



National Audit Office

OVERVIEW

Cabinet Office

Departmental Overview 2022-23

We are the UK's independent public spending watchdog

December 2023

About this Overview

This guide has been produced to support the Public Administration and Constitutional Affairs Committee in its examination of the Cabinet Office's (the Department's) spending and performance. It summarises the key information and insights that can be gained from our examinations of the Cabinet Office and related bodies in the sector in England. Cabinet Office spends approximately £1 billion each year to support the Prime Minister and Cabinet, to lead and coordinate the government's response to cross-departmental challenges and to act as the corporate headquarters for the government.

The guide includes:

- how the Cabinet Office is structured and where it spends its money (pages 5–7);
- staff numbers, costs, remuneration, diversity and employee satisfaction (pages 10–12);
- key themes from our recent work on the Cabinet Office (pages 13–17).

How we have prepared this guide

The information in this guide draws on the findings and recommendations from our financial audit and hyphenate value-for-money programme of work, and from publicly available sources, including the annual report and accounts of the Department and its bodies.

We have cited these sources throughout the guide to enable readers to seek further information if required. Where analysis has been taken directly from our value-for-money or other reports, details of our audit approach can be found in the Appendix of each report, including the evaluative criteria and the evidence base used.

Other analysis in the guide has been directly drawn from publicly available data and includes the relevant source as well as any appropriate notes to help the reader understand our analysis.

Other relevant publications

More information about our work on the Cabinet Office, as well as information about our other recent and upcoming reports on can be found on the NAO website.

More information about central government accounting and reporting

You may also be interested in our interactive guide to *Good practice in annual reporting (February 2023)*, which sets out good-practice principles for annual reporting and provides illustrative examples taken from public sector organisations who are leading the way in this area.



This report updates our previous overview, *Cabinet Office Departmental Overview 2021-22*, published in January 2023.

Departmental Overview 2022-23

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About the National Audit Office

The National Audit Office (NAO) scrutinises public spending for Parliament and is independent of government and the civil service. We help Parliament hold government to account and we use our insights to help people who manage and govern public bodies improve public services.

The Comptroller and Auditor General (C&AG), Gareth Davies, is an Officer of the House of Commons and leads the NAO. We audit the financial accounts of departments and other public bodies. We also examine and report on the value for money of how public money has been spent.

In 2022, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £572 million.

If you would like to know more about the NAO's work on the Cabinet Office, or are interested in the NAO's work and support for Parliament more widely, please contact:

Parliament@nao.org.uk
020 7798 7665



Part One – Overview

About the Cabinet Office

The Cabinet Office's purpose is to:

- support the Prime Minister and Cabinet;
- lead and coordinate the government's response to cross-departmental challenges; and
- act as the corporate headquarters for the government as a whole. This involves providing a command centre during immediate crises and leading civil service modernisation and reform.

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 for providing direction to departments to improve how they operate (for example, by leading on civil service, commercial and digital initiatives).

Notes

1 Outcome 1 is a cross-cutting government outcome with contributions from the Department for Environment, Food & Rural Affairs, HM Revenue & Customs and the Home Office.

2 The priority outcomes above have been identified and agreed by the Cabinet Office.

Source: Cabinet Office. *Annual Report and Accounts 2022-23*

The Cabinet Office's priority outcomes for 2022-23

- 1 Seize the opportunities of EU Exit, through creating the world's most effective border to increase UK prosperity and enhance security.
- 2 Secure a safe, prosperous and resilient United Kingdom by coordinating national security, crisis response and the implementation of the Integrated Review.
- 3 Improve levels of equality in the UK.
- 4 Increase the efficiency, effectiveness and accountability of government through modernising and reforming the work of the government functions.
- 5 Support the design and implementation of governmental and Prime Ministerial priorities.

Part One – Overview

How the Cabinet Office is structured

The Cabinet Office organises its business units, its executive agencies (highlighted in **green** below) and its three arm’s-length bodies (highlighted in **bold** below) according to its five priority outcomes. The Cabinet Office also includes corporate enablers, which ensure the effective running of the Cabinet Office.

1



Seize the opportunities of EU Exit

- Borders, Trade and Brexit Opportunities Unit

2



Secure a safe, prosperous and resilient United Kingdom

- Government Security Group
- Intelligence Security Committee
- Joint Intelligence Organisation

3



Improve levels of equality in the UK

- Equality Hub¹
- **Equality and Human Rights Commission**

4



Increase the efficiency, effectiveness and accountability of government

- Civil Service Modernisation and Reform
- Central Digital and Data Office
- Civil Service Human Resources
- Geospatial Commission
- Government Business Services
- Government Communication Service
- Government Digital Service
- Infrastructure and Projects Authority
- Office of Government Property
- **Government Property Agency**
- Public Sector Fraud Authority and Debt
- Government Commercial Function
- **Crown Commercial Service²**

5



Support the design and implementation of governmental and Prime Ministerial priorities

- Economic and Domestic Secretariat
- Government in Parliament Group
- National Security Secretariat
- Office for Veterans’ Affairs
- Property and Constitution Group
- **Civil Service Commission**
- **Office of the Registrar of Consultant Lobbyists**

Corporate enablers

- Chief Operating Officer’s Office
- Strategy, Delivery and Private Office
- Cabinet Office People and Places
- Cabinet Office Strategy, Finance and Performance
- Chief Digital and Information Office
- Cabinet Office Analysis and Insights
- Public Bodies Reform Programmes

Notes

- 1 The Equality Hub includes the Disability Unit, the Government Equalities Office, the Race Disparity Unit and the Social Mobility Commission.
- 2 While the Crown Commercial Service is an executive agency of the Cabinet Office, it is not part of its departmental group for accounting purposes.

Source: Cabinet Office, *Annual Report and Accounts 2022-23*

Part Two – Budgeting and spending

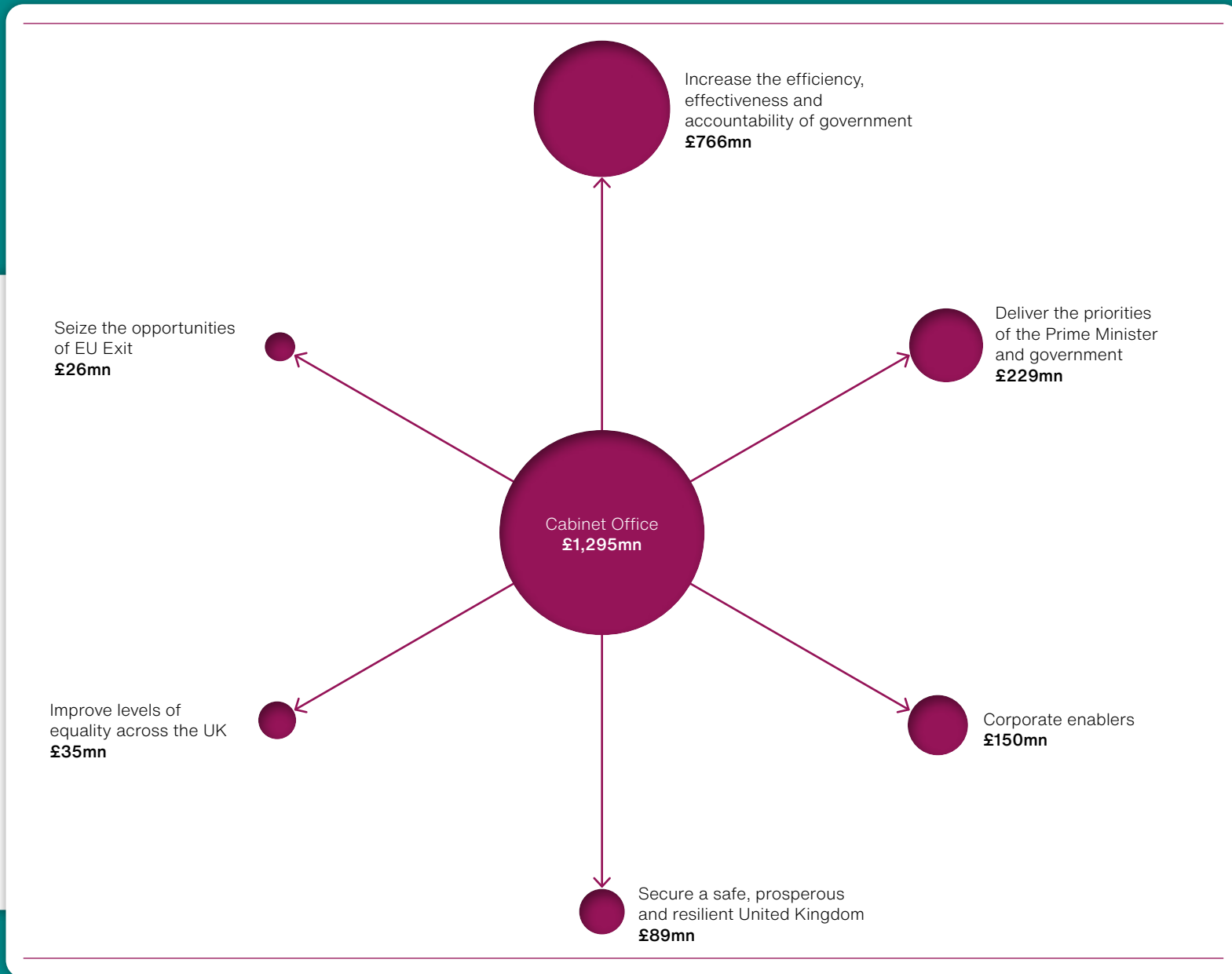
Where the Cabinet Office spends its money

The Cabinet Office reported a net outturn of £1,295 million in 2022-23.

Notes

- 1 The figure shows how the Cabinet Office allocates spending to each of its five priority outcomes and to the corporate enablers, such as Assurance, Finance and Controls. Corporate enablers ensure the effective running of the Cabinet Office.
- 2 Values relate to the Cabinet Office group. This includes the core department, its arm's-length bodies and the Government Property Agency. It does not include the Crown Commercial Service (CCS). Although CCS is an executive agency of the Cabinet Office, it is not part of its departmental group. CCS does not receive Parliamentary funding. It is mainly financed by a levy paid by suppliers contracted to provide goods and services to government. In 2022-23, CCS reported operating income of £177 million and operating costs of £95 million.
- 3 Values are from the Statement of Parliamentary Supply. This does not align with the international financial reporting standards (IFRS), which the audited Cabinet Office accounts follow. The net expenditure of the Cabinet Office group in 2022-23 per the IFRS was much lower at £963 million, among other reasons, because it excludes capital expenditure.

Source: Cabinet Office, *Annual Report and Accounts 2022-23*; Crown Commercial Service, *Annual Report and Accounts 2022-23*



Part Two – Budgeting and spending

Spending patterns

The Cabinet Office group's gross operating expenditure has reduced since 2021-22 as a number of significant events have concluded in the past financial year. It had fallen from £2,768 million to £1,903 million, a fall of approximately 31%. This change in spending is due to:

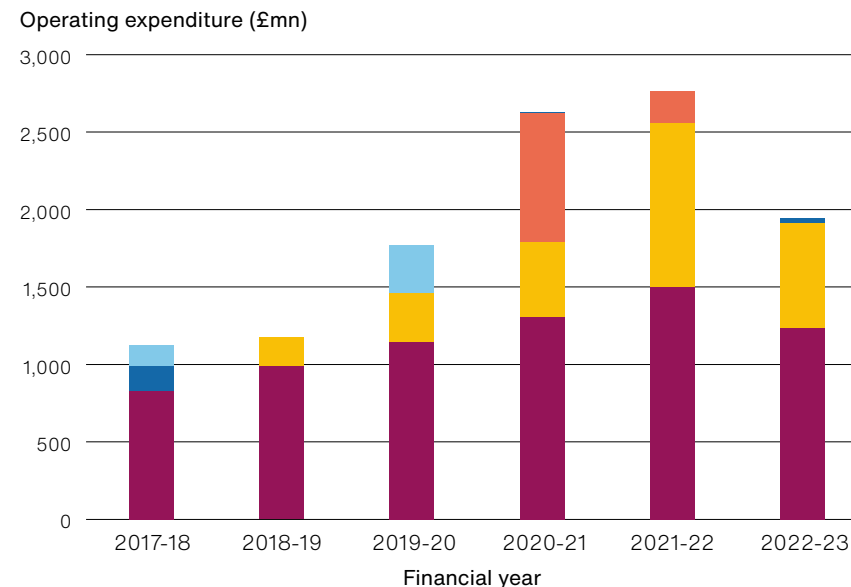
- spending relating to the UK's exit from the EU has reduced since formally exiting the EU in January 2020;
- reduced expenditure in response to the COVID-19 pandemic. The UK COVID-19 Inquiry has now been established to examine the UK's preparedness and response to the pandemic and to learn lessons for the future;
- other operating expenditure returned to previous levels following the delivery of COP 26 in Glasgow in 2021-22; and
- the growth in the Government Property Agency (GPA) since 2018-19 by taking on new properties nationally to deliver a property management service across government. This peaked in 2021-22 due to GPA taking on a portfolio of PFI-funded properties in that year.¹ GPA income represented 30% of the Cabinet Office's operating income in 2022-23.

Between 2017-18 and 2021-22, the Cabinet Office group's operating income increased by more than 14 times (in nominal terms) from £123 million (22% of operating expenditure) to £1,760 million (64% of operating expenditure). This increase was primarily made up of the government departments donating properties to the GPA for it to manage on their behalf. In 2022-23 income fell to £932 million, a reduction of 47%. The largest drop in income is due to fewer donated assets in 2022-23 as the pace of government departments transferring their estates to the GPA to manage slowed down. This income fell from £775 million in 2021-22 to £30 million in 2022-23.

¹ The slowing of GPA income from assets transferred is a result of the accelerated onboarding of government freeholds and PFI offices in previous years.

The Cabinet Office group's gross operating expenditure and income have both decreased for the first time since 2017-18.

Cabinet Office group total operating expenditure, 2017-18 to 2022-23



Financial year	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total operating expenditure	1,184	1,235	1,868	2,795	2,953	1,903
Election costs (£mn)	136	0	323	6	0	0
Grant to the Official Receiver (£mn)	175	0	0	0	0	20
COVID-19 expenditure (£mn)	0	0	0	884	220	0
Government Property Agency expenditure (£mn)	0	190	340	510	1,131	583
Other operating expenditures (£mn)	873	1,046	1,205	1,395	1,602	1,300

Notes

- 1 Figures are audited accounting figures, except for the split between COVID-19 expenditure and other operating expenditure and are shown in 2022-23 real terms.
- 2 The Cabinet Office group includes the Cabinet Office, its arm's-length bodies and the Government Property Agency. It does not include the Crown Commercial Service (CCS). CCS is an executive agency of the Cabinet Office but is not part of the Cabinet Office group for accounting purposes.
- 3 Election costs relate to the expenses incurred by returning officers.
- 4 Other operating expenditure includes, for instance, staff costs, purchase of goods and services, grants and depreciation.
- 5 The figures used are in real terms and are based on HM Treasury September 2022 deflators.

Source: National Audit Office analysis of Cabinet Office, Annual Reports and Accounts 2017-18 to 2022-23

Part Two – Budgeting and spending

Key audit matters and observations identified in the C&AG's audit

The Comptroller & Auditor General (C&AG) gave an unqualified opinion on the financial statements of the Cabinet Office (the Department) for the year ended 31 March 2023.

This means that the accounts give a true and fair view of the Department and the Department Group's affairs, have been properly prepared in accordance with the Government Resource and Accounts Act 2000 and HM Treasury directions issued; that total spending has not exceeded amounts voted by Parliament; and that the income and expenditure recorded have been applied to the purposes intended by Parliament.

Valuation of property

The Cabinet Office group recognises £1,447 million of property assets on its Consolidated Statement of Financial Position as of 31 March 2023 while the Government Property Agency (GPA) recognises £1,371 million of these assets. The Cabinet Office group engaged external property valuation specialists to value its properties. We assessed the completeness and accuracy of the management impairment review and its impact on the valuation of the property portfolio.

Key observations

Our audit testing identified errors, including that irrecoverable VAT had initially been incorrectly excluded from the depreciated replacement cost valuations of four specialist properties held by the GPA. This led to an adjustment increasing the value of these properties as at 31 March 2023 by £9.5 million.

Valuation of investments and associated put options

The Cabinet Office holds investments in associate undertakings, Shared Services Connected Limited (SSCL) and Crown Hosting Data Centres Limited (CHDC). The Cabinet Office holds put options relating to those investments, giving it the right but not the obligation to sell its shares to the other shareholder at a specified price within a specified time frame. At 31 March 2023, investments in associate undertakings were valued at £33.8 million and the put options at £18.6 million. The Cabinet Office's management elected not to engage an external expert to prepare this valuation, instead using its own staff. The SSCL put option was the only material put option in the financial statements.³

Key observations

With the support of auditor's experts, we challenged the Department's valuation of its put option in SSCL, particularly the methodology employed in valuing these financial instruments. This led to the Department reassessing the value of this option as at 31 March 2023, resulting in a £5.4 million reduction in the value of this asset.

Notes

- 1 The key audit matters and observations referenced are not an exhaustive list of those identified in Cabinet Office's and GPA's annual report and accounts 2022-23.
- 2 Cabinet Office told us the put option has now been exercised.

Part Two – Budgeting and spending

Key audit matters and observations identified in the C&AG's audit (2)

Implementation of IFRS 16: Leases

The Cabinet Office group adopted IFRS 16: Leases in 2022-23. IFRS 16 introduced a new model for lease accounting. Almost all leases previously classified as operating leases are now recognised on the Consolidated Statement of Financial Position.

- At 1 April 2022, the Cabinet Office group recognised £450 million of right-of-use assets and £833 million of additional lease liabilities in respect of leases which were previously classified as operating leases.
- The implementation of IFRS 16 has required the Cabinet Office to make significant judgements. These include judgements around lease terms, that are key for determining the length of the lease and, consequently, the value of any associated lease liability. All contracts must be identified and adjusted for the standard implementation to be successful.

Key observations

We identified errors within the GPA audit including:

- accounting for VAT in certain lease liability calculations;
- excluding some lease receivables; and
- inappropriately derecognising a right of use asset for some properties where expected sub-tenancy arrangements had not materialised at 31 March 2023.

These errors were not adjusted, and the impact would have been immaterial.

At the group level, we identified an immaterial error in the eliminations for leases within the group, which were adjusted in the accounts. We challenged management and made suggestions to improve the disclosures required for implementation of IFRS 16 (accounting policies and transition notes).

Regularity of expenditure in respect of legal costs

The Department incurred costs in relation to legal services for the duration of the Committee of Privileges' inquiry into whether the former Prime Minister, Rt Hon Boris Johnson, misled Parliament. Following approval by the then Permanent Secretary to Number 10 Downing Street, the department awarded a contract to a legal firm in August 2022 for a total amount of £129,000 (plus VAT) including disbursements. In December 2022, the Department's principal accounting officer approved an increase in the contract value to £222,000 (excluding VAT); in April 2023 to £245,000 (excluding VAT); and in July 2023 to £265,500 (excluding VAT). The contract end date was 20 July 2023. At 31 March 2023, the total external legal costs incurred by Cabinet Office in relation to this matter amounted to around £237,000 (excluding VAT).

While the amount is not quantitatively material, the use of public money in this matter received comments in Parliament and the media and there has therefore been significant public interest as to whether these costs are a legitimate use of public money.

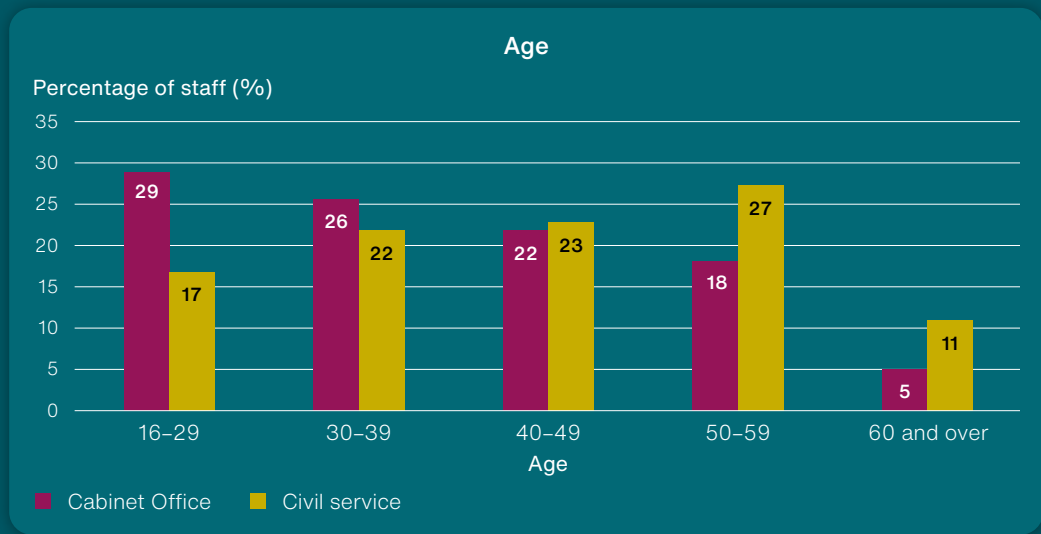
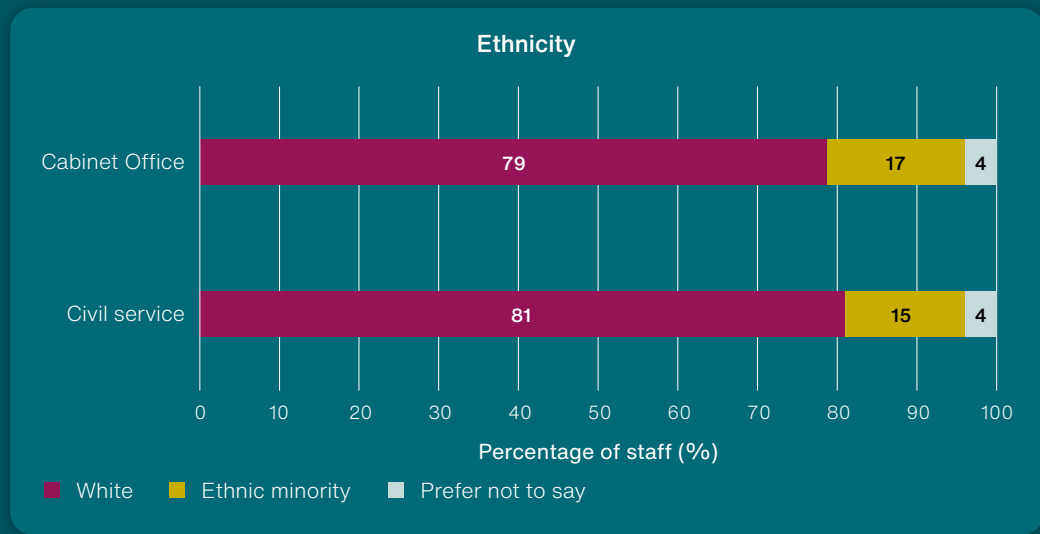
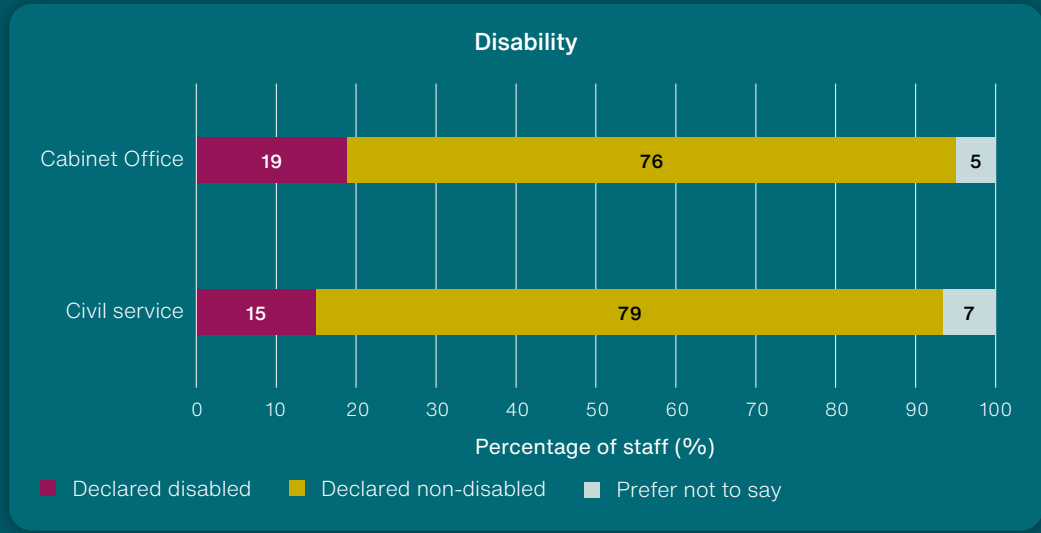
Key observations

- The National Audit Office (NAO) reviewed and concluded that the regularity of spend was a borderline one and requested that the Department seek a view from HM Treasury as to whether this expenditure was novel, contentious or repercussive.
- Cabinet Office referred this to HM Treasury, who stated that it was principally for accounting officers to determine whether spend was novel, contentious or repercussive but HM Treasury was satisfied with the Cabinet Office's judgement that this expenditure was not.
- It was the NAO's view that the Department's principal accounting officer should have approved this expenditure before it was incurred, supported by a formal accounting officer assessment given its nature, in line with the guidance in Managing Public Money.

Part Three – Workforce: recruitment, pay and performance

Diversity

The Cabinet Office (the Department) has a larger proportion of young staff than the civil service as a whole and a smaller proportion of older staff. It has a similar make-up as the civil service as a whole with regard to gender, ethnicity and disability.



Notes

- 1 Figures relate to the Cabinet Office, its arm's-length bodies, the Crown Commercial Service and the Government Property Agency.
- 2 Data on disability and ethnicity are not held for all staff. Response rates range between 72% and 87% for the Cabinet Office and between 79% and 85% for the civil service as a whole.
- 3 Percentage may not sum to 100 due to rounding.

Part Three – Workforce: recruitment, pay and performance

Staff and pay

The Cabinet Office employs 2% of all civil servants and experienced 28% staff turnover in 2022-23.

The Cabinet Office employs around 10,000 full-time equivalent staff. Of the Cabinet Office employees, 96% work in the core Department and its arm's-length bodies. The remaining 4% work in the Government Property Agency or the Crown Commercial Service.

The Cabinet Office is a relatively small department. As of 31 March 2023, the Cabinet Office (including its arm's-length bodies and executive agencies) was the 12th largest government department by headcount. It employed 2% of all civil servants. There were 519,780 civil servants as of 31 March 2023.

Staff turnover in 2022-23 was 28%, approximately three times the civil service average. The Cabinet Office identified a performance risk relating to staff recruitment and retention in its 2022-23 Annual Report.

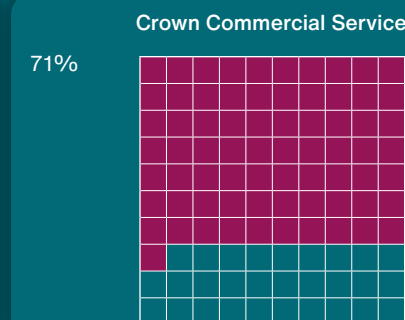
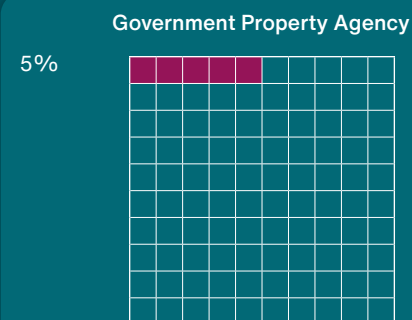
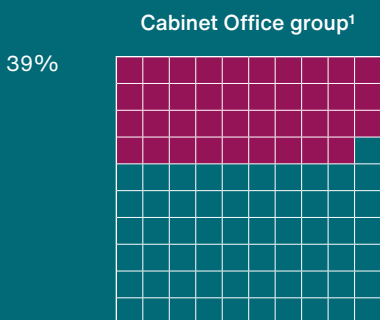
Our report **Civil Service Workforce: recruitment, pay and performance management (November 2023)** found there are many differences across departments in how they carry out staff recruitment, pay-setting and performance management. Variation is to be expected but sometimes it will indicate there is scope to improve efficiency. In some crucial areas, such as recruitment costs and managing underperforming staff, many departments do not know how efficient their processes are or how they could be better.

Number of staff and turnover

Government Property Agency

Staff breakdown 2022-23 (Full-time equivalent)	Cabinet Office group ¹	Government Property Agency	Crown Commercial Service
Staff number	10,396	452	1,001
Turnover (%)	28	14	13

Staff costs as a proportion of operating expenditure³



Remuneration	Cabinet Office group ¹	Government Property Agency	Crown Commercial Service
Highest paid at Senior Civil Servants grade total remuneration (£) ³	235,000 – 240,000	145,000 – 150,000	170,000 – 175,000
Median total remuneration (£) ⁴	42,400	56,300	41,600

Notes

- ¹ The Cabinet Office group includes the Cabinet Office, its arm's-length bodies and the Government Property Agency.
- ² 'Employees' refers to the average number of full-time equivalent persons employed in 2022-23.
- ³ Operating expenditure in 2022-23 was £1,903 million for the Cabinet Office group, £583.5 million for the Government Property Agency and £94.9 million for the Crown Commercial Service.
- ⁴ Median total remuneration is rounded to the nearest hundred pounds. The highest paid director's remuneration is shown in bands of £5,000.
- ⁵ Amounts for median total remuneration excludes pension benefits and highest paid senior civil servants includes pension benefits so they are not directly comparable.

Part Three – Workforce: recruitment, pay and performance

Civil Service People Survey

The Cabinet Office 2022 results dropped significantly below the civil service average across the board.

The annual Civil Service People Survey looks at civil servants' attitudes to, and experience of, working in government departments. The most recent survey was carried out during September – October 2022 and the results were published on 30 March 2023.

The Cabinet Office has underperformed the civil service average scores since 2020. However, the results from the 2022-23 survey are down significantly across all areas, particularly employee engagement; pay and benefits; and leadership and management.

In response to the disappointing people survey results, a new change programme, known as 'A Better Cabinet Office', was launched to deliver immediate progress and establish a comprehensive longer-term strategy. The programme includes six focus area themes including career progression; learning and development; and leadership, respect and inclusion.

The Crown Commercial Service (CCS) performed better than the Cabinet Office and the civil service as a whole in the 2022 survey. The CCS's employee organisational objectives exceeded the Cabinet Office by 24 points and learning and development by 23 points.

The Government Property Agency's (GPA's) employee engagement index in 2022 was 66%. This was one point higher than the civil service average. GPA outranked the Cabinet Office in each measurement in 2022 with learning and development setting a benchmark that was 13 points higher.

	Result in 2021 (%) ¹	Result in 2022 (%) ¹	Change (Percentage points)	Civil service median in 2022 (%)
 Employee engagement index ²	62	54	-8	65
 My work	78	73	-5	79
 Organisational objectives and purpose	71	62	-9	83
 My manager	73	74	+1	78
 My team	85	83	-2	84
 Learning and development	52	46	-6	55
 Inclusion and fair treatment	80	74	-6	81
 Resources and workload	72	69	-3	74
 Pay and benefits	38	25	-13	28
 Leadership and managing change	49	38	-11	54

▲ Increase ▼ Decrease ● No change

Notes

- 1 Scores relate to the Cabinet Office and do not include the Government Property Agency or the Crown Commercial Service.
- 2 The 2022 questionnaire was administered across 104 civil service organisations. Civil servants were asked to answer a set of attitudinal questions on a five-point scale from 'strongly agree' to 'strongly disagree'. The answers were used to calculate the employee engagement index and scores for the nine survey themes. Five survey questions were used to calculate the employee engagement index: 'I am proud when I tell others I am part of [my organisation]'; 'I would recommend [my organisation] as a great place to work'; 'I feel a strong personal attachment to [my organisation]'; '[my organisation] inspires me to do the best in my job'; and '[my organisation] motivates me to help it achieve its objectives'.

Part Four – Themes from recent National Audit Office reports

Supporting cross-government working and efficiency

The Cabinet Office continues to have a wide-ranging role at the centre of government, coordinating delivery and driving change to make efficiency savings.

HM Treasury and Cabinet Office have identified a range of barriers to cross-government working. Some of the most commonly identified barriers were structures and bureaucracy hindering planning and delivery; ministerial priorities not being well understood; inconsistent join-up in spending decisions and allocations; a lack of routine data-sharing between departments; and poor arrangements for sharing best practice and learning.

To combat these issues HM Treasury and Cabinet Office identified areas where they could do more to better support cross-government working. These were: structures; priorities; spending; data-sharing; culture; and best practice. They found that there was further to go in ensuring an open and collaborative culture that rewards and recognises its people.

Our lessons learned report on [cross-government working \(July 2023\)](#) reiterated the importance of a shared vision and objectives, coordinated programme and risk management, and compatible data and technology.

Our [good practice guide \(July 2023\)](#) considers what good cross-government working looks like, common pitfalls and questions to consider. This guide aims to support those across government who are responsible for delivering projects, programmes or policies where more than one department has a role.

Our report on [Government shared services \(November 2022\)](#) found that the new Shared Services Strategy is highly ambitious and there are fundamental elements yet to be put in place that are jeopardising the success of the strategy. For example, the Cabinet Office is still unclear on the extent of the benefits this programme can be expected to bring. It is difficult to judge what progress has been made on enablers such as process and data convergence. We are concerned that these gaps cause uncertainty for departments and mean that the Cabinet Office will repeat past failures.

Government functions were formally established in 2013. They are groupings of professionals who work across government bodies to provide expert skills. By cutting across departments and arm's-length bodies, functions seek to: develop and deploy specialist expertise; set strategies for cross-government working; and set and assure standards for their area of expertise. There are now 14 government functions that cover activities such as procurement, major project delivery and finance. Through their work, functions also seek to increase the efficiency of the work undertaken by government.

Our report on [Cabinet Office functional savings \(October 2023\)](#) found that creating good information around savings is essential so that government can track its return on investment and make good decisions about where to best invest limited resources in the future.

In July 2023, the Cabinet Office reported that the cross-cutting central functional teams delivered £4.4 billion financial savings in 2021-22. The Government Internal Audit Agency has given the Cabinet Office's efforts to measure functional efficiencies a 'moderate' assurance rating overall. There is no external assurance of individual savings and where recommendations are made, these are not consistently acted on. Overall, functions adopt different approaches to measuring efficiencies and there is limited evidence of learning across functions. Cabinet Office is only two years into publishing efficiency savings and has learned some valuable lessons, but it has further to go to be able to robustly quantify the savings delivered by the functions.

Risk and resilience

The Cabinet Office is responsible for coordinating the government's planning for, and response to, major emergencies.

Background

- Government assesses the most serious risks facing the UK or its interests overseas over the next few years via the National Security Risk Assessment, a classified document. Its public-facing version, the National Risk Register, includes 89 risks. Both documents identify eight extreme weather events as national risks: coastal flooding, droughts, high temperatures and heatwaves, low temperatures and snow, river flooding, storms, and surface water flooding.
- The Cabinet Office assigns ownership of national risks to lead government departments across these phases: risk identification and risk assessment; prevention, resilience, preparation and emergency response; and recovery. The response to larger-scale emergencies is led by a lead government department and, in the most serious cases, is coordinated through the Cabinet Office Briefing Room (known as 'COBR'), a Cabinet Committee that is convened when needed to deal with crises.
- For some national risks ownership is devolved to the administrations in Northern Ireland, Scotland and Wales.

Our report on *Government resilience: extreme weather* (December 2023) found that government can do more to help prepare for and develop resilience to extreme weather. Government continues to strengthen the arrangements in place to manage these risks and fill the gaps in its understanding of these risks and their impacts. However, for the extreme weather risks we examined, government has yet to set out what outcome it is looking to achieve in managing these risks and the amount of risk that it is willing to accept in the pursuit of those outcomes.

Much of the activity to manage these risks to date has been focused on responding to and recovering from events rather than prevention and preparedness. Government has recognised that it needs to improve national resilience and that prevention and preparedness are better than cure. The key challenge for government now is how it rebalances its approach to place greater emphasis on prevention and preparedness.

Part Four – Themes from recent National Audit Office reports

Other key themes (1)

People and operations

Background

The Cabinet Office has stated that it is:

- working to attract and retain a diverse workforce that meets its future needs and those of government;
- working to grow a cadre of world-class leaders, nurturing a diverse range of talent and developing its people across all levels; and
- working to create a culture of inclusion.

Recent developments

The Cabinet Office:

- has launched, through the work of the Equality Hub, a government-backed training programme to help people back into science, technology, engineering and management careers;
- has published a Civil Service Apprenticeships Strategy; and
- has continued to support civil service reform by relocating its staff outside of London.

National Audit Office report

Leadership development in the civil service looks at effective leadership within the civil service and how it is required to deliver objectives. Leaders must set clear goals and harness the talents of employees and delivery partners towards that goal. Recruitment, pay and training are some of the things government can do to secure top leaders.

Digital

Background

Cabinet Office bodies are involved in data, digital and cyber security initiatives across government including:

- **Central, Digital and Data Office:** leads the digital, data and technology function across government;
- **Government Digital Service:** builds digital platforms, products and services;
- **Government Security Group:** oversees government security and is responsible for the development of good practice; and
- **Data Standards Authority:** leads cross-government work on data standards.

Recent developments

The Cabinet Office:

- has published *Transforming for a digital future: 2022 to 2025 roadmap for digital and data*, which seeks to address the key systemic barriers which have hampered past attempts at digital transformation in government; and
- has published the *Government Cyber Security Strategy* and launched GovAssure, the new cyber security assurance scheme which aims to provide government with a clear and objective view of cyber resilience.

National Audit Office report

Our report on *Digital transformation in government: addressing the barriers to efficiency* evaluates government's approach to addressing the underlying issues of why past attempts at digital transformation have run into problems and focuses on the approach to transforming government, how the Central, Digital and Data Office and departmental leaders will support and promote this, and whether senior business leaders across government have a suitable level of digital capability.

Part Four – Themes from recent National Audit Office reports

Other key themes (2)

Financial and risk management

Background

The Cabinet Office faces a range of financial risks which impact performance and delivery across the Department. Strategic risks faced by the Department include, but are not limited to:

- workforce risks around the recruitment and retention of staff;
- funding pressures;
- data and information management; and
- dependencies upon third- (and fourth-) party suppliers and the operational risk that would arise from the insolvency of a strategic government supplier.

Recent developments

The Cabinet Office:

- has revised and updated the 2021 Integrated Review of security, defence, development and foreign policy (March 2023);
- has published the *UK Government Resilience Framework* (December 2022), which focuses on having a shared understanding of risks, prevention and preparation, and adopting a ‘whole of society’ approach; and
- has considered issues and risks as part of its risk management framework through the Executive Committee and the Performance and Risk Committee.

National Audit Office report

Our good practice guides on *the enablers of success in financial management* and *strategic planning and budgeting* are made for senior finance leaders in government and other public bodies. They show the importance of planning strategically and realistically to give organisations the best chance to thrive, help inform trade-offs and operate efficiently and effectively.

Analysis

Background

The government established the **Analysis Function** in 2017. Its role is to lead the analytical community, improve analytical capability and share best practice, including in relation to evaluation and modelling.

The Cabinet Office leads on the strategy for Functional Standards across government, including the Analysis Functional Standard.

Recent developments

The government’s Analysis Function:

- has set up a new steering group to oversee the ownership and maintenance of analytical guidance; and
- has also developed an assessment framework to monitor and support the implementation of new analysis standards by government departments.

National Audit Office report

Our reports *Evaluating government spending and Financial management in government* found that:

- no single body was responsible for upholding evaluation and modelling standards and monitoring their implementation; and
- there were no systematic arrangements at the centre of government for following up on whether departments are complying with government-wide requirements.

Part Four – Themes from recent National Audit Office reports

Other key themes (3)

Major project delivery

Background

The Infrastructure and Projects Authority's annual report 2022-23 stated the Cabinet Office leads the delivery of 11 of the 244 projects included in the Government Major Projects Portfolio. These projects are in areas such as commercial capability, government property, pensions, digital identity and security vetting.

Cabinet Office-led projects had a forecast whole-life cost of £2.4 billion and total monetised benefits of £8.3 billion as at March 2023.

Recent developments

The Cabinet Office has closed down GOV.UK Verify. This project aimed to deliver a single account for people using government services to prove their identity. A successor programme called One Login for Government is now under way.

The Vetting Transformation Programme has been given a red rating by the Infrastructure and Projects Authority (March 2023) meaning 'successful delivery of the project appears to be unachievable'. This Cabinet Office-led project aims to make security vetting simpler, faster and more consistent.

National Audit Office report

Our lessons learned report on *Resetting major programmes* uses the National Audit Office's (NAO's) experience of auditing programmes to draw insights to help decision-makers determine whether they should reset a programme and how to increase the chances of a successful reset. Often programmes cannot achieve their intended outcomes due to internal and external factors and can be costly, so a reset should be considered.

Commercial

Background

The **Government Commercial Function** is a cross-government network procuring or supporting the procurement of goods and services for the government.

The **Grants Management Function** works to maximise all grant outcomes and minimise risk, delivering the greatest benefit to the economy and citizens.

Recent developments

The Cabinet Office:

- has introduced the Procurement Bill to Parliament, which is considered an opportunity for public authorities and businesses to benefit from the creation of one simple procurement process; and
- has been working with suppliers to ensure what they deliver "provides the best possible value for money".

The Government Commercial Function has received commercial and contract management accreditation.

National Audit Office report

In July 2023 the NAO published a lessons-learned report on *Competition in public procurement*, which contained recommendations for the Government Commercial Function and for procurement practitioners to support them delivering the benefits of competition. This publication draws on our July 2021 *Good practice guidance: Managing the commercial lifecycle*, which supports public authorities to achieve value for money in commercial activity.

Part Five • Looking ahead

What to look out for



Civil service reform

The government has committed to relocating 22,000 civil servants and 50% of civil servant roles out of London by 2030, against a March 2020 baseline.

The Cabinet Office has overall responsibility for civil servant relocations.

The Cabinet Office is relocating its own staff to the regions and aims to have 50% of roles outside of London by 2025.



Efficiency and productivity

All departments are being required to look for the most effective ways to secure value and maximise efficiency. The Cabinet Office has responsibility for this programme of work.

In November 2022, the government announced it will carry out an Efficiency and Savings Review. This review will target increased efficiency, reprioritise spending away from lower-value programmes and review the effectiveness of public bodies.



The Procurement Act

The Procurement Act received Royal Assent on 26 October 2023, and Cabinet Office is planning for the necessary secondary legislation to be laid in Parliament in early 2024. It anticipates that the new regulations will come into effect from October 2024, after a six-month preparation period. Its focus now turns to implementation and readiness for go-live for the new regime. It will very shortly be publishing further guidance and communication material, including an official learning and development brochure, to support stakeholders.



Shared services

By 2028 at the latest, the government aims to have five cloud-based shared service centres, which will cover all major departments and use standardised processes and data.

The Cabinet Office leads this work.



Shared Services Connected Ltd (SSCL)

The Cabinet Office has exercised its option to sell its 25% stake in SSCL for £82 million. SSCL provides consolidated digital solutions for the public sector including finance and accounting, and HR and payroll. Sales proceeds of £57 million will be retained by the Cabinet Office, of which up to £45 million will be reinvested into accelerating programmes that increase cross-government productivity.



Independent inquiries

In July 2022, the Cabinet Office launched the independent public inquiry to examine the UK's preparedness and response to the COVID-19 pandemic and learn lessons for the future.

The Cabinet Office also sponsors the Grenfell Tower Inquiry and the Infected Blood Inquiry.

These inquiries are funded through the Cabinet Office.