

# News story: Government announces efficiency savings for 2015/16

The Government saved £3.3 billion for the taxpayer during the last financial year through greater efficiency in the procurement of common goods, services and information technology; more efficient management of office space and the disposal of surplus government property; and through tackling fraud, error and uncollected debt in welfare spending.

These savings were delivered across government and the Cabinet Office is continuing to improve capability and performance in key areas, helping departments collaborate to save money on everything from web servers to office buildings.

Savings in 2015/16 consist of:

- £1.2 billion of operational savings from reforming government's commercial activities through improving government's ways of purchasing, improving the provision of specialist expertise in complex commercial procurements, negotiations and disputes, and reducing the cost of the government's property estate
- £339 million through setting standards and providing assurances through the Government Digital Service
- around £805 million in savings from a number of cross-government reform packages aimed at tackling fraud, error and debt
- £973 million through the sale of surplus government property.

After the progress made in the last Parliament, where the Government announced total savings of £52.2 billion\*, many of the more straightforward savings have already been achieved.

Some of the larger savings that the Government is targeting will only be achieved by total service transformation, much of it enabled by digital. That means making some early investments at the beginning of this Parliament to achieve considerable gains at the end.

This is the first time the Government has measured efficiency including savings delivered in the current Parliament and represents a significant step toward enabling greater efficiency in the way government works for years ahead.

Minister for the Cabinet Office Ben Gummer said:

Ensuring that our public finances are on a sustainable path is vital to securing a strong and stable economy that works for everyone. We have made significant steps forward in tackling fraud, selling off redundant government property such as the former Civil Service College in Sunningdale and making better use of modern digital technology to drive savings.

The Government is committed to delivering value for money for taxpayers and the Cabinet Office will continue to drive savings right across departments as set out in the Spending Review in 2015.

The Government is maintaining relentless focus on efficiency. It is committed and is on-track to deliver the manifesto commitment of £15 billion to £20 billion of annual efficiency by the end of the Parliament.

Ongoing improvement in efficiency should be part of business-as-usual activity across the public sector.

As announced at Budget 2016, the Government intends to identify an additional £3.5 billion of savings in 2019/20. This will be done through the Efficiency Review, which will report in autumn 2017. The Efficiency Review will look to embed a culture where incremental improvements in the efficiency of public services are made year on year.

## **Savings examples**

### **Commercial**

We saved £1.06 billion in 2015/16 from reforming government's commercial activities. This includes £182 million from improving the way departments across government purchase common goods and services, encouraging collaboration to achieve better value for money, and £879 million from improving the provision of specialist expertise in complex commercial procurements, negotiations and disputes.

For example in the Department of Health the Complex Transactions team has worked on the negotiation of extension to current NHS Supply Chain contract with significantly improved terms that deliver value to the NHS customers through savings in product costs. This work realised savings in 2015/16 of £76.7 million.

### **Digital**

The Government Digital Service (GDS) helps government departments work together to transform government, meet user needs and deliver value for money in the purchase of technology goods and services. Through setting standards and providing assurance, GDS realised £339 million in 2015/16 from controlling costs and the implementation of their ICT strategy by Departments.

For example, GDS Spend Controls, in line with the Government's Technology Code of Practice, have collaborated and helped the Department for Work and Pensions (DWP) to save Her Majesty's Government over £875,000 in 2015/16. This was achieved across several of their digital services where GDS helped to either deliver the outcome in a more efficient way or reduce spend on part of a whole project because the user need had changed.

## **Fraud, error and debt**

The Fraud, Error, Debt and Grants (FEDG) function works with Government departments to identify initiatives that will reduce financial loss and waste in this area. It also agrees cross-government standards for fraud, error, grant and debt activities. Across Government, several specialist programmes, mainly focused in DWP and HMRC, realised benefits worth £803m in 2015/16. Some of these have been led by programmes within departments, others by programmes, such as the Debt Market Integrator and National Fraud Initiative, that are led by the Cabinet Office.

## **Property**

The Government Property Unit (GPU) has central oversight over all government land and property. GPU work across the Civil Service to create a more effective, efficient, and better value government estate. In 2015/16 GPU facilitated the selling of surplus property worth £973 million and fully realised annual savings of £95 million from exiting (in 2014/15 and 2015/16) property leases and negating running costs such as rent, rates and facilities management.

For example, the sale of the famous Admiralty Arch building that straddles the entrance to the Mall and Trafalgar Square generated capital receipts worth £66 million in 2015/16.

## **Information about the savings data**

The Cabinet Office ensures departments work together to address waste and improve accountability across a range of areas, including IT, procurement and property.

In the last year of the previous Parliament the Cabinet Office helped departments across Whitehall save £18.6 billion against a baseline year of 2009/10. For this savings data, as much as possible we updated the baseline year against which we measure savings to 2014/15. This is to reflect the efficiency and reforms made in the previous Parliament which have been embedded into how government works.

These savings figures are not national or official statistics: they are based on management information evidence in department reports and other supporting evidence.