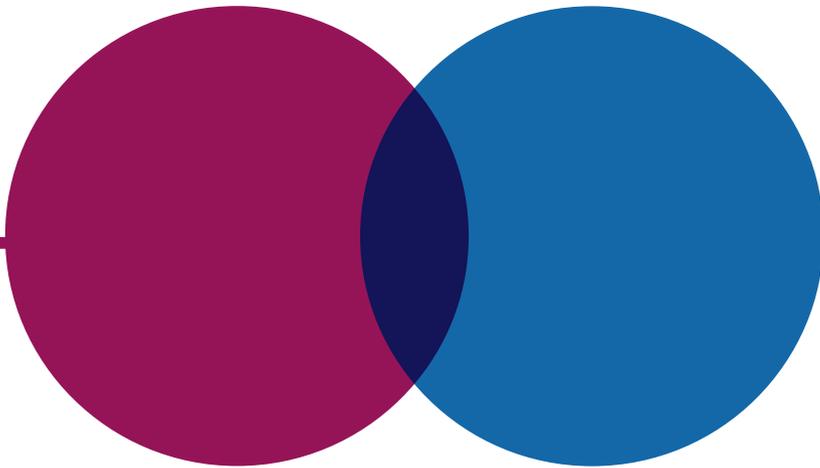




National Audit Office



REPORT

# Update on government shared services

Cross-government

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SESSION 2024–2026  
6 MARCH 2026  
HC 1718

## Key facts

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**£1.15bn**

total HM Treasury funding committed to shared services since 2021

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**£459mn**

incurred costs since 2020 for delivering shared services

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**470,000**

number of civil servants impacted by shared services, October 2025

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**£1.0 billion**

net lifetime benefits expected from shared services

**16**

number of government departments intending to onboard onto shared services

**100**

number of arm's-length bodies committed, funded and with a timeline to onboard onto shared services

**25**

other known central government digital change programmes which may impact delivery of shared services

# Summary

## Introduction

**1** All government departments need access to corporate functions, including human resources (HR), finance, procurement and payroll, to manage their operations effectively. Collectively known as the 'back-office', these functions deliver the core business processes needed to support front-line services. Since 2004, central government has sought to cut the cost of these services through the sharing of back-office functions between departments. This work has been led by Cabinet Office.

**2** The aim of using shared services is to standardise processes and services, reducing costs while improving data consistency. This involves moving to a common IT system known as an Enterprise Resource Planning (ERP) system. The private sector and local authorities often claim savings from implementing shared service centres.

**3** In 2018, Cabinet Office published a new 10-year Shared Services Strategy. In March 2021, Cabinet Office refreshed its delivery model, moving away from the idea of individual departments procuring their own single software platforms and, instead, having five cloud-based shared service centres operational by 2028. It intended to facilitate convergence, bringing government departments into alignment on procedures, processes, definitions and data standards. Data convergence ensures that the whole of government uses the same process and data standards. When data are converged, it becomes much easier to integrate systems, use new technology like artificial intelligence (AI), share information and avoid duplication of effort.

**4** The refresh aimed to make the landscape simpler, and focused efforts around the five following work streams.

- The development of five shared service centres serving five departmental clusters: Defence, Matrix, Overseas, Synergy and Unity.
- Commercial convergence by using central frameworks as the route to procurement.
- Data convergence by applying common data standards, improving data-sharing in departments through integration and between departments by ensuring their systems can exchange information (interoperability).
- Process convergence to improve services and user experiences, through standardisation, automation and interoperability.
- Improving user experience by introducing a common set of key performance indicators and measuring user experience.

**5** We reviewed progress in 2022 and concluded that Cabinet Office's new Shared Services Strategy was highly ambitious and, while most departments considered the cluster model could work, there were several fundamental elements yet to be put in place. We recommended that Cabinet Office reassesses the feasibility of delivering the strategy and makes significant changes to governance and implementation plans.

## **Scope**

**6** This report examines how Cabinet Office and the clusters are progressing with implementing the 2021 Shared Services Strategy. It examines whether:

- Cabinet Office has a good understanding of progress since we last reported on shared services in 2022 (Part One);
- clusters are on track to deliver the Shared Services Strategy to time and budget, including the intended longer-term improvements (Part Two); and
- the government can manage interdependencies and interoperability between shared services and other developments elsewhere in government (Part Three).

Appendix One sets out our audit approach and evidence base.

## Key findings

### Governance and oversight

**7 Cabinet Office has made some improvements to its governance arrangements, working with clusters through a dedicated liaison team and two-tier framework.**

In autumn 2025, Cabinet Office revised shared services governance to create a lower-tier Service and Technical Design Authority (SaTDA) and a higher-tier Shared Services Board (SSB). The SaTDA is chaired by Cabinet Office's Shared Services for Government (SSfG) directorate, supports design and implementation decisions among clusters and is accountable to the SSB. Chaired by the Government Chief People Officer, the SSB brings together the directors-general from the five clusters' lead departments, representatives from the Cabinet Office's SSfG team, and leads of government functions to make strategic decisions that affect all five clusters (paragraph 1.20).

**8 Despite these improvements in governance arrangements and oversight since we last reported on shared services, significant gaps remain.** There is no clear owner for shared services with the levers to deliver the strategy. There is still reliance on other boards, for example the Civil Service Transformation Board and Applicant Tracking System Board, which have no clear remit in relation to the Shared Services Strategy (paragraphs 1.19 and 1.21).

**9 Cabinet Office has developed a Shared Services portfolio dashboard that gives the central team and clusters quarterly information on progress against a set of agreed key performance indicators.** This dashboard also contains information on key interdependencies between shared services ERPs and other digital change programmes being delivered across government. The SSfG directorate's Portfolio team commissions monthly data returns from clusters but cannot enforce timely and accurate returns. As a result, the quality and completeness of data provided by clusters and other programme owners varies significantly, limiting the usefulness of the dashboard (paragraphs 1.15 and 1.16).

**10 Cluster governance arrangements vary, but most have a clear governance structure and a plan to implement the strategy.** Governance varies from cluster to cluster, which reflects each cluster's respective plans for delivering shared services. Of the four clusters that are still in implementation, Matrix, Synergy and Unity each have a full-time senior responsible owner (SRO) driving the transformation programmes forward with a combination of working groups, function leads and informal groups. Defence is set up as a multi-year capability portfolio made up of six programmes, with an SRO. Each individual programme has its own SRO, and they all sit under the Ministry of Defence's (MoD) Corporate Services Modernisation programme (paragraphs 2.3 and 2.4).

**11 Cabinet Office needs to clarify expectations, including which arm's-length bodies (ALBs) it expects to join shared services, and what it expects from each cluster.** While Cabinet Office believes it has been clear in its messaging about ALBs needing to be onboarded, clusters and departments told us otherwise. Clusters, and their member departments, are at different stages of planning for the onboarding of their ALBs, and existing plans do not include all ALBs. Onboarding of ALBs will be a big additional step, and one that will require careful planning (paragraphs 1.8 and 1.9 and Figure 2).

**12 HM Treasury provided significant funding for shared services during Spending Review 2025, addressing some of the concerns that we noted in our last report.** However, there remains some uncertainty and disagreement over funding. HM Treasury allocated significantly more, ringfenced, funds to Matrix, Synergy and Unity (approximately £846 million). Cabinet Office told us that it believed this addressed all the funding concerns of these three clusters. However, those we spoke to in clusters told us that there were still some funding gaps that might need to be covered from departmental budgets. Funding for the Foreign, Commonwealth & Development Office's (FCDO) Overseas cluster and MoD's Defence cluster was not ringfenced. Where funding is not ringfenced, such as in the Defence cluster, progress has been challenging due to funding constraints and wider departmental budget pressures. As many of the ALBs are not included in current business case plans, departments and clusters need to consider and plan for the additional costs and resources required to enable ALB onboarding (paragraphs 1.9 to 1.13 and Figures 2 and 3).

#### Remaining challenges

**13 Cluster implementation plans depend on the functions' readiness within individual departments for onboarding and there is significant variance across the functions.** The Finance Function is widely seen as ready and willing to onboard to shared services across all the clusters. Commercial is a mixed picture, with one cluster only onboarding a single process. As of November 2025, the Government People Function responsible for HR is or was behind in all the clusters, excluding Overseas and Defence's Civilian HR capability, which are operational already. HR data and processes are often not compatible with government functional standards and require a lot of work to converge (paragraph 2.17).

**14 Buy-in from departments that are current cloud users is not clear, creating some uncertainty for the overall strategy.** We highlighted in our previous report the importance of securing departmental buy-in. In principle, all the departments are supportive of the Shared Services Strategy. However, HM Treasury and the Department for Education (DfE), who currently have modern ERPs and are both in the Matrix cluster, have indicated they would welcome more information through the business case about likely costs for them before they assess that onboarding is feasible and value for money. The absence of a firm commitment presents challenges for planning within the Matrix cluster, as the business case assumptions include participation from both DfE and HM Treasury. Cabinet Office has stated that it does not consider departments' joining Shared Services optional, and that departments cannot make the decision to move or leave a cluster without assessing value for money across government, nor the impact on the business case (paragraphs 2.5 to 2.7).

**15 Engagement with the digital repository NOVA has been inconsistent, which has led to significant gaps.** NOVA supports functions to design business processes, for example financial transactions. The HM Treasury-led Functional Convergence Programme, which became NOVA, was initially co-sponsored by the Finance, Commercial and Government People (HR) Functions and revised the functional standard of each of them. However, the Commercial Function decided not to implement the standard. HR participated in the design process but did not work towards implementing its standard, while Commercial opted out. Functions that had implemented their standards after NOVA across their respective processes and data before starting work on shared services had already made significant progress towards convergence. The different functions were at a completely different place when it came to implementing shared services (paragraphs 2.14 and 2.15).

**16 The Finance Function is the most advanced in standardisation and benefits tracking, serving as a model for other functions and clusters.** Most clusters reported that the Finance Function was the easiest to prepare for transition to shared services. This was largely due to finance teams having implemented the standard. In the Overseas cluster, finance processes were already converged to align to the revised standard, which made it easier to standardise and migrate compared with HR (paragraph 2.18).

**17 Clusters have implemented different module functionality in their ERPs, which will affect how the data across the five clusters can be brought together.** The Finance Function defined a Common Chart of Accounts for government that facilitated convergence. Despite these efforts, the absence of a strong technical lead has resulted in inconsistent ERP configurations and data convergence. Part-implemented processes or modules will also make it harder to achieve data convergence across government and will reduce ERP functionality. This means that the government will not be able to share and converge data without building further processes and interfaces to collect and converge the data from the different clusters (paragraphs 2.11 to 2.13, 2.16 and Figure 6).

**18 There are numerous interdependencies that affect the delivery of shared services and management of these interdependencies has been inadequate.**

There are at least 25 other digital change programmes being developed for users across government that interact with shared services and are led by government functions or other parts of Cabinet Office. Seven of these programmes were assessed as having a high or medium impact on shared services, of which five were sponsored by Government People Group, one by the Government Finance Function and one by the Government Grants Management Function. Inadequate governance of interdependencies is still hindering clusters' planning for the value for money and delivery of shared services (paragraphs 3.2, 3.6 and 3.7 and Figure 7).

### Applicant Tracking System

**19 The Applicant Tracking System (ATS) is an example of an interdependency that has not been effectively managed.**

The government started the ATS transformation programme (ATS programme) to replace the current centralised civil service recruitment platform with a new central platform. The programme consistently identified lack of adoption from shared services clusters as a risk. At various points between 2023 and 2025, some shared services clusters raised concerns about the ATS programme and stated that they would prefer to use the ATS functionality of their own ERPs over the new central platform. Despite this, Cabinet Office did not assess the need for a reset as soon as it could have, which made it challenging to assess alternative options for delivering an ATS (paragraphs 3.8, 3.11, 3.12 and 3.18).

**20 The ATS programme was reset in October 2025.** Cabinet Office is preserving the software developed prior to the ATS programme's reset and will consider if it will be able to use it in the future. In November 2025, some clusters were still unable to make key design decisions due to interdependencies between their ERPs and two Government People Group digital change programmes: Government Skills Campus and the ATS (paragraphs 3.7, 3.15 and 3.16).

**21 The reset ATS programme will likely cause further delays to the implementation of shared services.** In October 2025, Cabinet Office agreed with clusters to reset the ATS programme. It reduced the scope of the ATS programme to delivering services such as a central jobs board and pre-employment checks and agreed that each cluster would be deploying its own ATS as part of its ERP. This will impact all the clusters; Overseas does not have the functionality and, due to being in business-as-usual, lacks the funding and bandwidth to develop its own solution. Cabinet Office estimates that the total costs of the programme reset will be £26 million to £38 million (paragraphs 3.15 and 3.20).

## Conclusion on value for money

**22** The Shared Services Strategy aims to standardise processes and systems across government, offering potential for significant efficiencies. Since our last report, clusters have made some progress with operational delivery, improving governance structures, developing implementation plans and moving forward with procurement. However, some fundamental issues continue to jeopardise delivery of five interoperable clusters.

**23** There is no single owner in the centre of government with a clear mandate to secure departmental onboarding, which leaves buy-in uncertain and timelines at risk. The absence of a strong technical lead has resulted in inconsistent ERP configurations and data convergence, undermining interoperability and data standards. When combined with fragmented governance of interdependencies, this creates a real risk that the strategy will not be delivered to time or budget. Unless these gaps are addressed urgently, the government will not achieve the full benefits it set out to achieve and may incur increased costs.

## Recommendations

**24** As a matter of urgency Cabinet Office should:

- a** clarify governance responsibilities for government shared services within Cabinet Office, at director general level and above, to enable the delivery of the strategy, including clarifying responsibilities for:
  - getting buy-in from government departments and a commitment to onboard onto shared services by 2030; and
  - identifying all interdependencies with shared services and ensuring that the original assumptions are still relevant and that compatibility with shared services is being actively managed;
- b** create a civil service- and function-wide transformation board with the necessary technical skills and strategic oversight to ensure interdependencies between government programmes and shared services are adequately managed;
- c** by the end of 2026, agree a plan with each of the five clusters for onboarding ALBs onto shared services, including expected timelines for doing so;
- d** enhance the recently introduced Service and Technical Design Authority to ensure all central programmes are compatible with the clusters' ERPs and that future transformation initiatives sponsored by government functions are fully aligned with the Shared Services Strategy; and
- e** task the Service and Technical Design Authority with considering how clusters can make best use of their purchased ERPs, including making full use of certain modules and incorporating additional processes, as well as identifying and discontinuing other systems that clusters are currently spending money on and which can be replaced using the ERP functionality.

**25** Government People Group should:

- a** as a priority, commission a lessons-learned exercise in relation to the Applicant Tracking System (ATS) programme, including any wider lessons for the development of shared services and/or central platforms, for discussion at the Shared Services Board, the Service and Technical Design Authority and HR Steering Board; and
- b** by summer 2026, produce an updated assessment of the costs of the revised approach, covering the costs already incurred on the ATS and what future costs will be.

**26** The Government Commercial Function and Government People Function should develop a detailed plan on implementing their functional standard across all their processes and data by June 2027.

**27** Clusters should:

- a** ensure that they provide complete, reliable and timely data to Cabinet Office to report on progress against key performance indicators; and
- b** work with all the ALBs in their departmental groups to create robust and achievable timelines and plans to onboard ALBs on shared services.

**28** HM Treasury should:

- a** explore how it can usefully expand NOVA further;
- b** clarify its intention around the funding of the Defence and Overseas clusters, ringfencing funds to reduce funding uncertainty; and
- c** clarify funding expectations for ALB onboarding and provide funds in line with HM Treasury's stated approach.