House of Commons

Public Administration and Constitutional Affairs Committee

Oral evidence: The work of the Cabinet Office, HC 463

Tuesday 29 April 2025

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Watch the meeting

Members present: Simon Hoare (Chair); Richard Baker, Markus Campbell-Savours; Lauren Edwards; Peter Lamb; John Lamont; Mr Richard Quigley.

Questions 243 - 308

Witnesses

I: Catherine Little CB, Chief Operating Officer for the Civil Service and Permanent Secretary to the Cabinet Office; Sarah Harrison, Chief Operating Officer, Cabinet Office; Caroline Patterson, Chief Financial Officer, Cabinet Office; Mark Bourgeois, Chief Executive Officer, Government Property Agency.

Examination of witnesses

Witnesses: Catherine Little CB, Sarah Harrison, Caroline Patterson and Mark Bourgeois.

Q243 **Chair:** Good morning, colleagues, and good morning to a positively rich array of Cabinet Office talent. You are all very welcome to the Committee this morning, and we look forward to catching up to find out what the Cabinet Office has been doing.

Let me open up the questioning. Ms Little, could you give us a general update as we fast approach the first anniversary of the general election? We have had a lot of No.10 and/or Cabinet Office-authored announcements of changes of direction of travel, aspiration, new ways of working and cross-silo, better use of data, as well as the Prime Minister putting us on a war footing with regards to industry and the Government using its powers to help drive that forward, and of course the overarching mission-led approach. So your starter for 10 is, where are we on all that?

Catherine Little: There is quite a lot there, so let me step back and try to give a bit of an end of year report. As you say, it has been a big transition year for the Cabinet Office, and because we are right at the heart of strategy for the country and for any Government, it means that any of the big issues we face come through our work. It is fair to say that we are facing significant global and domestic challenges, and it is our job in the Cabinet Office to reorganise ourselves so that we can deliver and rise to those challenges.

I recently wrote to you setting out the five core strategic priority outcomes for the Department. We have reorganised everything that we do around the missions: international partnerships; how we support the UK, particularly from an intergovernmental relations perspective; national security, and then how we deliver a more productive, active and agile state. All the things you have talked about are very specific actions that are part of our delivery in each of those priority outcomes.

It is fair to say that the Cabinet Office itself has had to go through quite a lot of reorganisation. I gave the Committee a bit of an interim update in December. Since then we have announced our ambitions to be significantly smaller, more strategic in the way we provide support to the Cabinet and to our Ministers, and more specialist in what we do and what we do not do. That has involved a significant amount of reprioritisation and clarity about our purpose, as well as some difficult messages for our staff about the size and shape of our organisation going forwards.

The final thing I would say—I am very happy to take specific questions on this—is that it is unusual to face so many challenges across so many different vectors of what we do, and it is my team's job to make sure that we are able to join up the dots, step back and see the connections. How would we rate ourselves at this point in time? It is complicated and there are plenty of challenges that we need to work through, so we are not by any means saying that this is straightforward. It really matters that the Department continues to evolve so that we can deliver our very best across each of those areas.

Q244 **Chair:** Given the multiplicity of pressures in a changing and dynamic international landscape and therefore the domestic landscape—and then the domestic issues that are outside the international sphere—how do you avoid the understandable risk of, effectively, just firefighting, firefighting, firefighting? Everybody has been trying to draw breath since about 2016 and is suddenly realising that the pace of things just does not slow down; in fact, it seems to get quicker. With a smaller team of people on hand to deploy, do we risk a lot of fires being dampened down but none of them being put out completely, and the strategic objectives never being fully achieved?

Catherine Little: I would say a couple of things about the context. One is that we have learned that the domestic and international interface is so closely linked. We have always known that, but more than ever we are seeing it in every single thing that we do. So it is important that we have people who are able operate across both spheres and understand the consequences. Traditionally, we have probably had more emphasis on people working in a global context than a domestic context than we do today and that will continue to be a feature of our work.

The other thing we have to do is make sure we have two speeds in the way we approach every problem. We have to be able to react when there are significant crises, and that is why we have a crisis management centre, a resilience team, who very much focus on that, as well as strategy teams who are able to step back. A lot of what we are doing is reorganising so that we have a balance of capability between strategy and crisis response, and that has to happen across everything that we do. That is just important context and lessons learned.

To answer your question, it is a risk. It is always a risk that delivery is hampered whenever an organisation goes through significant change. I am confident that by having less people who are more capable, more focused and more strategic and who have greater accountability, it will be easier to co-ordinate under pressure. We have seen that time and again. The Cabinet Office, as we discussed at my last session, has taken on more and more responsibilities. It is very thinly spread, and while it is a large Department, it is touching the surface of lots of very difficult issues.

What we are trying to do is focus on a smaller number of bigger issues and to have real depth, real leadership capability and more seniority in quite a lot of what we do, so that we can co-ordinate more easily. The bigger the Department has become, the harder it has been to ensure collective movement and collective join-up; it is just impossible to do with an organisation at that scale.

Q245 **Chair:** In answer to my opening question, you mentioned that part of your strategy, which I applaud, is to, effectively, not do as much. But you and I know, and this Committee knows, that in recent years the Cabinet Office has become the receptacle of things which too many Departments have deemed to be in the "too difficult" or "slightly complicated" tray—"I know, we'll shuffle it off to the Cabinet Office; they're good at these sorts of things." That involves the Cabinet Office actually pushing back and saying, "No, no, no, no, no. This falls within your bailiwick. You crack on with it."

What is the risk of them going, "Right, well if the Cabinet Office isn't going to do it, we're not going to do it"? Therefore, whatever the job might be, it is not done, because it is quite hard in Government to say to another Department, "No, we're not doing this."

Catherine Little: Yes, to agree with the risk and implied challenges there. It is our job in the Cabinet Office to look at the health of the overall system. Quite often, people think that being closer to the Prime Minister or closer to the centre of Government means you have more levers to get things done. Our job is to make sure that all Departments have the levers, accountability and empowerment to deliver.

A really good example is the recent machinery of government change to DSIT. There are lots of challenges in moving that cross-cutting function to what we would call a line Department—the fact that we even call other Departments line Departments in Whitehall parlance is quite interesting.

We have really focused on asking what authority, what accountability and what levers we give those Departments so that they can succeed. It needs a whole change of mindset under mission-led Government to think about systems and our role being about setting up the system to succeed, not just to take things off people and do them ourselves. That cannot be the answer when you are trying to deliver so many big, difficult things.

Q246 **Chair:** When you first appeared before this Committee, we had quite a good exchange about data and Government's use of it, and indeed about the wider civil service understanding of what data could be shared and how it could be shared—that it was corporate, Government data, not owned by Mrs Smith in this directorate or Mr Smith in that, with people being slightly precious about it. At that juncture, you intimated that you were driving forward a data usage and shared best practice approach. Where are we on that?

Catherine Little: We work in partnership with DSIT, who have now taken on the responsibility for data on a cross-cutting basis, but that permeates so much of what we do that we do it together. The National Data Library is a signature programme that DSIT is taking forward; that is an attempt to bring all Government, and eventually public sector, data together in a secure environment that we can use for research, development and decision making in a way we have not been able to do before.

To do that you need clean, high-quality data, so that we have very clear data standards. We have been working with a number of Departments on pilots to test the boundaries of some of the challenges around sharing data. More often than not, we find it is a cultural thing, rather than a legal or practical thing, so we need to raise the game on people's understanding of what the data sharing rules are. As I mentioned to the Committee, we have done a lot of training on this across the whole civil service on this.

So we are making progress towards the National Data Library, we are embedding standards and we are really strengthening DSIT and the role of the DDaT function, to be the owners in Departments of data standards for the whole of Government.

Q247 **Chair:** Three final quick questions from me. On the Cabinet Office, No.10 and Treasury—the three great leviathans of the state, as it were—are you anticipating in the upcoming spending review from Treasury a change of approach to analysis and priority-setting, cross silo and cross Department, based on a mission-led approach, or should we brace ourselves for a traditional spending review and subsequent events?

Catherine Little: Obviously, this has already taken place in the planning phase. As you know, the Government has published the Plan for Change. The Plan for Change is the very specific delivery milestones across the missions that the Government will prioritise in the coming few years, and that is the basis upon which the spending review will be prioritised. I obviously cannot talk about what decisions will be made, but I can tell you that the Plan for Change will be the priority and the basis upon which we look at systems and cross-cutting funding.

Q248 **Chair:** I am slightly worried. Listening to the debate yesterday about teachers' pay, certainly the mood music coming out from No.10 was that any increase above that which the Treasury budgeted for would have to be met by the in-year departmental budget. That suggests to me that there is a real risk of the traditional Treasury attention bidding war by individual Departments—"Well, we'll have that, but take it off of so and so." Should we expect collective representations from Secretaries of State to the Treasury to say, "This is a mission. There are two or three Departments involved in delivering it. You have to think about funding it in this particular way," or is it going to be Secretary of State A, Secretary of State B and Secretary of State C each making their bid?

Catherine Little: The process has been set up in a more systems cross-cutting way. For example, the technology approach has been cross-cutting and horizontal. As I mentioned, the Plan for Change has been cross-cutting; it has been very collaborative. We have had mission-based discussions with all Departments involved to look at the Plan for Change and how we are going to pool resources.

Decisions have not yet been made. There always has to be a moment where the Treasury provides a negotiated settlement with a Department, and that is unavoidable, but the inputs have been really systems-led and very cross-cutting. We shall see what decisions are made in the coming weeks.

Q249 **Chair:** I for one said a silent prayer of thanks when we heard from the CDL the other month that he was keen to encourage an appetite to innovate, which may initially lead to failure, but that fear of failure should not be the inhibitor to the attempt at innovation. How is that manifesting itself both within the Cabinet Office and in the wider service?

Catherine Little: The biggest shift is a cultural one, and that is probably the hardest and most important part of a test and learn approach. It is about the CDL and I talking openly to staff about it being okay if things do not turn out perfectly at every first attempt; we want people to test, be experimental, be innovative and take risks. We almost want them to not get it right first time, because we want to learn from it and make it even better. Being able to have that very explicit conversation is a really big shift in culture and the change that we are trying to achieve. I would not underestimate that.

We are also embedding that approach in good practice. When we look at how we develop policy, we might come on to mutually agreed exits. That is a good example of where we are using a test and learn approach to trial how we develop a policy—by just doing some mutually agreed exits and developing the policy as we go. Another good example is the way we have set up the Infected Blood Compensation Authority; it is a really complex system. So we are using test and learn, but the game changer is the cultural shift.

Q250 **Chair:** Is that happening across Whitehall?

Catherine Little: It is still inconsistent. Every Department has a reform programme, which is part of our work on the productive and agile state. Every Department is implementing it in different ways, and some are more advanced than others. I am confident that the whole of Whitehall is heading in the same direction—really wanting to experiment and take risk. Is it consistent in terms of outcome? It is early to tell.

Q251 **Chair:** It has got warmer, but I could be wrong. What is the temperature of the civil service bath water according to the Prime Minister's thermometer? We started at tepid about five months ago; it sounds like it has warmed up a bit, but not to a level of uncomfortability.

Catherine Little: We very humbly continue to deliver and drive forward change. That is our job. We also very humbly accept that we do not always get things right. What is important is that we apply that test and learn approach to everything we are doing openly with political colleagues, and that is how the civil service operates.

Q252 **Chair:** It sounds like the water is getting warmer.

Catherine Little: I will let my stakeholders and the Government decide that.

Chair: It is not a bad thing, because warmer water will act as a spur to change.

Catherine Little: There is a lot of energy and momentum, and we are doing a lot. You mentioned that the Cabinet Office has made a lot of announcements in a short space of time. We are getting on and delivering. That is the most important thing for the country.

Chair: That is a wonderful segue to Ms Edwards's questions, because we are going to turn now to departmental priorities.

Q253 **Lauren Edwards:** We obviously have a focus on looking forward, but I am also interested in how things have gone, particularly as we are looking at the Cabinet Office accounts for the year ending March 2024. It is a bit of a confusing picture, I must say, as somebody coming new to it. In July 2023, we had Ministers saying that Departments will not be required to publish outcome delivery plans for that financial year, just to focus on the Prime Minister's priorities. Last year we had your predecessor telling the previous Committee that these ODPs were still being produced annually and they were being used internally but not actually being published. So a central question is, can you elaborate on what progress the Department made in that financial year in achieving the outcomes it wanted? How can we as parliamentarians and the broader public know about that?

Catherine Little: It is worth talking through the different years and where we are now, if that would be useful for the Committee. In the financial year 2023-24, the annual report and accounts sets out the strategic priorities and our progress in its opening performance section. We were always keen that, even though we might not have published our ODP at the time, we were able to share with Parliament precisely our assessment of how we had used funds and what we had achieved. I hope that the annual report and accounts gives a good summary appraisal, and I am happy to take any questions on the detail.

Transparency really matters. This is a transition year, so the year that has just gone by has been a transition from one Government approach to another. What we have said for the year 2025-26 is that, given that this is a transition period, we would expect every Department to share openly their strategic outcomes as part of their annual report and accounts, to set out specifically what they have achieved and what they have delivered and, obviously, through the Select Committee process, to be held to account for those outcomes. That is why I wrote to you to say, "This is what I am seeking to achieve as a Department. You should feel able to ask us any questions about it at any point in time." That is the main form of accountability.

Because the spending review on a multi-year basis is currently under way, we are working through what is the more sustainable approach to planning and performance across Government. As part of the spending review for future years, I am expecting us to agree what the whole performance and planning process should be, and I commit to providing the Committee with an update in due course.

Q254 **Lauren Edwards:** What is the status, then, of outcome delivery plans? Do they have a future under the current plans that you are looking at?

Catherine Little: We are drafting a final version of our outcome delivery plan in the Cabinet Office, and I intend to share that with the Committee so that you can read our plan, subject to Ministers agreeing it. I am hoping it will be approved and signed off shortly.

The Treasury and I wrote to every Government Department to say, "Given that this is a transition year, we expect everyone to have a plan." What I have seen is that most Government Departments have adopted the practice of the outcome delivery plan in practice. It will depend on each Department. So during this period every single Department should have a plan and should be very open with their Select Committees about the priority outcomes they are seeking to achieve.

Q255 **Lauren Edwards:** In terms of the strategic priorities, particularly those you wrote to us about recently, presumably they will be reported against in the next annual report and accounts for the Cabinet Office?

Catherine Little: Correct. That will be for 2025-26, and I hope to submit to Parliament by the summer of 2026.

Q256 **Lauren Edwards:** Could you elaborate on what you see as the key strategic priorities for the Cabinet Office?

Catherine Little: As my letter said, there are five, and they are big strategic priorities: delivering the missions and being the systems oversight for the missions; our international partnerships, and particularly the relationship with the EU and the US; our UK responsibilities, the constitution and ethics; our national security priorities; and the productive and agile state and the running of the civil service. They are the five big priority outcomes that we are organising ourselves around.

I should say that the Cabinet Office has also restructured around those five priority outcomes. We are calling each one of those outcomes a pillar, and there is a specific senior pillar lead for each of those areas who is accountable for delivery, which is how we are doing our performance management in the Department itself. For missions, that is Clara Swinson, as our second permanent secretary; for international partnerships, it is Michael Ellam; for the UK and inter-Government relationships, it is Darren Tierney; for national security, it is overseen by Jonathan Powell, but at official level, it is Matt Collins; and for the productive and agile state and the civil service, it is me.

Q257 **Lauren Edwards:** Within that framework, how are you ensuring that the Cabinet Office is getting that cross-Whitehall viewpoint that it needs to achieve a lot of the Government's missions?

Catherine Little: There are a number of ways we do that. Everything we do in the Cabinet Office is as a systems leader. There is not a single problem that we deal with, or a single ambition or opportunity or risk, that does not involve us having to work with other Government Departments. Through our secretariat, it is our job to make sure that we understand the consequences and impact of Government policy on everything that we do. The secretariat's core purpose is to collect information to ensure that we are cohering collective accountability and decision making. It is the job of our policy teams to, again, operate in a collaborative way. There is a big shift in our mindset under mission-led Government to make sure that we are actively bringing in different perspectives and insights. It is not just about talking within the bubble of central Government machinery; we need to work with all our partners—with civic institutions and academia, as well as the strategic supply chain, for example.

While we have these five pillars, the mechanics of how the Cabinet Office operates mean we have to constantly meet as a team to talk about the interrelationships and dynamics, whether that is our Monday strategic, "How do we fit all this together" meeting, the ExCo—our Executive Committee—taking oversight, or our ministerial meetings, where we sit together across all those pillars and talk about how we are joining up with

Departments. There are lots of mechanisms to make sure that that happens in practice.

Q258 **Lauren Edwards:** Will the future annual reports and accounts be opining on the success of those structures that you have put in place to get the cross-Whitehall view?

Catherine Little: It is quite a hard thing to opine on. It is our job to set out what the outcomes are, and the outcomes we are really interested in are whether we live within our budget and within our resource allocations to deliver the five strategic outcomes I have talked about. For national security, to what extent have we been able to maintain peace and domestic resilience? It is quite a hard thing to assess, but we will do our very best to set out how we have judged that, what resources we have used and whether we have achieved those outcomes.

There is a separate question about whether the restructure of the Cabinet Office has delivered, and the metrics there have to be performance, budgets, headcount and whether the outcomes have led to a happier, healthier Department. We will definitely set those things out.

Q259 **Lauren Edwards:** A final question: what do you see as the main risk to the Cabinet Office being able to achieve its objectives over the next year?

Catherine Little: It is the conflation of the issues; it is the concurrent challenges that we are dealing with. We are asking a lot of our people, who work very long hours, and quite often under crisis circumstances, 24/7. We are a very varied business, so my job is to make sure that we look after our people while we are changing ourselves and we are delivering some very big things for the country. If at any point we think risk of delivery is likely, we obviously need to reset and put in place contingency plans or slow down the pace of change that is on the way. It is concurrent risk.

Q260 **Mr Quigley:** This can be a question to you all: do you think your Department would benefit from or want more ministerial direction?

Catherine Little: What do you mean by ministerial direction?

Mr Quigley: In terms of what you want to achieve, do you feel you have enough of a direction from Government?

Catherine Little: Yes, I really do. We have a very clear set of priorities in the Plan for Change. I have very clear outcomes that have been articulated, published and set out. We also have very clear direction for the civil service. So I feel I have my marching orders and I am making sure that we are set up to deliver. But I am conscious that I have done a lot of talking, so I am very keen to hear if any of my colleagues would want to add to that.

Sarah Harrison: I would echo that. The missions, the Plan for Change and the milestones within create an incredibly powerful direction for our workforce, and not just within the Department, but across Government, so I would very much echo that.

Q261 **Mr Quigley:** Is there anything more you would want from MPs to help you achieve your goals?

Catherine Little: That is not a question I have thought about, and I probably should have. Obviously, it is for our political Ministers and leaders to consider how they use the experience of Parliament. When it comes to this Select Committee, I hope you know that I really appreciate your constructive challenge. I welcome having open debates about some of the issues we are facing, because they are complicated. We do not have all the answers, and we want to get your perspective, as well as that of other witnesses you speak to on a regular basis. When it comes to the broader parliamentary system, that is probably more a question for my political Ministers.

Chair: On that point, you are very good at making yourself available to parliamentary Committees, Ms Little, for which the House is grateful. I just want that on the record.

We can ask about cross-cutting, silos and all the rest of it, but we then remain siloed in our approach to questioning and so on. Let us know if there is anything that we can do collaboratively, particularly this Committee and the PAC, where we could possibly be covering the same ground, to free up some of your time to actually get on and do the day job—rather than coming back to report to people on how you are doing the day job—and to almost let the results speak for themselves. That is an open invitation; it does not require a response now.

Q262 **John Lamont:** My questions are around Cabinet Office staffing, so I am not quite sure which one of you is best placed to answer. The annual report noted a modest fall in the headcount in the last financial year, but it was reported last December in the *Financial Times* that you were to cut another 400 positions. Then, on the BBC in April of this year, it was reported that that had risen to 2,100. My first question is, do you recognise those figures?

Catherine Little: Yes, and I might ask my chief operating officer, Sarah Harrison, to add to this. I should probably explain the difference between the 400 and the recent announcements, because there are a few things that have changed since December, when we made the initial announcement to reduce the size of the Department.

This was constrained by what we could afford. As you all know, the voluntary exit process incurs a payment to individuals under a tariff compensation system. We knew we needed to get smaller at that point in time and we knew we needed to restructure. We felt it was important to be open to staff and to start that process. So we constrained the voluntary exit scheme by the funding available.

In terms of the things that have changed, first, the Treasury has made available matched funding for voluntary exit schemes. It recently announced a transformation fund, with £150 million of additional matched funding to be made available. That really does change the dynamics of what we can do.

Secondly, the SR assumptions were also published in that period—so 5% efficiency savings and a 15% administrative cost reduction for every single part of Government. That is quite a significant shift in the assumptions we had made in December, so all our work now has to deliver those assumptions.

We have also had new leadership. You have obviously met the new Cabinet Secretary. We have also taken into account his leadership priorities, to make sure that the Cabinet Office is set up to succeed for the whole of the civil service. Those are the things that have changed.

That 2,100 number is made up of 540 exits under the voluntary exit scheme. It is up to that number, because what you tend to find is that people drop out as the process continues. That relates to the 400 that we announced in December. There are 900 people who will exit the Department because of machinery of government changes, because we are no longer doing some things that we were doing. Then, the further 600 to 700 gap is what we expect to further reduce by over the course of the spending review period as we restructure the Department. That is how the numbers correlate and reconcile.

Q263 **John Lamont:** It would be useful to know what the difference is between that mutually agreed redundancy and compulsory redundancy, and also how much this whole process has cost.

Catherine Little: Again, Sarah, you might want to add to this, but there are four different types of exit from the civil service, apart from resignation. A voluntary exit, which is what we announced in December, is where we set up a scheme and people can choose to leave the Department in exchange for a payment. That is nothing to do with restructuring or roles; it is basically people putting their hand up and saying, "I would like to leave the Department in exchange for a payment."

A voluntary redundancy is where we restructure the Department. We might remove someone's role and they are offered an exit package at that point. Again, that is voluntary, and they can choose to do it.

Compulsory redundancy is when an individual is restructured, their role is removed and they refuse a voluntary exit. We are basically saying, "After looking for other job opportunities for you, there is nothing left for you to do, so we are making you leave the organisation."

The mutually agreed exit is common in every other organisation I have ever worked in. It is not prevalent in the civil service, and we think it should be. It is where a grown-up conversation can happen between the employer and an individual to say that we mutually agree that we would like an individual to leave the Department under the civil service compensation scheme. It is meant to be a much more mutual way for people to depart an organisation. It is still in exchange for a payment, but it will vary and change depending on the circumstances.

They are the four different types. I might pass to Sarah to talk about the cost of the scheme.

Q264 **Chair:** Before you do, on the payment bit, you have alighted upon somebody who is, for want of a better phrase, surplus to requirements. You have a grown-up conversation. Is there a qualitative assessment that comes into that? If you are getting rid of them because they are not very good, or their CV did not match their delivery, as it were, the taxpayer might get a wee bit angry if tax dollars are being used to, effectively, to usher out of the door a failure.

Catherine Little: Yes, which is why it does not apply to people who are in poor performance measures. We should never be using taxpayers' funds to pay for people who are on poor performance. There is a very clear process for anyone who is not living up to the expectations of a role. Of course, we want to support people to either upskill or develop to do the job, but if that is not possible, formal poor performance processes should be enacted and delivered swiftly.

A mutually agreed exit is not for poor performance. In the civil service, it is quite often the case that you will have employed someone to do a particular job, but the job changes and the skills of the individual might not match up to that. Or, simply, the jobs change; you get that a lot in the Cabinet Office, because our role changes quite significantly depending on the Government of the day. We would never use taxpayers' funds where poor performance is the issue.

Sarah Harrison: I have just a couple of comments on mutually agreed exits relative to voluntary redundancy. Voluntary redundancy is a mechanism, which the Cabinet Office is deploying through its current voluntary exit scheme, where applications are progressing at the moment. They tend to be things that you use when you are doing large-scale restructurings, either in teams or across a Department, whereas the mutually agreed exit, by its nature, is much more of an individually focused tool. Overall, by adding the mutually agreed exit to our portfolio, we have more flexibility to be able to ensure that the Department is set up for success for the future.

In terms of the payments, the straight answer is that what individuals will receive through a voluntary exit, for example, will depend upon a number of variables. It will depend upon their grade and upon what is called their reckonable service—in other words, the amount of time they have been in the civil service—so individuals will receive different levels of payment. These are all prescribed and set out through the civil service compensation arrangements. Of course, in some cases, there are fixed caps on the amount of payment that can be made as well, and that is all pre-set.

Q265 **John Lamont:** In terms of the overall costs—I am not asking for the individual package for departing employees—how much has this process of reducing your headcount cost the Cabinet Office?

Sarah Harrison: At the moment, the provision we have put aside for the voluntary exits, which is the first phase that Cat has referenced—that is actually over 500 FTE, which is above the 400 we originally provisioned for, because we wanted to respond to staff's response to that—is £27 million.

Obviously, we are now going through a process of restructuring and reorganisation, deploying the tools. In the main, of the balance of the 1,200 who will be leaving, we want to seek to redeploy the 600 to 700 that Cat referenced as much as possible to opportunities that may exist across other Government Departments. Some will leave as a matter of natural turnover, and some will secure some of the voluntary exit routes that we have described. We want to avoid redundancy if we possibly can, but we have also been clear that that may not be the case across the board. Therefore, the cost associated with that balance of 600 to 700 is something that we will have to establish as we go through the next business planning round.

Q266 **John Lamont:** What I am struggling with a little is that on the one hand you are cutting the number of full-time staff, but on the other hand you are increasing the number of contractors and temps coming into the Cabinet Office. The costs associated with those have gone up quite significantly.

Catherine Little: That is not the intention. In the accounts, you can see that we have large numbers of off-payroll and contingent labour costs. That is for the 2023-24 financial year and is not the case as we are today; it is certainly not our intention in the future. In fact, the vast majority of people who are now exiting the building will not be backfilled, because these are meant to be permanent reductions to the cost base of the Department. So that is not the intention in our future plans.

Q267 **John Lamont:** What sorts of roles were these contractors and temps performing in the Cabinet Office?

Catherine Little: So—Sarah should add to this—we have several different categories: we have contingent labour contractors, off-payroll commitments and consultants. It is important to make a distinction across all those different things.

Sarah Harrison: Perhaps I can focus on the 854 off-payroll, which is featured in the annual report. By its nature, the Cabinet Office provides a lot of services across Government, so quite a large number of that cohort will probably be doing one of two things. Some will be working with the

Infrastructure and Projects Authority and providing external assessment for cross-Government projects, and they are bringing either independent experience or particular expert experience. The second cohort will be assessors who will be assessing colleagues in the commercial function as they go through the necessary testing, to achieve and attain the levels of capability that we want from our commercial professionals across Government. In most cases, those people will only be working one or two days, but it makes more sense to bring them on board as off-payroll and, in that way, to gain the value of their independence and their expertise. That is the largest cohort; it is roughly about 470 of that number.

The balance will be working across the Department, but a large cohort of those will be working in digital and technology areas, where it is sometimes necessary to secure particular expertise in some disciplines of the digital and data profession. Of course, we are reflecting now on the 2023-24 annual report. When you see subsequent annual reports, you will see that number change, because the roles of a number of those digital and technology professionals will be moving as part of the machinery of government change.

Q268 **John Lamont:** To be clear, are you saying this budget line will be zero moving forward, or that it will be less or more? I am just not clear. From what you just said, it sounds like they are performing a relatively important role within Government, but on the other hand you are trying to reassure me that this is not something that has been done to replace the people who have been made redundant.

Catherine Little: Of the off-payroll numbers that Sarah has just spoken to, the vast majority will not be in the Department any more, because of the machinery of government change. So you will see a significant reduction. About 400 of those off-payroll people are in the IPA, now NISTA, in the Treasury. The balance is a much smaller number.

The other thing going on is that we have a target to reduce consultancy costs by half, so you will see a steady decline from a peak during covid, when we were using quite a lot of consultancy, as you can see from the accounts. You will see a significant reduction in the cost of consultancy and contingent labour.

Q269 **John Lamont:** The last point on this from me is around working from home. What proportion of Cabinet Office staff are working from home?

Catherine Little: Every member of staff has the same policy for the whole of the civil service, which is that we ask people to be in the office or in their workplace, wherever that might be, for at least 60% of their contracted time. In the Cabinet Office, we have a significantly higher level of attendance, and that is partly because of the nature of our job, where so much of what we do is crisis management. It is 24/7 national security work, and it is very senior ministerial facing. As you can see from the reported data for our office utilisation, we are quite often up to 60%, 70%, 80%, depending on what is going.

Q270 **John Lamont:** Are you confident that more junior members of the civil service have the ability to work from home, in terms of the accommodation they have available to them, if that is what is required? Secondly, in terms of career development, I have had constituents come to see me who are concerned about more junior members of the team not developing the way we might have done in the old days, because they do not have the same interaction with more senior members.

Catherine Little: We share that concern, which is why we set the policy at 60%. There is no right or wrong; you can debate the precise number. The outcome we are trying to achieve is an environment where people are learning on the job from more senior skilled and experienced line managers. To do that, you do generally need to be together. If you apply a 70:20:10 approach to learning and development, 70% of your learning has to come from being on the job, seeing how senior people do things and learning in multidisciplinary project teams. That is why it is so important that we ensure that our staff are coming together to learn, and I am very confident we do provide our staff with opportunities. We encourage people who have any concerns to talk to their line managers. We support people through providing facilities, technology and occupational health support. It matters that people have the space, the right technology and the right kit to work effectively.

Q271 **Chair:** I have one quick question, which might be to Ms Harrison, about the revolving door. Somebody negotiates their exit payment and then, within a timeframe, they pop back up as a much-needed consultant or elsewhere in the civil service. Going back to the quick exchange that Ms Little and I had about taxpayers' dollar, how can you assure this Committee that this system is not, or could not, be abused as a get rich quick scheme? Somebody gets paid off and then resurrects themselves, phoenix-like, in pretty short order as a public servant.

Sarah Harrison: First, I would say that overall our goal is to ensure that we bear down on the use of consultants and contingent labour. That applies no matter what; we can talk a bit more about how we have already achieved that in respect of consultancy, and that goal continues. That is the first place to start to reassure the taxpayer on how we are using public money.

Secondly, in respect of voluntary exits from the Department, or indeed any Department, under the voluntary exit scheme, there are fixed rules that apply in relation to people's ability to return to the civil service.

Q272 **Chair:** Can you share what those are?

Sarah Harrison: I can certainly ensure that we follow up with the Committee, just to restate that.

Mutually agreed exits are a new approach, and we are in the pilot stage of that as a Department, working very much with the cross-Government people function on that. Obviously, these are exactly the sorts of issues that we want to get into to ensure that these are credible routes and support the overall objective of getting the Department into the right size for the future, but not putting at risk value for money and taxpayer spend.

Chair: Perhaps you could write to us setting out the criteria and means of claw back, if necessary, if somebody leaves on a Thursday and, next Tuesday, they are in a different Department.

We are now going to turn to infected blood, with Mr Quigley and then Ms Edwards.

Q273 **Mr Quigley:** Some £11.8 billion has been put aside over the time of this Government. How has that figure been arrived at, and are you confident that that is actually the final figure?

Catherine Little: This is a central estimate, and it is highly unlikely to be the precise final figure, because it is an estimate and quite a complicated model. I would make a distinction between the level of uncertainty we have between infected and affected cohorts.

For the infected assumptions that we are making in the payments, as you know, it is entirely in line with the statutory compensation scheme, and the way in which we have modelled all of this is obviously compliant with that. We know more about the people who are infected, and that makes it easier for us to make some assumptions about what the likely cost will be. But even then we are finding complexities in the modelling.

For the affected, we really have a very broad range of uncertainty, because we are still going through the process of identifying who is affected. What sort of compensation you will be likely to get really depends on the nature of how you have been affected and the consequences.

This model has been developed in partnership and very openly with the Treasury to make sure that we have a very good understanding of what that range is, but there is a chance it could be either significantly higher or lower—we just do not know. We have to update that model on a very regular basis and transparently share that information with the Treasury so that it can best adapt and provision for funding, depending on where that information takes us. But it takes time. We need to make more payments and to learn more about the uncertainties that we have, so that that forecast and estimate can improve.

Q274 **Mr Quigley:** Sir Brian Langstaff is doing his report on the speed of payments, and the perception is that there is a frustration at the slow pace. Do you share that frustration, and what do you think can be done to speed up the payment process?

Catherine Little: We all very personally share that ambition to make payments swiftly. Our Ministers, the Infected Blood Compensation Authority board and we as the sponsoring Department are very committed to that. We are doing everything we can to make sure that the victims of this tragedy get their payments as quickly as possible.

It is worth just remembering what the big commitments are. We have already said that we want to ensure we make the first payment to an infected victim by the end of last year, and we have done that. We want to make sure that we make the first payment to an affected victim by the end of this year, having only just finalised the statutory levels of the compensation scheme in March, and we are still going through the process of identifying people. We want to get the bulk of people who have been infected paid by the end of 2027.

We are doubling down to make sure we are doing everything we can, so I am confident that the Infected Blood Compensation Authority is doing its utmost to do this swiftly and effectively, and also carefully and thoughtfully—the big thing we have learned in the payments that we have made is that it matters to support victims and to go through this process in the right way with families and those who are impacted, as much as it matters to get payments out swiftly.

Q275 **Mr Quigley:** Going back to the earlier point about learning, I guess you have learned a lot. God forbid that something like this should happen again, but do you think you have the capability as a Department to oversee such a scheme again?

Catherine Little: One of the things we have done in setting up our approach to compensation payments is to look at how you can use AI—the very latest data and digital tools—to basically set up a greenfield approach to compensation and payments generally. I am very grateful to colleagues at the DWP—obviously, they are the payment experts in Government—and the digital centre of excellence in DSIT, who have worked very closely with us to say, "Could you adapt some of what we are doing in future if we need to?" And I think we probably can.

I would stress, though, that the complexities and unique nature of the compensation scheme for infected blood mean that it is not as simple as picking something up and moving it. When we were setting up the authority, we found that, when we turned to other big payment organisations in Government, it was not as simple as saying, "Let's use your payment approach." There is so much that is bespoke to the scheme in order to do it in the right way.

Q276 **Lauren Edwards:** I am just wondering if there are any lessons from this experience that you think are relevant, in particular, for the compensation scheme that has been set up for the victims of the Post Office Horizon IT scandal?

Catherine Little: Yes. We work very closely with other Departments who have similar compensation schemes, and in our work on inquiries we obviously work very closely with others. We have shared what we have learned so far with the DBT and the teams involved.

It is a real balance, and a lot of this is about risk appetite. Obviously, the faster you make payments, the more likely you are to get things wrong. Depending on the type of compensation scheme—what you are trying to achieve and the nature of the scheme—that sort of risk appetite has to be taken on a local basis. But we have shared the risk appetite we have set for infected blood, how we have done that and how we have then mirrored that level of risk taking in our approach, which I hope has been useful.

Q277 **Lauren Edwards:** That is helpful to hear. Have you made any suggestions in terms of processes that other Departments in Whitehall could take on?

Catherine Little: Setting up a brand-new public body is quite interesting. As you know, we are trying not to set up lots of new, big public bodies at the moment, but doing that very quickly and under this level of urgency we have learned quite a lot, just generally. In particular, we have learned how you get the right leadership and technology, how you share platforms with Departments, and how you copy and paste as much as possible, so you are learning from best practice—that has been our been our approach. It is probably a bit early to tell, but in time, when we have fully established the case management system and the digital tools, the idea is that you would be able to replicate and use those systems more expansively.

Q278 **Richard Baker:** I have a brief follow-up on timescales for payments. You mentioned a couple of the target dates for payments for infected people. A number of affected persons—the siblings and families of people who lost their lives—have also been waiting a long time for payment. The infected blood inquiry heard that the target for payment of the bulk of affected persons was by the end of 2029. Is it your intention to keep to that timescale for affected people?

Catherine Little: That is absolutely correct. I am sorry, I should have mentioned that fourth target; there are four targets that we have clearly set out. Everything we do, particularly as the sponsoring Department with our Ministers, is to work with IBCA so that we are meeting those targets. I am confident that we are on schedule to meet them.

Q279 **Chair:** Just a hanging thought, as it were: you are the Department that holds the baton for public inquiries, which seem now to take longer, longer and longer, almost to the extent that by the time they get to their conclusions, one has almost forgotten what the question was. There is usually quite a long lead-in time to the inquiries being set up, there is a long time for them to be held, and then there is a considerable amount of time whilst Government reflects. Then, there is a considerable amount of time while Government creates the rubric, the digital support and the case management stuff in order to facilitate payments if, indeed, payments are to be made.

In those sets of circumstances, one is often dealing with vulnerable people who, for a whole variety of reasons, feel broadly let down by the state. Whilst not losing the rectitude of the whole thing, is anybody thinking about how this process, from start to finish, can be made more streamlined and faster, rather than just, "Those are the segments that we deal with, and they are interrelated but not interconnected"?

Catherine Little: It is most important in any of the processes that there is truth and reconciliation for victims of any tragedy or scandal, and it is hard to generalise about the best way to do that across everything that we deal with. Having said that, as you know, the House of Lords has just undertaken an inquiry into inquiries and how those processes operate, which we have fully participated in, and we are currently working through the recommendations. Our inquiries team is certainly interested in this question of how you best deliver truth and reconciliation for victims, and Ministers will consider it in due course. That is an ongoing piece of work, but it is hard to say specifically, "This is what a better version would be."

Chair: Thank you. We may come back to you on that in a more formal session, following the Lords report, in due course. Mr Bourgeois, you have been sitting very quietly, but we are now going to turn our guns on you, in the nicest and most gentle of ways of course. Mr Baker is going to put the questions on the Government Property Agency.

Q280 **Richard Baker:** The Comptroller and Auditor General has qualified his opinion on the Cabinet Office's group financial statements because of two issues arising in the Government Property Agency. The first was the GPA failing to gain the relevant Cabinet Office approval for contracts worth £20 million or more in relation to a site security contract. Additionally, the GPA was unable to provide sufficient evidence to the National Audit Office to complete audit testing in respect of assets under construction. Given the scale and breadth of these issues within the GPA's reporting, is it fair to say that it is an organisation lacking sufficiently robust internal processes?

Catherine Little: I will start, and then perhaps Mark should add to this. Since I came into the Department, the one thing I have observed is that the GPA has grown significantly. This is a vast organisation providing facilities management, property development and big strategic property advice for a vast Government estate, and it now provides over 50% of what we do in property across Government.

My personal view is that it is a very high-risk business, and the controls and assurance regime in that part of my Department have not grown at the pace at which the risks have grown. What you constantly see—this is the symptom of a weaker control environment than we should have—are the symptoms of that coming through in both customer feedback and service provision. But in these two particular instances, there was a control environment that was lacking, and we should just be straight about that with the Committee. I am very confident that I have a leadership team—it is great that Mark has come to join the GPA as the chief executive in the last year—a board and a group of stakeholders who are now making sure that the control environment is fit for purpose. But I should let Mark talk about the specifics.

Q281 **Chair:** Before we do, and I am not undermining anything that you said there, Ms Little, it is slightly like saying, "I'm going on holiday to the Sahara and I did not realise it was going to be hot." We are the world's sixth, seventh or eighth—depending on which data you have—largest economy, with a very mature civil service and very interconnected linkages in property between central and local government, the MOD and so on and so forth. It is surely blindingly obvious, or it was, that this was both potentially lucrative and expensive, with risks often derived as a result of market pressures, which affect values, opportunities and so on. None of that should have come as a surprise. Mr Bourgeois, your previous employer, Hammerson, is a well-known property business, and we have a very sophisticated and advanced property sector in the United Kingdom. So I suppose the fundamental question is, why did this come as a bolt from the blue?

Catherine Little: I do not think it did come as a bolt from the blue. If you look back in our previous annual reports and accounts, property risk and some of the big changes and expansion in the GPA, have always been recognised in some way, shape or form. There are some big lessons learned about when you set up large-scaled, high-risk agencies of this nature that are delivering big services on such a scale: you have to be very confident in the control environment as you set things up. So I do not think it was a surprise at all, and it is our job to make sure that we close that gap quickly and effectively.

Q282 **Chair:** If it was not a surprise, it must have been a disappointment?

Catherine Little: As principal accounting officer, it is of huge disappointment that I have a set of accounts that are qualified and delayed. I see that as one of the core hygiene factors of my responsibilities to Parliament and to the taxpayer, so I am disappointed that we are in this position, but I am much more interested in how we fix it.

Q283 **Chair:** Yes, but one needs to understand how one arrived at something that needs to be fixed. I am still struggling to understand how the breadth and depth of skills that would be required to make the agency a success was not more readily understood when it was set up. I know it predates you.

Catherine Little: Forgive me, I was not here at the time. It predates me, but part of the work that we are undertaking is to learn the lessons.

Q284 **Chair:** That is fine. One can learn the lessons from something that was unforeseeable, but the Government property portfolio, in a complex, competitive property environment, with all sorts of pressures upon it, was not unforeseen; it would have been known. You could go and talk to anybody who works for any large property company, and they would be doing exactly the same sort of stuff. So it must surely be disappointing that nobody thought to equip the agency with the skills it would demonstrably need?

Catherine Little: Forgive me, Chair, but I do not think that is a fair reflection of the history of what has happened here, and I want to keep this in perspective. There was absolutely recognition of the skills, the leadership and the very specialist nature of leadership that was required here. We have had a very competent board who have brought a lot of those property skills to bear, and Mark and his predecessor have worked very hard to build that capability.

But whenever you have an organisation that grows rapidly, your ability to constantly manage risk is going to be challenging, and that is what we are recognising here. It is not to say that we did not spot any of those issues, or that mitigations were not in place. I can see that there was there was very good planning on building more capability, and there was a recognition of the risks. Sadly, this is one of those occasions where we have symptoms of issues occurring and things not being as good as they could have been.

I just want to make sure that we keep this in perspective. It is not as though we have not been delivering brilliant facilities management and good services to the whole of Government over the last five to six years, because that has absolutely been the case, but it needs to be better.

Richard Baker: Markus, do you want to come in on some points of detail?

Q285 **Markus Campbell–Savours:** I am just wondering if we could get into the more granular detail of the points raised. There was this issue with the contract that was not authorised by the Cabinet Office—I think it was a £6 million security contract. What went wrong more specifically, and how can we be reassured that if this has happened once, there are not Departments across Whitehall breaching the Cabinet Office's rules on this?

Catherine Little: Mark can talk about the specifics, and I will come back to cross Government.

Mark Bourgeois: I will do that. Just by way of opening, can I similarly say that it is regrettable, as accounting officer, supporting Cat, that we present these risk and control disclosures?

I am happy to answer the question. On this specific issue, the error was in the GPA's commercial team not recognising the timing required of their approval from the Cabinet Office commercial team. That essentially led to the irregularity that you see of £6 million of expenditure during the financial year.

Building on Cat's point, I am, as Cat is, really interested in what we are doing about this. We are looking at this particular issue as part of a broader stabilisation and improvement across GPA. This particular area is clearly focusing on our commercial team, where we have a new chief operating officer who is very focused on the skills and capability of the commercial team: how we manage contracts and train our people to manage contracts and, most importantly, how the team then collaborate and work with Cabinet Office commercial controls to plan this type of activity effectively.

Clearly it is a complex environment. This was the bringing together of a number of contracts that were inherited across Government into a consolidated set of contracts. With the improvements we are delivering, I am confident we are not going to see an irregularity of this nature, although it is clearly regrettable this particular issue occurred.

Q286 **Markus Campbell-Savours:** Is there something wrong with the contracting process, or was it simply that an error was made?

Mark Bourgeois: It was essentially an error.

Q287 **Markus Campbell-Savours:** Is there no suggestion that that process needs to be modified?

Catherine Little: No, and we have undertaken reviews of what happened. This is an example of where an approval should have been obtained and the commercial team in the GPA did not seek it in time for them to make the commercial decision.

To answer the second part of your first question, I am not aware of any other circumstances of this nature across Government. It is very well established that you have to go to the Cabinet Office for commercial approvals, and our commercial teams across Government are embedded within Departments and within agencies. So this happening was a misunderstanding, a training issue, and it should never have happened in the first place. But I am confident that this is not a widespread issue. Of course, we did find it and we have acknowledged it, and my predecessor obviously spoke to you about it at the time.

Q288 **Markus Campbell-Savours:** With regard to the assets under construction issue that was raised before, something like £28 million of assets were identified where there was insufficient evidence they were correctly classified. I believe that that is more than 10% of that portfolio, which seems slightly more systematic in terms of that failure. What has gone wrong there?

Catherine Little: I will turn to our chief financial officer for the Department to explain.

Caroline Patterson: Just to explain what process failed there, in essence an asset is sitting in assets under construction. The finance team and the ops team are liaising with each other to understand when that moves from assets under construction into asset—so when that work and that maintenance work is done.

A really important part to understand here is that this was not major works; everybody knew when major works was completed. Those amounts relate to large volumes, but low values of work, not just on property, but also on things like the digital systems and tech. So that is where it came about.

But the other point to make is that the problem is the accounting problem that flows from that relationship between the finance teams and the operational teams. Nothing wrong has happened with that money; it is purely a classification between assets under construction and assets on the balance sheet.

The impact of that from your perspective—from a user's perspective—is those assets might be sitting in the wrong place and we might not have started depreciation on the assets that are sitting in under construction that are not are not yet on the balance sheet.

I can hand over to Mark, who can talk about some of the control improvements that have since been made to that process.

Mark Bourgeois: Thanks, Caroline. This is part of a broader stabilisation and improvement of GPA. Extensive work is going on throughout our respective finance teams, but focusing on GPA. Again, improving the capability and resource of the team and ensuring that we are addressing this with colleagues at the NAO. As Caroline says, there were a lot of small transactions. The reclassification started during the fieldwork of the 2023-24 audit, and we continue to work through that. But I am confident that with that focus on improved control environment, those reclassifications are well in hand.

Q289 **Markus Campbell-Savours:** Finally, there was quite a substantial underspend on the Department's capital expenditure limits. Could you explain to us a bit about what went wrong there, or what the justifications for that were?

Mark Bourgeois: I think you are referring to page 104 in the Cabinet Office accounts. There are two broad areas that resulted in this underspend. One is associated with leasehold accounting and IFRS 16, and I may require Caroline's support if you would like to dig into that one. But in short, it is associated with the balance sheet liability that the GPA would take on when entering a lease with a landlord. What should happen is that, as that lease is executed, you also have a series of sub-leases to the Departments themselves, which essentially is an equal and opposite impact on the charges. There were three key items identified from previous years that required prior adjustments where that had not happened. That is a result of some issues we have already alluded to and is being addressed in how we ensure we have a complete and accurate property database. That was the first element.

The second element of the underspend related to the onboarding of properties: the budget expected and allowed for the onboarding of more properties from Departments. As a result of a decision to stabilise and prioritise improvement, that onboarding was essentially paused and therefore the anticipated expenditure towards that onboarding was not, in fact, incurred.

Q290 **Mr Quigley:** Not wishing to do your job for you, but in the spirit of conviviality that the Chair always insists on, which is quite correct, there is sometimes a danger of these Committees finishing a question with, "What went wrong there?" In terms of, in my words, the mess you found, would you actually say that that is a success now, and that if you were outside this room, you would be able to say to us in the lift, "Actually we're really pleased we found it, because this gives us a good route map of what we need to look like in the future"?

Catherine Little: It is good that we have identified the issues and are taking a very positive, open approach to fixing them. I think it sets the right tone for an organisation; we talked about test and learn, and we do not always get things right. So it matters that we can talk openly: "We found a problem. We will talk openly about it, work out what went wrong and make sure that the team is equipped to make sure it never happens again." That is a very healthy thing for any organisation. This is not about repercussions or telling people off; it is about learning and making sure we never, ever allow this to happen again. So from that perspective it is a good and healthy process for the organisation to go through.

Mark Bourgeois: I would certainly echo that from the perspective of the GPA team. We have a relatively new CFO, COO and property director, and the team are really energised to get into this and ensure that we deliver the improvements that are expected.

Q291 **Chair:** Ms Little, can I just pick up on something? You said, "This is not the time for repercussions and tellings-off"? If my understanding of the £6 million is correct, there is a tendency, much to the fury and irritation of our constituents, for Government and Parliament to say, "Oh well, £6 million—it is a round of drinks." In Government expenditure terms, it is a round of drinks, and it is a round of drinks at the Dog and Duck, not even at Claridge's—it is a cheap date, as it were. Six million quid is an accounting error; it will just get washed and lost in the figures.

But if I have understood what we have heard this morning and from reading the papers, in essence the contract needed to be let and the process for letting it was understood. What was not understood or appreciated is that sometimes His Majesty's Government does not move as quickly as we might like it to, and sometimes a decision takes a little longer through a process than one might like.

Instead of pressing the pause button, the person trying to let the contract let it in any event, knowing that they were in breach of what the policy criteria was: that there was a sign-off thing. They may have applied too late; there was not sufficient information, the person making the decision was off sick or on holiday, and it was just taking a little longer, so they thought, “Oh well”—I was going to say something quite rude—“never mind, we’ll let it anyway, and we’ll just get retrospective sign-off.” Now, if you can do that for £6 million, you can do it for £60 million, and if you can do it for £60 million, you can do it for £6 billion.

While we all understand that process and compliance can be absolutely irritating from top to bottom of the Government Property Agency, the fundamental question to all this is, is it understood by every single person involved that the processes are in place for a purpose and that, as irritating as it might be, they must be adhered to? The rogue signing of contracts, for whatever sum, may be a one-off, but the lessons have to be learned and, I am afraid, tellings-off and repercussions need to follow. Otherwise, it is just, “Okay, let’s take some validity and good news from the fact that we’ve discovered it.” It is good that we have discovered it, because it shows transparency in the process, but it is disgraceful that there was anything to discover in the first instance.

Mark Bourgeois: My team are absolutely clear on the importance of governance and regularity, and are all very clear that this is not a scenario that should be repeated.

Q292 **Chair:** That answer is to be welcomed, but are they also clear that to ignore that will—this is the antithesis of what Ms Little was saying—actually lead to tellings-off, repercussions and a P45, without any form of voluntary payment?

Mark Bourgeois: Clearly, as I have said, everyone understands the importance of ensuring the regularity of this process and the consequences of not following that.

Q293 **Chair:** What were the consequences in this instance?

Mark Bourgeois: I do not have the details of that.

Chair: That is surprising. Maybe you could write to us on it.

Q294 **Peter Lamb:** Just following through on that theme. it is not simply about money. In principle, civil servants are in a position to take very many decisions, whether or not they have authorisation to do so. I would like to point out that, technically, that is a coup d’état—taking power to oneself that one is not authorised to have—for which there should be very serious repercussions of which the Committee should be made aware. We cannot have a situation in which people are acting without authorisation, on the assumption they will get permission later down the line.

Chair: That is a very good point. Mr Baker?

Richard Baker: I was just going to come back to the overall issues around oversight, if that is okay?

Chair: Yes, and then I will ask Ms Little to respond in the round.

Q295 **Richard Baker:** At the outset of this set of questions, you said the control team in the Department had not grown at pace with the level of risk within the GPA. I am just keen to understand if that has now been addressed, and there is the right level of oversight of financial management, control and reporting in the GPA to ensure that we are not going to have similar issues occurring this year, or in future years as well?

Catherine Little: Absolutely. There are three different layers of assurance that we have strengthened here. First, in terms of our sponsorship as a Department, we have a dedicated sponsorship team. We also have the UK Government Investments team, who are our corporate governance and assurance experts in Government, working with us. Our corporate finance team, with Caroline as our chief financial officer, has a very close, detailed working relationship. We also have our internal auditors currently assessing those sponsorship arrangements to make sure they are as robust and tight as they should be.

Secondly, since taking on this role I have spent quite a lot of time with the board and our senior leadership. I obviously line manage Mark, and we have set out the very clear expectations around performance improvement and assurance. We regularly assess that performance at board level, and I personally meet with the board to have that conversation.

So we are setting the tone, and we are putting in place the controls and the assurance around the organisation, but we are also working together in partnership to make sure that this has the best chance of succeeding. A year on, I am much more confident than I was when I first took on this role.

Q296 **Richard Baker:** In terms of taking this work forward, have you been able to source all the relevant expertise in Government, or have you had to get external advice about addressing these issues?

Catherine Little: Caroline, you might want to add to this.

Caroline Patterson: I would say it is largely the expertise in Government, so we have not paid for external advice. We have increased the capacity and capability of the finance teams in GPA, and have much more close working with the Cabinet Office finance teams. We are really monitoring what is happening in these accounts and getting lots of visibility.

Q297 **Peter Lamb:** Thank you for your answers to the questions today; they have provided insight into the management of the GPA. I am afraid I am still not entirely certain as to the purpose of the GPA. Anyone who experienced the Lansley reforms and the impact upon the NHS has seen that the impact of having one centralised property team managing that scale of property creates enormous challenges and fairly deep problems in the actual provision of services. You tend to find that the greater the distance between the end user and those facilitating the properties, the greater the problems in actually trying to make those suitable for the purpose of that particular team.

I presume that the ultimate goal was about the utilisation of Government space, in much the same way as elsewhere we have managed to achieve that through things like One Public Estate. Frankly, putting spare space up on a website on the intranet might do some of that job for you. Given that the purpose appears to be to save money, could you tell us how much money has been saved by the formation of the GPA?

Mark Bourgeois: The purpose is very clear: it is a smaller, greener, better Government estate. The GPA focuses on the offices, although the remit does extend to warehouses. I very much see the organisation as the collaborative supporter of that smaller, leaner, agile state, and the missions that Cat has described.

The savings to date have been reasonably substantial. There has been a particular focus on London, where over £250 million of rent costs have been saved through consolidation of over 40 buildings. There are many examples in cities throughout the UK where those savings have also been delivered.

It is also important to briefly make the point that, in addition to saving money, I am very focused, as is our team, on creating brilliant environments for civil servants to work in, to enable them to deliver those Government missions, and also to be able to drive growth, where we may take a hub in a certain location to facilitate a broader regeneration prospect.

Q298 **Chair:** Just on that point, it looks as if England is about to embark on quite a large-scale reform of local government, and local government itself owns property assets—town halls and so on. A lot will have bought commercial property to fill gaps in the revenue budget and so on. I know I did when I was a cabinet member for finance on West Oxfordshire district council, and I know that the outcomes have been patchy. The GPA has a huge reservoir of intelligence, expertise and all the rest of it. Given the fact that it is all public money, public purse, what, if anything, can the GPA do to assist colleagues in local government with property matters to derive better or best value for the taxpayer?

Mark Bourgeois: First, we clearly work very closely with our sponsor department, the Office of Government Property, who clearly take a broader interest in real estate across Government and Departments. I think that my colleague Mark Chivers would be better placed to answer that broader question. What I can say is that where we have a particular location, a particular hub, we engage very closely with local government to ensure that we are getting the best possible outcome both locally and nationally for the civil service.

Catherine Little: If I could add, the Office of Government Property recently had a hearing with the PAC on some of this, and at that session we set out that, ultimately, our job is to provide expertise where we can. A good area where we do that with local government is in relation to private finance, in particular, where we have a large number of private finance initiatives coming to an end, and we want to use the collective expertise within Government to support local government. So we do do that wherever it is possible to share expertise and information.

Chair, could I possibly just come back to the comment that Mr Lamb made, because I did not get a chance to respond, and it is really important for the record? I very much agree with you, of course, that if an official is found to sign a contract without authorisation, that is a very, very, very serious offence, but that is not what we are describing here. My understanding is that, at the time, an active decision was made by the Department to allow the contract to proceed because of the level of savings associated with it, and the timetable under which that procurement was being undertaken. That was a decision that my predecessor was aware of at the time. So this is not a rogue decision made by an individual.

That really matters constitutionally, because it is not possible for a civil servant to enter into contracts without there being a level of oversight, either by the Department, by the Treasury or by Ministers. The scheme of delegation that we operate for our controls within Government has checks and balances throughout to make sure that that is not the case. I just wanted to say that because I would not want anyone listening to this discussion to think that civil servants can commit in the way you have described.

Q299 **Peter Lamb:** Even if it is the position taken by the Department, someone within that Department has taken the decision to sign that contract regardless of not having sign-off. I can imagine that being potentially acceptable in some scenarios, but it would usually involve some elected representative being involved in the decision making. Was a Minister involved in taking the decision to enable that contract to be signed without Government approval?

Catherine Little: I would need to double-check, but I am assuming that it went through normal Treasury approval and would have had Chief Secretary approval at the time. That is my point: there is not a single thing that we do that does not come back to a ministerial authority, and that is important.

Peter Lamb: Okay, then that is very different to what we thought. Thank you.

Chair: That is helpful, but it might have been more helpful at the top of the conversation than at the tail end.

Catherine Little: Exactly, and apologies that I did not get a chance to say that before.

Q300 **Chair:** I just want to ask you one big question, but I want to deal with it quite quickly. The next time any of us sits down to talk to a serial killer—that is not a start to a question that you ever really expect—and asks them, "What was the hardest thing?", they will always answer, "My first murder. Everything else becomes easier after the first." Every party coming into government talks about a slimming down of the state, public bodies and quangos—a bonfire of the quangos and so on. By the end of the Parliament, one usually finds that, in actual fact, the number of things to burn has just grown bigger.

The DOHSC have led the charge magnificently, in my assessment, by saying that the NHS can work jolly well without NHS England and Ministers will just have to take more accountability and give more direction. Amen to that. It has lit the start to the path, has it not? Who is picking up the baton now and saying, "Right, NHS England was probably the largest in terms of budget and numbers. If we can do it to that, there is a lot of lower hanging fruit within easy grasp"?

Catherine Little: The Cabinet Office is leading that work under the direction of the CDL, as part of our productive and agile state work. We recently commissioned every Government Department to assess all their arm's length bodies against four principles.

Those four principles were, first, to check the accountabilities for ministerial policy oversight to ensure that, similarly to the NHS example, there is direct accountability and that the accountability and oversight procedures are clear, and, if not, to look at whether that ALB should exist in that form.

The second was to look at where we can eliminate waste, inefficiency and duplication. Again, arguments made in the NHS example involved identification of duplication and inefficiency.

Thirdly, we quite often have ALBs that have been set up to manage stakeholder groups specifically, and we have said that that is not a good reason to set up an ALB; if anything, that is a reason to bring them closer into the centre of Government.

Fourthly, where there may be a need for genuine independent regulation and oversight, we would like that to be clarified and tested. Every Department provided their returns to me yesterday, and we are currently going through all those.

Q301 **Chair:** If they have said, "Nobody can remember why we set up this ALB. Nobody really knows what it does. Nobody can see what demonstrable benefit it brings to the British citizen in their daily lives or to the efficient delivery of Government," is it the individual Secretary of State who then takes out the pearl-handled revolver and glass of whiskey and says, "Go and lock yourself in a room"? Or does Cabinet Office just go, "You're out. You're finished"?

Catherine Little: As always, it is the Cabinet Office's job to challenge and advise and to set out what we think the answers are, which is why we have set out these principles. For any ALB in the circumstances you describe, you can expect the Cabinet Office to be saying, "There does not seem to be a very good reason for that ALB to exist," and we will come up with recommendations. Of course, it will be for the individual Secretary of State, because it is their structure and their Department. So, ultimately, depending on the nature of the decision and the ALB, we will have a level of collective agreement or decision making with the individual Secretary of State.

Q302 **Chair:** But, very often, departmental officials will have struck a good relationship with the people in the ALB. In their submissions to Ministers, they may then say, "There are three reasons why you could get rid of it, but there are six absolutely compelling reasons where we have to keep it." There is a risk of Departments, effectively, marking their own homework. Is it not better that the Cabinet Office just goes, "Case not made. We are ending this"?

Catherine Little: That is, in effect, the process that we are going through. We are there to provide the system check and balance and the challenge, and the public bodies team and the team that specialises in this area will be going through those returns to see what we think.

Q303 **Chair:** Yes, but there is a difference between thinking and deciding. So is it the individual Secretary of State who would say, "Cabinet Office is telling me organisation X can be wound up or recalibrated"? Officials are saying, "Yes, Cabinet Office have it right," or, "No, Secretary of State, Cabinet Office have got it wrong." If the Secretary of State then comes to a decision contrary to that which CDL and the Cabinet Office would have liked to have seen, is that the end of the matter?

Catherine Little: We are only just going through this process; I think it will depend on the circumstances. What I am very clear on is that it will be a political decision, and it will be politically informed by the work that is being overseen by the CDL and, ultimately, the Secretary of State responsible for the ALB. It really will depend on the nature of the decisions being made as to how that final decision gets made, but it will be politically—

Q304 **Chair:** There is no route map to the decision set out and agreed between Cabinet Office and Departments collectively?

Catherine Little: It is our usual decision-making process, which is the Cabinet Office convening systems advice, providing what we think the assessment is and working with Departments to make agreements about what we therefore do about it. It is a well-trodden path in the world of Government, so I do not think there is a need to re-set out how we make decisions in Government. But CDL oversees the process collectively for the system, and we work with individual Departments to make a final decision. That is the normal process.

Q305 **Chair:** I do not say this to be either churlish or provocative, but while a well-trodden path can lead somewhere, it can also lead to a cul-de-sac. If it is a well-trodden path and a litany of Ministers of all political persuasions are saying, "We have to trim this. It is all costing too much.

It has all gone a bit mad," or if it is a well-trodden path and we can still see growth, with no diminution of public bodies—ALBs, quangos, call them what you will—it is not a very fruitful path. I just wonder whether there should not be something more prescriptive and definitive, so that, if it is contested, some sort of star chamber can be convened by Cabinet Office and, at the end of the day, the CDL, Caesar-like, put the thumb up or the thumb down?

Catherine Little: You can call it a star chamber if you like, but in effect the CDL will convene a meeting to go through the recommendations and the advice that we have off the back of the review. If you want to call it a particular thing, that is fine, but what you have described is ultimately the process. Every decision here has to be linked to the outcomes that we are trying to achieve. This is not just a numbers game; it is about actually improving delivery, resolving the problems and improving the outcomes that we are striving for. The final escalation route for decision making will depend on the nature of that.

Q306 **Chair:** Forgive me, Ms Little, if I have either misheard or, more than likely, misunderstood. If there is a contested view on an issue, are you telling us that there is a consultative mechanism, but ultimately the person who either puts their thumb up or thumb down is the Chancellor of the Duchy of Lancaster?

Catherine Little: He is ultimately the person overseeing this process, so, yes, ultimately, it is his review.

Q307 **Chair:** He could overrule the Secretary of State?

Catherine Little: Ultimately, the process is to try not to get to a point where we are disagreeing—

Q308 **Chair:** I appreciate that, but we have gone through the process and we have arrived at a logjam. CDL is convinced that organisation X is now surplus to requirements, and the sponsoring Department is not.

Catherine Little: In the scenario of a disagreement, you would expect CDL to take a view, and ultimately to escalate to a Cabinet Committee or to other mechanisms within Government if a collective view is needed. So it really does depend, and I am not going to sit here and prescribe how every decision about every ALB in Government is going to be decided on: ultimately, that is for Ministers.

Chair: Okay, so it is probably a "Watch this, fingers crossed, and see how it comes out" approach, but good luck with it. I think we would all recognise that it is a piece of work that is long overdue.

I can see no other hands from colleagues. It has been an interesting session; there are a couple of commitments to provide some written follow-up, for which we are appreciative, and we look forward to receiving it. Thank you all very much for your time in attending this morning.