



CABINET OFFICE



Meg Hillier MP
Chair, Public Accounts Committee
House of Commons

15 March 2021

Dear Chair,

OUTCOME DELIVERY PLANS

Seventy-Eighth Report of Session 2017-19: Improving government planning and spending (Cabinet Office and HM Treasury)

In the above report the Committee made a recommendation (2) asking HM Treasury and the Cabinet Office to set out how planning and performance information was central to ensuring funding bids delivered long-term sustainable value for money at Spending Review (SR).

The Chancellor launched the Spending Review (SR) process in July 2020, although the timing and scope of the review were kept under consideration as the impacts of Covid-19 developed. In October 2020, the Chancellor and the Prime Minister decided to conduct a one-year Spending Review, and set departments' resource and capital budgets for 2021-22, and devolved administrations' block grants for the same period, with multi-year funding certainty for existing infrastructure projects and priority commitments including health and schools.

Despite largely being a one-year exercise, SR20 made progress towards embedding planning and performance more effectively in the process. The SR commission included a greater focus on the intended outcomes of spending bids, as well as plans to monitor and evaluate progress towards them. Further detail on some of these areas is outlined below, and we will seek to build on these initial steps ahead of and through the next spending review.

As part of their SR20 bids, departments were required to propose priority outcomes and metrics for measuring progress in their delivery. They were also required to support these proposed outcomes with contributing spending proposals and evidence of what works. HM Treasury then assessed these alongside each department's full list of spending proposals to inform decisions as part of the SR20 process, which also included agreeing provisional priority outcomes with each UK government department, together with provisional metrics. In areas where closer working between departments would achieve better results, outcomes were agreed on a cross-cutting basis. The full list of provisional priority outcomes and metrics was published in December 2020.

In order to support the delivery of outcomes in the long-term and more effectively track the delivery of those provisional priority outcomes agreed through the SR20 process, Cabinet Office and HM Treasury have been working closely with departments and the government functions to launch a revised planning and performance framework. The key features of the new framework are set out below.

Plans focussed on the delivery of the provisional priority outcomes agreed at the SR.

The revised framework aims to improve and builds on previous Single Departmental Plans (SDPs). The new Outcome Delivery Plans (ODPs) require departments to set out strategy and planning information for delivery of the provisional priority outcomes, and for strategic 'enabling' activities that are crucial to the successful delivery of those outcomes.

As part of ODPs, we are also placing greater emphasis on high-quality evaluation in plans, which is critical to understanding what works. This builds on the detailed overviews of evidence bases and evaluation plans that departments provided to inform decisions at SR20. Improved knowledge of what truly delivers outcomes for citizens over this SR period, supported by a new Evaluation Taskforce, will drive future choices.

Summary versions of ODPs for the 2021/22 financial year will be published later this year following approval by the Cabinet Office, HM Treasury and No.10.

Improved joint working.

Recognising the importance of better collaboration between departments to improve public service delivery, at SR20 we agreed 16 provisional cross-cutting priority outcomes. We are piloting a more integrated approach to planning and performance management in ODPs for these outcomes for the 2021/22 financial year.

We will also build on lessons from the Shared Outcomes Fund, with a second round of funding being announced at SR20. The Fund has received a high level of engagement from departments, often working with partners across the public sector, piloting new approaches to effective join up in a wide range of complex policy areas.

A greater focus on deliverability and accountability.

Departments are required to more thoroughly consider affordability, capability and risk through the new ODPs, to ensure more realistic and deliverable plans. Accounting Officers and functional leads will play a vital supporting role in scrutinising plans and ensuring their deliverability. Furthermore, the Public Value Framework will be an important assessment tool to help departments identify how they will improve delivery of priority outcomes.

Improved use of data and reporting.

HM Treasury have used SR20 to improve how data and analysis are used, setting new data standards and data-sharing requirements. Through settlement letters, departments are required to securely share with HM Treasury any data identified by the Treasury as relevant to spending decisions, including data to track priority outcomes and financial performance. Further, departments are providing data on project milestones and approvals ahead of scrutiny at the Major Projects Review Group or at the Treasury Approval Panels. This will be supported by quarterly project data provided for all projects on the Government's Major Project Portfolio.

A focussed performance reporting system built around ODPs will provide greater shared understanding and accountability for delivery of outcomes.

Departments will report regularly to the Cabinet Office and HM Treasury on progress, providing an ongoing picture of departmental activity against the ODP, enabling greater shared understanding of performance and early action where delivery is off track. Departments will continue to report on performance as part of the 2021/22 Annual Reports and Accounts process.

No.10, Cabinet Office and HM Treasury continue to engage departments through regular performance stocktakes that scrutinise delivery. The Prime Minister and Cabinet Secretary have asked Sir Michael Barber to conduct a rapid review of government delivery to ensure that it remains focused, effective and efficient, and to suggest how it could be strengthened.

Continuous improvements in planning and performance management within departments.

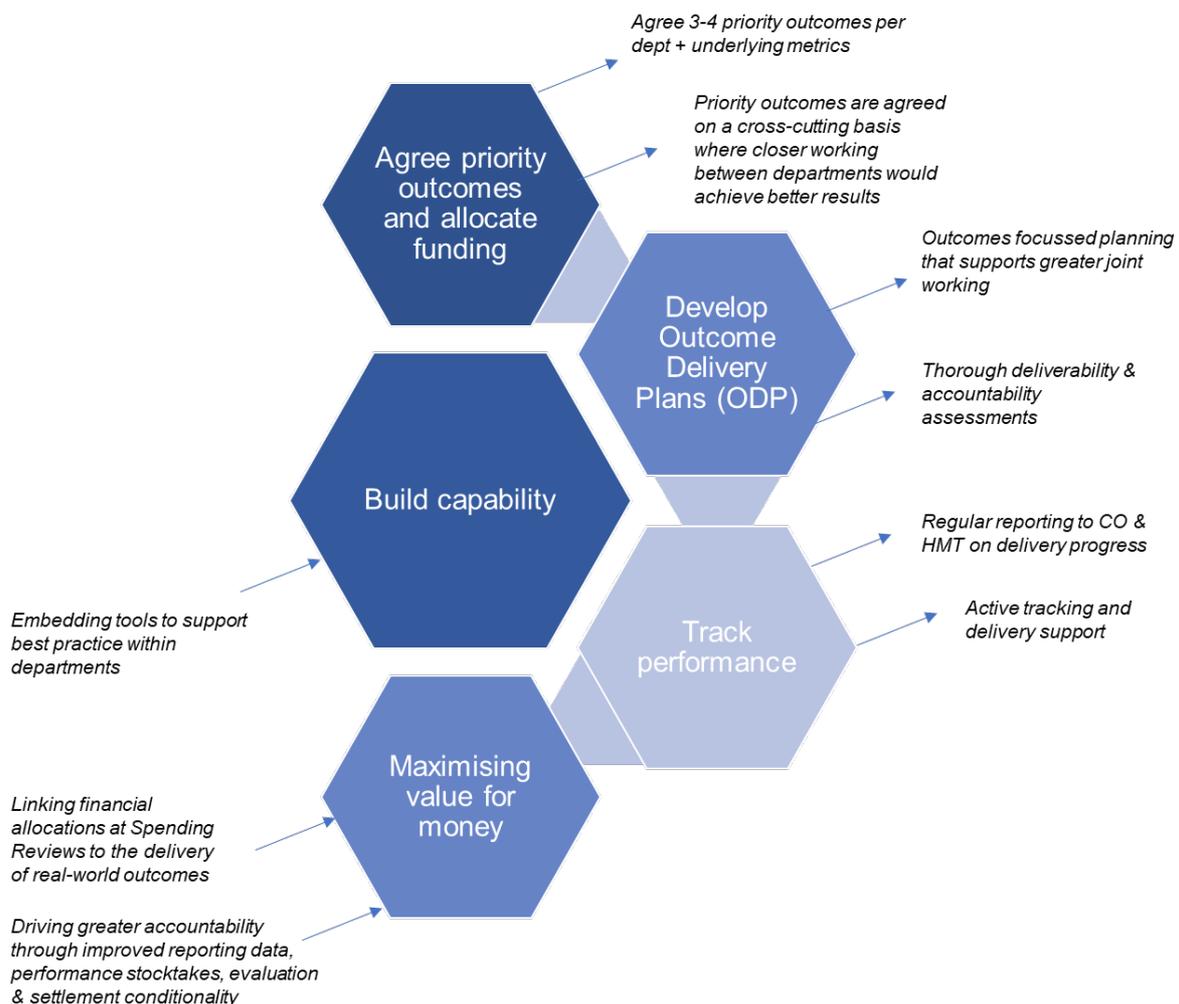
Cabinet Office and HM Treasury will continue to work closely with departments and the government functions to drive improvements in the processes and culture of planning and performance management within departments. We will work with departments to share best practice and embed use of tools that support understanding of what good looks like across all internal departmental planning and performance practices, beyond the requirements of the ODP.

The reforms outlined will improve our understanding of what interventions deliver the most meaningful outcomes and support greater accountability around how public money is spent to deliver real-world outcomes. The new ODPs and their corresponding performance information will be used to inform future Spending Reviews.

Beyond these specific improvements, HM Treasury also sets a number of conditions in priority areas as part of each department's settlement, including in relation to governance, spending control and delivery. This helps ensure that public spending continues to deliver value for money. Departments then work with HM Treasury to monitor the delivery of these conditions and, as part of regular spending control, report their year-to-date spend and forecast outturn data on the Online System for Central Accounting and Reporting (OSCAR). This data is used by HM Treasury to make in-year spending decisions (including access to the Reserve) and provide forecasts to the independent OBR. HM Treasury also applies the principles of the Green Book to appraise new programmes and the Consolidated Budgeting Guidance to apply a framework for spending control.

HM Treasury and Cabinet Office also work with functional teams across departments to set consistent standards and build capability and capacity across government in functional areas. These departmental functional teams play a critical role providing assurance and scrutiny on planning, delivery and performance within departments.

The diagram below sets out the new planning and performance framework and the wider improvements being made to the overall performance system.



We are copying this letter to the Chair of the PACAC, Comptroller and Auditor General and the Treasury Officer of Accounts.

Best wishes,



Alex Chisholm

Civil Service Chief Operating Officer



Catherine Little

Director General, Public Spending, HM Treasury