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Chair of the Corporate Services Scrutiny Panel  
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**Corporate Services Scrutiny Panel**

**Government Plan 2024-27 Review – Value for Money**

Dear Chair,

Thank you for your letter dated the 14 November 2023. As requested, please see below responses to the panel's queries.

**Governance Structure:**

As set out previously, cashable savings targets for departments were set out in the Government Programme for 2023, which gives Chief Officers and the respective Ministers clarity of expectation for the year ahead. These cashable targets are incorporated in the Net revenue expenditure limits for the year ahead. The PFM makes clear that Chief Officers are responsible for their departmental budgets and ensuring VFM in the delivery of services. This agenda should be driven through departmental and ministerial leadership and engender staff to bring forward practical suggestions for savings and service improvements.

The VFM programme is intended to facilitate culture change rather than delivery initiatives on behalf of departments, for example, through toolkits and training, sharing of good practice, or helping prioritise areas of focus, such as the departmental prioritisation or through deep-dive analysis.

The Council of Ministers believe the VFM should be engrained in operational practices and decision-making at a service and departmental level to be sustainable. Past programmes where there have been attempts to drive savings centrally driven have not been successful in securing ownership and accountability at a service level.

The Council of Ministers believe it is important to take a proportion and risk-based approach to avoid creating onerous and costly governance overheads. As I have set out below, one of the key areas of focus in 2023 has been to ensure the HCS department re-establish a robust financial control framework. A programme structure has been established within HCS, with regular reporting to senior officials, Ministers, and Scrutiny regarding the design of the plan and subsequent delivery, while ensuring ownership and engagement at a senior executive, as well as operational, levels.

I am also pleased to see the development of a similar governance model in the CYPES department, which I anticipate will secure progress in their continuous improvement programme from 2024.

Additionally, as I have mentioned, one of the aims of the programme is to help identify and support cross-cutting themes and opportunities. It is also important that the programme does not cut across initiatives for which alternative governance already exists or department specific matters, thus avoiding duplication of effort or confusion. ELT have continued to discuss VFM as a standing item and considered proposals to establish a cross departmental board with the aim of identifying cross cutting savings and improvement opportunities. Given other priorities and change initiatives establishment of such a group is not feasible until 2024.

### **Achievement of the 2023 Priority:**

As I have commented at the Panel hearings, in 2023 £7m of the £10m target was achieved through central inflation funding, leaving departments to deliver cashable savings of £3m. There are a number of tangible examples which illustrate progress in 2023. For example, the Council of Ministers committed to prioritising 3 departments in 2023, the most significant of which has been HCS, addressing their financial and service challenges following the HMT report. This has been a significant priority in 2023 for which additional resources have been provided to the department through the Change team as well as additional finance business partnering resources in T&E.

While this investment provides additional capacity to the department, the aim has also been to bring skills and experience which will support the leadership in embedding cultural change, as well as fundamental process improvements.

At the end of 2022, I requested of the HCS Chief Officer that a financial recovery plan was established to ensure that the department would spend within its allocated budget and ensure that improved financial control was re-established. The HCS Executive Team, with the support of these additional resources, has engaged in the design and development of the financial recovery plan through 2023. It is fair to say that this has taken some considerable effort and time. I have continued to challenge the department in the development of the plan, to ensure that they remain focussed on a plan that is feasible with realistic timeframes. In more recent iterations of the plan, we can see how the savings will be delivered; across some 66 schemes, over the next 3 years. The profile of delivery is currently proposed as £3.2m in 2023, £14.7m in 2024 and £6m in 2025. However, work is ongoing to ensure that the full target of £28m will be achieved by 2025.

The second departmental focus is Infrastructure & Environment. The Commercial Services Team has continued to work with colleagues in the I&E department, providing spend and contract data as well as market analysis and insights which in turn support their procurement planning and prioritisation. A procurement pipeline has been developed assessing risk and opportunities and several procurement activities undertaken, some which have been shared in earlier updates.

Finally, the third departmental prioritisation, is M&D, and specifically application licence spend. Following the consolidation of digital functions from service departments to M&D 900+ line of business applications were identified. During 2023, the team have invested in the estate to support business objectives. The team has also commenced negotiations for the corporate systems licence renewal from which it is expected that recurring cashable savings will be secured from 2024 onwards.

In addition, there are other examples of positive progress in the delivery VFM, such as the recruitment of primary school staff to vacancies, which has been led by the Delivery Unit in the Cabinet Office; targeting process improvements to ensure that hiring managers and candidates experience a smoother recruitment and onboarding process and receive targeted support through these processes. As a consequence, vacancies are being filled more effectively and successfully.

Several tools have been designed which will soon be piloted, enabling feedback and enhancement prior to roll-out to Departments in 2024, these include:

- The VFM Cashable Savings Planning Toolkit: a uniform process and toolkit for planning and monitoring.
- Continuous Improvement Maturity Assessment: will help identify the current level of improvement maturity and guide departments in developing skills and culture.
- Harnessing customer insight: a culture development initiative comprising of a monthly cycle of customer data analysis, reporting, team discussion and team led insight and action taking. This is designed to build a culture where teams value customer insight and are empowered to use it to inform and deliver process and customer experience improvements.

### **Influence on the 2024 Priority:**

During the Government Plan process, the Council of Ministers has considered savings delivery and respective challenges for 2023. Chief Officers and Ministers have considered the interventions which will deliver their cashable savings targets and feasibility of those plans in 2024. Ministers have committed to a focus on VFM within their Ministerial delivery plans. I am pleased to see that the CYPES Dept has been working to establish a VFM programme structure within the department which will serve as a visibility platform for staff engagement across their central services as well as schools. Several workstreams were identified as part of the 2024 to 2027 Government Plan. These include a review of establishment/post and vacancy management, a review to reduce the use of overtime and agency and variable contingent labour

costs, improvements in processes and systems, improved contract assessment and general procurement. The T&E team has been working closely with CYPES and CLS colleagues to share ideas and learning and to collaborate in piloting tools and training.

As I have already outlined above, the HCS financial recovery plan will continue to feature as a priority in the VFM programme of work, supported by Commercial services and Finance Business Partnering in T&E. From discussions during the Government plan process, I expect departments to continue to focus on their respective staff establishment, including vacancies and the use of contingent labour (agency staff and contractors) in securing cost-effective workforce plans. During 2023, all departments have worked on their strategic workforce plans which will further support in this regard.

### **Strategy for Speculative Savings**

As I said at the recent hearing, my position on this remains unchanged. I do not support the financial position being underpinned by speculative savings, but continue to be of the view that general savings at a level that is clearly deliverable (e.g. the £10 million included in the Government Plan 2024) are not speculative.

I hope this information is useful.

Yours sincerely



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