



Departmental Overview, October 2018

Cabinet Office

Cabinet Office

This overview summarises the work of the Cabinet Office including what it does, how much it costs, recent and planned changes and what to look out for across its main business areas and services.

Overview



About the Cabinet Office



How the Cabinet Office is structured



Where the Cabinet Office spends its money



Managing public money



Major programmes and developments



Exiting the European Union

PART ONE

Cross-government functions



PART TWO

Performance reporting



PART THREE

What to look out for




If you would like to know more about the National Audit Office's (NAO's) work on the Cabinet Office, please contact:

Siân Jones

Director Cabinet Office and Cross-Government, Value for Money


 sian.jones@nao.org.uk

 0191 269 1889

Paul Keane


Director Cabinet Office, Financial Audit

 paul.keane@nao.org.uk

 020 7798 7122

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

 parliament@nao.org.uk

 020 7798 7665



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. 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, nationally and locally, have used their resources efficiently, effectively, and with economy. The C&AG does this through a range of outputs including value-for-money reports on matters of public interest; investigations to establish the underlying facts in circumstances where concerns have been raised by others or observed through our wider work; landscape reviews to aid transparency; and good-practice guides. Our work ensures that those responsible for the use of public money are held to account and helps government to improve public services, leading to audited savings of £741 million in 2017.

Design & Production by NAO External Relations
DP Ref: 006108-001

© National Audit Office 2018

About the Cabinet Office

The Cabinet Office's purpose is to support the Prime Minister and Cabinet and ensure that government runs effectively. Alongside HM Treasury, it forms the government's corporate centre. As a central department, the Cabinet Office performs various strategic and coordinating functions – in particular, overseeing how departments implement Cabinet decisions and the Prime Minister's priorities.

The Cabinet Office also has responsibility for key strategic policy areas such as national security and EU exit negotiations, and for providing direction to departments to improve how they operate (for example, by leading on civil service, commercial and digital initiatives).



The Cabinet Office has three main objectives, set out in its single departmental plan:

1

Maintain the integrity of the Union, coordinate the security of the realm and sustain a flourishing democracy

This includes:

- policy on electoral, constitutional and parliamentary reform;
- national security strategy and responses to national security threats; and
- international policy across government.



2

Support the design and implementation of HM Government's policies and the Prime Minister's priorities

This includes:

- establishing, monitoring and implementing the government's strategic priorities;
- supporting the Cabinet and Cabinet committees;
- EU exit work (see [page 8](#)); and
- coordinating the government's legislative programme.



3

Ensure the delivery of the finest public services by attracting and developing the best public servants and leading a number of cross-government efficiency programmes

This includes:

- overseeing the civil service as a whole; and
- setting policy and controls to improve efficiency across government (largely carried out through 13 cross-government functions – see [page 9](#)).



Source: Cabinet Office, *Single Departmental Plan*, (updated 23 May 2018)

How the Cabinet Office is structured

The Cabinet Office organises its directorates, groups and functions according to its three departmental objectives (see left). The Cabinet Office's structure also includes Corporate Services such as finance and human resources, which ensure the effective running of the Department.



1

Maintain the integrity of the Union, security and democracy

These Cabinet Office groups have broad strategic responsibilities for national security concerns and constitutional issues (for example, elections, devolution and parliamentary reform).

- Constitution Group
- Government Security Group
- Intelligence and Security Committee
- Joint Intelligence Organisation
- National Security Secretariat

Elections

Returning officers' expenses for England and Wales are paid from the Cabinet Office



2

Support the delivery of the government's programme and the Prime Minister's priorities

These parts of the Cabinet Office are largely responsible for cross-departmental coordination (for example, Europe Unit on EU negotiations and Economic and Domestic Secretariat for domestic policies), as well as tracking progress on government priorities (Implementation Unit).

- Economic and Domestic Secretariat
- Europe Unit (see [page 8](#))
- Government in Parliament Group
- Honours and Appointments
- Implementation Unit
- Office of the Parliamentary Counsel
- Prime Minister's Office
- Private Office Group



3

Improve the efficiency of government

These groups and units are responsible for government-wide civil service and efficiency initiatives. The Cabinet Office houses several cross-government functions (see [page 9](#)), which provide expert support and skills development in specialist areas.

- Civil Service Group
- Civil Service Pensions
- Commercial Models
- Government Shared Services
- Public Bodies Reform

Cross-government functions:

- Civil Service Human Resources
- Government Commercial Function
- Government Communications
- Government Digital Service
- Fraud, Error, Debt and Grants
- Office of Government Property
- Government Security Function
- Infrastructure and Projects Authority (jointly with HM Treasury)

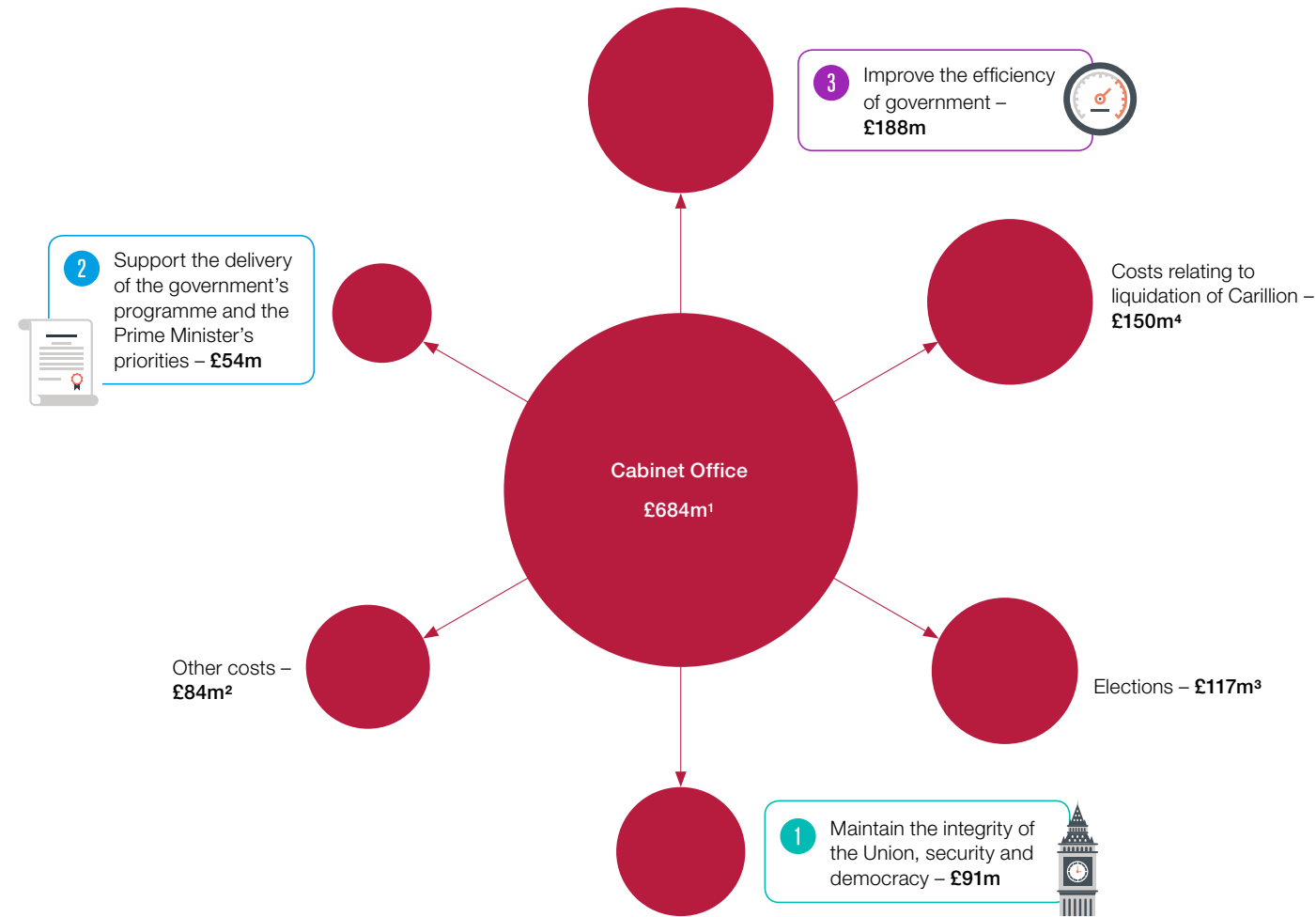


Where the Cabinet Office spends its money

The Cabinet Office has a smaller budget than most departments, in part because it has fewer delivery responsibilities. Some large areas of spend, such as election costs, are distributed through the Cabinet Office and do not constitute the Department's own direct spending.



Cabinet Office net outturn, 2017-18



Notes

- 1 Expenditure figures do not include the Crown Commercial Service (CCS), which operates as a trading fund. CCS had turnover of £75 million in 2017-18.
- 2 Other costs include costs to ensure the effective running of the Department and Annually Managed Expenditure (AME).
- 3 Election costs are disclosed separately to those under departmental objectives as they are funded directly from Parliament through non-voted expenditure.
- 4 Payment of £150 million was made to the Official Receiver in relation to the liquidation of Carillion plc (see page 10).

Sources: Cabinet Office, *Annual Report and Accounts 2017-18*, Crown Commercial Service, *Annual Report and Accounts 2017-18*

Managing public money

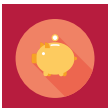


Departmental spending

Cabinet Office net outturn increased by £238 million (53%) between 2016-17 and 2017-18. The main reasons for the increase are:

- funding of £150 million was provided to the Official Receiver in relation to the **liquidation of Carillion plc** (see [page 10](#));
- **election costs** increased by £69 million, mainly due to the June 2017 UK general election; and
- spend on departmental objective 2: *Support the delivery of the government's programme and the Prime Minister's priorities* increased by £9 million, including costs of setting up the **Grenfell Tower fire inquiry** and the new **Geospatial Commission** (which promotes better use of UK government mapping data).

Source: Cabinet Office, [Annual Report and Accounts 2017-18](#)



The Government's shared services programme

Departments and other government bodies use shared service centres to reduce costs by sharing back-office services such as finance, human resources and procurement. The Cabinet Office launched a new shared services strategy in 2018, which forecasts savings of £300 million from further adoption of shared services across government.

The Cabinet Office part-owns and oversees a shared services centre, run by Shared Services Connected Limited (SSCL). This serves a number of government departments and bodies including the Department for Work & Pensions and the Ministry of Justice. While work continues to improve SSCL's internal controls, SSCL's auditor qualified its report on the operating effectiveness of those controls, as it also did the previous year.



Government-funded inquiries

In May 2018, the National Audit Office's [Investigation into government-funded inquiries](#) was published. This report examined 10 completed inquiries and found a lack of evidence that departments had consistently monitored the costs and progress of inquiries. On average, inquiries that have concluded since 2005 took 40 months to complete.



Findings from the audit of the Cabinet Office's 2017-18 accounts

The Comptroller and Auditor General certified the Cabinet Office's 2017-18 accounts with a clean audit opinion on 19 July 2018, five days before Parliament's summer recess. Last year,

the Cabinet Office published its accounts after the summer recess. It subsequently started to improve its finance function's capability, systems and processes.

However, this work is not yet complete. For example, after moving its own back-office services to SSCL's 'single operating platform' in May 2017, some issues were identified concerning the treatment of VAT. A HM Revenue & Customs audit highlighted several areas that require improvement.

Major programmes and developments

Cabinet Office major projects

Unlike other departments, the Cabinet Office does not deliver many programmes itself as its main activities are policy coordination and broad strategy-setting.

The Cabinet Office does lead the delivery of eight major government projects (out of the 133 projects across government designated as 'major projects'), with a forecast whole-life cost of £3.8 billion. Most of these projects are to develop digital, shared services, property or commercial capability across government.

IPA ratings, 2018

8 projects



6 amber
1 amber-green
1 amber-red

The Infrastructure and Projects Authority (IPA) ratings of delivery confidence for the eight projects appear on the right. Six of the projects are rated amber in 2018, one as amber-red, and one as amber-green.

Delivery Confidence Assessment of programmes led by Cabinet Office

2015-16	2016-17	2017-18	Projects
Amber	Amber	Amber-green	Foxhound A secure cross-government IT programme for departments to manage sensitive national security information.
Amber-green	Amber-green	Amber	Gov.UK Verify A system providing a single login for people using government digital services (for example, applying for Universal Credit or filing a self-assessment tax return).
Amber-red	Amber	Amber	ISSC2 A shared services centre for departments to save costs on finance, procurement, payroll and human resources functions.
Amber-red	Amber	Amber	Government Hubs Co-location of multiple departments in 'hub' buildings.
Amber-red	Amber	Amber	Commercial Capability To improve the commercial skills of the civil service.
	Amber	Amber-red	New Property Model To create the Government Property Agency.
		Amber	Government as a Platform To develop common platforms for digital services that can be used by departments to avoid duplication of effort. For example, GOV.UK Pay takes payments online and GOV.UK Notify sends text messages, emails and letters.
		Amber	Common Technology Services To support departments to adopt modern, flexible and secure technology. For example, GovWifi is a single Wi-Fi login for government departments.

2 projects

were rated for the first time in 2017-18:



Note

1 ISSC2 is now no longer classed as a major project by the IPA.

Source: Infrastructure and Projects Authority, *Annual Report on Major Projects 2017-18*

Exiting the European Union



The **Cabinet Office's** role in exiting the EU is to:

- advise the Prime Minister and Cabinet on negotiating strategy;
- draft the legislation that implements Brexit;
- provide specialist support to departments as they finalise exit plans;
- help the rest of government prepare and execute the exit strategy; and
- coordinate with devolved authorities.



The Cabinet Office's **Europe Unit** supports the Prime Minister and Cabinet in negotiating a successful and orderly exit from the EU and helps coordinate exit-related activity within government.

There have been key changes to the Europe Unit's staffing and role over the past year:

- In September 2017, the Prime Minister's Europe Adviser transferred to the Europe Unit from the Department for Exiting the European Union (DExEU).
- In July 2018, the Prime Minister made a ministerial statement changing the division of functions between DExEU and the Cabinet Office's Europe Unit. This statement clarified that the Europe Unit has overall responsibility for preparing and conducting negotiations with the EU, drawing on support from DExEU and other departments where required.



Cabinet Office EU exit workstreams

In April 2018, DExEU set out a summary of the workstreams under way across government to implement exit.

The Cabinet Office has 10 workstreams relating to exit, including:

- three workstreams focus on the **devolved administrations** and include developing **new UK frameworks** to replace (where appropriate) the structures currently created by EU law;
- **public procurement**;
- **civil contingencies**;
- **civil service nationality rules**;
- **electoral reform**; and
- **digital regulation**, for example, whether the UK will adopt an EU framework enabling businesses and citizens to use electronic IDs across borders.

Cross-government functions

The 13 cross-government functions provide specialised skills and services across the civil service. They provide central leadership, set professional standards and promote specialist career development. More than half of the functions are located in the Cabinet Office, as part of its work to improve efficiency across government.

Subsequent pages examine developments in three particular functions: commercial; digital; and human resources (in terms of civil service capability). These functions have been priority areas for the Cabinet Office as it seeks to transform government operations and make them more efficient.

The Cabinet Office leads seven functions and co-leads the project delivery function with HM Treasury:

01

Commercial

Supports the procurement of goods and services and management of contracts across government.



02

Digital

Supports the design, build and running of government digital services, and the technology, infrastructure and data which support those services.



03

Communications

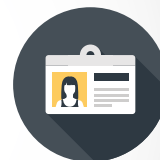
Provides coordinated communications to help deliver government programmes.



04

Human resources

Provides common human resources policies and services to support the whole of the civil service.



05

Property

Aims to improve government's management of its estate, including co-locating offices and services where possible.



06

Fraud, error, debt and grants

Aims to identify and reduce financial losses through fraud and error, and to improve overdue debt management and the effectiveness of grants.



07

Security

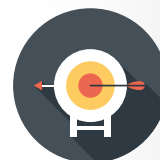
Responsible for setting government's security policy framework and security standards to be met by departments.



08

Project delivery

Cabinet Office jointly leads project delivery with HM Treasury. The function aims to improve government's ability to deliver major projects through assurance, project standards, insight and advice.



The other five functions are:

Finance

Aims to make sure public money is spent efficiently and effectively.



Legal

Provides legal advice across the civil service.



Corporate finance

Manages government's interventions in the private sector to secure best value for the taxpayer.



Internal audit

Provides in-house internal audit services across the civil service.



Analysis

Aims to support government decision-making with best-practice research and analysis services.



Cross-government functions: Commercial



The Government Commercial function supports procurement and contract management across government. It includes around 4,000 civil servants who are commercial specialists.

In 2017 the function created the Government Commercial Organisation (GCO) to act as the central employer of senior commercial staff at Grade 7 and above.

The most significant recent development in the commercial area was the collapse of Carillion in January 2018 (see below). Since then, there has been sustained interest in improving government's commercial data and making some of it available to the public.



Collapse of Carillion

On 15 January 2018 Carillion, government's sixth largest supplier, filed for insolvency. To ensure continuity of public service, the Cabinet Office coordinated contingency planning and provided £150 million to the Insolvency Service so it could continue to operate many of Carillion's contracts. This prevented disruption to public services, such as cleaning of schools and hospitals.

Calls for increased transparency of government contracting

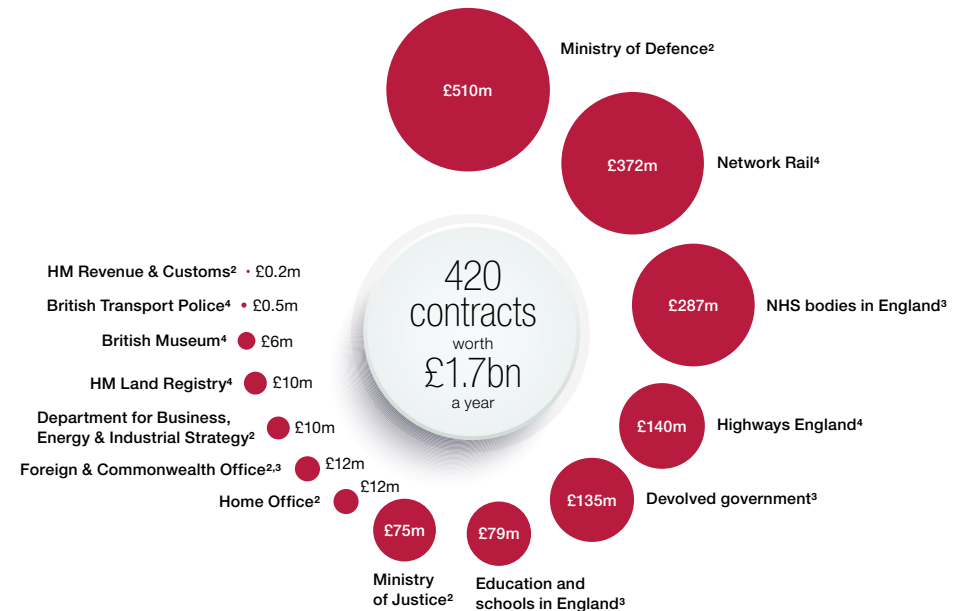
Following Carillion's collapse, there were calls for government to publish data to help the public understand the extent of outsourcing. This would include contract values, contract lengths, performance data and business cases.

On 25 June 2018, the Chancellor of the Duchy of Lancaster announced:

“Starting with our most important contracts, we will increase transparency by requiring a number of key performance indicators to be published – such as response rates, on-time delivery and customer feedback – so that taxpayers can monitor outcomes, and track how their money is being spent. I think this is in the interest of government and suppliers alike. And we will look to make further transparency initiatives in the coming months.”

Estimated UK public sector spending with Carillion in 2016-17

Carillion reported £1,719 million of UK public sector revenue in 2016¹



Source: National Audit Office, *Investigation into the government's handling of the collapse of Carillion*. Contracts held by Carillion are estimated from government spend data. See Figure 2 of the National Audit Office report for details

Cross-government functions: Human resources and civil service capability

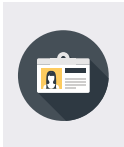
The Human Resources function is made up of more than

3,500 people

across government and is led by the Chief People Officer.



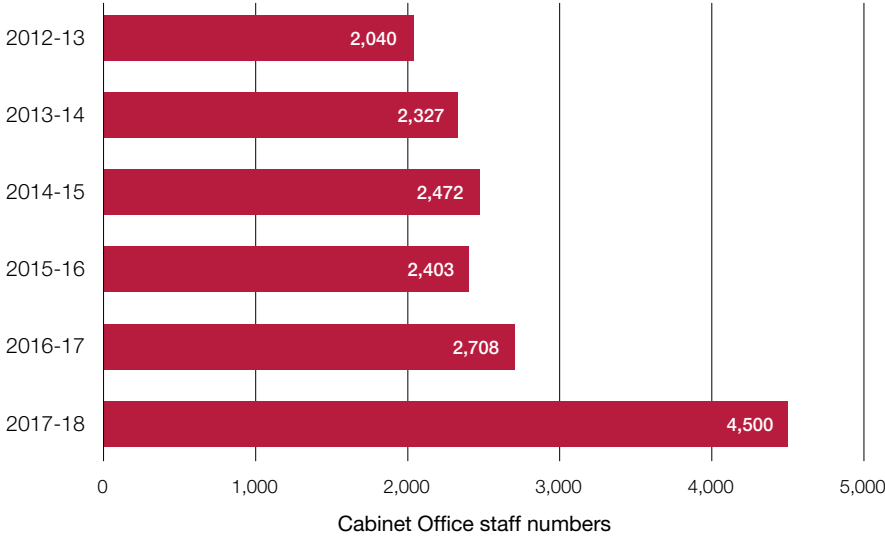
The Cabinet Office has acknowledged that it needs to improve civil service skills and capability. The *Civil Service Workforce Plan 2016–2020* sets out government’s priority areas for improving civil service skills and experience. It sees the creation of cross-government functions and professions as a key way of achieving this.



Cabinet Office staffing changes

In 2017-18 the Cabinet Office’s staff numbers increased by 1,792, almost doubling the size of the department’s workforce (from 2,708 in 2016-17 to 4,500 in 2017-18). However, many of these staff work in other departments and are only formally employed by the Cabinet Office.

- The reasons behind the staff increase are:
- Civil Service Resourcing moved to the Cabinet Office from HM Revenue & Customs, resulting in more than 1,000 Fast Streamers and more than 500 staff being transferred onto the Cabinet Office payroll.
 - More than 260 commercial specialists were employed by the new Government Commercial Organisation (see page 10).



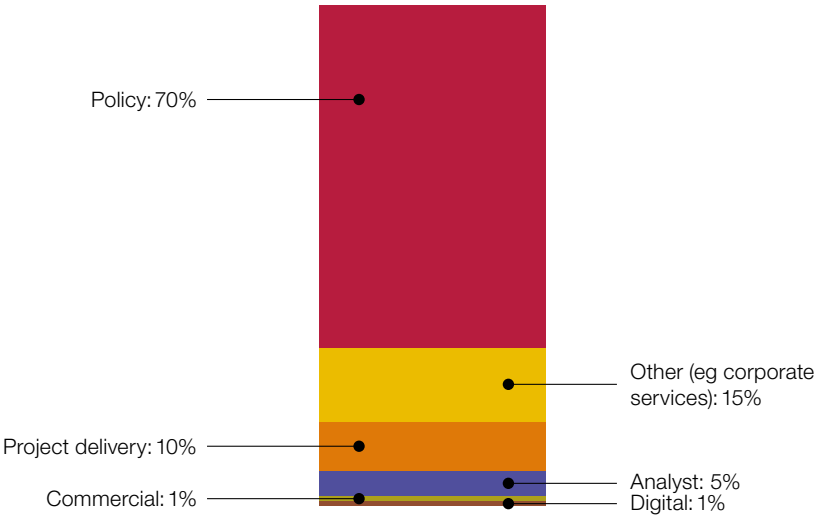
Source: Cabinet Office, *Annual Report and Accounts 2017-18*



Skills needed for EU exit

In 2017 the centre of government identified five ‘priority’ departments that most needed support in meeting their skills needs. These were the Department for Exiting the EU, Department for Business, Energy & Industrial Strategy, Department for International Trade, Department for Digital, Culture, Media & Sport and the Department for Environment, Food & Rural Affairs. The largest identified gaps were for policy skills.

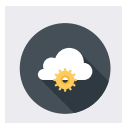
Breakdown of skills needs for new exit roles across the five priority departments



Note
1 Figures are rounded and do not sum to 100%.

Source: National Audit Office, *Implementing the UK’s exit from the European Union. People and skills: The role of the centre of government*. Based on National Audit Office analysis of Cabinet Office data, covering July 2016 to October 2017. See page 9 of the National Audit Office report for more details

Cross-government functions: Digital



The Cabinet Office set up the Government Digital Service (GDS) in 2011 to transform the provision of government digital services. It has more than 500 full-time staff. GDS has implemented a spend control mechanism to ensure that technology adopted by individual departments conforms to GDS standards (service standards and technology codes of practice).

GDS operates three major services: the UK government website [GOV.UK](https://www.gov.uk); the identity assurance system [Verify](#) (see right); and the [GDS Academy](#) (since 2014 this has trained some 6,500 staff).



Verify



The Cabinet Office developed the Verify service to provide a single login to government digital services.

Demand for this service has been lower than expected – by the end of March 2018, more than two million people had created a Verify account to perform six million transactions (an average of three per user). Verify was launched with a target of 25 million users by 2020.

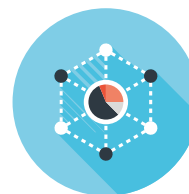
The National Audit Office's [Digital transformation in government](#) report identified several issues hindering Verify's progress, including difficulty of use for both users and departments.

In October 2018, the government announced that contracts with commercial identity providers had been signed for the next 18 months. After that, public funding for Verify would cease and it would become a private sector-led model.

Data

GDS has attempted to improve data sharing and use across government, but progress has been slow.

- The Cabinet Office has created a Data Advisory Board and announced it will appoint a Chief Data Officer, a role vacant since 2015.
- GDS's data policy and governance responsibilities moved to the Department for Digital, Culture, Media & Sport in April 2018.



Digital transformation



GDS produced the [Government Transformation Strategy](#) in 2017 and oversees the Transformation Peer Group jointly with the Infrastructure and Projects Authority.

The National Audit Office [reported](#) in 2017 on digital transformation across government. It concluded that GDS needed to be clear about its role in digital transformation, and strike a balance between robust assurance and a more consultative approach.



Accountability: departmental performance reporting

The Cabinet Office reports data on its performance against objectives in its single departmental plan (SDP), last updated in May 2018. All of the reported performance data under each departmental objective are set out below.



It is difficult to get a complete picture of the department's performance from the published performance data:

- one departmental objective, to support implementation of the Prime Minister's and the government's priorities, has no published performance data at all; and
- the other two objectives have performance indicators which report on selected aspects of the broad objectives only. It is not made clear in the SDP how the chosen indicators contribute towards the overall objectives.

Performance data reported in the Cabinet Office's single departmental plan

1

Maintain the integrity of the Union, coordinate the security of the realm and sustain a flourishing democracy



UK soft power rating

2017	75.72
2016	75.67
2015	75.61

2

Support the design and implementation of HM Government's policies and the Prime Minister's priorities



No data published

3

Ensure the delivery of the finest public services by attracting and developing the best public servants and improving the efficiency of government



UK ranking on Open Data Barometer

Year	Global world ranking	Overall score (out of 100)
2017	1	100
2016	1	100
2015	1	100

Civil Service People Survey

Employee engagement index (%)

2017	61
2016	59
2015	58

Government spend with small- and medium-sized enterprises (SMEs)

Annual spend (£bn)

2015-16	5.6
2014-15	4.8

Public appointment diversity: women in public appointments

Percentage of women in public appointments (%)

2016-17	49
2013-14	34

Source: Cabinet Office, Single Departmental Plan, (updated 23 May 2018)

What to look out for

01 Exit from the European Union

In March 2019 the United Kingdom is set to leave the European Union. The UK government has instructed departments to make the necessary arrangements for exit. The 2018 Spring Statement increased the Cabinet Office's budget for 2018-19 by £49.4 million to fund additional exit-related activities in 2018-19 (see [page 8](#)).



02 The future of Verify

The government announced in October 2018 that provider contracts for the Verify digital identity assurance programme had been signed for the next 18 months. After that, public funding for Verify would cease and it would become a private sector-led model (see [page 12](#)).



03 Single departmental plans

A challenge for the Cabinet Office is to ensure that **single departmental plans** are used effectively across government as a mechanism for robust business planning.

