



Public Accounts Committee

Sir Tom Scholar
Permanent Secretary
Her Majesty's Treasury
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By email: Action.PermSec@hmtreasury.gov.uk

30 May 2022

Treasury Minute Response- Efficiency in Government

Dear Permanent Secretary,

Thank you for the response¹ to the Committee's report into *Efficiency in government*². I am grateful for the commitments you made to implement all six of the report's recommendations by summer 2022.

However, the responses did not make clear how you are ensuring that the recommendations of the Committee's report are being incorporated into departments' efficiency plans, which were agreed ahead of Spending Review 2021. I recognise that the Treasury has reinforced government's commitment to tackling waste and inefficiency in the recent Spring Statement, including the announcement of a new Cabinet Committee on Efficiency and Value for Money, but we are yet to see detail on how efficiency savings will be achieved and the Committee's recommendations incorporated. Given the planned headcount reduction in the civil service, and the fact that reducing headcount does not necessarily improve efficiency nor value for money, it seems particularly important for government to set out how it will ensure it retains the skills and capability it needs, and to be clear where it expects headcount reductions to result in cuts to services rather than genuine efficiencies.

The majority of the responses drew on generic information, which in some cases pre-dated the Spending Review, and did not state how the recommendations would be incorporated into the implementation of the efficiency plans. For example:

- **Recommendation 1:** On setting out learning from the pandemic about the relationship between efficiency and the ability to respond to emergencies, and how this was incorporated into the latest efficiency plans, your response refers to Outcome Delivery Plans and Treasury guidance on budget flexibility but does not explain how these apply to departments' plans for achieving efficiency.
- **Recommendation 2:** On considering the impacts of efficiency plans on service users, and tracking data on user behaviour and sentiment, your response refers largely to existing practice, such as guidance in the Green and Magenta books, and does not mention how user data will be used to see if attempts to improve efficiency are inadvertently reducing the quality of services or increasing costs elsewhere.
- **Recommendation 4:** On ensuring sufficient skills and capability will be available for teams to deliver efficiency programmes, you have set out how it is implementing a range of measures to

¹ HM Treasury, Treasury Minutes: [Government response to the Committee of Public Accounts on the Twenty-Seventh to the Thirty-First Reports from Session 2021-22](#), February 2022

² Committee of Public Accounts, [Efficiency in Government Report](#), December 2021



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improve skills and capability within the civil service in the long term. There is no mention of how you plan to ensure the skills and capability are available for departments to implement their efficiency plans effectively.

There has also been very little detail made available about the outcome of the 'Efficiency and Savings' exercise undertaken ahead of the Spending Review, other than confirmation in the Review itself that there would be a 5% saving in day-to-day central departmental budgets in 2024-25. I would be grateful if you could write back to me by the end of June with further detail on the outcome of this exercise; the plans departments have subsequently put in place to achieve efficiency savings; and how you are ensuring the recommendations in the Committee's report will be incorporated into the implementation of those plans.

I am copying this letter to the Treasury Officer of Accounts and the Comptroller and Auditor General.

Yours sincerely

Dame Meg Hillier MP
Chair of the Committee of Public Accounts