83.7% of Asian people 76.0% of Black people 73.4% of Mixed race people 62.9% of people of other ethnicity
Rural and urban	Those living in rural areas are more likely to register than those in urban areas	86.8% people in rural areas 84.3% people in urban areas

Source: National Audit Office using data from the Electoral Commission

4.26 While IER itself is not designed to tackle voter disengagement, the government has earmarked £4.2m from the Programme budget for activities to maximise registration, particularly among under-registered groups such as young people and those in social housing. The Cabinet Office published an evaluation report on the first phase of this Maximising Registration Fund in September 2014.[48] It reported that £385,000 of funding had been awarded to electoral registration officers on the basis of their proposals for projects to increase registration locally. In the funded areas there was a net increase of 100,000 names on the electoral register, representing a success rate of just under 1 in 5 of those people targeted. This included almost 60,000 new registrations from under-represented groups. The evaluation report found that the average cost per new registration directly resulting from the funded activity was £16.20.[49]

48 Cabinet Office, *Maximising Electoral Registration: An evaluation of local activities*, September 2014. Available at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/351448/Maximising_electoral_registration_full_report_sept_2014.pdf

49 Cabinet Office, *Maximising Electoral Registration: An evaluation of local activities*, September 2014. Available at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/351447/Maximising_electoral_registration_summary_report.pdf, p. 8.

Risks and remaining challenges

4.27 As one of the government's 25 digital exemplars, the Programme is a high-profile undertaking for the Department, which has traditionally not been responsible for delivering large programmes or undertaking transactional processes with citizens.[50] The Department considers that to date the Programme has met expectations and that risk has been well managed. Since the Programme went live no significant risks have crystallised, although the Programme has not yet been tested live at a time of peak demand for the service. As the Programme nears completion, with transition to a wholly digital register, and as the electoral authorities prepare for the 2015 general election, there are a number of questions to be resolved and risks to be managed, all of which the Department has in its sights.

Finalising the post-transition model

4.28 The Programme's senior responsible officer and Programme Board have committed to decide by the end of 2014 on how service management should be delivered post-Programme, and to advise ministers at that point. A vital decision flowing from this is where in government the ultimate responsibility for the management of the digital service should reside. This could be alongside constitutional reform policy in the Cabinet Office or elsewhere. We have identified 4 important elements flowing from this. **The Cabinet Office told us it has no plans to change responsibilities for the final 2 elements** listed below:

- ownership of the digital service including the digital platform, process flows and supplier framework. This currently resides with the Department, while local authorities are responsible for relationships with the linked digital systems that are used locally to hold their electoral registers;
- how the mechanisms for capturing feedback on the digital service will work and how any improvements and maintenance will be identified;
- who will be responsible for interaction with citizens on electoral registration in future, whether this will be split between central and local government, and what this means for the perception of citizens about the service and their behaviour towards it. The Department told us that this will continue to rest with local authorities; and
- who is in the lead for identifying and preventing electoral and other fraud risks, existing and new. This could include considering whether the power of the digital system can be harnessed to devise new fraud intelligence strategies. The Cabinet Office considers that legal aspects and decisions about the digital service will be the responsibility of the Cabinet Office in line with legislation; guidance will continue to be the responsibility of the Electoral Commission and implementation in the hands of electoral registration officers.

50 Cabinet Office, Digital transformation, webpage. Available at: www.gov.uk/transformation

Managing demand and user feedback

4.29 Public perception of the registration process is vitally important to trust in the democratic process and ultimately the government's mandate. The transfer of 37 million voters to the IER register without their having to take any action has already been a significant achievement. But as the general election approaches, interest, concern and queries from voters about the changes to the register are likely to increase in volume and will need to be managed.

4.30 The Cabinet Office is confident that the internet bandwidth available to the service is sufficient to deal with user demand and can be flexed to accommodate anticipated peaks in registration. Plans are also in place to ensure that other technical issues that cause slow performance or downtime are kept to a minimum and can be resolved quickly. Peaks can occur, for example, near the registration deadline before an election or following a TV election debate. If an internet failure meant that people were unable to register online the Department proposes that a paper-based alternative would be introduced until the online service resumed.

4.31 Extensive user testing took place before the programme went live to ensure that user views could be taken into account. Initial feedback suggests that those who register online find the process straightforward.[51] The service team in the Cabinet Office manages complaints and queries submitted through the website. Electoral registration officers manage complaints submitted locally. However, there is no formal process in place to manage and share complaints between local and central levels.

Deciding when to bring the transition period to a close

4.32 Ministers will decide whether to complete transition in December 2015 or extend to December 2016, based on the evidence as to the completeness of the digital register. This decision has important implications for trust in the system, and also for a Boundary Review under the Parliamentary Voting System and Constituencies Act 2011, which is required to take place by 2018. The review, which would reduce the number of MPs from 650 to 600, will be based on the electoral register at 1 December 2015. If transition completes after 1 December 2015 then the register used for the review would not be a fully individual registration-based register.

51 The Electoral Commission, You need to be registered in order to vote, webpage. Available at: www.electoralcommission.org.uk/__data/assets/pdf_file/0005/165614/IER-transition-Stakeholder-leaflet-generic-final.pdf

Appendix One

The Cabinet Office's sponsored bodies at 1 April 2014

Ministerial department

Office of the Leader of the House of Commons

Office of the Leader of the House of Lords

Bodies within the Department's accounting boundary

Boundary Commission for England

Boundary Commission for Wales

Committee on Standards in Public Life

Security Vetting Appeals Panel

Senior Salaries Review Body

Advisory Committee on Business Appointments

House of Lords Appointments Commission

Main Honours Advisory Committee (Honours and Appointments Secretariat)

Social Mobility and Child Poverty Commission

Executive non-departmental public bodies (NDPBs)

Civil Service Commission

Big Lottery Fund

Bodies outside the Department's accounting boundary (Executive Agencies)

Crown Commercial Service – Government Procurement Service. This service operates as a trading fund.

The Cabinet Office's shareholdings in associates as at 1 April 2014

Organisation	Cabinet Office shareholding
Axelos Ltd	49%
Shared Services Connected Limited	25%
MyCSP Ltd	35%
Behavioural Insights Team Limited	35%

Appendix Two

Results of the Civil Service People Survey 2013

Survey question (% 'strongly agree' or 'agree')	Cabinet Office (excluding agencies)	Civil service benchmark
Leadership and managing change		
I feel that my department as a whole is managed well	**39**	43
Senior managers in my department are sufficiently visible	**53**	51
I believe the actions of senior managers are consistent with my department's values	**43**	43
I believe that the board has a clear vision for the future of my department	**28**	42
Overall, I have confidence in the decisions made by my department's senior managers	**41**	41
I feel that change is managed well in my department	**28**	29
When changes are made in my department they are usually for the better	**25**	27
My department keeps me informed about matters that affect me	**59**	58
I have the opportunity to contribute my views before decisions are made that affect me	**34**	36
I think it is safe to challenge the way things are done in my department	**42**	38
Organisational objectives and purpose		
I have a clear understanding of my department's purpose	**73**	85
I have a clear understanding of my department's objectives	**63**	80
I understand how my work contributes to my department's objectives	**73**	83

Notes

1 These are summary results of the Civil Service People Survey 2013. Not all question scores have been included.

2 The score for a question is the percentage of respondents who strongly agree or agree to that question.

Source: *Civil Service People Survey 2013*, available at: www.civilservice.gov.uk/about/improving/employee-engagement-in-the-civil-service/people-survey-2013, accessed 28 August 2014

Department for Business, Innovation & Skills (excluding agencies)	Department for Communities and Local Government (excluding agencies)	Department for Culture, Media & Sport (excluding agencies)	Ministry of Defence (excluding agencies)	Department for Education	Department of Energy & Climate Change	Department for Environment, Food & Rural Affairs (excluding agencies)	Foreign & Commonwealth Office (excluding agencies)	Department of Health (excluding agencies)	HM Revenue & Customs (excluding agencies)	HM Treasury	Home Office (excluding agencies)	Department for International Development	Ministry of Justice (excluding agencies)	Department for Transport (excluding agencies)	Department for Work & Pensions (excluding agencies)
45	43	28	24	32	42	35	57	41	26	67	37	64	48	41	40
55	53	42	32	41	63	49	60	57	38	75	47	69	55	57	39
44	42	37	29	35	50	41	57	46	32	63	41	62	49	45	39
48	39	23	27	29	24	28	53	32	28	54	32	55	39	34	40
42	39	30	22	30	44	34	51	43	23	64	35	57	43	37	33
29	29	20	14	21	28	23	40	26	20	47	22	43	32	25	34
24	20	16	11	16	27	16	35	18	17	40	19	34	27	21	30
65	60	51	45	53	69	58	62	56	45	70	57	69	59	60	58
38	41	30	23	29	42	31	44	37	25	48	34	48	37	33	35
40	39	32	33	31	48	38	46	36	33	58	37	44	39	40	42
85	75	70	82	83	89	77	84	77	80	93	84	94	82	80	85
79	72	62	74	77	86	74	81	73	77	88	81	92	77	75	83
84	78	74	79	81	87	79	84	78	80	88	82	91	80	79	84

Appendix Three

Publications by the NAO on the Cabinet Office since April 2013

Publication date	Report title	HC number	Parliamentary session
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
14 February 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
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	Managing the risk of legacy ICT to public service delivery	H 539	2013-14
12 September 2013	Spinning-out MyCSP as a mutual joint venture	HC 538	2013-14

Publication date	Report title	HC number	Parliamentary session
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 956	2012-13

Where to find out more

The National Audit Office website is
www.nao.org.uk

If you would like to know more about the NAO's work on the Cabinet Office please contact:

Keith Davis
Cabinet Office and cross-government
020 7798 7284
keith.davis@nao.gsi.gov.uk

If you are interested in the NAO's work and support for Parliament more widely, please contact:

Adrian Jenner
Director of Parliamentary Relations
020 7798 7461
adrian.jenner@nao.gsi.gov.uk

Twitter: @NAOorguk

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