

Treasury Committee

The Office for Value for Money

First Report of Session 2024–25

HC 521

Treasury Committee

The Treasury Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Treasury, HM Revenue & Customs and its associated public bodies.

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Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No. 152. These are available on the internet via www.parliament.uk.

Publication

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Purpose

1. The Chancellor of the Exchequer established the Office for Value for Money (OVfM) in the Autumn Budget 2024.¹ Her speech explained that the OVfM would deliver value for money in Government spending on public services and infrastructure, helping the Government to “realise the benefits from every pound of public spending.”²
2. The OVfM website described how the OVfM would help to deliver value for money in public spending:

First, the OVfM will provide targeted interventions through the multi-year Spending Review, working with government departments. This will include conducting an assessment of where and how to root out waste and inefficiency, undertaking value for money studies in specific high-risk areas of cross-departmental spending, and scrutinising investment proposals to ensure they offer value for money.

Second, the OVfM will develop recommendations for system reform, informed by lessons learned from the past, international best practice, and the views of external organisations. This will underpin a ruthless focus within government on realising benefits from every pound of public spending.³

Formation

3. The OVfM website described the OVfM as a “time-limited HM Treasury Unit”.⁴ The Autumn Budget 2024 stated:

The Office will support Phase 2 of the Spending Review conducting an assessment of where and how to root out waste and inefficiency, undertaking value for money studies in specific high-risk areas of cross-departmental spending and scrutinising investment proposals to ensure they offer value for money.⁵

1 HM Treasury, [Autumn Budget 2024](#), HC 295, 30 October 2024, p 20

2 Chancellor, [Autumn Budget Speech](#), 30 October 2024

3 [The Office for Value for Money website](#) (accessed January 2025)

4 <https://www.gov.uk/government/collections/the-office-for-value-for-money>, accessed 7 January 2025

5 HM Treasury, [Autumn Budget 2024](#), HC 295, 30 October 2024, p 122: Phase 1 of the Spending Review confirmed departmental budgets for 2024–25 and set budgets for 2025–26 and Phase 2 of the Spending Review will set budgets for at least 2026–27 and 2027–28; see National Audit Office, [Lessons learned: a planning and spending framework that enables long-term value for money](#), HC 234, 27 October 2024

The Autumn Budget speech also announced that David Goldstone CBE had been appointed independent Chair of the OVfM.⁶ The Treasury subsequently published terms of reference for his work.⁷

Treasury Select Committee oral evidence session

4. On 11 December 2024, our Committee conducted a one-off oral evidence session examining the work of the OVfM.⁸ We are grateful to David Goldstone CBE, Chair, OVfM, to Johanna Harston, Director, OVfM, HM Treasury and to Andrew Wood, Deputy Director, OVfM, HM Treasury for answering our questions.

Resources

5. The OVfM chair’s terms of reference stated that Mr Goldstone “will be supported by a multi-disciplinary team of up to 20 civil servants in an HM Treasury unit, managed day-to-day by a senior civil servant”.⁹ Mr Wood stated that on 11 December 2024 the OVfM had 12 members of full-time staff plus Mr Goldstone as Chair.¹⁰ Those members of full-time staff included secondees from the Government Commercial Function, the National Audit Office (NAO) and the Evaluation Task Force in the Cabinet Office.¹¹ Mr Wood added that the secondees were civil service grade 6 and grade 7 and that the secondee from the NAO was deputy director-level equivalent.¹² Mr Wood told us that if there were a gap that external consultants or advisers might fill, the OVfM “would definitely keep that option open”.¹³

6. **RECOMMENDATION**

The Treasury must provide an estimate of how much the OVfM will cost including the cost of any external consultants it intends to procure, and then provide the actual cost of the OVfM after it completes its initial work.

6 Chancellor, [Autumn Budget Speech](#), 30 October 2024

7 HM Treasury, [Terms of reference: David Goldstone CBE, independent Chair of the Office for Value for Money](#), updated 31 October 2024

8 Oral evidence: Work of the Office for Value for Money, [HC 521](#), 11 December 2024

9 HM Treasury, [Terms of reference: David Goldstone CBE, independent Chair of the Office for Value for Money](#), updated 31 October 2024

10 [Q40](#)

11 [Q11](#)

12 [Q115](#)

13 [Q41](#)

Duplication

7. The Government and public sector already deploy a range of organisations and frameworks both to measure and to deliver value for money. Organisations directly engaged in monitoring and delivering value for money include the National Audit Office, which is the Government’s statutory external auditor responsible for providing assurance over departmental spending as well as for conducting regular value for money audits.¹⁴ It has an annual budget of around £106 million and more than 960 staff.¹⁵
8. The National Infrastructure and Service Transformation Authority will become operational in Spring 2025.¹⁶ It will merge the Infrastructure and Projects Authority, which employs around 180 staff and which is responsible for monitoring the implementation of infrastructure projects, with the National Infrastructure Commission, which comprises 10 expert commissioners advising the Government on infrastructure challenges supported by 42 staff members.¹⁷ ¹⁸ In addition, the Evaluation Taskforce employs around 15 people. It is a joint Cabinet Office-HM Treasury unit providing specialist support to Departments on the evaluation of spending decisions.¹⁹ Departments other than the Treasury are also involved in innovation in the delivery of public services. For example, the Department for Science, Innovation and Technology is the centre for digital transformation of public services.²⁰
9. The Government uses a range of existing frameworks to safeguard value for money. For example, the Green Book is guidance issued by HM Treasury on how to appraise policies, programmes and projects.²¹ The Government’s Efficiency Framework contains Treasury guidance on how Departments can deliver efficiencies.²² The Public Value Framework is a questionnaire that helps Departments to determine the effectiveness of programmes in

14 National Audit Office, [“About us”](#) (accessed 19 December 2024).

15 National Audit Office, [Annual Report and Accounts 2023–24](#), HC 130, 22 July 2024, p 57 (Figure 6 2024–25) and p 87

16 [Speech](#) by Chief Secretary to the Treasury at Skanska’s national headquarters, 10 October 2024

17 [National Infrastructure Commission Annual Report Annual Report and Accounts 2024](#), p 44; National Infrastructure Commission – [the Commissioners](#) (accessed January 2025)

18 [Infrastructure and Projects Authority – recruitment](#) (accessed January 2025);

Infrastructure and Projects Authority, Annual Report on Major Projects 2022–23, [Annex](#)

19 OECD, [Observatory of Public Sector Innovation](#), Evaluation Task Force (accessed January 2025)

20 Department for Science, Innovation and Technology, [DSIT bolstered to better serve the British public through science and technology](#), 8 July 2024.

21 In addition, there is the [Magenta Book](#) which provides Treasury guidance on what to consider when designing an evaluation.

22 HM Treasury, [The Government Efficiency Framework](#), 19 July 2023.

achieving policy outcomes.²³ Outcome Delivery Plans, the Government’s current system for performance monitoring against priority outcomes (developed and managed jointly by the Cabinet Office and HM Treasury) continue to be used by Departments, but they have not been published since July 2021.²⁴

10. The OVfM is a temporary addition to those existing organisations and frameworks. Mr Goldstone stated that he is “not going to duplicate other parts of Government” but “will leverage them and work with them where we can”.²⁵

11. **RECOMMENDATION**

The OVfM must explain how it will interact with existing organisations and frameworks in government and the public sector that are already tasked with delivering value for money to avoid unnecessary duplication and to utilise existing expertise.

Defining value for money

12. Mr Goldstone defined value for money, stating that 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”. He emphasised that value for money is “not just cost control”, adding: “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.”²⁶

Spending Review

13. The Autumn Budget 2024 stated that the second stage of the Spending Review, due to be published in late Spring 2025, would “embed greater spending discipline by implementing a zero-based approach to spending, ensuring that every pound of taxpayers’ money is targeted towards the government’s priorities”.²⁷ The Chief Secretary to the Treasury stated to the

23 HM Treasury, [Public Value Framework and supplementary guidance](#), March 2019.

24 National Audit Office, [Lessons learned: a planning and spending framework that enables long-term value for money](#), HC 234, 27 October 2024, p19.

25 [Q6](#)

26 [Q71](#)

27 HM Treasury, [Autumn Budget 2024](#), HC 295, 30 October 2024, p 5: Phase 1 of the Spending Review confirmed departmental budgets for 2024–25 and set budgets for 2025–26 and Phase 2 of the Spending Review will set budgets for at least 2026–27 and 2027–28; see National Audit Office, [Lessons learned: a planning and spending framework that enables long-term value for money](#), HC 234, 27 October 2024.

House of Commons in January 2025 that the late Spring date will be June 2025.²⁸ The Chancellor of the Exchequer has reportedly asked Departments to find 5% efficiency savings in the next Spending Review.²⁹

14. On the OVfM’s role in relation to the Spending Review, the Autumn Budget 2024 stated, “[A]s a first step, the chair will advise the Chancellor and Chief Secretary to the Treasury on decisions for the multi-year Spending Review.”³⁰ Mr Goldstone told us that his “remit is to provide direct advice to the Chancellor and the Chief Secretary”.³¹ He added that he will be “on a panel that is providing challenge and support to a zero-based review” in the Spending Review.³² He commented:

We will be involved with most, if not all, Departments on their efficiency plans [...] 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.³³

15. We intend to call Mr Goldstone and other senior OVfM staff to provide further oral evidence to the Committee when the Spending Review is published to understand matters including but not limited to the following:
1. the OVfM’s input into the Spending Review process and Departments’ efficiency plans;
 2. how effectively the Spending Review process functioned;
 3. the major barriers to achieving value for money in government and how the OVfM helped to overcome them in the Spending Review process; and
 4. the matters referred to at paragraph 25 below.

28 HC Deb, 9 January 2025, [col 999](#)

29 Civil Service World, [Spending Review: Departments to face external ‘challenge panels’](#), 10 December 2024

30 HM Treasury, [Autumn Budget 2024](#), HC 295, 30 October 2024, para 2.4

31 [Q9](#)

32 [Q105](#)

33 [Q23](#)

Value for money studies

16. As specified on its website, one of the OVfM’s functions is to undertake “value for money studies in specific high-risk areas of cross-departmental spending”.³⁴ Mr Goldstone told the Committee that the OVfM has not yet decided the areas on which the value for money studies will focus. Mr Wood suggested that it would be “areas that are crossdepartmental, because review after review says that that is something that needs to be improved in the system”.³⁵ Mr Goldstone stated that he would inform the Chancellor and the Chief Secretary to the Treasury in January 2025 of the areas of cross-departmental spending on which the OVfM would focus.³⁶ Ms Harston added that she hoped to deliver two or three such cross-cutting studies.³⁷

17. **RECOMMENDATION**

The Treasury must clarify publicly by the end of January which departmental agencies or budgets will be subject to OVfM value for money studies.

Investment proposals

18. As specified on its website and in the Autumn Budget 2024, one of the OVfM’s functions is “scrutinising investment proposals to ensure they offer value for money”.³⁸ Mr Goldstone explained that investment proposals could be “new capital projects, infrastructure investment, and investment proposals that are about spend-to-save type initiatives”.³⁹ On investment proposals, Ms Harston stated that the OVfM would like to look at “more than two or three” and across a range.⁴⁰ Mr Goldstone told us that investment proposals were “where the highest risk is” and where the OVfM was “going to have to focus [...] attention”. He elaborated:

In my experience, a lot of investment proposals get put forward but how they would be delivered has not necessarily been fully worked through. [...]. I would want to look at those investment proposals to say, “Are the real plans in place? Are they developed enough for the stages?”⁴¹

34 [The Office for Value for Money website](#) (accessed January 2025)

35 [Q15](#)

36 [Qq17-19](#)

37 [Q20](#)

38 [The Office for Value for Money - GOV.UK; Autumn Budget 2024](#), pp 122-123

39 [Q21](#)

40 [Q22](#)

41 [Q21](#)

19.

RECOMMENDATION

The Treasury must clarify how the OVfM will scrutinise investment proposals in the Spending Review process. This should include the criteria by which the OVfM selects investment proposals for scrutiny. The Treasury should also provide the method by which such investment proposals will be scrutinised, including the time horizon over which projected savings will be assessed. In addition, the Treasury must clarify how it will handle proposals where impact is not easy to quantify using existing economic methods. This may include spend-to-save measures. The Treasury must also clarify what scrutiny will be applied (if any) to investment proposals that are not selected for assessment by the OVfM.

Evaluation

20. When asked to define what success for the OVfM might look like, Mr Goldstone responded:

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, not being hopeful and optimistic without having the planning behind them, having those firm plans would make a difference. [...] We will also then aim to leave recommendations for long-term system reform out of the learning we have made and wider research.⁴²

We were told that there will be an evaluation of the OVfM, but it has not yet been decided how, when or by whom it will be conducted.⁴³

21.

RECOMMENDATION

The Treasury must set out how and when it will evaluate the OVfM's work, including specifying the metrics and key performance indicators that it will use to evaluate the overall worth of the OVfM project.

42 [Q42](#)

43 [Qq109-110](#)

Outcomes

22. Achieving value for money is a laudable aim, but it can be difficult to achieve in practice given the multiplicity of objectives across government. As the OVfM will exist for a short period of time and is lightly resourced, other parts of government will have to implement its recommendations. This may well involve changes to existing frameworks rather than the creation of completely new ones.

23. **RECOMMENDATION**

To maximise concrete outcomes from this project, the OVfM must specify before it is disbanded which parts of the Government should take responsibility for implementing its recommendations and by what timetable. To that end, the Treasury must set out the OVfM's recommendations; which of them it accepts or rejects; the reasons for such acceptance or rejection; and specify how it will monitor the effectiveness of the implementation of the OVfM's recommendations. Based on learning, the OVfM should also recommend any improvements to existing structures and frameworks which currently aim to evaluate and deliver value for money across the Government.

24. **CONCLUSION**

The OVfM's task is challenging because it is lightly resourced, and it has only a very short period of time to drive tangible improvements in efficiency in departments' spending during the Spending Review period. Its worth will depend on its ability to identify and to deliver meaningful, original new ways of securing value for money in public spending.

25. **RECOMMENDATION**

At the end of its work on the Spending Review, the OVfM should provide a short report to the Committee covering the following:

1. What it reviewed and why
 - i) The programmes/ items that were reviewed by the OVfM;
 - ii) The reasons those items/programmes were selected, specifying the criteria it applied in making its decisions;⁴⁴
 - iii) The criteria it applied in assessing whether a project was "high risk";

44 Examples of such criteria could include total cost over the lifetime of the project, whether the project involved more than one Government Department, and whether the project was high risk.

iv) A description of the OVfM's input into the Spending Review process and Departments' efficiency plans.

2. Its advice to the Government

i) A summary of its recommendations / specific advice to the Government;

ii) Its suggestions for improving the frameworks that apply to assessment of government spending, (e.g. those referenced at paragraph 9 of this report);

iii) Its suggestions as to meaningful, original new ways of securing value for money in public spending and its recommendations for "system reform";

iv) The OVfM's opinion as to the major barriers / "systematic blockers" to achieving value for money in government and how the OVfM helped to overcome them in the Spending Review process;

v) Which parts of the Government should take responsibility for implementing its recommendations.

3. Lessons learned from the OVfM exercise

i) The OVfM's view as to how effectively the Spending Review process functioned and suggestions for improvements;

ii) The OVfM's evaluation of the effectiveness of its work, including the key "lessons learned". This should include advice as to how best to structure and carry out targeted reviews of government expenditure in the future. The OVfM should specify what worked well, and any barriers the OVfM found in carrying out its work.

Conclusions and recommendations

Resources

1. The Treasury must provide an estimate of how much the OVfM will cost including the cost of any external consultants it intends to procure, and then provide the actual cost of OVfM after it completes its initial work. (Recommendation, Paragraph 6)

Duplication

2. The OVfM must explain how it will interact with existing organisations and frameworks in government and the public sector that are already tasked with delivering value for money to avoid unnecessary duplication and to utilise existing expertise. (Recommendation, Paragraph 11)

Value for money studies

3. The Treasury must clarify publicly by the end of January which departmental agencies or budgets will be subject to OVfM value for money studies. (Recommendation, Paragraph 17)

Investment proposals

4. The Treasury must clarify how the OVfM will scrutinise investment proposals in the Spending Review process. This should include the criteria by which the OVfM selects investment proposals for scrutiny. The Treasury should also provide the method by which such investment proposals will be scrutinised, including the time horizon over which projected savings will be assessed. In addition, the Treasury must clarify how it will handle proposals where impact is not easy to quantify using existing economic methods. This may include spend-to-save measures. The Treasury must also clarify what scrutiny will be applied (if any) to investment proposals that are not selected for assessment by the OVfM. (Recommendation, Paragraph 19)

Evaluation

5. The Treasury must set out how and when it will evaluate the OVfM’s work, including specifying the metrics and key performance indicators that it will use to evaluate the overall worth of the OVfM project. (Recommendation, Paragraph 21)

Outcomes

6. To maximise concrete outcomes from this project, the OVfM must specify before it is disbanded which parts of the Government should take responsibility for implementing its recommendations and by what timetable. To that end, the Treasury must set out the OVfM’s recommendations; which of them it accepts or rejects; the reasons for such acceptance or rejection; and specify how it will monitor the effectiveness of the implementation of the OVfM’s recommendations. Based on learning, the OVfM should also recommend any improvements to existing structures and frameworks which currently aim to evaluate and deliver value for money across the Government. (Recommendation, Paragraph 23)
7. The OVfM’s task is challenging because it is lightly resourced, and it has only a very short period of time to drive tangible improvements in efficiency in departments’ spending during the Spending Review period. Its worth will depend on its ability to identify and to deliver meaningful, original new ways of securing value for money in public spending. (Conclusion, Paragraph 24)
8. At the end of its work on the Spending Review, the OVfM should provide a short report to the Committee covering the following:
 1. What it reviewed and why
 - i) The programmes/ items that were reviewed by the OVfM;
 - ii) The reasons those items/programmes were selected, specifying the criteria it applied in making its decisions;
 - iii) The criteria it applied in assessing whether a project was “high risk”;
 - iv) A description of the OVfM’s input into the Spending Review process and Departments’ efficiency plans.
 2. Its advice to Government;
 - i) A summary of its recommendations / specific advice to the Government;

- ii) Its suggestions for improving the frameworks that apply to assessment of government spending, (e.g. those referenced at paragraph 9 of this report);
- iii) Its suggestions as to meaningful, original new ways of securing value for money in public spending and its recommendations for “system reform”;
- iv) The OVfM’s opinion as to the major barriers / “systematic blockers” to achieving value for money in government and how the OVfM helped to overcome them in the Spending Review process;
- v) Which parts of the Government should take responsibility for implementing its recommendations.

3. Lessons learned from the OVfM exercise

- i) The OVfM’s view as to how effectively the Spending Review process functioned and suggestions for improvements;
- ii) The OVfM’s evaluation of the effectiveness of its work, including the key “lessons learned”. This should include advice as to how best to structure and carry out targeted reviews of government expenditure in the future. The OVfM should specify what worked well, and any barriers the OVfM found in carrying out its work. (Recommendation, Paragraph 25)

Formal Minutes

Wednesday 15 January 2025

Members present

Dame Meg Hillier, in the Chair

Dame Harriett Baldwin

Rachel Blake

Chris Coughlan

Bobby Dean

John Glen

John Grady

Dame Siobhain McDonagh

Lola McEvoy

Dr Jeevun Sandher

Yuan Yang

The Office for Value for Money

Draft Report (The Office for Value for Money), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 25 read and agreed to.

Resolved, That the Report be the First Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available (Standing Order No. 134)

Adjournment

Adjourned till Tuesday 21 January at 09.45 am.

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Wednesday 11 December 2024

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

[Q1-120](#)

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

Session 2024–25

Number	Title	Reference
1st Special	SME Finance: Government Response	HC 517