NAO
National Audit Office

DEPARTMENTAL OVERVIEW 2019

CABINET OFFICE

JANUARY 2020

CABINET OFFICE

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

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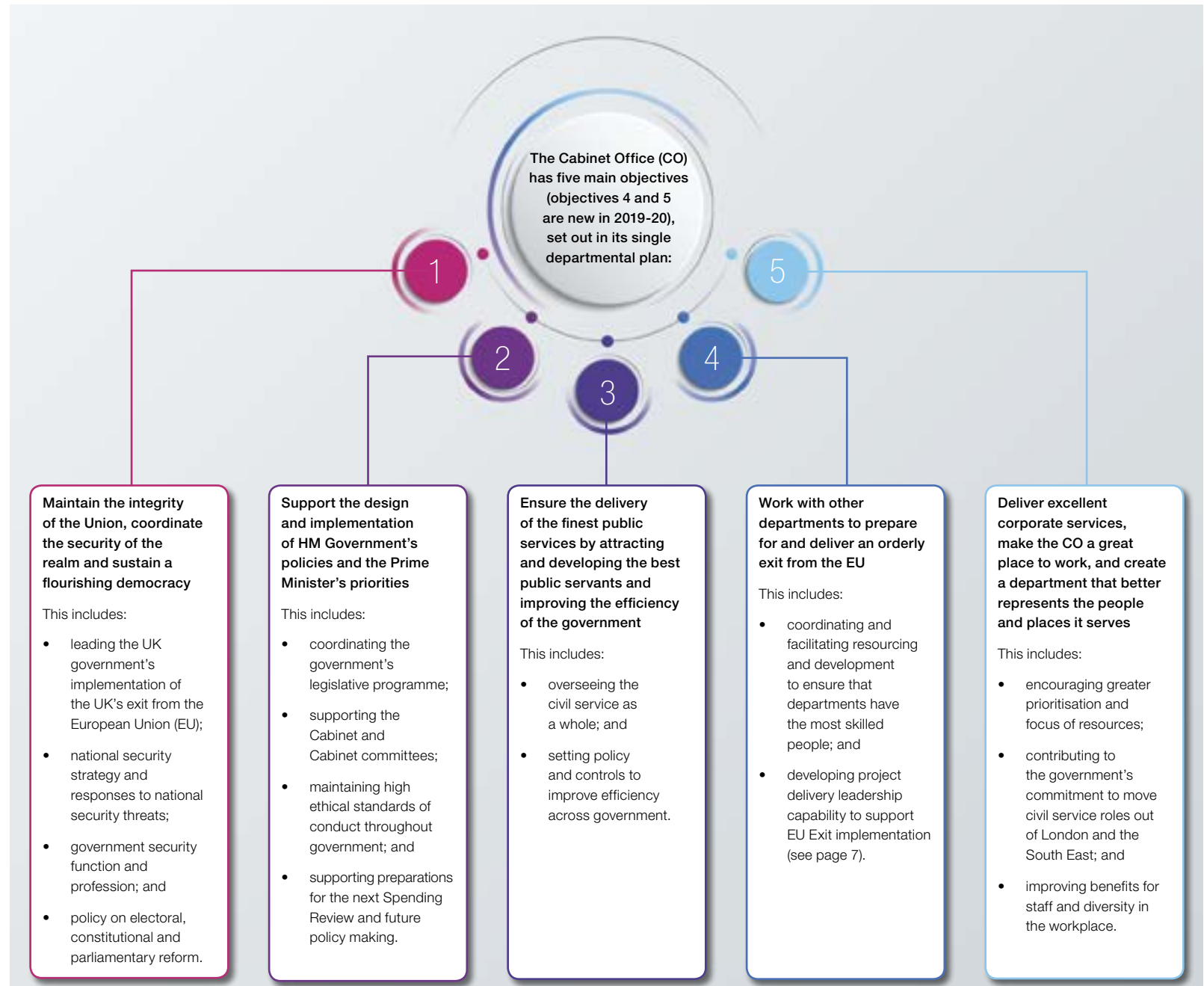
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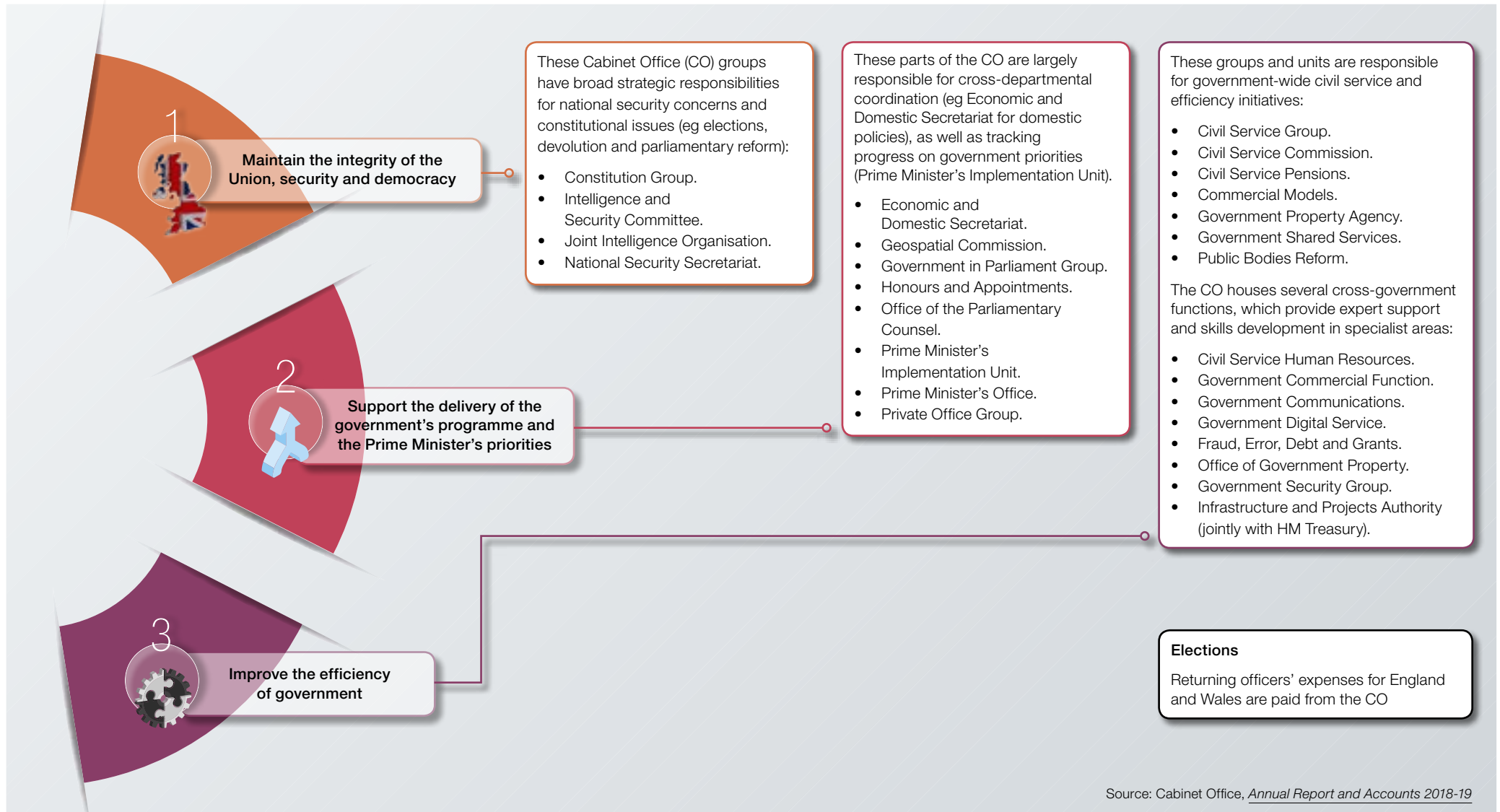
_About the Cabinet Office

The Cabinet Office's (CO'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 CO performs various strategic and coordinating functions – in particular, overseeing how departments implement Cabinet decisions and the Prime Minister's priorities.

The CO also has responsibility for key strategic policy areas such as national security and EU Exit preparations, 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 (CO) has five main objectives (objectives 4 and 5 are new in 2019-20), 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:

- leading the UK government's implementation of the UK's exit from the European Union (EU);

- national security strategy and responses to national security threats;

- government security function and profession; and

- policy on electoral, constitutional and parliamentary reform.

2

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

This includes:

- coordinating the government's legislative programme;

- supporting the Cabinet and Cabinet committees;

- maintaining high ethical standards of conduct throughout government; and

- supporting preparations for the next Spending Review and future policy making.

3

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

This includes:

- overseeing the civil service as a whole; and

- setting policy and controls to improve efficiency across government.

4

Work with other departments to prepare for and deliver an orderly exit from the EU

This includes:

- coordinating and facilitating resourcing and development to ensure that departments have the most skilled people; and

- developing project delivery leadership capability to support EU Exit implementation (see page 7).

5

Deliver excellent corporate services, make the CO a great place to work, and create a department that better represents the people and places it serves

This includes:

- encouraging greater prioritisation and focus of resources;

- contributing to the government's commitment to move civil service roles out of London and the South East; and

- improving benefits for staff and diversity in the workplace.
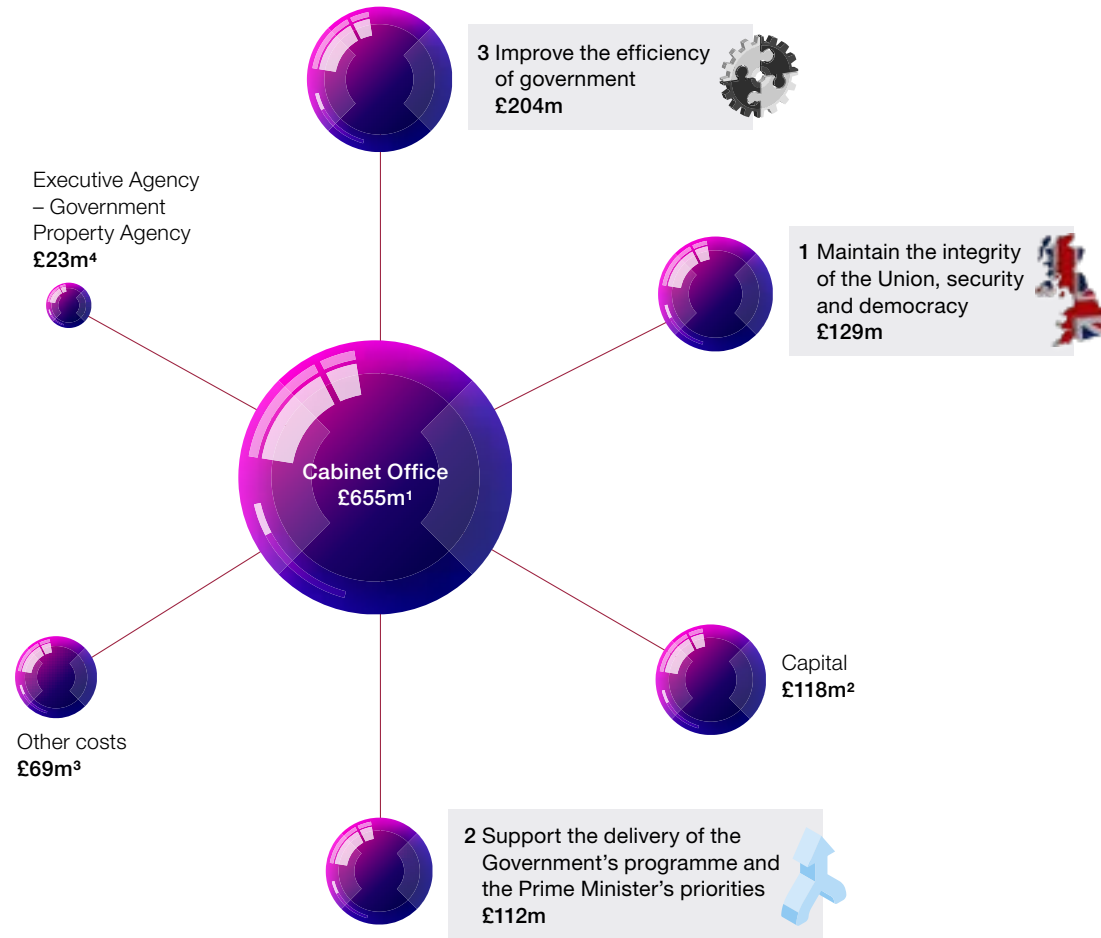
_How the Cabinet Office is structured

The Cabinet Office (CO) organises its directorates, groups and functions according to its three departmental objectives (see below). Its 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 (CO) groups have broad strategic responsibilities for national security concerns and constitutional issues (eg elections, devolution and parliamentary reform):

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

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

These parts of the CO are largely responsible for cross-departmental coordination (eg Economic and Domestic Secretariat for domestic policies), as well as tracking progress on government priorities (Prime Minister's Implementation Unit).

- Economic and Domestic Secretariat.
- Geospatial Commission.
- Government in Parliament Group.
- Honours and Appointments.
- Office of the Parliamentary Counsel.
- Prime Minister's Implementation Unit.
- Prime Minister's Office.
- Private Office Group.

These groups and units are responsible for government-wide civil service and efficiency initiatives:

- Civil Service Group.
- Civil Service Commission.
- Civil Service Pensions.
- Commercial Models.
- Government Property Agency.
- Government Shared Services.
- Public Bodies Reform.

The CO houses several cross-government functions, which provide expert support and skills development in specialist areas:

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

3 Improve the efficiency of government

Elections

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

Source: Cabinet Office, *Annual Report and Accounts 2018-19*

4

Where the Cabinet Office spends its money

The Cabinet Office (CO) reported a £655 million net resource and capital outturn in 2018-19

3 Improve the efficiency of government
£204m

Executive Agency – Government Property Agency
£23m⁴

1 Maintain the integrity of the Union, security and democracy
£129m

Cabinet Office
£655m¹

Capital
£118m²

Other costs
£69m³

2 Support the delivery of the Government's programme and the Prime Minister's priorities
£112m

Notes

1   Boxes 1, 2 and 3 show spending by departmental objectives (see page 4).

2   Expenditure figures do not include the Crown Commercial Service (CCS), which operates as a trading fund. CCS had a turnover of £92 million in 2018-19.

3   Capital costs include fit-out costs of government property.

4   Other costs include costs to ensure the effective running of the CO and Annually Managed Expenditure.

5   Executive Agency – Government Property Agency comprises the cost of the first year of operation of the agency. See page 8.

Source: Cabinet Office, *Annual Report and Accounts 2018-19*; Crown Commercial Service, *Annual Report and Accounts 2018-19*

_Managing public money

Departmental spending

The Cabinet Office's (CO's) net outturn (how much has been spent) decreased by £226 million (26%) between 2017-18 and 2018-19.

The main reasons for the decrease are:

- the provision of £150 million working capital in 2017-18 to the Official Receiver in relation to the **liquidation of Carillion plc**; and

- **election costs** decreased by £117 million, due to no full elections taking place compared with the general election held in June 2017.

These were then offset by:

- spend on objective 2: *Support the delivery of the government's programme and the Prime Minister's priorities* increased by £35 million due to a significant increase in expenditure for the **Grenfell inquiry**;

- expenditure on **consultancy** increased by 54% from £24 million in 2017-18 to £37 million in 2018-19. Consultancy services were used to assist with the running of the National Cyber Security Programme and with preparations for exiting the European Union; and

- expenditure on **temporary staff** also increased by 14%.

Source: Cabinet Office, *Annual Report and Accounts 2018-19*

Findings from the audits of the Cabinet Office

The Comptroller and Auditor General certified the CO's accounts with a clean audit opinion prior to Parliament's summer recess, for the second year in a row.

The Government Internal Audit Agency's review opinion for 2018-19 on the adequacy and effectiveness of the CO's governance, risk and control arrangements is "moderate", an improvement from the rating of "limited" in 2017-18. Improvements have been made in governance and a programme is in place to improve financial compliance.

Exiting the European Union 2018-19

Government has instructed departments to prepare for the United Kingdom leaving the European Union (EU).

In May 2019, the Cabinet Office (CO) updated its single departmental plan, with the addition of a strategic objective reflecting the importance of EU Exit for 2019-20 (see objective 4 on page 3).

According to the Department, the main EU Exit challenges it faces are:

- Civil Service readiness for a potential No Deal scenario. The CO has set-up Cabinet sub-committees and the Civil Contingencies Secretariat (CCS) is working with departments to prepare for any short-term impacts of a no-deal exit (see right).

- ensuring the devolution dimensions of EU Exit are sufficiently prioritised and understood across the UK government. In response, the CO established the EU Exit and Devolution Governance Board.

Cabinet sub-committee	Remit
EU Exit Strategy (XS)	to consider matters relating to the strategy of EU Exit
EU Exit, Economy and Trade (XET)	to consider matters relating to EU Exit, the economy and trade
EU Exit Operations (XO)	to consider matters relating to the effective delivery of plans for an orderly exit from the EU

Cross-government: Departments' use of consultants to support preparations for EU Exit (2019)

In early 2018, the CO identified that departments required support to access the consultancy services needed for EU Exit work.

Six consultancy firms were awarded 96% of EU Exit work set up between April 2018 and April 2019 under the CO arrangements.

Preparations for EU Exit are ongoing, and the CO is continuing its consultancy support arrangements for departments into 2020.

HM Treasury allocations for EU Exit preparations

Year	Cabinet Office (£m)	All departments (£bn)
2018-19	49	1.5
2019-20	59	4.2

The CCS within the CO aims to increase the UK government's ability to respond to and recover from civil emergencies.

Cabinet Office: Civil Contingencies Secretariat: Contingency preparations for exiting the EU with no deal (2019) reported that in June 2018, the CCS began work on contingency plans to address the short-term impacts of a no-deal exit, codenamed 'Operation Yellowhammer'.

The CCS has three main objectives under Operation Yellowhammer, to:

- understand the major risks and to agree common planning assumptions across government;

- ensure that departments have contingency plans in place for the 12 identified areas of risk; and

- put in place a command, control and coordination structure.
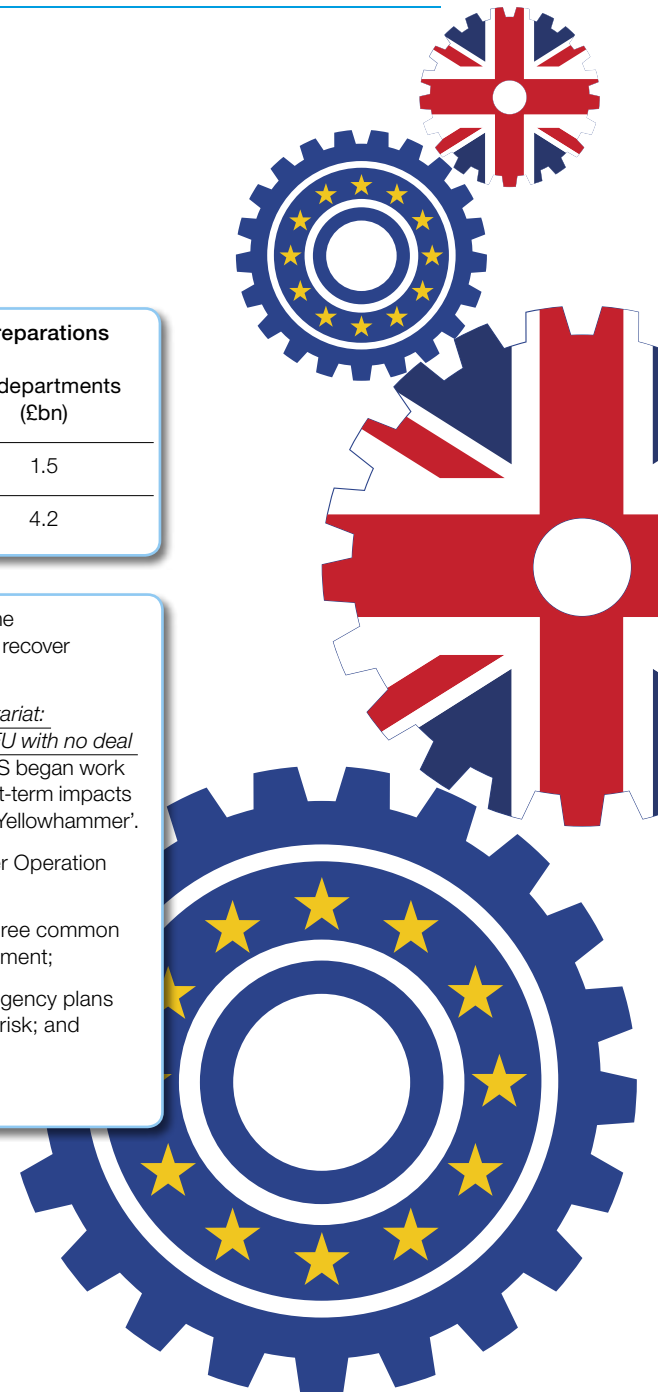
_Major programmes and developments

Cabinet Office major projects

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

The CO does lead the delivery of seven major government projects (out of the 133 projects across government designated as 'major projects'), with a forecast whole-life cost of £1.3 billion. Most of these projects are to develop digital, property or commercial capability across government.

IPA ratings

7 projects

2019	1	4	1	1

1 amber/green

4 amber

1 amber/red

1 red

The Infrastructure and Projects Authority ratings of delivery confidence for the seven projects appear on the right. Four of the projects are rated amber in 2019, one as amber/red, one as red (Gov.UK Verify, see page 9), and one as amber/green.

Delivery Confidence Assessment of programmes led by Cabinet Office

2016	2017	2018	2019	Projects
Amber	Amber	Amber/green	Amber/green	**Foxhound** — A secure cross-government IT programme for departments to manage sensitive national security information.
Amber/red	Amber	Amber	Amber	**Government hubs** — Co-location of multiple departments in 'hub' buildings (shared workspaces situated close to transport links).
Amber/green	Amber/green	Amber	Red	**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) (see page 9).
	Amber	Amber/red	Amber	**New property model** — Creation of the Government Property Agency (see below), part of the 'new property model' for government to take a more commercially driven approach to owning and managing its estate.
		Amber	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	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.
			Amber/red	**Commercial capability expansion** — To improve the commercial skills of the civil service, expanding capability into new target populations.

1 project was rated for the first time in 2018-19.

● Red   ● Amber/red   ● Amber

● Amber/green   ● Green

Government Property Agency

The Government Property Agency (GPA) launched on 1 April 2018 as a new executive agency of the Cabinet Office and GPA is leading on the government hubs programme. GPA on-boarded £195 million of properties in 2018-19, along with responsibility for facilities management service provision. This represents two of the 21 public bodies it plans to on-board by April 2022.

_Management and delivery of central programmes

The Cabinet Office (CO) has a role in directly managing some central programmes that it is ultimately accountable for delivering.
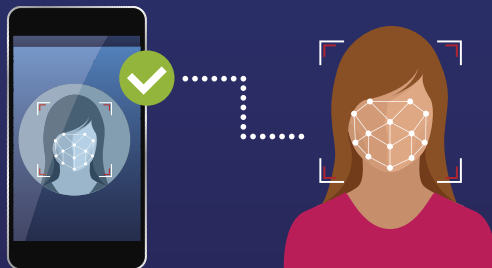
Verify

GDS, part of the Cabinet Office, created GOV.UK Verify (Verify) as a cross-government approach to identity assurance. It was intended to provide identity verification services for the whole of government. Our _Investigation into Verify (2019)_ found that:

- GDS is not on track to meet the target of 25 million users signed up to Verify by 2020. By February 2019, 3.6 million people had signed up for Verify.

- Nineteen government services currently use Verify, less than half the 46 expected to have connected by March 2018 (see right).

After struggling to build public sector demand for Verify, government announced in October 2018 that it will hand over control of Verify to private sector providers from 2020.

Verify is an example of the failings in major programmes that we often see, including optimism bias and failure to set clear objectives. It has similarities with the CO's shared services programme where we found implementation difficulties because individual departments felt the central standardised solution did not meet their specific needs.

Government services using Verify, February 2019

In total, 19 government services use Verify, as at February 2019

Number of services (count)

Target: 46 government services by March 2018 (2016 business case)

Bar chart values: 8 (Services for which Verify is the only online access route), 11 (Services with alternative online access routes)

Total number of government services using Verify
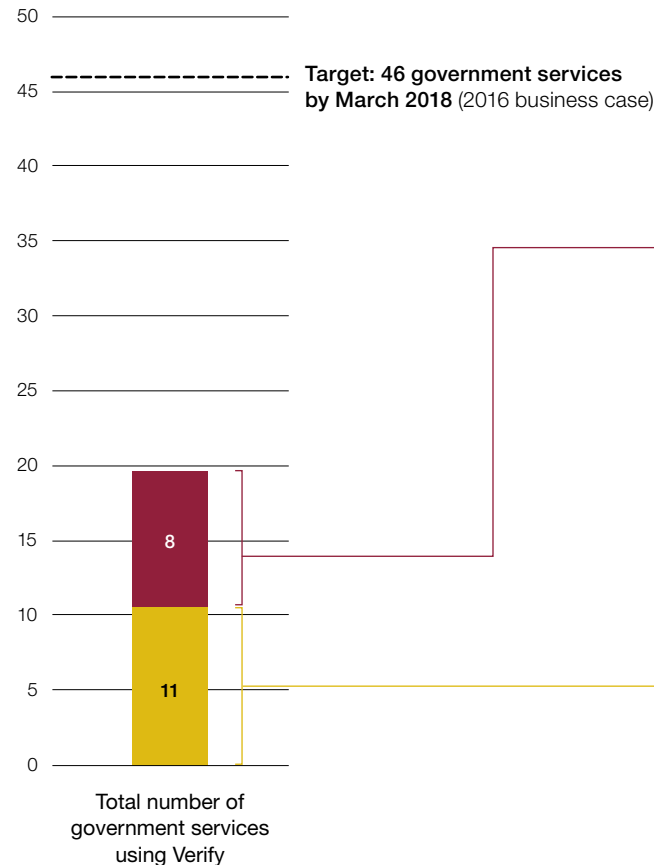
Services for which Verify is the only online access route:

- DVLA: Add driving licence check code to mobile device
- DVLA: Renewal of short-term medical driving licence
- DVLA: Reporting a medical condition that affects your driving
- DWP: Get your State Pension
- DWP: Universal Credit
- HM Land Registry: Sign your mortgage deed
- Home Office: Disclosure and Barring Service
- MoD: Defence Cyber Protection Partnership.

Services with alternative online access routes:

- Defra: Rural payments
- DVLA: View or share driving licence information
- DVSA: Vehicle operator licensing
- DWP: Check your State Pension
- HMRC: Check your Income Tax
- HMRC: Claim a tax refund
- HMRC: Help friends or family with their tax
- HMRC: PAYE for employees – company car
- HMRC: Personal tax account
- HMRC: Self-Assessment tax return
- NHS Business Services Authority: Sign in to view your Total Reward Statements.

■ Services for which Verify is the only online access route   ■ Services with alternative online access routes

Notes

1   DWP = Department for Work & Pensions; DVLA = Driver and Vehicle Licensing Agency; DVSA = Driver and Vehicle Standards Agency; MoD = Ministry of Defence; Defra = Department for Environment, Food & Rural Affairs; HMRC = HM Revenue & Customs.

2   GDS has undertaken analysis of the 46 government services that it anticipated would sign up by March 2018. In its view, 18 have not yet undertaken digital transformation, 6 no longer operate and 14 no longer require digital identify verification.

Source: Comptroller and Auditor General, _Investigation into Verify_, Session 2017–2019, HC 1926, National Audit Office, March 2019

_Management and delivery of central programmes *continued*

National Security Vetting

The Cabinet Office (CO) is responsible for vetting policy and sets vetting standards that United Kingdom Security Vetting (UKSV) must follow. UKSV (part of the Ministry of Defence) is responsible for providing vetting services. National security vetting allows individuals access to government information, locations or equipment.

Our *Investigation into national security vetting (2018)* reported that in 2015 most vetting was provided by two organisations: Defence Business Services National Security Vetting (part of the Ministry of Defence), and Foreign & Commonwealth Services National Security Vetting (FCOS, a trading fund of the Foreign & Commonwealth Office). In November 2015, the government announced that it would establish a single vetting provider. UKSV was created in January 2017.

UKSV has not yet met its targets for completing non-priority developed vetting (DV) cases, and does not expect to do so until the end of 2018 (see right).

The CO considers that the National Security Vetting Solution (NSVS), used by UKSV, is still not meeting requirements in terms of its speed, and is contributing to inefficiencies across government. The CO estimates that the length of time taken to complete vetting cases has caused inefficiencies, costing UKSV customers £17 million per year. In May 2018, the CO began developing a replacement for NSVS. It plans for this replacement to be in place by January 2020.

United Kingdom Security Vetting's (UKSV's) non-priority case performance, January 2017 to July 2018

UKSV first achieved its target for completing non-priority counter terrorist check (CTC) and security check (SC) cases 12 months after the organisation was created. It has yet to achieve its target for completing non-priority developed vetting (DV) cases

Proportion of cases completed within target timescales (%)
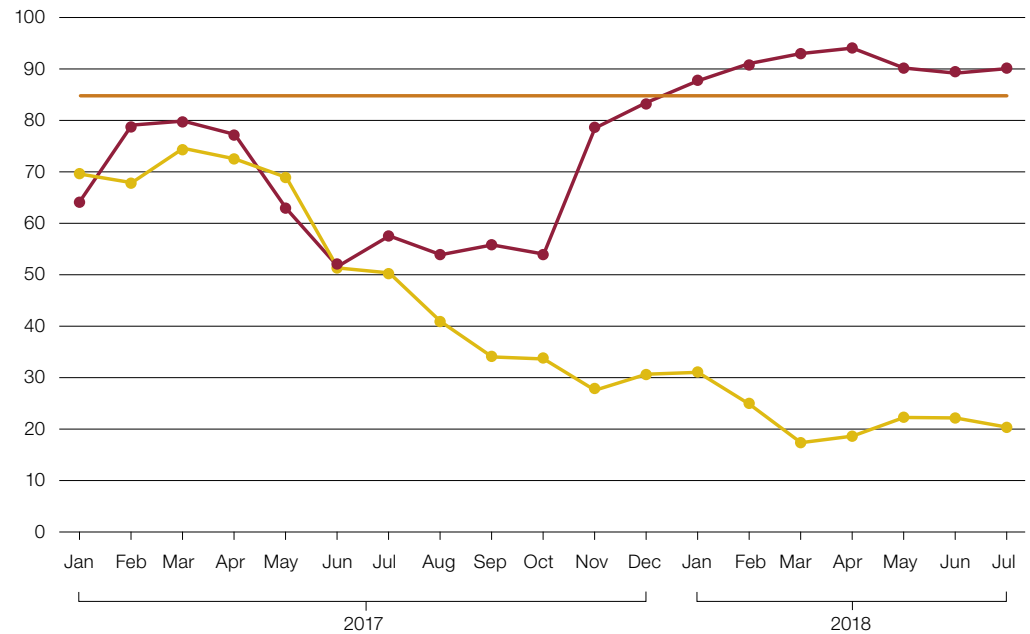
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
						2017										2018			
● CTC and SC cases completed to target (%)	65	79	80	77	63	52	58	54	56	54	79	84	88	91	93	94	90	89	90
● DV cases completed to target (%)	70	68	75	73	69	51	50	41	34	34	27	31	31	25	17	19	22	22	20
— Target performance (%)	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85

Notes

1   UKSV was established in January 2017.

2   UKSV aims to complete 85% of non-priority cases within 25 days for CTC and SC cases, and within 95 days for DV cases.

3   When UKSV receives an application, the application becomes a case, and performance is measured based on the time it takes to process each case. Between January 2017 and March 2018, UKSV's two sites measured performance in different, incompatible ways. We report here the proportion of completed cases that met the different targets that existed across UKSV regardless of how each target was measured.

Source: Comptroller and Auditor General, *Investigation into national security vetting*, Session 2017–2019, HC 1500, National Audit Office, September 2018

_Coordinating and supporting central programmes

The Cabinet Office (CO) as a part of the strategic centre of government has an oversight, coordination and support role for certain central programmes and standards but for which accounting officers of individual departments are responsible for implementing.

Business planning

The CO monitors delivery of departments' objectives and government policy priorities, and oversees departmental business planning.

Improving government's planning and spending framework (2018) concluded that the CO has been working to improve the maturity of business planning across departments. We found that:

- single departmental plans and performance information are not yet central to decision-making in all departments;

- over-optimism and unwillingness to prioritise are entrenched problems. HM Treasury and the CO could do more to use single departmental plans to challenge departments' costings, and to examine overall affordability, deliverability and risk in government's combined plans; and

- plenty of scope for progress, particularly in understanding the relationship between inputs, outputs and outcomes, and the use of performance data for decision-making.

Cyber security

Coordinating the effective management of cyber security across government and the wider economy is an increasingly critical responsibility of the CO.

Our report on *Progress of the 2016–2021 National Cyber Security Programme* (2019) found that the CO does not yet have enough evidence to prioritise those activities that make the biggest impact or address the greatest need. The programme has already reduced the UK's vulnerability to specific attacks. But it is unclear whether government will achieve the programme's strategic outcomes.

_Coordinating and supporting central programmes *continued*

The Cabinet Office's (CO's) centre review panel's quality assessments of 17 draft single departmental plans

The CO's quality assurance of departments' single departmental plans identified areas of strength and weakness

Criterion applied	Number of departments against each quality rating					Comments
	●	◔	◐	◕	○	
Clear objectives and sub-objectives	9	5	1	2	0	Nearly all departments set out clear objectives and sub-objectives.
Specific milestones or deliverables	4	7	3	3	0	The panel prompted several departments to provide more milestones. Some milestones did not have dates attached.
Measurable performance indicators	7	1	6	3	0	The panel advised a number of departments to develop their performance indicators and commended one. In some, the link between milestones and indicators was not clear enough.
Includes public commitments	13	3	1	0	0	Several departments had to be reminded to include all manifesto commitments.
Medium-term financial and workforce plans	7	5	5	0	0	Some departments did not include a medium-term financial and workforce plan. Others did, but it did not cover the whole plan period.
Functional plans	10	3	2	2	0	Most draft plans were clear about the department's contribution to the cross-government agenda to improve common functions – for example, estates, digital, human resources, commercial.

Source: National Audit Office analysis of Cabinet Office data

_Coordinating and supporting central programmes *continued*

Data standards

GDS has responsibility for data standards and leads on data skills and the digital, data and technology profession.

The government says data is an important asset. Government needs accurate and useful data to underpin its policies, programmes and activities, and to make evidence-based decisions. *Cross-government: Challenges in using data across government* (2019) reported that government is not managing its data in a strategic way, as it does for other important assets. For example, the government has set up the Government Property Agency to support efforts to manage central government property strategically.

There is no central body with cross-government accountability for identifying datasets that are critical for government as a whole.

Land disposals

The Cabinet Office (CO) has overall responsibility for the government estate and for leading on progress toward the Proceeds target for land disposals: to "deliver £5 billion of receipts between 2015 and 2020 through the release of surplus public sector land and property across the UK".

Investigation into the government's land disposal strategy and programmes (2019) reported that the government currently expects to achieve its £5 billion proceeds target by March 2020, with two transactions responsible for more than £1.8 billion of the total (the railway arches for £1.46 billion in 2019 and the Old War Office in 2016 for £357 million). The CO is responsible for managing this target, and sets, with HM Treasury, delivery targets for individual departments. Individual departments' progress has varied considerably over time, in some cases owing to a small number of high-value sales (see page 14).

_Coordinating and supporting central programmes *continued*

Disposal proceeds by department between April 2015 and March 2018 compared with targets set at the 2015 Spending Review

Some departments had exceeded their proceeds target by March 2018. The Department for Health & Social Care had the largest remaining gap to its target, at £1.2 billion

Disposal proceeds (£m)
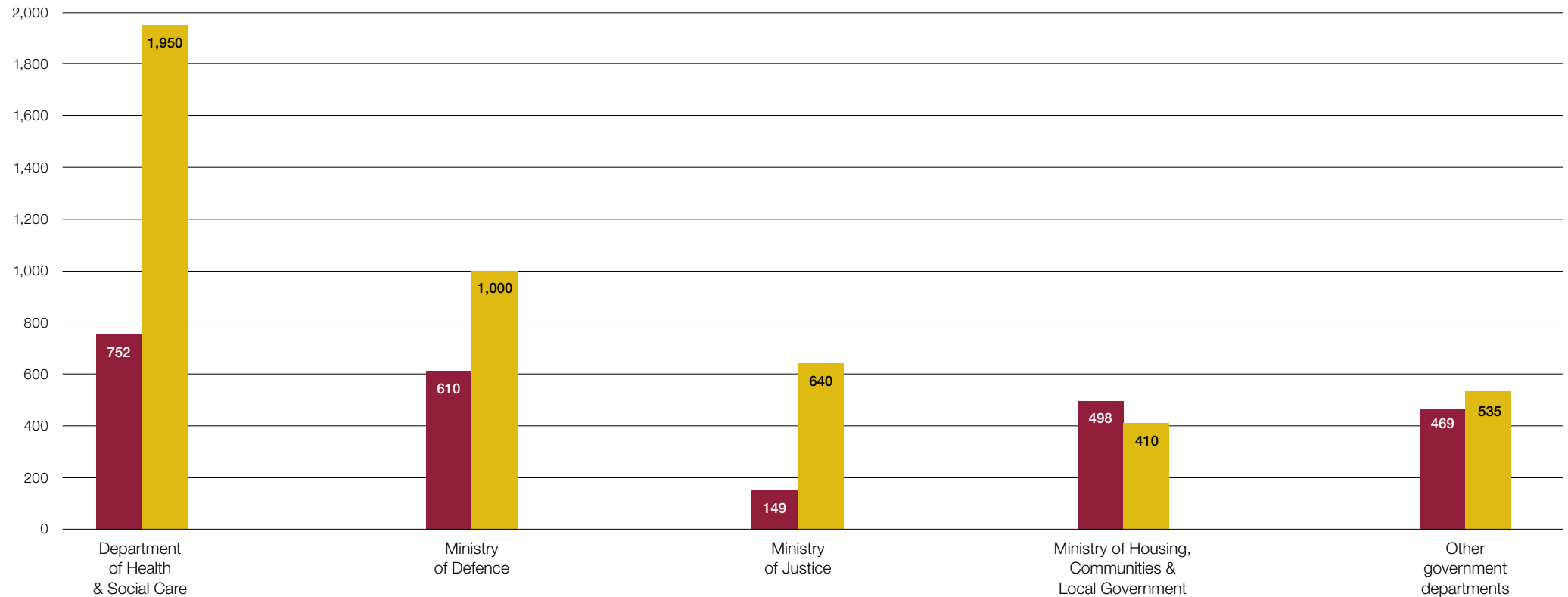
- Total proceeds (2015–2018)
- Proceed targets set at the 2015 Spending Review

Notes

1   The disposal data covers the release of land or property within the UK by central government departments and arm's-length bodies, including NHS trusts and foundation trusts, to others outside government, including local authorities.

2   The data comes from the Cabinet Office's January 2019 Transparency Report, which covers the period April 2015 to March 2018. Network Rail sold the railway arches in February 2019 for £1.46 billion, which is not included in the above data.

3   Network Rail's sale of the railway arches was not included in the Department for Transport's proceeds targets that were set out in the 2015 Spending Review.

Source: National Audit Office analysis of Cabinet Office's Transparency Report data, January 2019

_What to look out for

01
Exit from the European Union

At the end of October 2019, the United Kingdom is set to leave the European Union (EU). As EU Exit moves into the operational phase, the Cabinet Office's (CO's) roles in coordination and providing specialist skills will be key to delivery across government (see page 7).

02
Spending Review

The Comprehensive Spending Review will be an acid test for making single departmental plans central to decision-making, challenging the deliverability of departmental plans and embedding the Public Value Framework (see page 11).

03
The future of Verify

In October 2018, the government announced that it would stop funding Verify from March 2020. GDS's intention is for the private sector to take over responsibility for Verify. GDS is currently considering what a future commercial model might look like post-April 2020 (see page 9).

04
Civil Service workforce plan

In 2016, the CO developed the _Civil Service workforce plan: 2016 to 2020,_ which set out how the government will shape the future of the Civil Service workforce. The CO is looking to update this plan shortly.

_What to look out for *continued*

05
Government hubs

The government hubs programme led by the Cabinet Office's (CO's) Government Property Agency is a key part of the Government Estates Strategy. The programme aims to reduce the government's office estate from approximately 800 buildings to around 20 large hubs and 200 satellite offices by 2025, saving £2.5 billion. The ambitious plans will require considerable effort and coordination across departments to realise benefits.

06
National Security vetting

In June 2018, the government announced that United Kingdom Security Vetting, part of the Ministry of Defence, would transfer to the CO, but no earlier than April 2020 (see page 10).