

New efficiency drive to cut £5.5 billion of government waste

- The Prime Minister and the Chancellor order new crackdown on cross-Whitehall waste to drive efficiency, effectiveness, and economy across government
- The drive will be spearheaded by a new Chancellor-chaired “Efficiency and Value for Money Committee” that will cut £5.5 billion worth of waste – with savings used to fund vital public services
- As part of the crackdown, the annual NHS efficiency target will be doubled to 2.2% and “quangos” will be expected to find at least £800m which will be pumped back into public services

At the request of the Prime Minister, the Chancellor, Rishi Sunak will spearhead a new drive on efficiency, effectiveness and economy in government spending to ensure departments are delivering the highest quality services at the best value.

The crackdown will be driven by a new Chancellor-chaired Efficiency and Value for Money Committee that will ensure the 5% efficiency target set at the 2021 Spending Review is met across Whitehall and scrutinise strategies to prevent fraud and error. The move will save a total of £5.5 billion with the money being pumped directly back into vital public services.

As part of the renewed drive, the Chancellor said the NHS efficiency commitment will double to 2.2% a year – freeing up £4.75 billion to fund NHS priority areas over the next three years.

These savings will be made through a range of programmes including the digitisation of diagnostic and front-line services, which has been shown to reduce cost per admission by up to 13%, improving the efficiency of surgical hubs and developing digital tools to cut time spend by NHS staff on admin tasks.

Surgical hubs improve efficiency by separating emergency and elective care, so more patients can be seen in a given amount of time, improving value for money without impacting patient safety.

This increased efficiency target will ensure that the record funding settlement of £188.9 billion a year by 2024-25 for the Department for Health and Social Care is delivering the best possible value for money for the taxpayer, the money saved will be used to fund front line NHS priorities.

Chancellor of the Exchequer, Rishi Sunak said:

During these challenging times it's vital that every single penny of taxpayers hard-earned cash is being spent well.

The current level of waste across government is simply not acceptable – which is why we're doubling down on wasteful spending and launching an efficiency drive to make £5.5 billion worth of savings.

That money will then be pumped directly into the world class public services that the British people deserve. The crackdown will also see a review of Government Arm's Length Bodies or "Quangos" who will be expected to save at least £800m from their budgets.

The Arm's Length Body Review will see savings come from better use of property, reduced reliance on consultants, increased digitisation and greater use of shared services, as well as the use of benchmarking to drive efficiencies.

The Treasury will also launch a new Innovation Challenge to crowdsource ideas from civil servants on how government can reduce waste and improve public services, with winners selected this Summer and best ideas becoming Government policy.

This new Committee comes ahead of the Chancellor's Spring Statement on Wednesday 23rd March where the Chancellor will update Parliament on his plan for the economy in response to the OBR's latest economic forecasts.

Further information

- The £4.75 billion worth of savings agreed with the Department of Health and Social Care will come into effect financial year 2022/23. The Arm's Length Bodies Review will be launched in April 2022, with a target to identify at least £800 million worth of savings.
- At October's Budget and Spending Review, the Chancellor set out a plan to invest in stronger public services, with total departmental spending growing by £150 billion a year in cash terms by 2024-25.
- The Efficiency and Value for Money Committee will be announced to Cabinet on Monday 21st March and deputy co-chaired by the Chief Secretary to the Treasury and the Minister for Brexit Opportunities and Government efficiency.
- The first meeting will take place the week commencing 28th

- A 2015 Innovation Challenge received 22,000 responses with 16 measures implemented.