



COUNT DOWN

Reforming the Cabinet Office

By Tim Ambler

DISCUSSION PAPER

EXECUTIVE SUMMARY

- The structure and working of the Cabinet Office is complex, confused and unwieldy;
 - The Cabinet Office does not appear to know how many people it employs and it is unclear how approximately one-fifth of the workforce contribute towards its priority outcomes,
 - Large recent increases in Cabinet Office spending are unexplained.
- Several key responsibilities of the Cabinet Office are better suited to other departments—its role should be limited to managing the civil service and coordinating policy formulation and delivery;
- Many of the Cabinet Office’s departments, agencies and public bodies should be privatised, closed, integrated into the core Cabinet Office or investigated by the National Audit Office;
- Various high profile groups within the Cabinet Office should be privatised, closed or moved to different departments;
- Significant reform is vital to ensure value for money for taxpayers and efficient governance;
 - One possible outcome of these reforms would reduce the Cabinet Office headcount to 1,286, i.e. by about 90%, through redistribution, restructuring, or redundancy.
 - This could be partly accomplished through the application of a reverse ‘Parkinson’s Law’—discovering what will not be done in the event of a drastic headcount reduction (before any redundancies take place) and easing numbers up until all essential work, and only that, is covered.

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ABOUT THIS SERIES

The UK government plans to reduce the civil service headcount by nearly 20%. We believe that deeper savings—bringing lower costs and greater efficiency—are easily possible. Whitehall has grown far more than 20% in the last seven years alone; and we have found most departments to be a confused clutter of overlapping functions and agencies. This series aims to cut through that clutter to suggest nimbler, lighter structures.

Whitehall departments have two functions: to manage policy and to provide services. We believe that services (such as passport provision) should be provided by executive agencies, without being swamped by the core department staff. We also believe that the cores could work, more effectively, with a fraction of their staff.

Deep staff reductions can be managed through natural turnover, early retirement, pausing non-essential recruitment and other methods. The result would be a slimmer, more focused civil service, better services for users and substantial savings for taxpayers.

HEADCOUNT AND REPORTING

In the case of the Cabinet Office (CO), neither reducing the civil service headcount, nor re-focusing the department on its principle functions, will be easy to achieve. The CO does not seem to know how many people it employs (recent estimates vary from roughly 2,000 to just under 13,000), while its complexity is indicated by an annual financial report that runs to over 200 pages — along with its 13 ministers, 61 special political advisers (SpAds)¹ and 5 permanent secretaries. It's time it was trimmed and simplified.

The original role of the CO was to coordinate the policies of other departments. Then, its staff hardly measured half a dozen. By 1981, its staff had grown to 514,² not counting the 32 'think tank' staff.³ By 2015, numbers had grown to 2,484,⁴ while the March 2022 payroll⁵ provides a headcount of 12,302 employees, including 878 in the Crown Commercial Service, one of the 22 agencies and public bodies⁶ with which the CO works, and 829 in the Big Lottery Fund.

Meanwhile the 2020/21 annual report⁷ identified 9,765 staff costing £671.5 million, (i.e., £68,766 per capita), compared with £599 million the previous year. Spending jumped from £1.095 billion to £1.883 billion, mostly from 'purchase of goods and services' — unexplained but up 150% in a year. At 200 pages, the annual report is excessively long: a far smaller and simpler presentation would be of more value to Parliament and the public.

1 Special Advisors are nominally under Cabinet Office control but work across government.

2 Parliament, 'Cabinet Office (Staff)', Jul 1982: <https://api.parliament.uk/historic-hansard/written-answers/1982/jul/21/cabinet-office-staff>

3 Parliament, 'Central Policy Review Staff (Manpower)', Jul 1982: [https://hansard.parliament.uk/Commons/1982-07-21/debates/3466a85f-7eaf-474f-ace7-0e3d384b3baa/CentralPolicyReviewStaff\(Manpower\)](https://hansard.parliament.uk/Commons/1982-07-21/debates/3466a85f-7eaf-474f-ace7-0e3d384b3baa/CentralPolicyReviewStaff(Manpower))

4 Gov.uk, 'Table 5a and 5b: staff numbers for the Cabinet Office', Nov 2015: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/476355/Page_53_-_Staff_numbers_for_the_Cabinet_Office.csv/preview

5 Gov.uk, 'Cabinet Office workforce management data 2021 to 2022', Mar 2022: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1077640/Cabinet_Office_headcount_and_payroll_data_for_March_2022.csv/preview

6 Gov.uk, 'Departments, agencies and public bodies': <https://www.gov.uk/government/organisations#cabinet-office>

7 Cabinet Office, 'Annual Report and Accounts 2020-21', Jul 2021: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1002878/15640_CO_Annual_Report_2020_2021_digital_temp.pdf

According to its website, the CO is responsible for:

- supporting collective government, helping to ensure the effective development, coordination and implementation of policy
- supporting the National Security Council and the Joint Intelligence Organisation, coordinating the government's response to crises and managing the UK's cyber security
- promoting efficiency and reform across government through innovation, better procurement and project management, and by transforming the delivery of services.

And also:

- promoting the release of government data, and making the way government works more transparent
- creating an exceptional Civil Service, improving its capability and effectiveness
- political and constitutional reform.⁸

The first item is the CO's main purpose. The second, security, should be clearly divided between the Foreign and Home Offices, with a Committee (not a department) to bring them together on important matters. The third item is really about saving money — properly a Treasury function, though it is by far the largest section within the CO, absorbing 84% of the staff (Appendix A).

But the CO's stated objectives seem to vary from year to year. The 2020/21 annual report identifies five 'strategic objectives' including to maintain the integrity of the Union, support the Prime Minister's priorities [emphasis added], deliver an orderly exit from the EU and 'make the Cabinet Office a great place to work', none of which are mentioned in this 2021/22 list. Plainly, the Cabinet Office Outcomes Delivery Plan,⁹ which clarifies the CO's missions (and headcount), has a long way to go.

DEPARTMENTS, AGENCIES AND PUBLIC BODIES

In 2016, the National Audit Office found Whitehall departments' use of arm's length bodies (ALBs), executive agencies (EAs), non-departmental public bodies (NDPBs) and other organisations to be confused and incoherent.¹⁰ Different departments define them in different ways; there is no single list of them across gov-

⁸ Gov.uk, 'About us': <https://www.gov.uk/government/organisations/cabinet-office/about>

⁹ Cabinet Office, 'Cabinet Office Outcome Delivery Plan: 2021 to 2022', Jul 2021: <https://www.gov.uk/government/publications/cabinet-office-outcome-delivery-plan/cabinet-office-outcome-delivery-plan-2021-to-2022>

¹⁰ NAO, 'Departments' oversight of arm's-length bodies: a comparative study', Jul 2016: <https://www.nao.org.uk/wp-content/uploads/2016/05/Departments-oversight-of-arms-length-bodies-a-comparative-study.pdf>

ernment, nor common understanding of when and what sorts of bodies are needed for particular functions. This hampers effective oversight, though the CO's Public Bodies Reform Programme is addressing this. However, there is clearly much more to be done, as a look at the CO itself reveals.

The CO's departments, agencies and public bodies¹¹ are listed below, with our recommendations:

- **The Prime Minister's Office** has grown substantially. Plans leaked in May 2022 would see it taking on further domestic, national security and intelligence policy, making it even larger. A major overhaul is required.
- **The Leaders of the Lords and Commons' Offices**, and the **Privy Council Office** should plainly not be separate bodies but integrated within the Cabinet Office.
- There are six advisory public bodies: the **Advisory Committee on Business Appointments**, the **Committee on Standards in Public Life**, the **House of Lords Appointments Commission**, the **Security Vetting Appeals Panel**, the **Senior Salaries Review Body** and the **Social Mobility Commission**. These are not comprised of employees and should be disbanded as formal units: the CO, like any other department, can call in advisers any time it likes.
- **The Civil Service Commission** has 40 staff, managing 91,000 appointments, almost double last year's total.¹² Strangely, it acts both as recruiter and regulator for the Civil Service, alongside the overall charge of the service within the Cabinet Office. No large commercial company duplicates its HR department in this way: it should be integrated.
- **The UK Statistics Authority**, which is listed as a CO body, should not be: it is independent of ministers and reports directly to Parliament and the devolved administrations.¹³
- **The Crown Commercial Service**, originally created as the government's buying agency, was criticised by the National Audit Office (NAO) in 2017.¹⁴ The cost of purchasing goods and services leapt 150% to £1.056 billion in 2020/21, up from £405 million in the previous year. If this Service is responsible, it should have explained why — and how this represents good value for money. The NAO should take another look.
- **The Government Property Agency and Estates Management**. These should be merged with internal Government Property functions and privatised. (Appendix B).
- **The Commissioner for Public Appointments** is part of the Civil Service Commission and should be rolled into the civil service.¹⁵

¹¹ Gov.uk, 'Departments, agencies and public bodies': <https://www.gov.uk/government/organisations>

¹² Gov.uk, 'Civil Service Commission Annual Report and Accounts 2020/21', Jul 2021: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1004543/6.7264_CSC_ARA_202021_v10_WEB.pdf

¹³ ONS, 'About us': <https://www.ons.gov.uk/aboutus>

¹⁴ NAO, 'Crown Commercial Service', Jan 2017: <https://www.nao.org.uk/wp-content/uploads/2016/12/Crown-Commercial-Service.pdf>

¹⁵ Commissioner for Public Appointments, 'Annual Report 2020-2021', Sep 2021: <https://39h2q54dv7u74bwyae2bp396-wpengine.netdna-ssl.com/wp-content/uploads/2021/10/OCPA-20-21-Annual-Report.pdf>

- **The Equality and Human Rights Commission**, the **Equality Hub** and the **Government Equalities Office**. One Commission is surely enough.
- **The Infrastructure and Projects Authority**. Its latest annual report¹⁶ gives no costs or headcount or overall business assessment, which raises a question mark over the commercial understanding of the authority. It reports on 184 projects, mostly rated amber (neither expected to be successful nor unsuccessful). The NAO 2016 report¹⁷ was unfavourable and perhaps another reassessment of the authority's value for money is necessary.
- **The Office of the Registrar of Consultant Lobbyists**. Other professional bodies, such as doctors or accountants, take care of such things for themselves — and at their own expense. So should lobbyists.

In summary, of these organisations, eleven should be integrated into the CO core, three should be closed, three should be privatised, one should remain as is and two should be investigated by the NAO.

HIGH PROFILE GROUPS

In addition to its steady growth in size, the Cabinet Office is in constant flux. Some of that is due to external causes, such as finalising Brexit and COP26, and some is due to specific initiatives advanced by the Prime Minister of the day. Accordingly, the CO's website lists 19 'high profile groups' within the main body of the CO (Appendix B).

For example, the **Efficiency and Reform Group** was formed in 2010 and helped secure £20 billion in savings. Remarkably, it was closed in 2014.¹⁸ A new **Modernisation and Reform Team** was announced last summer with a 10-page declaration of how the government will modernise. The 30 projected actions by the end of 2021 seemed ambitious,¹⁹ but 11 of them have now been achieved: in March 2022, £3.4 billion savings were announced.²⁰

This unit is also responsible for realising the benefits of Brexit. However, scrapping the multitude of EU regulations was never a possibility because the Trade and Cooperation Agreement requires a reasonably level regulatory playing field. Given that, the civil service's creation of new barriers and paperwork against EU goods seems folly.

¹⁶ Infrastructure and Projects Authority, 'Annual Report on Major Projects 2020/21', 2021: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1002310/IPA_AR2021_final_14Jul.pdf

¹⁷ NAO, 'Delivering major projects in government: a briefing for the Committee of Public Accounts', Jan 2016: <https://www.nao.org.uk/press-release/delivering-major-projects-in-government-a-briefing-for-the-committee-of-public-accounts/>

¹⁸ FindAtWiki, 'Efficiency and Reform Group': https://findatwiki.com/Efficiency_and_Reform_Group

¹⁹ Gov.uk, 'Declaration on Government Reform', Jun 2021: <https://www.gov.uk/government/publications/declaration-on-government-reform>

²⁰ Gov.uk, 'Government efficiency savings, 2021', Mar 2022: <https://www.gov.uk/government/publications/government-efficiency-savings-2021/government-efficiency-savings-2021>

The duplication and waste in the **Big Lottery Fund** (operating as The National Lottery Community Fund) is considerable. It is classified as executive non-departmental public bodies under the Department for Digital, Culture, Media & Sport, but listed as a Cabinet Office body in payroll reporting.

Big Lottery Fund employs 829 staff (March 2022 Cabinet Office payroll data) and distributed £580 million in grants (2020/21 annual report).²¹ It is not obvious why it takes so many people for this function and the NAO should be invited to investigate. The **National Lottery Distribution Fund** (NLDF)—an ALB attached to the Department of Culture, Media and Sport (DCMS) with no employees itself—shares out the net lottery proceeds through 12 ‘distributors’ including the Big Lottery Fund, Arts Council England, and the British Film Institute.²² It also pays for the **Gambling Commission** (£18 million in 2020-21), though arguably the gambling industry should pay for that.

Our recommendations for the 19 high profile groups (Appendix B) can be summarised as: no change in five, close two, move seven to executive departments, and privatise five.

TOP MANAGEMENT

Page 100 of the 2020/21 annual report shows that, as of 31 March 2021, the top team comprised 13 ministers (up from seven the previous year), 61 SpAds and five permanent secretaries. Of the 13 current ministers, four have no specific responsibilities, while the Minister for Defence, People and Veterans seems better placed at the MoD. There are four non-executive directors plus one from the Department for Levelling up.

Two of the five permanent secretaries have charge of the civil service. There are 12 ‘commissioners’, though the annual report, despite its size, does not tell us who they are, what they do or anything else about them.

RECOMMENDATIONS

1. The headcount employed by the CO needs urgent clarification.
2. Over 200 pages of accounts and notes is excessive for an annual report. They may all be necessary for legal purposes, but a far smaller and simpler presentation is needed for Parliament and the public. Major changes, such as the jump in net costs of goods and services, need explanation.

²¹ National Lottery Community Fund, ‘Annual Report and Accounts, 2020/21’, Dec 2021: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1042945/The_National_Lottery_Community_Fund_Annual_Report_and_Accounts_2020_to_2021.pdf

²² National Lottery, ‘Distributing the money’, <https://www.lotterygoodcauses.org.uk/funding/distributors>

3. Michael Gove's work, clarifying the CO's missions and quantifying the headcounts of the teams responsible for delivering each mission should be taken to its logical conclusion. This should determine the total CO approved headcount. We cannot be sure such a dramatic cut is feasible without conducting a "reverse Parkinson" exercise. Parkinson's Law means that work, however unnecessary, expands to fill the time available. The reverse exercise looks at what will not be done in the event of a drastic headcount reduction and then eases the numbers up until all the essential work, and only that, is covered. Obviously enough, this has to be done before any redundancies take place.
4. The CO's departments, agencies and public bodies should be rationalised. Eleven should be integrated into the central CO, three should be closed, three should be privatised, one should remain as is and two should be investigated for value for money by the National Audit Office.
5. The National Audit Office should also be invited to investigate the excessive costs in the DCMS and NLDF arts, sports, heritage and charitable causes funding systems.
6. Internal work groups should, as a priority, be aligned with the CO's strategy. Our recommendations for the present 19 high profile groups (Appendix B) can be summarised as: no change to five, close two, move seven to executive departments, and privatise five.
7. The new imports documentation and controls should be scrapped.
8. Recognising that the CO basically has two streams of work: managing the civil service and coordinating policy formulation and delivery, the CO itself should need no more than six ministers, six SpAds and two permanent secretaries.
9. One possible outcome of this would have the effect of reducing the CO headcount to 1,286, i.e. by about 90%.

WORKFORCE ALIGNMENT WITH PRIORITY OUTCOMES

PRIORITY OUTCOME	BUDGET (£M)	WORKFORCE (FTE)
Ensure the benefits of the Union are clear, visible and understood by all citizens	41.5	258
Seize the opportunities of EU Exit, through creating the world's most effective border to increase UK prosperity and enhance security	56.4	329
Secure a safe, prosperous and resilient United Kingdom by coordinating national security, crisis response, and the implementation of the Integrated Review	50	513
Improve levels of equality across the UK	19.6	162
Increase the efficiency, effectiveness and accountability of government through modernisation and reform, including through the work of the government functions	546.6	6,403
Total per Outcome Delivery Plan 2021/22²³	714.1	7,665
Total per 2020/21 annual report	701.5	9,765
Percent unexplained	-1.8	21.5

²³ Gov.uk, Cabinet Office Outcome Delivery Plan: 2021 to 2022: <https://www.gov.uk/government/publications/cabinet-office-outcome-delivery-plan/cabinet-office-outcome-delivery-plan-2021-to-2022#strengthening-the-union>

HIGH PROFILE GROUPS WITHIN THE CABINET OFFICE²⁴

CABINET OFFICE UNIT	RECOMMENDATION
Cabinet Office Board	Harmless and inexpensive: no change. Could be useful in debates about whether the PM or Cabinet is in charge.
Central Digital and Data Office	Last year the Government Digital Service (GDS) hived off (with about 100 staff) the Central Digital and Data Office (CDDO). ²⁵ GDS produced no annual reports or headcount numbers. Both units remain part of the Cabinet Office: CDDO will lead the digital data and technology function across departments and GDS will become the centre of the government's digital transformation of products, platforms and services. ²⁶ No change.
Civil Service HR	No change.
Conflict, Stability and Security Fund	This is a bad system, making most departments contribute piecemeal to the FCDO's functions and one where the FCDO picks up 90% of the costs anyway. Focus is sorely needed. Move to FCDO.
Disability Unit	Move to DHSC.
Evaluation Task Force ²⁷	The ETF's self-analysis is bland: "[Our] Theory of Change sets out our planned activities and illustrates how our activities lead to the intended outcomes." ²⁸ Privatise basic training as below.
Geospatial Commission	The Commission's Annual Plan ²⁹ is big on hype but low on what it is supposed to achieve, or performance metrics, or headcount or costs. The CO 2020/21 annual report refers 24 times to the Commission but usually mixed in with other initiatives. The cost of the Commission last year may have been £147 million. This should be an Executive Agency conforming to the rules and reporting for such agencies. Move to BEIS or privatise.
Government Commercial Function	Needs investigation for value for money by NAO.

²⁴ Gov.uk, 'Cabinet Office': <https://www.gov.uk/government/organisations/cabinet-office>

²⁵ PublicTechnology.net, 'Scores of GDS staff moved to new Central Digital and Data Office', May 2021: <https://publictechnology.net/articles/news/scores-gds-staff-moved-new-central-digital-and-data-office>

²⁶ Gov.uk, 'The next steps for digital, data and technology in government': <https://gds.blog.gov.uk/2021/04/06/the-next-steps-for-digital-data-and-technology-in-government/>

²⁷ Joint Cabinet Office-HMT unit not listed on Cabinet Office website.

²⁸ Gov.uk, 'Top Evaluations: Government', Mar 2022: <https://www.gov.uk/government/organisations/evaluation-task-force>

²⁹ Gov.uk, 'Geospatial Commission Annual Plan 2021/2022', Jun 2021: <https://www.gov.uk/government/publications/geospatial-commission-annual-plan-20212022/geospatial-commission-annual-plan-20212022>

Government Digital Service	No change – see above.
Government Property Function	Privatise with five-year contracts.
Government Skills and Curriculum Unit	Privatise with five-year contracts.
Leadership College for Government	Announced April 2022. Privatise with five-year contracts.
Modernisation and Reform	Move to HM Treasury.
National Leadership Centre/Council	One assertion that this is only for the most senior civil servants is contradicted by another saying its programmes are for “managers at all levels of the Civil Service”. Merge with Government Skills and Curriculum Unit/Leadership College for Government and privatise.
National security and intelligence	A Cabinet Office committee is needed to bring together external issues (FCDO - MI6 and GCHQ) and Home Office issues (MI5, police, Security Vetting), but not a department. Close.
Office for Veterans' Affairs	Should be Ministry of Defence or, better, the British Legion.
Office of the Parliamentary Counsel	Drafters of government legislation. 60 staff. ³⁰ No change.
Open Public Services	Nothing since 2014. Close.
Race Disparity Unit	Delegate to executive departments, e.g. DfE and DHSC.
United Kingdom Security Vetting	Move to Home Office as above.

³⁰ Gov.uk, 'About us': <https://www.gov.uk/government/organisations/office-of-the-parliamentary-counsel/about#corporate-information>

POSSIBLE WORKFORCE ALIGNMENT WITH PRIORITY OUTCOMES

PRIORITY OUTCOME	PROPOSED WORKFORCE (FTE)
Ministerial private offices and Privy Council office	200
Ensure the benefits of the Union are clear, visible and understood by all citizens. (per Gove)	258
Supporting collective government, helping to ensure the effective development, coordination and implementation of policy.	100
Coordinating the National Security Council, the Joint Intelligence Organisation, and cyber security. Crisis management. Secretariat of COBRA.	50
Communications and promoting the release of government data, and making the way government works more transparent.	50
<p>Leading a top class civil service improving its capability and effectiveness.</p> <p><i>The HR part of a global multinational can be as few as a dozen people. The numbers needed depend on what they are expected to do. Parkinson's Law will ensure work expands to occupy availability but it can be reversed. The Civil Service Commission numbers about 40, so it might be reasonable to target 100 staffing for this section, establish what essential work would not get done if that were implemented, and modify headcount accordingly.</i></p>	100
Seize the opportunities of EU Exit, through creating the world's most effective border to increase UK prosperity and enhance security. Also government efficiency and reducing regulation. (per Gove, if not transferred to Treasury).	329
Flexible staff available to assist any of the above units under pressure.	200
Total	1,286