



National Audit Office

CABINET OFFICE

An Overview of the
Cabinet Office
for the new Parliament 2023-24

February 2025

OVERVIEW

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1 Introduction to the National Audit Office

Welcome to our Overview of the Cabinet Office, part of our series of Overviews for the new Parliament, covering government departments and cross-cutting issues.

The National Audit Office (NAO) is the UK's independent public spending watchdog and is responsible for scrutinising public spending for Parliament. We audit the financial accounts of all departments, executive agencies, arm's-length bodies, some companies and charities, and other public bodies. We also examine and report on the value for money of how public money has been spent.

The NAO is independent of government and the civil service. The NAO's wide remit and unique access rights enables us to investigate whether taxpayers' money is being spent in line with Parliament's intention and to respond to concerns where value for money may be at risk.

We support all Members of Parliament to hold government to account and we use our insights to help those who manage and govern public bodies to improve public services. In 2023, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £1.59 billion.

We are funded by, and accountable to, Parliament. As an Officer of the House of Commons, I am committed to ensuring that we support you and your staff in your work as a Member of Parliament, and your scrutiny of public spending and performance.

Our dedicated Parliamentary team can offer you support and put you in touch with our experts on subjects of interest to you and your constituents. If you would like more information about our work, or to arrange a briefing with me or one of my teams, please contact our Parliamentary Relations team at parliament@nao.org.uk.



Gareth Davies

COMPTROLLER & AUDITOR GENERAL
NATIONAL AUDIT OFFICE

Gareth Davies was appointed Comptroller & Auditor General (C&AG) in June 2019. He was appointed by the Monarch, following the approval of the House of Commons.

The C&AG has statutory authority to examine and to report directly to Parliament on whether government departments and other public sector bodies have spent taxpayers' money in the way Parliament intended. The C&AG and his staff are totally independent of government.

Gareth is a Fellow of the Chartered Institute of Public Finance and Accountancy and a Fellow of the Institute of Chartered Accountants in England and Wales. He is a non-executive Board member of the INTOSAI Development Initiative (IDI), which supports Supreme Audit Institutions (SAIs) in developing countries to sustainably enhance their performance and capacity.

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2 How the NAO can help you as a Member of Parliament

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How we support Parliament

We produce reports:

- on the annual accounts of government departments and their agencies;
- on the economy, efficiency and effectiveness with which government has spent public money; and
- to establish the facts where there are concerns about public spending issues.

We do not question government policy objectives. We look at how government has spent money delivering those policies and if that money has been used in the best way to achieve the intended outcome.

What we can offer

Through our website or our Parliamentary Relations team, MPs, peers and staff can:

- request a personal briefing on areas of our work that are of interest to them;
- sign up to receive embargoed copies of our reports on subjects of interest;
- make general queries about public spending, or raise concerns with us about value for money; and
- request advice on understanding and scrutinising departments' annual reports and accounts.

Resources available on our website

- **Reports:** Reviews of public spending and how well government is delivering.
- **Insights:** Learning and best practice to help people across government and the wider public sector.
- **Overviews:** Factual overviews of government departments, sectors and services.
- **Work in progress:** Our schedule of future publications.
- **Briefings:** Background information and factual analysis to support Select Committees.

Keep up to date with our work

- Sign up to our [latest report updates](#)
- Follow us on [X](#) or [LinkedIn](#)

How to get in touch

- Via our Parliamentary email inbox: parliament@nao.org.uk.



Auditing the accounts of all government departments and public organisations, helping assure money is being spent the way Parliament intended



Reporting to Parliament on the value for money of how public money has been spent and what has been achieved



Sending you embargoed copies of our reports before they are available to the public



Providing briefings to you or a member of your team on our work



Providing advice and training on examining government departments' annual reports and accounts



Giving evidence to Select Committees



Our fortnightly newsletter with our latest reports and new work



You can write to us with any queries or concerns about the misuse of public money or behaviour in public bodies we audit

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This report has been produced to support the Public Administration and Constitutional Affairs Committee in its examination of the Cabinet Office's spending and performance. It summarises the key information and insights that can be gained from our examinations of the Cabinet Office and related bodies. The Cabinet Office spends approximately £1 billion each year to support the Prime Minister and Cabinet, to lead and coordinate the government's response to cross-departmental challenges and to act as the corporate headquarters for the government.

The guide includes:

- how the Cabinet Office is structured and where it spends its money (pages 7-8);
- staff numbers, costs, remuneration, diversity and employee satisfaction (pages 20-21);
- key themes from our recent work on the Cabinet Office (pages 11-14).

This report updates our previous overview, [Cabinet Office Departmental Overview 2022-23](#) published in December 2023.

How we have prepared this guide

The information in this guide draws on the findings and recommendations from our financial audit and value for money programme of work, and from publicly available sources, including the annual report and accounts of the Department and its bodies.

We have cited these sources throughout the guide to enable readers to seek further information if required. Where analysis has been taken directly from our value-for-money or other reports, details of our audit approach can be found in the Appendix of each report, including the evaluative criteria and the evidence base used. Other analysis in the guide has been directly drawn from publicly available data and includes the relevant source as well as any appropriate notes to help the reader understand our analysis.

Other relevant publications

More information about our work on the Cabinet Office, as well as information about our other recent and upcoming reports on can be found on the NAO website.

More information about central government accounting and reporting

You may also be interested in our interactive guide to Good practice in annual reporting (February 2023) which sets out good-practice principles for annual reporting and provides illustrative examples taken from public sector organisations who are leading the way in this area.



4 The Cabinet Office

As a central department, and home to the Prime Minister's Office, the Cabinet Office performs various strategic and coordinating functions – in particular, overseeing how departments implement Cabinet decisions and the Prime Minister's priorities.

The Cabinet Office's purpose is to:

- Support the Prime Minister and Cabinet;
- Lead and coordinate the government's response to cross-departmental challenges; and
- Act as the corporate headquarters for the government as a whole. This involves providing a command centre during immediate crises and leading civil service modernisation and reform.

The Cabinet Office is responsible for:

- Key strategic policy areas such as national security; and
- Providing direction to departments to improve how they operate.

This overview is based on our recent audits of the department, namely the Cabinet Office's 2023-24 annual report and accounts. This overview describes the Cabinet Office's activities over the financial year 2023-2024. The Cabinet Office is currently undergoing a reorganisation. The department's size, structure and priorities, including strategic outcomes, are expected to change.

The Cabinet Office's 2023-24 Annual report and accounts identified these five priority outcomes:

- 1** Ensure a safe, prosperous and resilient UK by coordinating and enabling the implementation of the refreshed Integrated Review and delivering specific national security priorities within it.
- 2** Modernise and reform Government, increasing efficiency, effectiveness and accountability and making it easier to benefit from outside expertise and from civil based around the UK, recognising the important role of the Functions in supporting delivery across the whole of Government.
- 3** Modernise the UK border to ensure it is world class and fulfils its functions to keep us safe, secure and biosecure while allowing trade flow.
- 4** Advance equality of opportunity across the UK.
- 5** Support the design and delivery of other Prime Minister and Government priorities.

5 The Cabinet Office's structure

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In its 2023-24 annual report, the Cabinet Office described how it organised its business units according to its five priority outcomes and four sets of enablers. This structure, and those priorities, are currently changing.

Outcome 1: Ensure safe and resilient UK

- Intelligence and Security Committee of Parliament
- Joint Intelligence Organisation
- National Security Secretariat

Outcome 2: Modernise and reform Government

- Central Digital and Data Office
- Government Commercial and Grants Function
- Government Communication Service
- Government Digital Service
- Government People Group
- Government Security Group
- Infrastructure and Projects Authority
- Modernisation and Reform Unit
- Public Bodies and Priority Projects Unit
- Public Sector Fraud Authority

Outcome 3: Modernise the UK border

- Borders Group

Outcome 4: Advance equality of opportunity

- Equality Hub

Outcome 5: Support delivery of Prime Minister and Government priorities

- Economic and Domestic Secretariat
- Government in Parliament Group
- Office for Veterans' Affairs
- Prime Minister's Office
- Propriety and Constitution Group
- Public Inquiry Response Unit

Corporate enablers

- Workforce, skills, location
- Innovation, technology, data
- Delivery, evaluation, collaboration
- Sustainability

Notes:

- 1 This diagram is based on the Cabinet Office's 2023-24 report.
- 2 Government Digital Service has since moved to the Department for Science, Innovation and Technology

Source: *Cabinet Office, Annual Report and Accounts 2023-24*

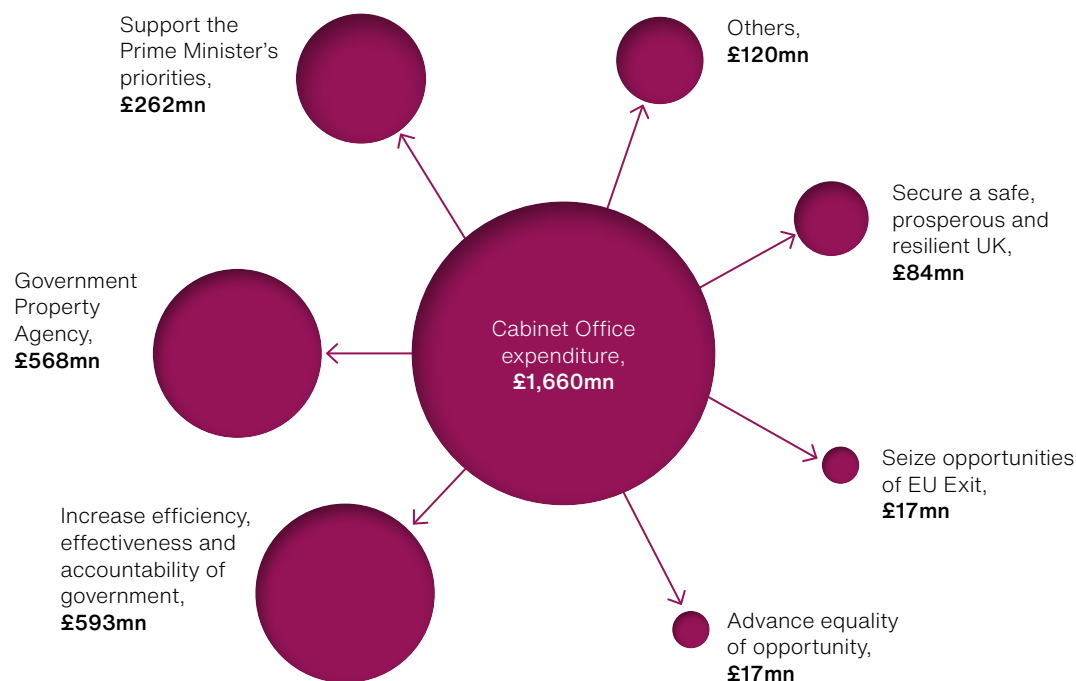
6 Where the Cabinet Office spends its money

The Cabinet Office had a total net expenditure of £1.66 billion in 2023-24. The department's annual report described how that spending aligned with the previous government's priorities.

Large areas of spending:

- £108 million was spent on National Security and intelligence through the National Security Secretariat, the Joint Intelligence Organisation and the Government Security Group.
- £100 million was spent on supporting Inquiries including the Infected Blood Inquiry, the Grenfell Tower Inquiry, the COVID-19 Inquiry and the Public Inquiries Response Unit.
- £323 million was spent on Property acquisitions. The majority of this capital expenditure related to the onboarding of both owned and leased properties to the GPA offset by a property sale.

Cabinet Office expenditure, 2023-24



Notes

- 1 Values are from the Statement of Parliamentary Supply. This does not align with the international financial reporting standards (IFRS), which the audited Cabinet Office accounts follow. The net expenditure of the Cabinet Office group in 2023-24 per the IFRS was much lower at £1,051.8 million because it excludes capital expenditure, among other reasons.
- 2 'Others' includes annually managed expenditure (AME), funding for UK members of the European Parliament, and prior period adjustments.
- 3 The values in the bubbles do not sum to the total due to rounding.

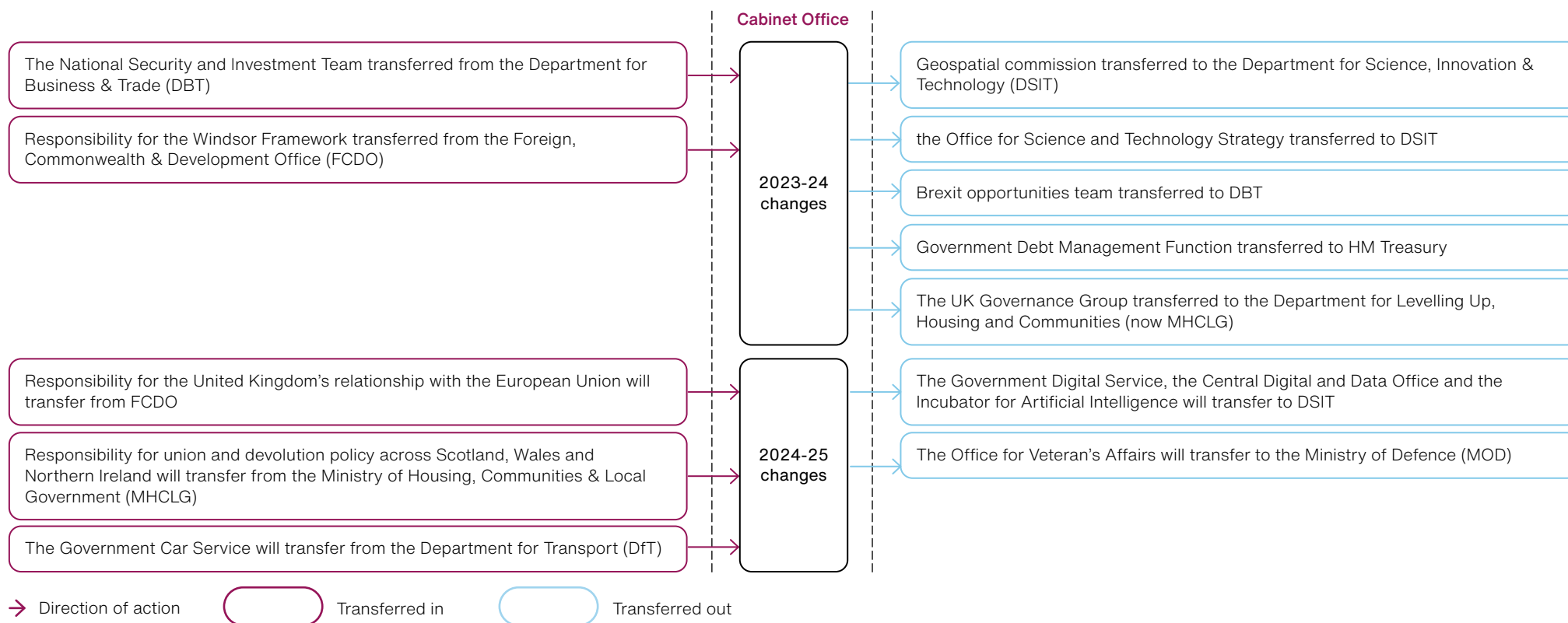
Source: National Audit Office analysis of *Cabinet Office, Annual Report and Accounts 2023-24*

7 Machinery of government changes

In the 2023-24 financial year, the Cabinet Office experienced seven machinery of government changes, five transfers out of the department and two transfers into the department. Additional transfers occurred in the early part of the 2024-25 financial year, including the transfer of most digital teams out of the Cabinet Office. The Cabinet Office will still retain responsibility for cyber security and government shared services. Additional changes may occur in 2024-25.

Machinery of government changes

In the 2023 to 2024 financial year, the Cabinet Office experienced seven machinery of Government transfers, five out of the department and two into the department.



Source: National Audit Office analysis of *Cabinet Office, Annual Report and Accounts 2023-24*

8 Government functions

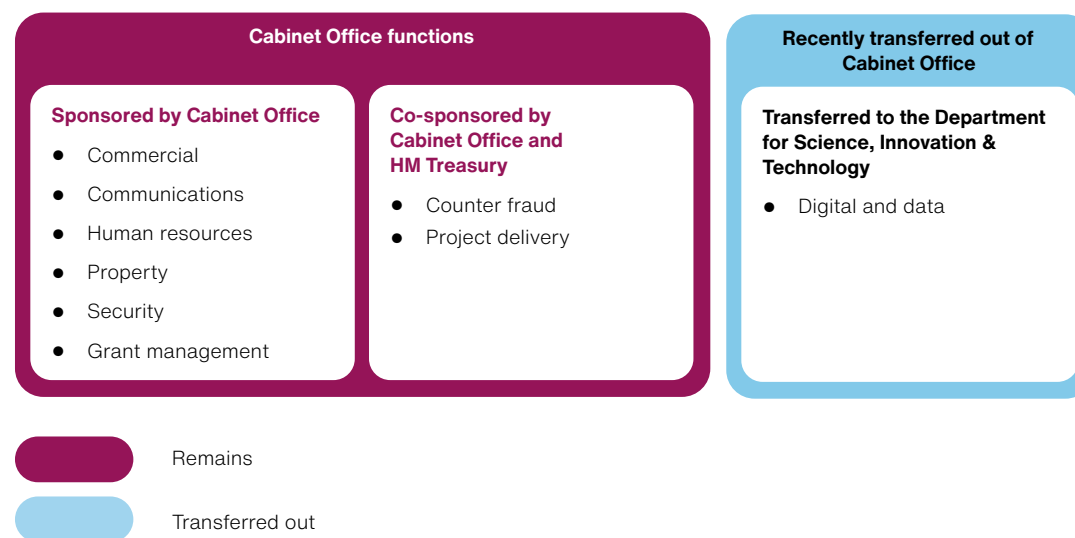
Functions are groupings of civil servants who work across government bodies to provide expert skills. By cutting across departments and arm's-length bodies, functions seek to: develop and deploy specialist expertise; set strategies for cross-government working; and set and assure standards for their area of expertise. As at 2023-24 there were 14 government functions that cover activities such as human resources, communications and property management. The Cabinet Office sponsors eight of the functions. Two of those are co-sponsored with HM Treasury.

In recent years, the Cabinet Office has published an annual report about government efficiency savings that were generated by the functions: 2022 publication: [Government efficiency savings, 2020-21](#) and 2023 publication: [Government efficiency savings 2021-22](#)

In 2023, the NAO reported on the functional savings exercise. [Cabinet Office functional savings](#) found that the Cabinet Office was only two years into publishing efficiency savings and had learned some valuable lessons, but it had further to go to be able to robustly quantify the savings delivered by the functions. We noted that the functional savings report may have given an incomplete picture of savings generated across all functions. We also noted that the functions used different approaches to calculate efficiency savings that may not be comparable.

Cabinet Office functions

The Cabinet Office sponsors eight functions



Notes

- 1 On 8 July 2024, the government announced that the digital and data function would be moved from the Cabinet Office to the Department for Science, Innovation & Technology.
- 2 The Digital and Data function used to be known as the Digital, Data and Technology function.

Source: National Audit Office back catalogue and National Audit Office analysis of gov.uk and *Cabinet Office, Annual Report and Accounts 2023-24*

9 The centre of government

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The NAO has recently reported on three areas of Cabinet Office activity: co-ordinating cross-government initiatives like government shared services, providing guidance for departments on issues like conflicts of interest and collecting data about cross-departmental priorities like non-executive appointments.

Coordinating

Our 2022 report [Government shared services](#) discussed the role of the Cabinet Office in setting a comprehensive shared services strategy for the UK government. This includes designing the initial strategy, approving departmental plans and overseeing progress. In March 2021, the Cabinet Office moved away from the idea of individual departments procuring their own single software platforms. Instead, it proposed that departments be grouped into five shared service clusters and develop five cloud-based shared service centres by 2028.

Providing guidance

Our 2024 report on [Managing conflicts of interest](#) noted that the Cabinet Office sets the central government guidance on managing conflicts of interest. The Cabinet Office provides support to ministers and the most senior officials to help them manage conflicts of interest in their organisations. The Cabinet Office first published [new guidance on the declaration and management of outside interests](#) in June 2022, since updated in November 2024.

Collecting data

The NAO produced a report about [Non-executive appointments](#) in 2024. Non-executive directors sit on governing boards of government departments and arm's-length bodies. The Cabinet Office has oversight of the public appointments process and collects data on the appointments process across government. The Cabinet Office launched a new applicant-tracking system in April 2023 that centralises applications and allows the Cabinet Office to gather real-time data.



10 Planning and spending

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The NAO has recently analysed how the Cabinet Office and HM Treasury work together to shape the government's planning and spending framework. The Cabinet Office is responsible for strategic management and delivery of the government's priorities, working with HM Treasury and departments.

In July 2024, the C&AG published [Making public money work harder: Learning from recent NAO work](#), drawing members' and ministers' attention to areas where we see most scope for improvement in efficiency and effectiveness

In October 2024, the NAO published: [Lessons learned: a planning and spending framework that enables long-term value for money](#), which included eight lessons for government on: joined-up planning and governance, prioritisation, data and evidence, monitoring and evaluation, taking a long-term view, funding commitments, realism, and transparency. We describe in detail the important role that the Cabinet Office plays in regard to business planning, performance monitoring and reporting, and evaluation.

Since 2021, each department has been required to produce an Outcome Delivery Plan (ODP) with its priority outcomes, metrics for tracking progress towards those outcomes, and the resources (funding and staffing) allocated to each priority. The Cabinet Office and HM Treasury request quarterly updates about departments' performance against ODP priorities.

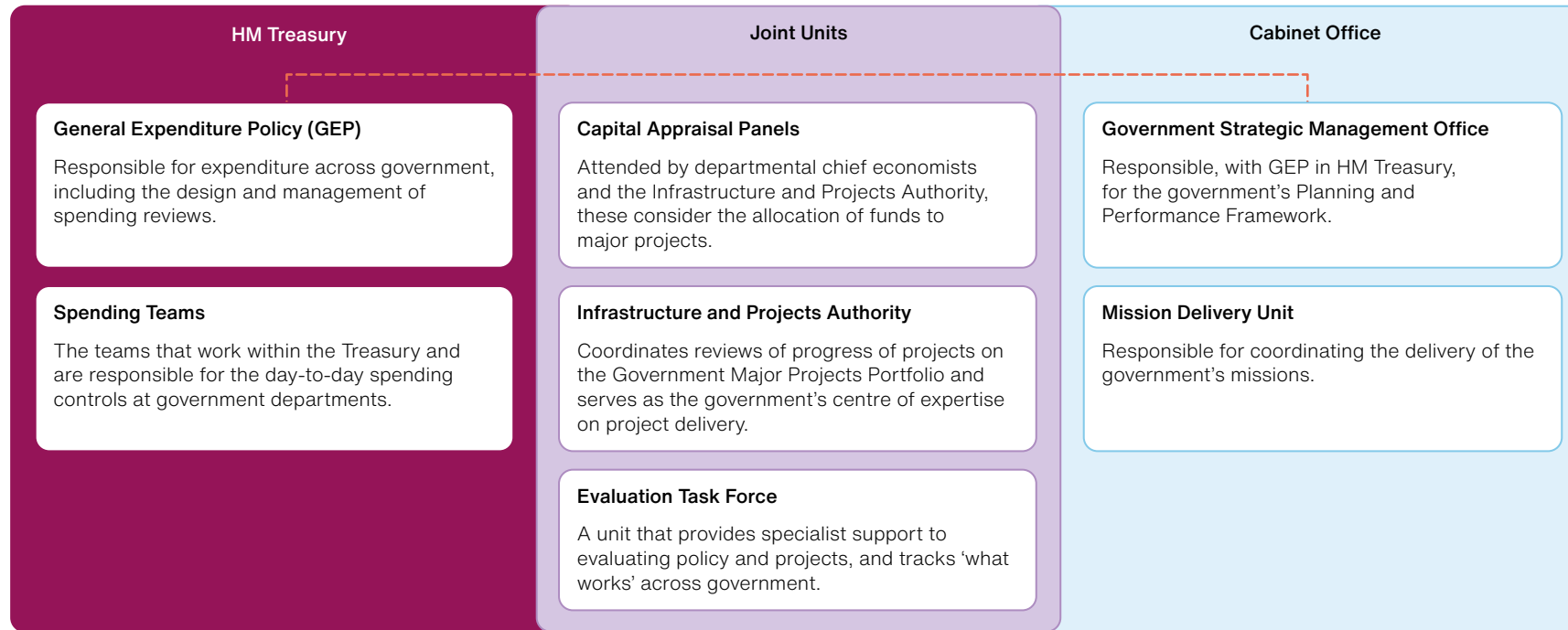
The Cabinet Office's new Government Reporting Integration Platform (GRIP) facilitates consistent, and speedier, reporting across government, with departments sharing the same data with the Cabinet Office that they use internally. The Cabinet Office, and other senior officials, can use GRIP to see performance against ODP outcomes on a single shared platform.



Section 10: Planning and spending *continued*

HM Treasury and Cabinet Office teams involved in strategic planning and spending

Key teams and joint units in the two central departments work closely together on planning and spending



-- Indicates close cooperation between units

Notes

- 1 This is a simplified diagram to show just the main teams involved. It does not show the newly created office for Value for money (OVfM) which is still developing its role and is intended to be temporary.
- 2 HM Treasury also sponsors: the Government Actuary's Department (GAD) which provides financial risk analysis, modelling, advice and assurance to departments on areas including insurance, pensions, investment savings and benefits; and the Contingent Liabilities Central Capability (CLCC), a joint unit of GAD and UK Government Investments, which provides monitoring and assessment of contingent liability risk.
- 3 GEP refers to the General Expenditure Policy team.

Source: National Audit Office analysis of HM Treasury and Cabinet Office documentation

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As at 2023-24 the Cabinet Office is responsible for coordinating the government's planning for, and response to, major emergencies.

Government assesses the most serious risks facing the UK or its interests overseas over the next few years via the National Security Risk Assessment, a classified document. Its public-facing version, the [National Risk Register](#), included 89 risks in 2023. Both documents identify eight extreme weather events as national risks: coastal flooding, droughts, high temperatures and heatwaves, low temperatures and snow, river flooding, storms, and surface water flooding.

The Cabinet Office assigns ownership of national risks to lead government departments across these phases: risk identification and risk assessment; prevention, resilience, preparation and emergency response; and recovery. The response to larger-scale emergencies is led by a lead government department and, in the most serious cases, is coordinated through the Cabinet Office Briefing Room (known as 'COBR'), a Cabinet Committee that is convened when needed to deal with crises.

For some national risks ownership is devolved to the administrations in Northern Ireland, Scotland and Wales.

In our work on [Government resilience: extreme weather](#) we highlighted the urgent need for government to develop a coordinated and prioritised approach to investment in wider resilience. The report recommended that the Cabinet Office work with HM Treasury and other departments to bring forward its commitment from 2030 to 2025 to ensure that investment in resilience is cost-effective and achieves the greatest benefits. Government has recognised that it needs to improve national resilience, and that prevention and preparedness are better than cure.

The UK [resilience framework and the integrated review refresh](#) outlined the government's commitment to a new analysis of chronic risks. Chronic risks are distinct from acute risks in that they pose continuous challenges that erode our economy, community, way of life or national security. Chronic risks generally manifest over a longer timeframe, but still require a robust government led response. These tend to be developed through strategic, operational or policy changes to address the challenges rather than an emergency civil contingency response. Acute risks on the other hand are risks that may require an emergency response from government. The most serious acute risks are identified and assessed in the National Security Risk Assessment.

The National Security Risk Assessment is the Government's principal tool for identifying and assessing risks to the UK over the medium-term. It is owned by the Resilience Directorate in the Economic and Domestic Secretariat of the Cabinet Office.

In December 2023, the NAO issued a Good practice guide for [Overcoming challenges to managing risks in government](#). It drew upon the NAO back catalogue, including reports about the Cabinet Office, to identify key risk management challenges facing the public sector.



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Major Programmes

The Cabinet Office had 11 major programmes in the Infrastructure and Projects Authority's most recent annual report. Most received an amber rating, meaning success is feasible, but issues need to be addressed promptly.

Project	Date added to list	Most recent rating	Description
Vetting Transformation Programme	2020/21	Red	To make security vetting simpler, faster and more consistent.
Falcon IT Platform Refresh and Migration	2022/23	Red	Digital transformation of the Cabinet Office to reduce cyber-security risk and increase productivity.
Civil Service Pensions 2015 Remedy	2020/21	Amber	To end age discrimination with the Civil Service Pension Scheme and Royal Mail Statutory Pension Scheme.
Workplace Services Transformation Programme	2020/21	Amber	To improve the workplace experience of Government Property Agency customers.
Future Service Programme	2021/22	Amber	A series of procurement and transformation projects within the Pension directorate of GPG.
GOV.UK One Login	2021/22	Amber	To deliver a single account for people using government service to prove their identity.
Government Hubs and Whitehall Campus Programme	2022/23	Amber	To house multiple organisations under one roof at specific locations across the country.
Transforming Public Procurement	2022/23	Amber	To create a simpler, faster and more transparent procurement procedures.
ATS replacement	2023/24	Amber	To replace the existing CS Jobs recruitment platform with a new system that can drive reduce overall costs of recruitment and improve the service.
Rosa Renewal Project	2022/23	Green	Cross-departmental secure IT service specifically designed for working with information designated as secret.
Learning Frameworks 2.0	2023/24	Green	Learning Frameworks 2.0 is the project to identify replacement centralised training services.

Note

- 1 The Cabinet Office [announced in November 2024](#) that the Vetting Transformation Programme had ended.
- 2 Ratings are taken from the annual report, which reflects the rating in Quarter 4 of the year.

Source: National Audit Office analysis of the [Infrastructure and Projects Authority Annual Report 2022-23](#)

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The Cabinet Office group includes 11 arm's-length bodies.

The Cabinet Office arm's-length bodies

Non-ministerial department

- UK Statistics Authority

Executive agencies

- Crown Commercial Service
- Government Property Agency

Non-departmental public bodies (NDPB)

- Civil Service Commission
- Equality and Human Rights Commission

Advisory NDPBs

- Advisory Committee on Business Appointments
- Committee on Standards in Public Life
- House of Lords Appointments Commission
- Security Vetting Appeals Panel
- Senior Salaries Review Body
- Social Mobility Commission

Notes

- 1 Our 2021 report on [Central Oversight of Arm's-length bodies](#) explains what they are, how they are created, and what oversight exists.
- 2 The Government Property Agency (GPA) and the Crown Commercial Service (CCS) are executive agencies that each publish separate annual reports and accounts. The GPA is consolidated into the Cabinet Office annual report and accounts, but as a trading fund the CCS reports separately.
- 3 The two non-departmental public bodies with executive powers, the Civil Service Commission and the Equality and Human Rights Commission, publish their own accounts and are consolidated into these accounts.
- 4 The UK Statistics Authority is an arm's length body of the Cabinet Office but, due to its status as a non-ministerial department, it produces its own annual report and accounts and is not included in the consolidated group accounts.
- 5 Six further advisory non-departmental public bodies are part of the core department in these accounts and do not produce their own accounts.
- 6 There are a further three bodies which make up the group which are not formally classified as arm's length bodies. All are included in the group account, but the Office for the Registrar of Consultant Lobbyists also publishes its own account.
- 7 A new body, the Infected Blood Compensation Authority, will be added in 2024-25.

Source: National Audit Office analysis of published information, including gov.uk and *Cabinet Office, Annual Report and Accounts 2023-24*



14 The Government Property Agency (GPA)

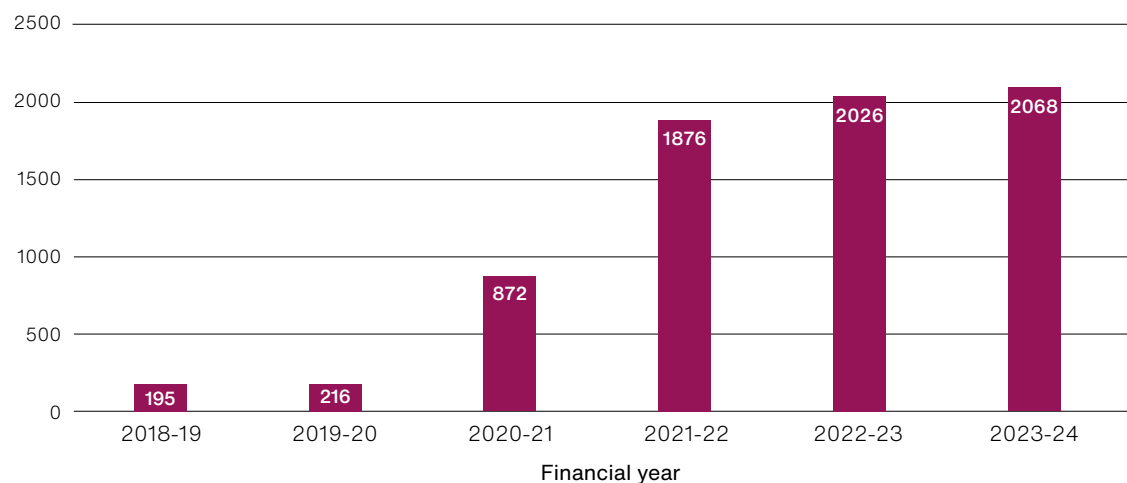
The GPA is an executive agency of the Cabinet Office, responsible for the government's office property strategy.

- **The Government Property Agency (GPA)** is an executive agency of the Cabinet Office that was created to be responsible for setting and implementing a property strategy for the government's office and warehouse portfolios. Since 2018, government departments and arm's-length bodies have been transferring office space to the GPA. The GPA has also taken the lead on the government hubs programme, creating "hubs"; office space that can be shared by government departments, across the United Kingdom.
- The GPA has rapidly grown and now manages 228 buildings, 53% of the government office portfolio.
- The GPA manages office space for government departments and arm's-length bodies. According to the GPA's latest survey, client satisfaction is 6.2/10. This is below its target of 7/10. It marks an improvement over previous years: 6.0/10 in 2022-23, 5.4/10 in 2021-22, and 5.5 in 2020-21.

Government Property Agency (GPA) property assets

The GPA assets grew rapidly from 2019-20, reaching over £2 billion in 2022-23

Property assets (£mn)



Source: NAO analysis of *Government Property Agency Annual Report & Accounts 2023/24*

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The CCS is an executive agency of the Cabinet Office that was created in 2014 to help the UK public sector get better value for money from its procurement of common goods and services.

The Crown Commercial Service's (CCS's) revised business plan states that its purpose is "to help the UK public sector to better extract value from its commercial and procurement activity".

The NAO published [Efficiency in government procurement of common goods and services in 2024](#)

We found:

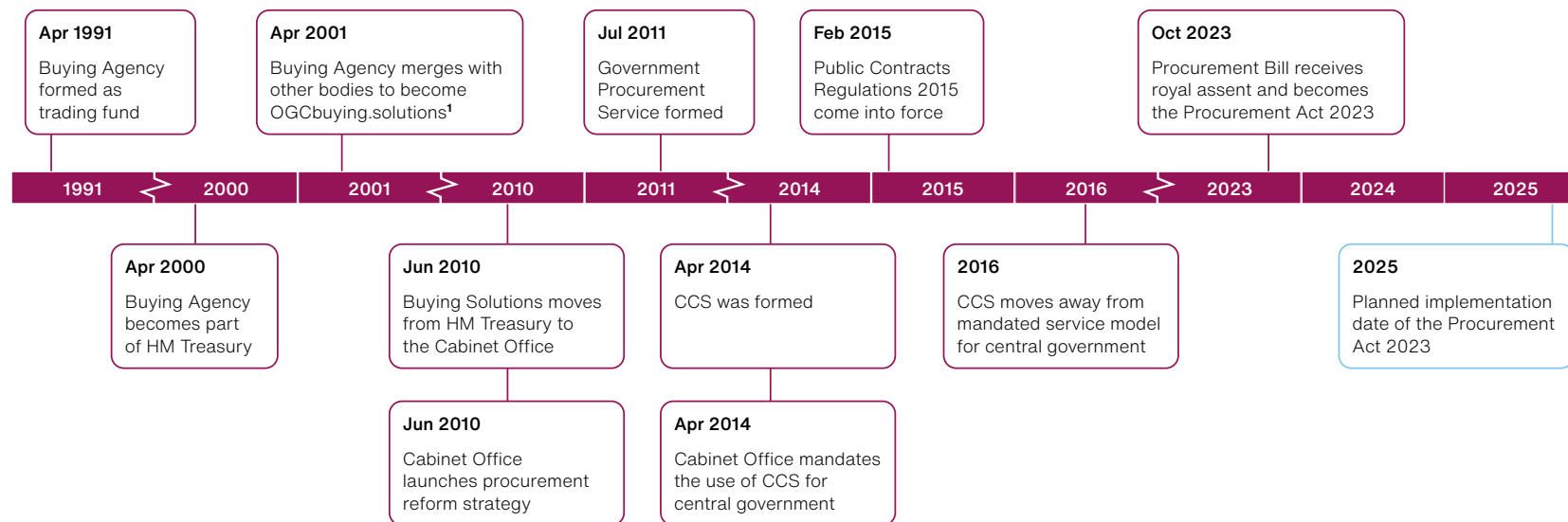
- Departments consider that using CCS saves them money, although CCS's calculation of commercial benefits is not well understood by its customers and is not aligned with departments' own savings calculations.
- CCS's average levy rate is double the rate it requires to achieve its financial objective, but it has insufficient incentives to reduce the levy.
- CCS could take a system leadership role in public procurement of common goods and services but is constrained by its operational capacity.



Section 15: The Crown Commercial Service (CCS) *continued*

History of the Crown Commercial Service (CCS), 1991 to 2024

CCS was established in 2014 by merging the former Government Procurement Service, the strategic commercial functions of the Cabinet Office and parts of the departmental procurement teams.



- Past event
- Future event

Note
1 The Buying Agency, The Central Computer and Telecommunications Agency, Property Advisors to the Civil Estate and other units from the Treasury merged to form OGCbuying.solutions.

Source: Comptroller and Auditor General, [Efficiency in government procurement of common goods and services](#), Session 2024-25, HC 116, National Audit Office, 2024.

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Cabinet Office staff made up less than 2% of 510,125 (FTE) total civil servants in 2023-24.

Our report [Civil Service Workforce: recruitment, pay and performance management](#) (November 2023) found there are many differences across departments in how they carry out staff recruitment, pay-setting and performance management. Variation is to be expected but sometimes it will indicate there is scope to improve efficiency. In some crucial areas, such as recruitment costs and managing underperforming staff, many departments do not know how efficient their processes are or how they could be better.

- The Cabinet Office, with 10,735 civil servants, is a relatively small department. As of 31 March 2024, the Cabinet Office (including its arm's-length bodies and executive agencies) was the 10th largest government department by headcount.

- 53% (5,685) were female.
- Of those with a known ethnicity, 18.6% were from an ethnic minority background.
- Of those with known disability status, 19.5% identified themselves as disabled.
- Of those with a known sexual orientation, 9.9% identified as lesbian, gay, bisexual or other.
- The median salary was £44,500.

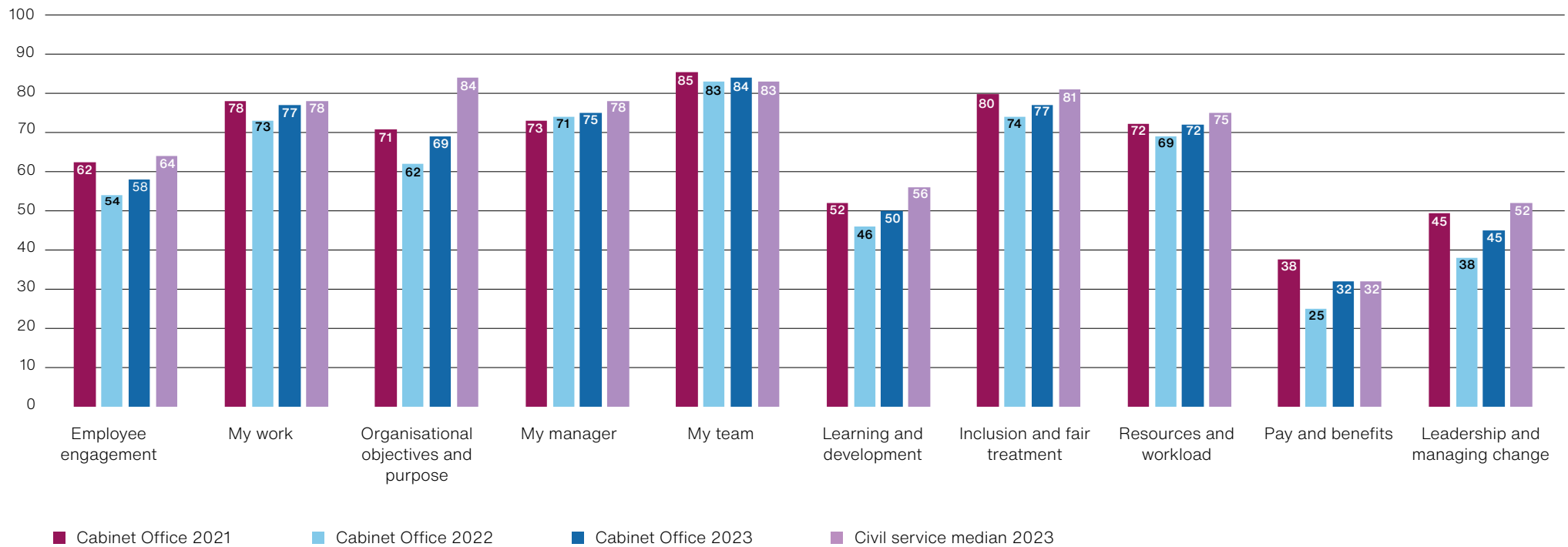


Section 16: Staff *continued*

The Cabinet Office's civil service survey results

The Cabinet Office 2023 civil service survey results showed improvement from 2022, but still lagged behind the 2021 results and the civil service median

Proportion of respondents (%)



Note

1 Scores relate to the Cabinet Office and do not include the Government Property Agency or the Crown Commercial Service.

Source: National Audit Office analysis of Civil Service Annual People Survey 2021, 2022, and 2023

17 Key audit matters and observations identified in the C&AG's audit

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The Comptroller & Auditor General (C&AG) limited the scope of his opinion on the financial statements of the Cabinet Office (the Department) and qualified his regularity opinion for the year ended 31 March 2024.

This means that, except for elements of the assets under construction and other assets held by the Cabinet Office and the Government Property Agency (GPA), the accounts give a true and fair view of the Department and the Department Group's affairs, have been properly prepared in accordance with the Government Resource and Accounts Act 2000 and HM Treasury directions issued. In addition, total spending has not exceeded amounts voted by Parliament; and except for spend on one contract, income and expenditure recorded have been applied to the purposes intended by Parliament.

Management of assets under construction

At 31 March 2024, £214 million of the departmental group's £330 million 'assets under construction' were held by the GPA. 'Assets under construction' is a temporary classification that is used while capital projects are still in progress. Once a project is completed and the assets are available for use, the costs should be transferred to the relevant asset category and depreciated.

The GPA has not been transferring assets out of 'assets under construction' on a timely basis and its subsequent detailed review was not finalised in time for the 2023-24 audit. As a result, the GPA was unable to provide sufficient evidence of the valuation or classification of 'assets under construction' held at 31 March 2024 and 31 March 2023. It was also unable to provide sufficient evidence over the reclassification and impairment³ of costs from assets under construction in 2024 and 2023.

Key observations

The C&AG limited the scope of his audit opinion over the department's (which includes GPA) and departmental group's property plant and equipment, intangible assets and associated balances as a result of the following:

- sufficient, appropriate audit evidence from the GPA could not be obtained to support £28 million of the £330 million of payments on account and 'assets under construction' at 31 March 2024 and £127 million of the £295 million as at 31 March 2023; and
- in respect of the property, plant and equipment and intangible assets held by the department and departmental group, the evidence was insufficient to support £108 million of reclassifications and £27 million of impairments for the year ended 31 March 2024 and £22 million of reclassifications and £8 million of impairments from assets under construction for the year ended 31 March 2023.

Regularity of expenditure⁴

The department is required to comply with Cabinet Office spend controls it administers for itself and across central government including controls over commercial spend. The Government Property Agency entered into a contract for physical site security in 2022-23 and had not obtained Cabinet Office approval of the contract².

Key observations

In the C&AG's report on the 2022-23 accounts, he concluded that any expenditure incurred on the physical site security contract would be deemed irregular. During 2023-24, the GPA began to incur expenditure amounting to £6 million. This expenditure did not have appropriate Cabinet Office approval and the C&AG has qualified his 2023-24 regularity opinion as a result. The total anticipated spend over the period of the contract is £179 million excluding VAT.

Notes

- 1 The key audit matters and observations referenced are not an exhaustive list of those identified in Cabinet Office's and GPA's annual report and accounts 2023-24.
- 2 The C&AG will not qualify his regularity opinion in respect of this 2022-23 contract in future years.
- 3 When an asset that was being built is ready for use, the amount recorded for that asset under construction is moved to a different operational asset category (reclassified) within either property, plant and equipment or intangible assets. The asset amount may be reduced (impaired) if the costs incurred to build the asset is greater than its fair value.
- 4 *Managing Public Money* defines regularity as 'the principle that resource consumption should be compliant with the relevant legislations and wider legal principles'; this includes delegated authorities from HM Treasury and the Cabinet Office where applicable.

Section 17:

Key audit matters and observations identified in the C&AG's audit *continued*

Management of fixed assets at the Cabinet Office	Key observations
<p>Our audit work on the core department observed weaknesses in its controls relating to management of its own property, plant and equipment and intangible assets. The core department held property, plant and equipment of £173 million and intangible assets of £154 million at 31 March 2024. Our audit work found that the Cabinet Office had not properly maintained its fixed asset register for the 2023-24 financial year. In particular, the department had not processed additions in the fixed asset register on a timely basis, or reclassified assets under construction to other asset categories where assets were in operational use. In addition, it had not completed an impairment review of its fixed assets.</p>	<p>Management took action to address weakness in controls. This resulted in material adjustments to the financial statements to reclassify assets from 'assets under construction' to other asset categories and recognise depreciation and amortisation¹ that had not been charged on additions and reclassified assets. The C&AG concluded that the weakness in controls had been addressed for the financial statements.</p>
Accounting for leasehold properties	Key observations
<p>The GPA holds leasehold properties, which it sub-lets to other government bodies. The accounting treatment of the properties depends on whether the sub-leases are operating leases or finance leases in line with the definitions set out in IFRS 16 Leases, the leasing accounting standard adopted by the department and its group in 2022-23.² At 31 March 2024, the department and its group held £355 million of right of use assets and £822 million of finance lease receivables.</p> <p>There are judgments and assumptions involved in both the classification of the leases and the calculation of the associated assets and liabilities. There is also judgment in ensuring that all related assets and liabilities, such as dilapidation provisions³, have been recognised. Any subsequent changes to lease terms also need to be identified and assessed to ensure the accounting remains appropriate.</p>	<p>Our audit work identified material errors in the recognition and valuation of the right of use assets and lease liabilities relating to both the in-year and prior year values. These arose from recognition judgements when applying IFRS 16 and the accuracy of underlying data. Additional audit work was required to address this risk.</p> <p>These errors have been adjusted within the department's 2023-24 group financial statements, including through restatement of the prior period figures.</p>

Notes

- When an asset has an useful life that extends beyond one reporting period (usually one year), the asset value is gradually reduced over its useful life to reflect that an organisation is using and benefiting from the asset. This reduction is in the form of non-cash expenditure called depreciation for tangible assets and amortisation for intangible assets.
- Where the sub-lease is an operating lease, the GPA recognises a right of use asset. Where the sub-lease is a finance lease, it recognises a finance lease receivable.
- When an organisation that is renting a property has the obligation to restore it to its original condition at the end of the tenancy, it records the estimated future cost of fulfilling this obligation in its financial statements as a dilapidation provision.

18 Things to look out for

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Evaluation registry

Government has launched an [evaluation registry](#) to house all Government evaluations. It is overseen by the Evaluation Task Force, which is sponsored by the Cabinet Office. The NAO recommended in [Evaluating government spending](#) and [Lessons learned: a planning and spending framework that enables long-term value for money](#) that government make evaluations publicly available. The government has committed to doing so by April 2025.

Look out for: launch of the public website in 2025.

Cyber security and resilience

The Chancellor of the Duchy of Lancaster has announced a new Laboratory for AI Security Research (LASR) to protect the UK and its allies against new threats. [The government has stated](#) that the lab will pull together world-class industry, academic and government experts to assess the impact of AI on our national security.

The announcement stated that the lab is part of the government's wider work to improve the UK's cyber defences and grow the economy, which includes the forthcoming Cyber Security and Resilience Bill.

Look out for: the Cyber Security and Resilience Bill.

British infrastructure taskforce

Traditionally, the Cabinet Office has played a role in overseeing major projects and sponsored the Infrastructure Projects Authority. The government has recently launched a [new British Infrastructure Taskforce](#) to support the Government's infrastructure goals.

Look out for: further information about this new taskforce.

Compensation schemes

In response to the infected blood inquiry, the Cabinet Office has recently set up the [Infected Blood Compensation Authority and Infected Blood Compensation Scheme](#).

The NAO produced a [lessons learned piece about compensation schemes](#), including Windrush and subpostmasters. In that, we recommended that, "the Cabinet Office sets up, by the end of 2024, a centre of expertise within government to provide guidance, expertise or a framework for public bodies seeking to set up a compensation scheme".

Look out for: a centre of expertise.

Procurement

The Procurement Act 2023 was delayed from October 2024 to February 2025, which has been explained as the new government wanting to consult on the public procurement policy statement.

Look out for: the revised procurement act in 2025.

Civil Service

The Cabinet Office announced [there will be a civil service strategic workforce plan](#) published alongside next year's Spending Review.

The Cabinet Office has announced plans to reduce its workforce by 400 civil servant roles.

Government officials have also discussed larger reductions in the wider civil service headcount.

Look out for: more information about the future civil service workforce.

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[Maintaining public service facilities](#)

January 2025

Following up from our 2022 report *Managing central government property*, our latest report on property maintenance found that 'the condition of government property has declined over the last decade and government has accumulated a maintenance backlog of at least £49 billion. The scale of the challenge will become intractable unless the Office of Government Property (OGP) urgently addresses strategic planning gaps across government, so it and departments can understand what the full picture of maintenance requirements is across government.'

We recommended that the OGP mandates departments and ALB use a standardised definition of the maintenance backlog; works with departments to develop a plan to contain and then reduce the maintenance backlog; develops a strategic plan by March 2026 for the government to contain and then reduce the maintenance backlog; and works with departments to ensure they include actionable property workforce plans in their strategic workforce plans.

[Government's general grant schemes](#)

July 2024

Government has made significant progress in addressing the issues we raised in our 2014 report *Government grant services*. The Grants Management Function has developed a wide range of guidance, tools, support, training and best practice sharing that cover all stages of the grant lifecycle. However, grant-making is not consistently delivering value for money across departments as significant variations in capability persist.

We recommended that the Grants Function should work to reduce reliance on manual processes; work with the PSFA to improve the coverage of initial fraud impact assessments and measurement exercises; promote take-up of learning and training opportunities; and explore further opportunities to share good practice among grant practitioners.

[Civil service leadership capability](#)

March 2024

Results from the Civil Service People Survey suggest that overall leadership capability has improved over the last decade, albeit from a low base. In order to build on this, the Cabinet Office needs to bring its fragmented approach into a more coherent systemic approach.

We recommended that the Cabinet Office work with departments, professions and functions to set out more clearly who is accountable for different activities that contribute to improved leadership capability, the specific outcomes that it wants to achieve, and criteria for judging success. We also suggested the Cabinet Office communicate a coherent view of expectations.

[Tackling fraud and corruption against government](#)

March 2023

In 2018, the Cabinet Office set up the Government Counter Fraud Function (GCFF), with a functional centre in the Cabinet Office, and the Government Counter Fraud Profession (GCFP) with membership across the public sector. In 2022, government established the Public Sector Fraud Authority (PSFA). PSFA acts as its centre of expertise for the management of fraud against the public sector, leads the GCFF and GCFP, and reports to both HM Treasury and the Cabinet Office

Our report emphasised the need for PSFA to ensure a 'one government' to tackling fraud; develop robust assessments of the level of fraud and corruption; embrace a preventive approach; develop the counter-fraud and corruption profession; and use its investigative powers and capabilities as an effective preventive deterrent.