



Treasury Committee

Oral evidence: Work of the Office for Value for Money, HC 521

Wednesday 11 December 2024

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Members present: Dame Meg Hillier (Chair); Dame Harriett Baldwin; Rachel Blake; Chris Coghlan; Bobby Dean; John Glen; John Grady; Lola McEvoy; Yuan Yang.

Questions 1 - 120

Witnesses

I: David Goldstone CBE, Independent Chair, The Office for Value for Money, HM Treasury; Andrew Wood, Deputy Director, The Office for Value for Money, HM Treasury; Johanna Harston, Director, The Office for Value for Money, HM Treasury.

Examination of witnesses

Witnesses: David Goldstone, Andrew Wood and Johanna Harston.

Q1 **Chair:** Welcome to the Treasury Select Committee on Wednesday 11 December 2024. Today we are examining the Office for Value for Money, which was recently set up by the new Government to examine the value for money of spending projects. It is based in the Treasury, so it falls very much in the bailiwick of the Treasury Select Committee. I am delighted to welcome the chair of the Office for Value for Money, David Goldstone CBE, who is an independent chair, so not a civil servant directly but appointed specifically to chair this role for one year until October 2025. He is joined by Johanna Harston, who is the director of the Office for Value for Money at the Treasury, and Andrew Wood, who is the deputy director of the Office for Value for Money, also at the Treasury. A warm welcome to you all.

I thought that it would be helpful, Mr Goldstone, to start off by going through the various bodies that already deal with value for money in Government and what your role is vis-à-vis them. We have the National Audit Office, the parliamentary body accountable to Parliament, independent of Government, that does value for money studies and looks at public spending. How do you interact with it?



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David Goldstone: The NAO has a very specific remit in relation to reporting to Parliament from outside Government on government activities, diagnosing issues and advising on solutions. We are in quite a different place. As you have said in your introduction, we have been set up within the Treasury.

Q2 **Chair:** How do you interact with the National Audit Office?

David Goldstone: I have already been interacting, quite regularly actually, over the six weeks since we were formally set up. I have seen the Comptroller and Auditor General and chief operating officer of the value for money team. We are liaising closely to make sure what we do dovetails with what it does and we are aligned. We have a secondee from the National Audit Office working in our team to make sure we learn lessons from it, but we are making sure our role is distinct, so we are complementary and not duplicating. We are working closely with it and keeping in close contact.

Q3 **Chair:** Presumably you have access to all of its public information. Do you have any other information that the National Audit Office provides you?

David Goldstone: I have not asked for non-public information yet. The working arrangement we have discussed is that, if there are things we think it would be helpful to see that it may have, we can have that conversation. I have offered the same openness about what we are doing to it.

Q4 **Chair:** Whether you offer it or not, the National Audit Office has every right to come and look at what you do.

David Goldstone: Yes, of course, but, given we are time-limited, if it did that in the normal course of business it might be after the event of the work we are doing during the spending review, whereas I am open to us being accessible during the period we are doing that.

Q5 **Chair:** Do you have a formal memorandum of understanding or any formal arrangement that is visible to us or the public?

David Goldstone: Not with the NAO, no.

Q6 **Chair:** How do you interact with the Infrastructure and Projects Authority?

David Goldstone: The Government have committed that the IPA—Infrastructure and Projects Authority—will become part of NISTA in future, bringing together the IPA role and the National Audit Office. There is the National Infrastructure Commission as well currently, which looks more at long-term strategic planning for infrastructure investment requirements for the country. The Government has committed that those two are going to be merged into a new organisation called NISTA, which is the National Infrastructure and Service Transformation Authority. Their



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locus is very much the long-term infrastructure strategic planning and supporting delivery of projects and programmes within that plan.

I have spoken to Nick Smallwood, who is the chief exec of the IPA currently. I am talking to the chair of the NIC soon, but the role is different. Theirs is very specific to infrastructure and infrastructure investment. We have a role in relation to looking at investment plans during the spending review, but that is quite specific. We will do that and draw on the IPA's expertise in doing that. We are going to have a discussion about how major projects are set up with them. We are doing that in the new year. We will do that with the IPA.

It is part of us trying to be very clear that we are not going to duplicate other parts of Government and what they are already doing, but we will leverage them and work with them where we can. In a similar way to the way we will work with the NIC, we will work with the IPA on infrastructure opportunities.

Q7 Chair: In the interest of time, let me run through a list of other bodies in Government that also deal with value for money. We have the procurement team in the Cabinet Office, the digital team, which I think has now moved to the Department for Science, Innovation and Technology, and the other specialist teams that deal with supporting senior civil servants in delivering big projects. There is *Managing Public Money*, the guidelines that all accounting officers need to abide by. They are the tramlines within which they need to stick in order to ensure, as best they can, value for money. The outline and final business cases on any project would go through their normal process within a Department.

The Evaluation Task Force is part of the Cabinet Office, which would also need to be consulted before a project goes ahead. The Regulatory Policy Committee examines the costs to business of new programmes and is another gateway that a project would have to go through. There is the all-important accounting officer assessment, of which there is the private and the public version, which would talk about the value for money and especially assessing whether something is novel, complex, contentious or requires primary legislation and looking at the propriety, feasibility and value for money of a project. That is very rooted in value for money. The Government Major Projects Portfolio has a very important role in highlighting the major projects to the senior members of the Government and senior civil servants.

Outside of central Government, you have UK Government Investments and its expertise, often used particularly to put non-executives on arm's-length bodies and provide sometimes years of experience from industry. There are non-executive directors on departmental boards, again some of whom have years of experience in delivering value for money in projects, often outside Whitehall. Then there are arm's-length bodies, many of which have direct and technical expertise in delivering projects and value for money in their area. That is quite a long list of bodies that have a role in delivering value for money. What do you do



that is different from these other bodies or is going to make a difference?

David Goldstone: What we do that is different is that we will provide direct advice to the Chancellor and the Chief Secretary, specifically during this coming spending review period, about areas to get after where we can reduce inefficiency and waste. We will do a small number of focus studies in areas where there was high risk of poor value for money. Particularly, we think that that will be in areas where service delivery, funding or impacts of public services cut across multiple Departments. We think that there are opportunities there.

We will look at some specific investment proposals, whether those are for major projects or spend-to-save activities, which might use the digital opportunities you mentioned. We will provide specific advice into the Treasury, the Chancellor and the Chief Secretary on those. Out of that and wider research we will do, we will come up with opportunities for system reform.

I recognise that there is an interaction in some way with all those other bodies and roles you mentioned, but it is distinct. It is interesting, focusing on all those other roles, that the Chancellor has made clear, in my appointment and in the terms of reference for the Office for Value for Money, that we are not expected to be a permanent part of the system. We are not going to be part of the infrastructure going forward in the way those organisations are. We are set up to do some specific things during this spending review and to leave some recommendations for system reform. It is time-limited in that way, so we will not be part of the infrastructure alongside all of those organisations.

If you wanted me to go through each, I could draw out a distinction from each. In general, we are trying to make sure that we are additional. Many of the ones you mentioned we are in contact with and are making sure we are not duplicating. As I said earlier, we work alongside where we can make best value of that, but we do not duplicate.

Q8 Chair: You are providing direct advice to the Chancellor and the Chief Secretary to the Treasury. Does that advice go to Permanent Secretaries, Secretaries of State and other Departments?

David Goldstone: My remit is to provide direct advice to the Chancellor and the Chief Secretary. It is six weeks since I was appointed. The main thing I have been doing over the first six weeks is getting round and seeing heads of Department, Permanent Secretaries and accounting officers to make sure we work with them closely.

Q9 Chair: So we are clear, you work with them and then provide advice all together to the Chancellor and the Chief Secretary, or do you provide your own advice to the Chancellor and the Chief Secretary, which could be different to what advice might be appearing in the Department?

David Goldstone: My remit is to provide direct advice to the Chancellor and the Chief Secretary. In providing that advice and trying to make



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reforms that are sustainable and will stick, I want to do that working with heads of Department and having their support. I think you said it in your report when you were finishing your PAC Chair term: public servants want to do the right thing and are trying to deliver public services in a good value for money way. There is a lot in the system that gets in the way. I want to try to help tackle those. Our job is to try to tackle some of those systemic blockers that get in the way of good value for money and advise the Chancellor on this.

Chair: You are another body coming in to tackle this.

Q10 **John Glen:** You might know that I was Chief Secretary until 13 months ago. I relied on the different spending teams for each Department to inform me when I was trying to make a settlement within an individual Department. Those teams had quite a lot of experience. Some of them had been there for several years. Usually the heads had been there for more than 18 months or something. How do you think, practically, your interaction with or input into them is going to enhance their advice to the Chancellor?

David Goldstone: I might want to bring Jo in on this as well, because Jo has much more experience inside the Treasury than I have. As a headline, we are working closely with the spending teams. I have been working recently, for example, with a number of Department spending teams to make sure what we are doing is complementary. They have a very clear focus on spend controls. We have this broader obligation that is genuinely about value for money and trying to get the best value from the spend, not just to control the actual spend.

Johanna Harston: As David said, we are working really closely with spending teams within the Treasury. We think that we will be successful only if we are working in partnership with them as well as with colleagues in Departments. As a team, we have lots of experience from spending teams. I have almost five years of experience as a senior civil servant working in spending in the Treasury and we have other more junior members of staff in the team who we have recruited from spending teams. We are confident that we have the right understanding and expertise to support spending teams and work in collaboration with them.

Q11 **John Glen:** I do not have any doubts, because I think we worked together when I was in the Treasury, of the expertise that exists. I am just trying to define and draw out in this conversation what is additional in this new function. I do not understand what is lacking in the spending teams. Yes, they are about control, but they also say, "Chief Secretary, we do not think you should sign off on X or Y because they will not deliver it and there is no impact. Evidence suggests that, in previous years over this three-year period, they did not deliver any value from that". That was part of their function anyway. It will be helpful to understand what the added value is that goes beyond that normal rigorous process of spending control and advice that goes to the Chief Secretary and Chancellor.



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David Goldstone: I have one specific point. We have put together a multidisciplinary team, which is different to spending teams generally and some of the organisations the Chair mentioned. We have secondees from the commercial function, the NAO and the Evaluation Task Force. We are trying to bring together a multidisciplinary team that can provide that broader advice. We are trying to look longer term and at long-term value, not just the spend focus.

In what you described, the advice is about, "Is something deliverable? Is that set up for success?" Part of the reason I was asked to take on the role is that I have been involved in a lot of big, complex delivery programmes. I can bring something additional to what would normally be a Treasury spending team civil servant's expertise. That is not denigrating their expertise, but it is in a specific area and mine is different. Having a multidisciplinary team brings us a different lens on that, which I hope we can add and complement.

Q12 **Chair:** I wanted to go back to the point where you talked about a small number of focus studies. Can you give us a specific example of a focus study you started or you are working on?

David Goldstone: It is a bit early to commit to what the actual studies will be.

Q13 **Chair:** We are already in December and you will finish in October next year.

David Goldstone: Yes, but I was only appointed on 30 October this year. The terms of reference talk about looking at areas that cut across Government Departments' responsibilities. We are looking at areas where, whether it is in service delivery, funding or impacts, there are key public services that cut across multiple Departments. There are a number we are looking at, but, if you do not mind, it is a bit early to say. We need to have those conversations with spending teams.

Q14 **Chair:** I recognise that you may be looking at a number. I think that we would all accept that, but we would expect that you might be able to tell us some of the ones that are in the mix, understanding that, in the 10 months you have left in your role, you will not perhaps be able to do them all. Are there any examples of things that you are looking at? You may find that you cannot scope them and deliver on those in time, and we understand that. We are reasonable people, but we need to put some real experience on this. If you look at, say, something to do with the NHS and social care, there might be cut-across there. Is that an area you are looking at? Can you give us an example of things that might be in scope?

David Goldstone: In that broad ambit, there are areas of that that we are definitely thinking about, yes.

Q15 **Chair:** Health and social care might be, okay. Is there anything else?



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Andrew Wood: We want to be evidence-based in how we decide which areas to look at. That is why we are going around talking to people and looking at what they are already doing to make sure we are complementary. We are going to focus on areas that are cross-departmental, because review after review says that that is something that needs to be improved in the system. We want to focus on areas that use the multidisciplinary skills we have. As David said, we have people from the commercial function, the Evaluation Task Force and the National Audit Office. We have been looking through their reviews as well to see which areas are best.

We have also been looking outside the Treasury. We are talking to think tanks and international organisations about what they think we could look at and focus on. We are really open to ideas and where we can make the biggest impact. We are a relatively small team.

Q16 **Chair:** You are a small team. You have a very short time. We are in December already. I am not criticising you for how far or not far you have got at this point of time, because it would be a miracle if you had delivered a major review at this point, frankly, however brilliant any Government are or any of you individually are. You are still landscape reviewing and talking to people. This is all good stuff if you are a think tank, but you are trying to deliver major advice to the Chancellor and the Chief Secretary about value for money. When will you have finished these conversations and actually have one of these focus studies delivered?

David Goldstone: In the new year we will be—

Q17 **Chair:** New year in Civil Service terms, Mr Goldstone, can mean any time between January and October. Can you be more specific?

David Goldstone: In the first month of the new year, we will be going to the Chancellor and Chief Secretary with our advice about where we will be looking in those areas. We need to have the conversations with Departments and spending teams.

Q18 **Chair:** I am not saying that you should not have those conversations.

David Goldstone: If we started saying specific areas now, we would be setting hares running that might not be helpful.

Q19 **Chair:** We will get into it a bit more on timetable and so on. In, say, the first three months of next year, you will come up with proposals that will go to the Chancellor and the Chief Secretary. I am just trying to understand the process here. Then you have the spending review in June, so you will be hoping to get something out to inform the spending review decisions. We will get on to the spending review in more detail, but that is the plan.

David Goldstone: We are going to do it more quickly than the first three months of the new year. We will aim to do it early in the new year so that we can start work during January and have an input into the spending



review before it concludes on those studies. We will be engaging with Departments on their efficiency plans more generally, straight from the start. That does not need to wait for any other specific—

Q20 Chair: Ms Harston, how many focus studies do you think that the unit can deliver?

Johanna Harston: We think a small handful, so potentially two or three. As a very small team, we need to be targeted.

Q21 Chair: That is good. There is a bit of realism there, so that is helpful. You talked about specific investment proposals. Is there anything on that where you can give us more flesh on the bone about what specific investment proposals you might be looking at?

David Goldstone: For sure, it will not be all. It will be new capital projects, infrastructure investment, and investment proposals that are about spend-to-save type initiatives. That might be using digital change or other types. In your list of other organisations involved in this space, you mentioned DSIT and the digital role. We have spoken to it again recently about how we would want to work with it in our role and looking at those sorts of proposals.

It is where the highest risk is. We are going to have to focus our attention. In my experience, a lot of investment proposals get put forward but how they would be delivered has not necessarily been fully worked through. PAC and NAO reports over the years call those sorts of things out. There is a lot we can bring about things being set up for success before they go ahead. I would want to look at those investment proposals to say, "Are the real plans in place? Are they developed enough for the stages?"

Q22 Chair: How many of those, Ms Harston, would be in the mix? If you have your two or three focus studies, how many specific investment proposals would you be able to look at?

Johanna Harston: We will want to wait to see what comes through from Departments as they provide their returns during the spending review process. I would expect it to be more than two or three, because we are not trying to assure specific investment proposals or undertake our own value for money assessment of those proposals. We will want to look across a range.

Q23 Chair: If I were a canny Permanent Secretary—and I have had a few of them in front of me in the last decade—I might think, "There will be two or three focus studies and maybe a few more specific investment proposals. If I can persuade the team coming to speak to me that I am on top of this and there is not really much to see here, they will leave us alone and we can get on and do it the way we have always done it". How are you going to make sure that you are really looking at the things that you know you need to look at? You will be up against some canny people.



David Goldstone: There are some canny people. All my experience is that heads of Department want to deliver their responsibilities effectively and in a good value for money way. I do not think that it is necessarily as cynical a business as you have just described. There will be areas where we decide we do not need to spend much attention. As is clear from the conversation, we are a small team. We have a time-limited horizon and are going to try to focus and prioritise in areas where we can make a difference and an impact.

We will be involved with most, if not all, Departments on their efficiency plans. That is across the board. The Chancellor's launch of the spending review made clear that there are savings and efficiency targets to be achieved. We will be engaging with Departments on those across the board, investment proposals where there is high risk and a small number of studies. That is quite a broad impact and I think that that will make a difference, but it is what we can do in the time available with the resource available.

Chair: Indeed, in the time available. We will get on to that shortly.

Q24 **Lola McEvoy:** This is a fascinating project that you are leading, because I love a bargain. I wait with bated breath to see what the results are. You talk about infrastructure and investment. We have the national wealth fund and are going to be rebuilding the economy and the country's infrastructure through that. I am interested in whether you will be looking at that and what thoughts you have had already on the national wealth fund, and by extension on GB Energy, to make sure that this is all in line with value for money.

David Goldstone: That is a very specific area. The national wealth fund is a new initiative.

Q25 **Chair:** Is it in your scope?

David Goldstone: I have not been told that anything is out of our scope, but I do not think that we would particularly prioritise, at this stage, that being something we should get involved in. It is being set up in its own right with its own arrangements.

Andrew Wood: The proposals made through that could be some of the ones that we would scrutinise through the work we mentioned on investment proposals. That would be the way that we would get in there, with an ability to compare it to other proposals in other areas.

David Goldstone: Yes, rather than looking at the set-up altogether.

Q26 **Lola McEvoy:** In my understanding of it, there is a huge opportunity, if you are new and it is new, to actually get this right first time. Why would you not take that opportunity?

David Goldstone: The only question is, as in the previous conversation, where we are going to add value and make a real difference. I am not



ruling it out. The national wealth fund is being set up with new objectives and clear priorities. If there are areas for some reason we can help with, that is fine, but it is different from looking at ongoing Departments' efficiency plans for the next five years and cross-departmental areas where we might carry out studies. It is a different sort of thing. As Andrew said, there may be specific investment proposals we look at under that banner.

Q27 **Lola McEvoy:** Your remit is going to be more retrospective, looking back on decisions that have been made previously.

David Goldstone: No, it is the decisions in the spending review, looking forward for the spending review period. I suppose that I do not want to call out that one specific area as something at this stage we are going to say we are going to be looking at. Where there are investment proposals, we will be looking at them as part of the role to evaluate those. Our main focus is Departments' efficiency and savings plans, the small number of studies we will be able to conduct with the resource we have available, and then those investment proposals.

Q28 **John Grady:** You have a small team with a vast amount of Government activity. If I were to ask you for a sheet of paper with the criteria you will apply in selecting what you are going to look at, would you have such a thing?

David Goldstone: I am quite clear in my mind that what the Chancellor said in the Budget is the remit that we are going to deliver. It is two paragraphs and it basically says that, during the spending review period, we are going to get involved looking, with Departments, at areas where we can identify waste and inefficiency. That will be across the board, working with them. My focus and our focus as a team will be on whether there are real plans for addressing those things and improving value for money. We will be doing a small number of studies in areas of cross departmental risk to value for money. We will be looking at investment proposals, again with a risk lens.

Out of that and the wider research we have done about initiatives like this before and internationally, we are going to come up with some recommendations for system reform within the 12-month period we have. That is it. I can write that. That is written down on a page. That is it. It is a very clear remit, but it gives us some clear focus within the resources we have.

Chair: It gives us something we can call you back on and hold you to, and indeed the Chancellor when she is in front of us next.

Q29 **John Glen:** What I have taken so far is that you are like a SWAT team for the spending review. Is that a reasonable characterisation? I know that you will not want to be labelled or anything. Essentially, you are a surge function for the spending review to try to act as a sort of challenge on existing orthodoxies around Whitehall to make sure you get the right



decisions for a multiyear spending review.

David Goldstone: In the sense that we are time-limited, have a specific remit and are trying to impact the spending review, your characterisation is not unreasonable.

Q30 **John Glen:** Can I just dig into a couple of elements within that? I think you said that, in your interaction with the ongoing 2% productivity efficiency, you have some oversight of that, but you are not really policing it. How are you different to the spending team in terms of what you are doing on efficiency savings in year?

Johanna Harston: We will not have a role on assuring the 2% productivity and efficiency target that has been set for 2025-26, because that was set through phase 1 of the spending review. That was the point at which we were formally launched and we do not want to be backward looking. We want to be forward looking. We will be supporting the process of Departments delivering the 5% savings and efficiency target that the Chancellor set out, which is over the subsequent three years, so 2026-27 and the subsequent two years.

Q31 **John Glen:** One big hallmark of the approach taken by the Government is that, as I think the Chancellor said in speeches, unless something is value adding, or there is proof that it is value adding, it will not be included. This is a concept of a zero-based approach, which I think every Chief Secretary would like to have. Actually, in practice, there are ongoing obligations that it is difficult to get out of. Could you give us some insights into how you are going to interact with that principle-based approach, which, as I understand it, is basically asking, "What it is you are doing that is going to add value and, if something is not, how you are going to take it apart?" Can you give us some colour around how you think your expertise collectively, as an office, will impact that zero-based cost approach to the spending review?

Johanna Harston: Our role on the zero-based review is largely going to focus on the efficiency side. We will be working directly with Departments to support them on developing plans and targets to deliver efficiencies. We are seeing that as being separate to the process of identifying and delivering savings, which has been a real focus of previous spending reviews. The thing that we think we add is making sure that Departments are able to come forward with really good, well-evidenced efficiency plans that the Treasury can support them to deliver over the spending review.

Q32 **John Glen:** Let us look at one of the biggest Departments, which is health, where the Government have said that they are going to spend £22.6 billion. I think that it is the largest amount of an increase in the NHS budget. A lot of that is in year. How is the Office for Value for Money going to get to grips with that significant surge in spending and ensure that enduring capacity is left in subsequent years? The risk could be that, in order to deal with backlogs and pressures, which I acknowledge exist, they have lots of agency nurses, for example, and you end up consuming



a lot of money and not giving enduring, recurring capacity. Would you have any involvement in how that money is spent? In the second year, it would be material, I would have thought. You could bring some insights.

David Goldstone: The Department of Health and Social Care has started its zero-based review exercise. The Secretary of State has been really clear about wanting to be on the front foot in looking at reform within the NHS and within the health and social care environment more broadly. I have been asked to go on to a panel that is supporting the Secretary of State in running that zero-based review and providing challenge and input into it.

Q33 **Chair:** Is that additional to this role?

David Goldstone: I am doing it as part of my role in this role, not in a separate capacity. In that example, which is, as you say, such a massive part of the pressure on public spending, we have a direct role. I am doing that in close liaison—to your earlier question—with the spending team in the Treasury and making sure we are all aligned in what we are trying to achieve. I am not a health specialist. I will not claim to be a clinician with that input, but I will try to bring that lens on efficiency and opportunities, particularly long-term opportunities to reform, towards what the Secretary of State said are the priorities about the shifts needed in healthcare. I think we can really help in that way by adding something else to the process.

Q34 **John Glen:** I want to get to the heart of this whole issue of money to deal with pressure, which the Government, not unreasonably, can assert is about fixing the foundations to make the economy grow so that it is not encumbered by sickness and so on. There is that pressure to sort of surge money in the short term versus transforming things so that money is routinely spent more efficiently. I am trying to understand what your input looks like to make that second bit happen. I recognise that you are not a specialist in departmental spending. I get that you personally have a lot of experience in infrastructure, and some of these projects are quite complicated—we will talk about the number of hospitals later I am sure—and big infrastructure projects. In terms of this spending review, how are you going to embed decisions that maximise recurring efficiency in Government spending beyond the immediate?

David Goldstone: You are describing a genuinely complicated challenge that faces a Government.

John Glen: I have had many sleepless nights.

David Goldstone: I am sure, exactly, and clearly you have been closer to it than I am. There are immediate pressures and a demand for long-term system reform. We live within fixed fiscal envelopes, so that is a very challenging environment. The Chancellor has been very clear about that. We are trying to bring the lens to make sure that the opportunities for what is called system reform, the long term, and how we can change the system to improve the way Government do and the public sector



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does business, get sufficient attention, are prioritised and are thought through effectively. If they were not, or if I was not convinced that they would be taken seriously enough, I would be able to say to the Chancellor, during the period of the spending review's life and before it reaches the end, "I do not think that they are taking it seriously".

It is a very positive development. It has taken the initiative in setting up the zero-based review early. It has been welcoming to me being part of it to bring that lens, so I am hopeful that we will work together in a way that gives appropriate attention.

Q35 **John Glen:** It gives you teeth in the process.

David Goldstone: Exactly, yes, and that long-term reform opportunities, and opportunities to improve and make it more financially sustainable, are taken, alongside all the pressures that also have to be dealt with and are unavoidable.

Q36 **Bobby Dean:** This is just a very quick follow-up question. You said about the Department of Health and Social Care having started the zero-based review and having started early. Is it alone in that? Have any other Departments started their zero-based reviews yet, or when are they due to start?

Andrew Wood: Most Departments have now defined what zero-based review they will do.

Q37 **Bobby Dean:** Which ones have not?

Andrew Wood: It is not going to be our role to tell you that and I do not have the list in front of me anyway, so I could not.

Q38 **Chair:** Now we know that there is a list, we will ask for it.

Andrew Wood: The point I wanted to make as well was that we are here to bang the drum for value for money. In some cases, that is value for money as distinct from pure affordability. Where something costs money now but brings value later on, that might be something that we would be making the case for. As part of the system reform piece in the longer term, if we find that there is something in the system, some rule or incentives, that meant that it was more difficult to aim for something that added value for money in the long term, that is the kind of thing that we would be looking at recommending to change.

Q39 **Lola McEvoy:** You have identified yourself that it is quite a challenging environment for you to operate in. Are you feeling brave and bold? Are we going to be seeing some exciting changes that you are going to come up with? I am trying to gauge how big your interventions are likely to be.

David Goldstone: I am very excited to have taken on the role. I am very motivated. I did not need to do it; I am doing it because I want to do it. The team have all come together because they want to be part of this. We see an opportunity to do things in a better way and to tackle



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some of the blockers that I think a lot of people working in public services recognise get in the way of trying to do things as well as possible.

I feel unconstrained in making recommendations to try to fix those things. All the messages I have had from the Chancellor and the Chief Secretary, all the tone there was around the appointment and setting it up, and what they have said privately to me and openly, give us licence to make the recommendations to say what we think should change, unconstrained. That is really healthy and welcome, and I do not think that I would have wanted to do the role otherwise. If we cannot make a difference, it is on us. We will not have done our jobs as well as we think we can do them.

Q40 **Yuan Yang:** Mr Goldstone, and perhaps Mr Wood, I have a quick question about the size of the SWAT team. You have 20 civil servants in the team. Is that right?

Andrew Wood: The terms of reference say that we will be up to 20. At the moment we have 12 members of staff, plus David as chair.

Q41 **Yuan Yang:** Do you also appoint external advisers or consultants? If so, how many do you think you will have?

Andrew Wood: The terms of reference set out the option of appointing other independent experts or advisers. At the moment, we do not have any in addition to David. We are engaging with a whole external community on things that we might look at, as discussed. If we saw a gap that other experts could fill, we would definitely keep that option open.

Q42 **Yuan Yang:** Mr Goldstone, this is a much broader question about what good would look like by this time next year when you have wrapped up the Office for Value for Money. Your remit extends over the three years of the phase 2 of the spending review, which takes us almost to the next general election, I would imagine. There is a question also about retroactive accountability, if there are suggestions that you make now that will be implemented long after you are disbanded as an office, and how you deal with that. What would success look like for you and how would you deal with the retrospective reflections on what has happened?

David Goldstone: It is a really interesting question, because I have been thinking, "What does success look like?" At the danger of repeating myself, I come back to the remit. Sometimes, in the past, efficiency targets in spending reviews have been numbers without real plans behind them, and I have experienced that sometimes myself in previous roles. If we make sure that the efficiency targets that are embedded in this spending review have real plans that ensure they are deliverable and have a chance of being achieved and realised, that will be an important measure. If we can make a difference to two or three of the most complex areas of public service delivery, where there are real challenges and they cut across Departments, that would make a difference. If we can help set up investment proposals with the best chance of success,



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not being hopeful and optimistic without having the planning behind them, having those firm plans would make a difference.

You are right though. We will also then aim to leave recommendations for long-term system reform out of the learning we have made and wider research. There will be an evaluation of what we have done during the period we are here and on the back of the spending review.

Q43 **Yuan Yang:** Who will write that evaluation?

David Goldstone: I do not think that it is clear yet. There will be an evaluation. I think it is committed that that will happen. It is clear we are going to be time-limited, but not how long that is. We are focusing on this year. I have been appointed for a year. There is a decision to make during 2025 about whether the role carries on longer and then therefore what sort of evaluation there would be afterwards. We are committed to making an impact that, as you said, lasts through the term of this Parliament, the spending review and the system reform. We think that we can do that in a year.

Q44 **Yuan Yang:** What advice would you give to a future Committee, let us say a few years on, holding that evaluation, perhaps with a few more grey hairs between all of us at that time? When we look at that evaluation in a few years' time, or when the future Committee looks at that, how can we understand whether it was worth having an Office for Value for Money? What advice would you give to a future Committee?

David Goldstone: Ask Andrew and Jo back. I have been very clear today on the record about what we are trying to achieve, so you will be able to assess what we have done. It will be visible out of the spending review outcome. Quite what we publish and when is still to be resolved but what we have done will be visible. You will be able to see that against what we have said we are being set up to do. You will be able to measure whether we have been successful against that.

Q45 **Chair:** How would we know that it is you and not just a brilliant Department doing a brilliant job on its own that you just happen to have added your name to?

David Goldstone: Do I mind very much if that is the case? If good value for money proposals come through, and if the spending review is rigorous and can achieve the efficiency targets in it, I am not going to fight over whether that is to our credit, or Permanent Secretaries as accounting officers or spending teams, because we are going to have to do this together. We are probably not going to be able to unpack where the credit lies and we should not bother, really. I hope that we will make a difference.

The Chancellor's commitment to this, from my personal conversations with her, is very genuine. That sets a tone that makes a difference anyway. I hope that, if there is a good, successful outcome, we will not be able to unpack to whose credit it is.



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Chair: Every success is the politician's success and every failure is your failure.

Andrew Wood: Everything we are doing will be with Departments and other teams in Treasury. Because we are so small, our way of working anyway will probably be to set up virtual teams with the Departments and the other teams in the Treasury to make that progress. In a way by design, everything we do will be a joint success anyway. You have to operate in that way if you are a time-limited body, because you want it to land afterwards. You cannot just stop and say, "We have delivered this. That will be long lasting" without people to continue it on.

Q46 **Yuan Yang:** Mr Goldstone, it is very admirable that, as you said, you chose this job because you wanted to take on the task, and it will be a big task. When you applied for this, was it already made clear to you that the targets would be the 5% target over the phase 2 of the spending review, or was that after? At that point, was it possible for you to have a frank conversation with the Chancellor and the Chief Secretary about the realism of that target? Do you have any views about the realism of that target?

David Goldstone: To be clear, I did not apply for the role. I was approached about it. It has been a direct appointment. It was certainly clear that we would have a role during the spending review around efficiency targets, so that is not a surprise. As Jo explained earlier, the target is around both real savings, where things stop being done or there is less, and things being done more efficiently. Our focus mainly being in relation to the efficiencies area is really clear. That is very compatible with all the conversations I had before the appointment was announced.

Q47 **Yuan Yang:** Was the 5% target decided in discussion with you, or is it more an exogenous part of your role that it is the brief you have to fulfil but it is not really something that you can discuss?

David Goldstone: We did not shape that target. That is a political decision.

Q48 **Yuan Yang:** Do you have any thoughts about the choice of target?

David Goldstone: No, I do not think that that would be appropriate. Alongside a hard target, there was a clear commitment to things being done in a good value for money way. We have a clear remit, which I will not repeat again, in that, which I am very comfortable with.

Q49 **John Glen:** You have had a long career in different roles, observing lots of big infrastructure projects, and had close proximity to departmental budgets. What do you think are the main reasons for poor value for money in the public sector?

David Goldstone: This is going to sound like I am pandering to the Chair. There were some interesting points, Chair, that you made in the PAC report you produced at the end of your term. Things such as long-term planning, embracing cross-departmental areas and the funding that



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goes with that, are areas where there are opportunities. My experience is broad. I have seen a lot done well and a lot that the system gets in the way of.

You mentioned that a particular area of my experience is a lot of big projects. Are the funding regimes, control framework and those sorts of areas set up to deliver a large, long-term investment plan optimally? There are things we can do better in that area. That is the sort of area where we might find opportunities for system reform.

Q50 John Glen: I do not want to labour the point, but the Government are setting up or merging two entities, as I understand it, to form the National Infrastructure and Service Transformation Authority. Would NISTA not be doing that?

David Goldstone: Going forward, as I said earlier, we are not going to be a permanent part of the system. NISTA will be. It is a role that I think could be done. There are there are assurance checks and things such as that with projects. Now there are gateways that the IPA runs. We still have the situation where projects and investment proposals of different sorts are initiated or agreed to in spending reviews but are not necessarily set up for success as well as they could be. I have a lot of experience in seeing what has worked and, in some cases, what has not. We can help and, without trying to prescribe the solution precisely now, there are areas there where we think that we will be able to make recommendations. Almost certainly it would be NISTA that would take those forward in that respect.

Q51 John Glen: Can you give us your expectation of the distribution of your advice and input around capital spending versus day-to-day spending? Do you have an instinct for how you see your office contributing most?

David Goldstone: I do not think that we have tried to put a percentage to our time, if that is what you mean. The efficiencies part of the role during the spending review is largely in relation to resource spending. The investment proposals will be a mixture of real capital and resource being used for investment to achieve more efficiency, but where it is resource funding. There will be a combination. It partly depends on what proposals come through the spending review from Departments, so I do not think that I can put a proportion on it.

Q52 John Glen: Your recent experience includes some of the biggest national infrastructure projects in the country. The Committee is very keen to understand what you have said just then about capital projects. They are big, multiyear projects. I think you said that they are set up but not set up to deliver in the right way. Would you like to say something a bit more specifically about that?

Governments come and go. You do not want to be squeamish about telling off the previous Government. There are plenty of people on this Committee who would be very happy if you did that. It would be useful to get to the heart of what it is in a spending review that is not done or has



not been done that means that those significant multibillion pound projects, as you know too well, have not all delivered. We are trying to surface the insights that you are going to bring in all your observations of all these different Departments that will help us validate your activity. Could you say a bit more about what you are going to do?

David Goldstone: I do not think that I am going to quite, if you like, diagnose the solution we are going to come up with in a year's time, but let me try to respond to the question you asked. What have I learned from my long experience trying to deliver complex things around Government? One thing I would say is that these things are not easy. Things go wrong. Delivering complex programmes and public services is difficult. I will reiterate that, by and large, the people who are in the leadership roles are trying to deliver those roles in a way that is good value for money. There are things in the system that get in the way, which I will come on to.

The opportunity in the area with major projects and those sorts of things is looking at whether they are set up for success at stages before they spend significant amounts of money progressing. Quite often, there is quite a long period of that development before they deliver. The funding framework is challenging for a very long-term programme that cuts across multiple years. It is just the nature of the time horizon of our budgeting.

Almost by definition, the very big programmes are always unique in some way—their scale or complexity. They are not regular activity that is duplicated widely. Each one you might choose, whether it is the 2012 games, HS2, investment in nuclear power or whatever it is, is very different and very challenging in its own right. If we want to make them successful, there is something about making sure the funding and governance is a bit more bespoke to the nature of the challenge.

Q53 **John Glen:** You are going to give bespoke, well-informed from your experience advice on how to anchor spending over the next control period, in a way that is going to maximise your chances of success. That is your brief.

David Goldstone: I am hoping that we will be able to give some real recommendations on how we can set these things up with a better chance of success going forward, yes.

Q54 **John Grady:** Briefly picking up on John and Lola's questions on infrastructure, we have potential for new investment in nuclear with a new funding model. That is one thing. In Scotland, we have had the famous ferry saga, which is hundreds of millions of pounds over, years late and over budget. We do not seem to be very good at a lot of infrastructure projects in these islands. Looking at your own recent experience as a new director at HS2, where are we going wrong with infrastructure?

As a quick supplementary, while these are one-offs here, they are not



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one-offs across the world. There are nuclear projects, rail projects and boats being built across the world, so there must be a lot of international learning. Where are we going wrong here, perhaps with reference to HS2, if you would be so kind? What about international learnings to see whether we can improve?

David Goldstone: My terms of reference reflect that I will try to keep my roles distinct. I am appointed by Treasury to be on the board of HS2 and helping make sure that project is delivered as well as possible, in good value for money terms, from here on, having joined the board recently. There is lots of analysis out there about what has gone wrong and I do not think that it is for me to say now. I am working with the team very closely about the cost forecasting going forward.

Chair: When you say “the team”, this is the HS2 team.

David Goldstone: Yes, sorry, with HS2 and DfT. That is to make sure that there is a confident, well-founded basis for it going forward in the future. I am not going to get into what has happened in the past. There is a new executive leadership coming into HS2. There are some things it is recognised that the organisation needs.

Q55 **Chair:** Mr Grady is not expecting you to do analysis in detail of the past—it has been quite well documented—but you come in picking up those past problems. I think that Mr Grady was trying to drive at what you can say that you have learned already, having been on the board for a few months. Is it six months that you have been on the board for?

David Goldstone: Yes, I have been on the board six months.

Chair: You must be looking at that in order to think about how to make sure it does not have the same trajectory going forward.

Q56 **John Grady:** The point is that I am not having a pop at HS2. We could be here all day and next week as well. What I am really getting at is that you have this great new role and what you have seen over the years, including at HS2, must inform your recommendations to the Chancellor of the Exchequer.

David Goldstone: We are just at the start of the period. We have a year and we are six weeks in. There is learning from HS2, there is learning from other projects and obviously I have my own experience. I do not want to start coming up with some diagnosis about HS2 here. I do not think that that would be appropriate. There are lessons that apply there, as elsewhere, about how we set up the governance, funding and delivery structures for major projects, which are very bespoke. There are challenges globally. I do not think that we are unique in finding these things very challenging, but there is definitely also international experience.

Q57 **Chair:** We might get on to international experience in more detail. On HS2, you are in the hot seat now, trying to get this project delivering in



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the way that the current Government have said. You must have something to say about the choppy route it has had; there are some key milestone lessons there.

David Goldstone: I am on the board of HS2 Ltd, appointed on behalf of the Treasury, so I am bringing that role into the board. There is a new chief exec, Mark Wild, who is really in the hot seat. I am talking to him regularly and supporting him. The areas that we are discussing, where I am trying to bring some assistance to put them in a better place and help there be a better grip of the whole project, are around looking at the cost and schedule forecasting, quite detailed areas around the forecasting going forward and some of the areas around the capacity of the team.

Q58 **Chair:** What lessons are you picking on to adjust the cost and schedule forecast? There have been a lot of people, in this place and others, looking at HS2 over the years. There were lots of challenges with the cost and schedule forecast in the past. What are you suggesting that should change? Can you guarantee—perhaps I will not tempt you to guarantee it will not go wrong in future, because that might be a bit optimistic.

David Goldstone: I am in the role of Treasury-appointed non-exec on the board. There are opportunities to set the cost and schedule forecasting that will give us a better chance of success going forward. I have not tried to go back and diagnose what has happened in relation to that in the past, but that has been pretty well trodden by the NAO, in PAC hearings and in reports from the Department.

Q59 **Chair:** Give us a couple of things that you are going to be doing differently in HS2 that will reassure the taxpaying public, who have spent a lot of money on this so far, that their money will be better spent in future, thanks partly to your input on the board.

David Goldstone: I am uncomfortable trying to diagnose those things about HS2 in this environment. I am not sure that it is appropriate.

Q60 **Chair:** You have talked a lot about cost and schedule forecast. I do not mean that it is gobbledygook in a rude way, but we are all average people. We are not specialists like you. “Cost and schedule forecast” is a lot of words, but perhaps explain in plain English what that means that you are actually trying to get HS2 to do differently.

David Goldstone: We have a process going that is different to how it has been in the past, with HS2, the organisation and the Department’s sponsor team developing the inputs to the spending review as a joint exercise that we will be able to bring into the spending review and then set a new baseline forward, which the new chief executive will own and be accountable for.

Q61 **Chair:** It will be a new baseline, so a budget.

David Goldstone: It is a baseline scope and budget, and schedule and analysis of risk. Because of the various uncertainties around scope in those sorts of areas, and there are commercial renegotiations going on,



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we are doing that off an agreed set of assumptions. That is doing it in a very collaborative way, with everybody's best input and some integrated assurance. There is a lot of rigour behind the process that is now in place. I am saying that without criticising what has happened in the past because I have not been part of it.

Q62 **Chair:** You are very reluctant to talk about it, Mr Goldstone, for someone who is effectively holding the government responsibility on the board, as the Treasury appointee.

David Goldstone: A key part of the role is about the cost and schedule forecast. I have mentioned that there are areas that I am supporting in relation to the organisation's capability. There is a review going on of the governance, which I am also extensively inputting to.

Q63 **Chair:** That is great. Can you give us anything on governance or capability? Are there different skills coming in? In my previous role we looked a lot at the integration of big projects. That was often an area. Is that an area or capability? Can you give us a hint or just tell us?

David Goldstone: The Department commissioned a review by James Stewart of the governance and assurance. I have spent a lot of time supporting that review and bringing my experience into there. That is going to get published soon.

Q64 **Chair:** Do you have a date?

David Goldstone: I believe that it is due to be published in the new year.

Q65 **Chair:** That is a very long period of time.

David Goldstone: It will be early in the new year.

Q66 **Chair:** We might chase that up with our sister Committee.

David Goldstone: That is the DfT that will publish it. I have spent a lot of my time inputting to that.

Q67 **Chair:** What about the capability review? You were talking about governance and capability.

David Goldstone: It is the chief exec's accountability, but I have been talking to him and giving my views about areas where I think there are opportunities to strengthen particularly the organisation's capacity and capability in managing the large contracts it has in place at the moment.

Q68 **Chair:** When will we know what the shape of that will be? When will that be published?

David Goldstone: That would not be for me to say. It is the accounting officer.

Chair: We will pass it on to our sister Committee, the Transport Select Committee, under the excellent chairmanship of Ruth Cadbury, to pick up



on that I am sure.

- Q69 **Lola McEvoy:** Moving on from HS2, I am interested in whether you have had any guidance about the sorts of solutions that you might be finding to the problems that we have all identified. Are you in the market for quick fixes, or are we talking sort of 20-year project reform? Have you had any guidance and what are you minded to do?

David Goldstone: I do not think that we have had any guidance beyond what we have talked about as our remit. It is up to us to come up with the recommendations we want to make. I would be disappointed if we were saying things that were going to take 20 years to make an impact. We are looking to make a difference in the spending review period and then to leave some system reform recommendations that can be put into effect quickly.

There is going to be a spending review every two years. We would hope those could come through in the subsequent spending review. We are not looking at very long-term horizons for the sort of changes we are making.

- Q70 **Lola McEvoy:** There is nothing off the table then.

David Goldstone: No, I confirmed that when I was being appointed. I have not been told anything is off the table.

- Q71 **Bobby Dean:** I noted earlier that you made a distinction between spending controls and value for money. I am just quite interested in how you define value for money. I know it is a bit of an exam question.

David Goldstone: I am conscious that there are different definitions around. For me, it is about the relationship between cost and benefit or inputs and outputs, and getting the maximum benefits and outputs from the resources that are put in. I do not want us to spend lots of time or resource having definitional debates, but it is about value for money, not just cost control. We do want to look at, for example, if we can get more output from the same input. That is better value for money. Reducing input and getting the same output is also better value for money.

- Q72 **Bobby Dean:** What I am interest in is that having the phrase “for money” in there automatically makes me think of a pressure on costs. That might change the sorts of things that you look at. Why would it not be Office for Public Value or Office for Value? The focus on money makes me feel like there is going to be a bias towards solutions that are going to drive down cost in your search for value. There could be other senses of value. An improvement in public service delivery would be much better.

David Goldstone: For the avoidance of doubt, an improvement in public service delivery for the same cost would be better value for money and that is absolutely the sort of thing we would be supporting. We are not only about reducing cost.

- Q73 **Bobby Dean:** You also said just now that you want to make a difference in this spending review period, and it speaks to my colleague’s point a



little bit as well. It makes me concerned that we might be focusing on short-term measures, stuff that we can see results in by the end of this Parliament, say, when some of the truly value for money things that we could deliver are going to happen over a much longer term. If you did preventive interventions in mental health, for example, or other such examples in different policy areas that take 10 years to really see the benefits from, are those going to be ignored in favour of things that can be turned around more quickly so the Government can celebrate them before the end of term?

David Goldstone: We have the two buckets of activity. We have the things we are trying to do during this specific spending review period, and then the recommendations for system reform. The sorts of things you describe could come through in investment proposals during the spending review, albeit they would undoubtedly take time to deliver, but those are opportunities we could look at.

Q74 **Bobby Dean:** We have such a short time period for you to deliver. We have less than a year now. Is there not always going to be a bias towards those shorter-term solutions rather than the potentially higher-impact but longer to turn around reforms?

David Goldstone: That is not necessarily the case. There is no reason we should not identify those long-term solutions in our short time period. They will take time to implement.

Q75 **Lola McEvoy:** Just on this value for money point and how you define value, I have spent my career improving terms and conditions of low-paid workers working on publicly funded contracts for private contractors. When we saw improvements in the terms and conditions, we saw sickness reduction, productivity gains, better retention of staff. How are you thinking about value in terms of the value to people's lives as well?

I am interested in whether you will be looking at that in your analysis, because there are a lot of people working on these public contracts who are in in-work poverty, and you said that you would be looking at the long-term impact of some of the decisions taken in the short term that might be cheaper in the short term, but obviously the state pays with increased services and poorer health outcomes for these people anyway. I am interested in whether you would be looking at the analysis of that.

David Goldstone: The opportunities for those investments that have long-term benefits is definitely part of what we would be interested in. We touched on that in the conversation about health reform earlier. It is not at all off the plate that we would be looking at opportunities where—it falls almost into the area where I talked about cross-departmental services—the impacts are cross-departmental because, by spending less in an area, we cause a knock-on impact into others.

For example, housing consequences have impact on people's future lives and create problems for those individuals and demand on other public services. Those are the sorts of long-term value-for-money questions



that, in this exercise and in our role, we will definitely be looking at, but as we said earlier, we are going to be doing this in the environment of, if you like, all the competing pressures we are going to be experiencing. Those things are not off the table. Again, where there is long-term value from taking a sustained approach that improves the value from the spend, that is what we are going to look at.

Q76 **Lola McEvoy:** That is interesting, because in the public procurement, as it stands at the moment, there is the 10% social value clause for public tenders. I have done a lot of work thinking about how you could improve that. Another thing that has come across my desk recently is about patient satisfaction being taken into account for renewing contracts. I am quite interested in whether you would take that as something that would add value for money. If the patient satisfaction of a service was really high, for example, it might be something that would be taken in as a reason to replicate what that service was doing in other areas.

David Goldstone: We are in some very specific areas.

Q77 **Chair:** Perhaps that is user satisfaction, if we take it broadly.

Johanna Harston: We do not see it as our job to define what the policy objectives are that the Government set themselves. We see our job as supporting Departments in identifying how best to use public money to deliver those objectives. In this particular case, obviously, it is very specific. If we were to look at this particular case, whether or not we would look at public satisfaction would depend on Ministers' views about whether that is the outcome or the objective that they want to achieve. Then we would see our role as looking at how best to achieve that outcome or objective using public funding, supporting the Department.

Q78 **Lola McEvoy:** Just to drill down into this a little bit more, if you would not mind, specifically, when public bodies contract and do their tendering process, it is often about cost, for obvious reasons. I suppose my concern about your remit is, like Bobby Dean said, that it will be a real focus on cost but not taking in the actual impact on people's lives. I just want to get a read from you about how much you would be open to considering those factors when you are making these recommendations.

David Goldstone: Specifically, it is value for money. It is not just the cost. You are drawing out, if you like, part of the difference to a situation where we may have been set up just to cut costs, which is not what we have been asked to do. As Jo said, what the policy objectives are is not for us to say, but how Departments go about achieving those objectives is where we will play a role.

Q79 **John Glen:** Just to give a specific example, I remember as Chief Secretary having a meeting with three Departments represented to discuss looked-after children. As I understand it, the cost of that has gone up astronomically where regulations have increased, so local authorities do not want to own things. Poor children are put out to private equity-run facilities at enormous cost. This is an example where there is



not only a short or immediate-term value for money issue, as the per child cost is extraordinary, but your execution of a value for money solution will need quite radical intervention across multiple Departments being accountable.

You have spoken out and your extensive experience suggests that you understand the dynamics of Whitehall accounting officers and all the rest of it. Is this something that you would say is worth looking at? I am sure the Chair has looked at this as well. Value for money does not exist in that but in the solutions.

To Ms McEvoy's point, there is getting stuff done in one year with consequences in years 2, 3 and 4, where you know you are going have to pick up additional costs because you have health outcomes, etc. I just want to get some confidence that the complexity of this is being gripped, because otherwise we could end up with deference to existing departmental norms and no real incisive intervention from you of how to do things differently.

David Goldstone: That is an example exactly of the sort of thing we are thinking about for the small number of studies we are going to do.

Q80 **John Glen:** You are going to do one on that.

David Goldstone: We are only able to do two or three. That is a very good example of exactly the sort of thing we are thinking about and will be, if you like, in the mix. We have spoken to the relevant Departments already. As you say, there are clear departmental responsibilities, but if you go up a level, there is a clear issue with the public service that is being provided and the cost and value for money of it. That is the sort of thing that we would be giving very serious consideration to looking at. We will be clear what we are doing, but if you are asking, "Is that the sort of thing?" it is absolutely the sort of thing.

Andrew Wood: Just quickly, that is exactly why we are looking at things that are cross-departmental, because it is in those situations where you want to look at where responsibility lies and how you calculate diffuse benefits. It is also why we have set up the team in a multidisciplinary way. You can look at that problem, or a problem that we look at from the commercial angle, also from the view of a spending expert in the Treasury, of an economist or of someone who is used to evaluating these programmes. We identify the issues at all chains in the pipeline of where the money goes.

David Goldstone: The thing I just want to add is, when I was talking about this generally earlier, I said it is where public services cut across Departments, either in delivery, funding or impact. For that sort of example, there is more than one Department that has responsibility. Funding typically goes through the local authority network and framework. There are longer-term impacts of the inadequacies of the services on benefits, criminal justice and all sorts of other areas. It is



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exactly the sort of thing that has multiple Departments, responsibilities, funding and impacts. That is why, hopefully, I am reassuring you.

Lola McEvoy: That is great.

Chair: Thank you. You are so enthusiastic about that one, we might have a hint on what you are actually going to be producing next year.

Q81 **Yuan Yang:** Mr Goldstone, going back to this question about time horizons and long-term savings, you mentioned the idea of spend to save. I was wondering if you could describe that a bit more. Also, does the time horizon of that saving have to be in the three-year time horizon that the spending review that you are tasked to look at is within?

David Goldstone: I will take the first part first. Departments have clear targets for the spending review period. The 5% we talked about earlier, across savings and efficiencies, is specific to the spending review period. If we are looking at opportunities to spend to save, though, we would definitely be interested, if you like, in what the payback period is and what the return on investment is from making the initial investment. It can often be far greater, the longer you look. That would support the investment with the returns beyond the spending review period. We would not be looking at the benefit just having to be constrained within the spending review period.

Q82 **Yuan Yang:** Does that mean then you would be minded to make proposals to the Chancellor, including proposals that would not actually lead to meeting the 5% efficiency target within the spending review period, but with an eye to increasing efficiency and value for money in the much longer time horizon, beyond five years?

David Goldstone: The 5% target has been set for Departments to achieve across their savings and efficiencies in the spending review. I am not going to do anything that undermines that. We can go further if we look longer. The benefits may spread longer term from some of those upfront changes.

Q83 **Yuan Yang:** How do you balance the tension between not undermining the 5% savings over the next three to four years with this idea of spending to save in the much longer term?

David Goldstone: This is again one of those difficult balance questions we are going to get involved in as we get through the process. There are the competing service pressures that already exist in Departments, the new commitments and trying to make these changes. We are just trying to make sure there is enough attention and enough evidence of properly thought-through plans behind the efficiency proposals that come forward. There will be some political judgments that we will not be making.

Q84 **Chair:** It was ever the issue that politicians get involved at some point.

David Goldstone: Yes.

Q85 **Dame Harriett Baldwin:** I speak on behalf of every taxpayer that we



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really wish you success. It would be very interesting to hear and follow up to Mr Grady's earlier question about your international inspirations. Are you the Elon Musk of the UK, the department of government efficiency? Are you taking inspiration?

David Goldstone: We are doing what our remit says we are doing. We are very clear we are going to look at lessons we can learn from international comparisons. I am not going to make a direct comparison today of different roles. Our remit is quite different. We have a very specific remit that the Chancellor had asked me to do predating that appointment, actually. That is what I am doing.

Q86 **Dame Harriett Baldwin:** I heard a bit of a yes there.

David Goldstone: I definitely did not say yes.

Q87 **Dame Harriett Baldwin:** Maybe it is the other way round. Would you be taking inspiration at all from Javier Milei in Argentina, who shut down entire Government Departments, with a chainsaw?

David Goldstone: I am going to give you the same answer. We have a specific remit. It is about value for money.

Q88 **Chair:** No chainsaws involved.

David Goldstone: It is unlikely chainsaws will be involved.

Q89 **Dame Harriett Baldwin:** That was more of a no, Chair. In terms of an example internationally, when I went to Ukraine before the Crimea invasion, they had adopted a procurement system there, which actually the UK had helped to fund and roll out to make all their public procurement very transparent. It is called Prozorro. Have any of our panel of witnesses ever come across that?

David Goldstone: No, but thank you.

Q90 **Dame Harriett Baldwin:** Just to elaborate on how it works, for the benefit of colleagues, every piece of public procurement has to go on this very transparent website, whether it is one primary school buying pencils, school meals or hospital meals and so on, and it is entirely transparent. If you are a provider, you can look at what is being procured. If you are a vendor of pencils, you not only can see that opportunity, but you can also see what prices were paid for every other pencil across the entire remit. I would urge you to look at the system that actually was built partly with UK taxpayers' money, because it has worked very well for people in Ukraine.

David Goldstone: That is a really interesting example. In some specific project environments, there have been those procurement portals that put everything out there for the whole vast community, but I suppose that is in a narrower field than you are describing. We now have a very well-established commercial function across Government that is much better resourced and specialist than maybe it was a few years ago, which does commit and procure in a very transparent way. One of the things I



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wanted to say here is that, if there are opportunities to learn, we are very interested to hear good examples you have and experiences. We are, I hope, responsive to the suggestions you are making. If there was a good example there, we would be very interested to follow up.

- Q91 **Dame Harriett Baldwin:** That was definitely a yes. I just wanted to see if you recognised the situation that I have had in one of my beautiful market towns in west Worcestershire, which is very prone to flooding, where the Environment Agency estimated that the cost of flood defences for the town would be £5 million, and the Government awarded £5 million to the project.

Then we had inflation in terms of inputs, the costs went up, and the Government awarded an allocation from the frequently flooded communities fund to cover that shortfall. It then started to go ahead, and now the Environment Agency is saying it is going to cost even more than it thought and it cannot afford to go ahead because, although it has enough money to build what it thinks this is going to cost, there is such a large contingency reserve that it cannot believe that this is value for money. Is that something that you recognise, because this community is really crying out for these flood defences?

Chair: It is not specific but a general point.

David Goldstone: I am not familiar with the specific situation. There are situations where costs of projects are initially underestimated, and costs where contingency requirements are not fully funded, so I am definitely familiar with both of those.

When I was saying earlier that the funding framework to support capital infrastructure is an area where there are opportunities to do things better, those are the sorts of things that are not, if you like, conducive to setting projects up for success. Big capital infrastructure needs a properly rigorous, assured estimate, and it needs contingency funding where there is material risk to be funded or to be certain how it would be available if it is needed in the different ways that could be done. Those sorts of situations are the sorts of things that could cause problems to capital projects, I recognise.

- Q92 **Dame Harriett Baldwin:** Will there be lessons that can be learned from the bigger line items of public spending that you will be looking at, and that can be fed out across the arm's-length bodies of Government for them to learn from as well?

David Goldstone: We are talking about the sorts of areas where we might look at some specific areas and come up with some recommendations for system reform, which could be applied more broadly.

- Q93 **Chris Coghlan:** Mr Goldstone, you spoke earlier about blockages in the system. I know that both the previous and current Government have spoken about civil servants obstructing things with varying degrees of



politeness. As someone who has spent a couple of years in the Civil Service myself, I can perhaps empathise slightly with that. Is the organisational culture of the Civil Service an issue in terms of getting change done and making a difference? How do you navigate that, if so, in terms of your recommendations?

David Goldstone: It is not for me to make comments about the overall culture of the Civil Service in this role. What I can tell you about is my first six weeks in this role. It is new and it has all the uncertainties we have talked about.

Chair: We know that, yes.

David Goldstone: It has a new purpose, but there are uncertainties, which we have talked about here. The response and reaction I have had uniformly from heads of Department, from people in the key functions, across the Cabinet Office and others, has been uniformly very, very positive, and genuinely so, not just paying lip service. They genuinely welcome the focus on value for money, welcome an opportunity to look at things through that lens and embrace opportunities for change. There has been a very positive reaction to it.

Q94 **Chris Coghlan:** I was very encouraged here on value for money that it is not just about cost of delivery; it is also about potentially better services. A major policy objective vital for the Government is economic growth. Are you looking at these public investments in terms of not only better service delivery but also their contribution to economic growth? By that I mean, if you take a project such as targeted R&D, delivering a Covid vaccine within a year, that has a huge impact on economic growth, getting people back to work, versus a bridge, which you could build highly efficiently, but if it is a bridge to nowhere it is completely pointless.

David Goldstone: As to which projects go ahead and the benefits, those are political choices. We would be focusing on how we make sure that, once those choices are in place, the projects are set up for success and are well placed.

Q95 **Chris Coghlan:** Finally, how does AI play into all of this? Are you looking at artificial intelligence in terms of productivity improvements within Government, within these public spending projects?

David Goldstone: That is a tool of how, and, where there are those opportunities, I am seeing those opportunities in some of my other roles. I am aware they are out there. We will be encouraging Departments to look at those opportunities, but also to be mindful of the risks.

Q96 **Chris Coghlan:** Do you think it is realistic that we can achieve significant improvements via AI in the next Parliament, in the public sector?

David Goldstone: Again, I am not a specialist. There is enough evidence out there that business processes, in certain areas, can be really improved and there are real opportunities. I would not rule that out at all.



Q97 **Rachel Blake:** We are all intrigued by your two or three most complex areas of public service delivery. Is health one of them?

David Goldstone: What we said about those two or three areas we study was that we are looking at cross-departmental areas. As the Chair said earlier, it might be broadened into the health and social care type areas, which get into cross-departmental responsibilities. Health sits clearly within the Department of Health and within the NHS.

Q98 **Rachel Blake:** Population health outcomes might be one of the two or three.

David Goldstone: I am trying to think of it in public service definition terms. Services that contribute to health outcomes may well be, but we are trying to look at cross-departmental services where there are impacts.

Q99 **Chair:** If it is health and it cuts across Departments, it might be in there.

David Goldstone: Yes.

Q100 **Rachel Blake:** Might housing delivery be one?

David Goldstone: It is the same answer. Housing delivery has a clear departmental responsibility, but it is where there are aspects of housing, so temporary accommodation, for example, that have wider uses, impacts and funding.

Q101 **Rachel Blake:** That might be. More than one Department supports housing delivery. There are lots of public authorities that own lots of land that might contribute to that, so I would certainly think that that is cross-departmental, but I will leave it.

David Goldstone: In that sense, as opposed to provision, yes.

Chair: Temporary accommodation has been mentioned. Let us take that.

Q102 **Rachel Blake:** I am interested in the outcome delivery plans that have been recommended by the National Audit Office and requirements for spending Departments to come forward with them. What about those outcome delivery plans does not address some of your objectives?

David Goldstone: Sorry, did you ask what if they do not?

Chair: Yes.

Rachel Blake: If they do not, yes.

David Goldstone: As we have said, we have a role during the spending review to engage with Departments on their plans. For outcome delivery plans, it is helpful that there is focus on outcomes from those plans. I do not see any disconnect with what we are doing. If we come across a situation where outcomes and benefits from investment are not being thought about, that is the sort of thing we would be calling out. The team may be closer to those plans.



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Andrew Wood: Anything that sets it out clearly is really helpful for understanding whether it is good value for money. As long as you do it in a clear way and you set your objectives, that is really key.

Q103 **Rachel Blake:** Listening keenly for the last hour or so, it strikes me that you are working right at the quite difficult intersection between delivery and value for money. That is going to present some quite difficult conversations with Departments. Would that be a fair assessment? I have only had an hour. You have had five weeks.

David Goldstone: That is a fair assessment. We have been a bit cautious about what we are committing to at this early stage, partly because we realise there are going to be some difficult conversations and some difficult decisions. Some areas might get into policy priorities, which will not be up for us to decide, but we might be giving some advice. There will be tensions between competing demands on public services. Yes, we will be in some difficult conversations over the coming months, but that is partly what we have been set up to do.

Andrew Wood: One thing I would say is that we are time-limited. We want those system reform recommendations that we make to land, so we need there to be people in the system who will take those forward. We do need to bring people with us on that journey and work with them. That is the approach that we have agreed we will take with Departments.

Rachel Blake: I am sure the spending Departments will be relieved to know that you want them to still be there at the end of it in order for them to do something different.

Q104 **Chair:** I just want to ask some points of clarification. Earlier, Mr Goldstone, you said that you would be giving advice to the Chancellor in the first month of the new year. I am assuming you mean the new calendar year.

David Goldstone: I meant calendar year, not financial year.

Chair: I just wanted to be very clear about that.

David Goldstone: I meant January, not April.

Q105 **Chair:** I have learned the Civil Service speak over the years. You mentioned that you are on the health board as part of your role. Is that extra days on top of the day a week that you are giving to the Office for Value for Money?

David Goldstone: I am on a panel that is providing challenge and support to the zero-based review, not the board of the Department.

Q106 **Chair:** Sorry, the panel. Are those additional days?

David Goldstone: No, it is part of what I am doing.

Q107 **Chair:** You are on the same pay. You are paid a day a week, roughly. You talked about an evaluation. There will be an evaluation, you said. Who



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will be doing that? How will it be paid for? Which projects will you be evaluating? Good evaluation can take seven years.

David Goldstone: We may have conflated differently. We have a role evaluating investment proposals. As for the evaluation of what we do, I was saying there was a commitment there that will be one, but we do not know who or when. That is not decided yet.

Q108 **Chair:** Will that be funded out of the Office for Value for Money budget, Mr Wood or Ms Harston?

Andrew Wood: That has not been decided. We are anyway funded from the Treasury settlement, so we would expect that that would also be funded.

Q109 **Chair:** A good evaluation is a rounding error usually in a budget. There is a commitment to fund and deliver an evaluation. Usually an evaluation, Mr Wood or Ms Harston, is set up at the beginning of a project so that it can start working straight away. Has that not been set yet?

Johanna Harston: It has not been set yet, but we are in the process of thinking about how to set that up.

Q110 **Chair:** You are thinking about it. When will you commission someone to do the evaluation of what you are doing?

Andrew Wood: We have agreed that we will do it in the coming weeks, so that is how we set it up.

David Goldstone: Shall we come back to you on that? Why don't we come back to you on that?

Q111 **Chair:** If you can come back to us on that, that would be very helpful. The role goes to the end of October of next year at the moment. There was talk that it could carry on longer potentially. If it were to carry on longer, Mr Goldstone, is it something that you would be keen to do, to continue?

David Goldstone: At the moment, we have all agreed a year, until the end of October.

Chair: Very carefully put.

David Goldstone: On both parts, we will see how it goes. There will be decisions about whether the role should continue, whether the Office should continue. In that, there could be a conversation about whether I continue. I would have my own view. I am excited about doing the role now.

Q112 **Chair:** You are committed to doing it for the full year.

David Goldstone: I am committed to doing it for a year. Neither side is committed beyond a year.

Q113 **Chair:** Just to be clear on numbers, Mr Wood, you have mentioned there



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were 12 civil servants on it, and you also have a multidisciplinary team. Is it 12 civil servants, or is that including secondees at the moment?

Andrew Wood: That includes the secondees. We are about a third secondees.

Q114 **Chair:** Just for context, that is the same size as this committee, people who are doing this big job of running the Office for Value for Money. What skills are you bringing in that you do not have in the Treasury spending team? Can you just give specific skills? You mentioned a couple, but perhaps you could just list them.

Andrew Wood: Yes, we have a secondee from the National Audit Office, so obviously that is audit expertise, but in a general sense. We have a secondee from the Evaluation Task Force, bringing a lot of experience, actually, in evaluating different projects and processes. Then we have a secondee from the commercial function, who has managed some quite large procurements, both in the public and the private sector.

Q115 **Chair:** How senior are these individuals?

Andrew Wood: We have a mix of grades in the team. One of the secondees is grade 6, another is a deputy director-level equivalent, the one from the NAO, and another is grade 7.

Q116 **Chair:** I am just trying to get a sense of what is new in the team that you are chairing, Mr Goldstone. They are doing these jobs elsewhere in Government, so what is new? Are there any new skills you are bringing in, or is it just because, when you are all together in one room, magic happens?

Andrew Wood: We have definitely found we look at these issues from different angles. If you look at some of the public services challenges, our colleagues will be looking at these same problems and come up with solutions for different parts of it that hopefully do complement each other and work together. To take the example, it might be that the contract that was written did not allow for the proper assurance processes, but it might also be that the way that the funding was allocated to that Department also did not encourage the right incentives. We can look at those issues from those different angles.

David Goldstone: Can I just add something, Chair, sorry? You called it magic.

Chair: I was not being entirely serious.

David Goldstone: I know, but, when you bring different skill sets together, you do think about things in a different way and it gives those opportunities. It also gives us a reach back into those organisations. For me, part of the benefit is that we have a link into the Evaluation Task Force, the commercial function, the NAO, and we are using that as well to make sure we are, again, not duplicating.



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Q117 **Chair:** Then in terms of skills, Mr Goldstone, you have been involved in big project delivery. Who else in the delivery side who is actually going to have to deliver projects is involved in your team?

David Goldstone: There is not anyone else in the team at the moment who has the same sort of that experience I have, but we have been talking to the IPA about how we would work together with it.

Q118 **Chair:** How do you make sure it is not just an esoteric, academic discussion in Whitehall that, when it hits the real world, will not actually deliver? How are you going to make sure you bridge that gap? You are the bridge, are you?

David Goldstone: I am a bit of it but, as I said, we want to work with the IPA when we are looking at the big project side so that we use its input as well.

Q119 **Chair:** You are going to make recommendations, but how are they going to stick? Are you just relying on the Chancellor's power to push them through? Will they be made statutory?

David Goldstone: They will not be statutory in terms of legislation.

Chair: There are lots of ways.

David Goldstone: Part of making them stick is the way we are going about developing them. We are trying to work with Departments on the things they know they need to change but that the system is stopping.

Q120 **Chair:** Who is going to be the enforcer? Let us say, for argument's sake, you do only last until October 2025, no extension. You have talked about unconstrained recommendations, which is fantastic when you are sitting where you are, but, when you have gone, who is going to take any notice of these unconstrained recommendations?

David Goldstone: The Chancellor set us up because there is an appetite for making change, so there will be decisions at that point, which I cannot presume today, about whether those things will be implemented. There is the commitment there to try to make these sorts of reforms we have talked about.

Chair: I have to say, not that I am a cynic, but I have heard many commitments over the years that do not always deliver. It just seems to me there is a gap, whatever you do. As Dame Harriett said, we all wish you well because we all want to see value for money for our taxpaying constituents, or all of our constituents, indeed, but there can be a gap.

It has been an interesting session. I am sure we will be having you back again before the end. One visit is not enough; it never is for this Committee. You will be a regular flyer. There is a long list of bodies already involved in value for money, as we highlighted. You have emphasised that you are trying to make a difference by giving direct advice to the Chancellor and the Chief Secretary, so a lot is invested in them. They will be appearing in front of us in due course, especially



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around the spending review process when we have the Chief Secretary. We will be able to put some of these points to them as well.

You have been very clear that you are going to be unconstrained in what you do, so you have a real opportunity to lay out very clearly how you think value for money could be improved in Government. We look forward to seeing that, and we wish you all the best in that. Can I thank you very much indeed?