

Celebrating 13 years of effective waste maximisation

**The accounts of the Department of
Government Waste, 1997-2010**



Department of Government Waste

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The Department of Government Waste was set up in 1997 with a remit to make Britain a world-leader in spending public money. From inception, our strategic objective has been to maximise expenditure and minimise frugality, in order to deliver sweeping cost inefficiencies for taxpayers. 13 years into our programme, we are proud to announce that we have attained levels of spending far exceeding the benchmark targets set out in the 1997 White Paper on Waste.

We have adopted a holistic approach to waste maximisation, developing cohesive partnerships with a wide range of government departments to ensure we implement a joined-up strategy.

This approach has yielded a number of new and innovative waste streams:

- Employing 4,567 ‘staff without posts’ in the civil service at a cost of £161 million a year¹.
- Losing £2.8 billion on tax credits through fraud, error and overpayment² including, paying £10 million to people who had died³.
- Spending £780 million on reorganising government departments and agencies⁴.
- Overseeing 1,148 quangos which employ 534,000 staff and cost the taxpayer £90 billion a year⁵.
- Spending £540 million on government advertising and PR a year⁶.
- Spending £62,485 on cut flowers and pot plants in one department in the last 3 years⁷.
- Investing in a ‘contemplation suite’ and massage room⁸ for one department in order that “it doesn’t look like an office; it looks like a luxury cruise liner”⁹.
- Spending £250,000 on Ministerial photoshoots and videos in the past 3 years¹⁰.
- Spending £8 million on merchandising and promotional items, including government branded lip balms, beanie hats, fairy cakes and crayons.

Departmental Strategic Objectives (DSOs):

We have a challenging delivery agenda, anchored around four key Departmental Strategic Objectives:

1. Systemic lack of competence
2. Diseconomies stemming from an over-reaching government
3. Challenging the belief that taxpayers’ money should be respected
4. Pushing the boundaries of wasteful spending

This report charts the Department’s progress against the ambitious targets set out for us in the 1997 Waste White Paper.

1. Systemic lack of competence

DSO assessment: Continued progress

We have continued to increase our level of incompetent spending which has spanned fraud and error; commissioning projects only to scrap, delay or change them; and inefficient management of expensive IT projects. We intend to build on these strong foundations in the coming five years.

Fraud and error

- £3 billion or 2.2 per cent of total benefit expenditure was overpaid in 2008/09 due to fraud and error¹¹.
- Fraud, error and overpayments in the tax credit system have led to £2.8 billion being wasted since its introduction¹².

Delaying, scrapping or changing projects

- The National Audit Office has estimated that delays to the procurement of defence equipment will add an extra £733 million to the total costs. The Defence Committee concluded there is spending of “hundreds of millions of pounds a year on unproductive activities”¹³.
- Budgets have continued to be blown on road building projects. In 2006, the Public Accounts Committee found that 36 out of 59 completed schemes cost 40 per cent more than originally estimated. Current schemes are running at 27 per cent over initial estimates with 13 schemes alone costing £821 million more than their initial estimates¹⁴.

Inefficient management of IT projects

- Overseeing the collapse of the C-NOMIS IT system for offender management, which was intended to provide a combined system for prisons and probation. The National Audit Office concluded that “the full financial impact of the delays and rescoping of the programme is uncertain but is likely to be at least £41 million”¹⁵.
- Spending on the NHS IT programme has continued to rise. It was originally intended to cost £6.2 billion but costs have now doubled to over £13 billion¹⁶.

2. Diseconomies stemming from an over-reaching government

DSO assessment: Strong progress

The Department has continued to increase in size and has facilitated the exponential growth of quasi non-governmental organisations (quangos). We have focused heavily on spin, advertising and surveys in order to minimise value for money to the taxpayer.

- There were 1,148 quangos in the UK in 2008, employing 534,000 staff at a cost of £90 billion (equivalent to £3,640 per household)¹⁷.
- We have established a Framework Agreement to pay for £4 billion worth of public sector consultants over the next three years¹⁸.
- In order to better influence ourselves, public sector organisations spent £4 million on hiring political consultants to lobby government in 2007/08¹⁹.

- £2.5 billion spent on marketing and communications²⁰.
- £70,000 on a survey to prove a government model for funding regional news was in line with public opinion, while a simultaneous survey was commissioned by the BBC to show the opposite view at a cost of £125,959²¹.

Challenging the belief that taxpayers' money should be respected

DSO assessment: Strong progress

The Department has maintained a high level of performance in ensuring that waste streams are maximised and fully utilised. We have been keen to ensure that colleagues work in luxurious offices, so we have overseen a number of important refurbishments at maximum cost. We have also invested in key resources such as pot plants, art work and branded goods.

Significant investments have included:

- Refurbishments such as the £3 million on the DCFS offices including an on-site massage room and contemplation suite²²; £2.7 million on new furniture²³ and £470,000 for four art installations²⁴ for the new MoJ (which itself cost £131 million to revamp)²⁵; and £667,000 on one floor of the DECC²⁶.
- Planned spending of £70 million a year on flights for civil servants as part of the Government Air Programme, of which £15 million a year will be on flights within the UK (excluding the Armed Forces and MoD)²⁷.
- £1.1 million on entertainment by BIS between 1 December 2008 and 30 November 2009²⁸.
- £8 million on merchandising and promotional items including government branded lip balms, beanie hats, fairy cakes and crayons.
- £250,000 on Ministerial photoshoots and videos in the past 3 years²⁹.
- £120,000 on pot plants³⁰ and £12,000 on branded golf balls by BIS³¹.
- £232,000 by the MoD on 8 paintings³².

Pushing the boundaries of wasteful spending

DSO assessment: Strong progress

The Department has continued to focus on promoting excellence in this area. Our vision is to enable a culture of wastefulness throughout government. We seek to give people a chance to shine by providing opportunities for profligacy.

Particular achievements include:

- £48,000 on a kinetic light sculpture for display in the British Embassy in Madrid. The sculpture measures 183cm in height, making it just taller than the average British male³³.
- £240 on a 'natural horsemanship' course which teaches participants the philosophy of working with a horse³⁴.

- £9,450 on live streaming between two different areas at the same event³⁵.
- £6,000 on painting government vehicles with a new brand³⁶.
- £900 on promotional golf umbrellas for ‘accompanying very important personalities’ between a hotel and media centre marquee within the hotel grounds³⁷.
- £6,000 on deluxe espresso machines ‘in beautiful polished chrome’ for the nine new but empty Regional Fire control rooms³⁸.
- £30,000 for an art installation of 1,440 hand-turned plumb bobs suspended from a ceiling in the British Embassy in Yemen³⁹.

“At the Department of Government Waste, spending your money is not just a privilege; it’s a duty. Our track record over the last 13 years is one of goal-realisation, spending-prioritisation, and waste-maximisation. And we will go on developing further waste streams if Labour win the next election. So if you want five more years of government waste, make sure you vote Labour on polling day.”

Robin Ewe, Secretary of State for Government Waste

¹ Series of Parliamentary Questions from June 2009 to February 2010 by Francis Maude

² Fraud, error and overpayments in the tax credit system have led to billions of pounds being wasted. In the first four years after Tax Credits were introduced, the Government made overpayments worth £7.3 billion, of which they had recovered just over one third - £2.7 billion by March 2008. £1 billion worth of overpayments has already been written off, and the Public Accounts Committee estimates that half of the outstanding £3.6 billion will never be recovered. This includes approximately £10 million in tax credits that has been paid out to dead people since 2003 (Public Accounts Committee, *Tax Credits and Income Tax*, 24 March 2009, para. 6 and *Hansard*, 8 Oct 2007, Col. 244W, 10 July 2008, Col. 1786W, 29 Jun 2009, Col. 24W).

³ Public Accounts Committee, *Tax Credits and Income Tax*, 24 March 2009, para. 6 and *Hansard*, 8 Oct 2007, Col. 244W, 10 July 2008, Col. 1786W, 29 Jun 2009, Col. 24W

⁴ National Audit Office, *Reorganising Central Government*, 18th March 2010

⁵ Taxpayers Alliance, *ACA to YJB: A Guide to the UK’s Semi-Autonomous Public Bodies*, 26 October 2009

⁶ Central Office of Information, *Annual Report and Accounts 2008-09*, July 2009

⁷ *Hansard*, 14th December 2009, col.668W

⁸ *The Daily Mail*, 29th September 2009

⁹ *Wakefield Express*, 2nd October 2009

¹⁰ Analysis of answers to Parliamentary Questions, 2009/10

¹¹ DWP, *Fraud and error in the Benefit system: April 2008 to March 2009*, 2009

¹² See footnote 2

¹³ Defence Select Committee, *Sixth Report*, 4th March 2010, Session 2009-10

¹⁴ Public Accounts Committee, *Estimating and monitoring the costs of building roads in England*, October 2007; Department of Transport, *Highways Agency Major Roads Programme: Updated Scheme Cost Estimates*, 16th July 2008

¹⁵ NAO, *The National Offender Management Information System*, 12th March 2009

¹⁶ Public Accounts Committee, *The National Programme for IT in the NHS*, March 2007; National Audit Office, *The National Programme for IT in the NHS: Progress since 2006*, 16th May 2008

¹⁷ Taxpayers Alliance, *ACA to YJB: A Guide to the UK’s Semi-Autonomous Public Bodies*, 26 October 2009

¹⁸ OGC Buying Solutions, Contract Notice 2009/S 60-086533, May 2009

¹⁹ Taxpayers Alliance, *Taxpayer Funded Lobbying and Political Campaigning*, August 2009

²⁰ HM Treasury, *Operational Efficiency Programme: back office operations and IT*, May 2009

²¹ *Hansard*, 12th October 2009, Col. 278W and FOI request

²² *The Daily Mail*, 29th September 2009

²³ *Hansard*, 26th November 2008, c1657W

²⁴ *Hansard*, 2nd July 2008, c952W

²⁵ *Hansard*, 26th November 2008, c1657W

²⁶ *Hansard*, 5th January 2010, col. 308W

²⁷ *Hansard*, 24th April 2009, col. 985W; *Hansard*, 21st July 2009, col. 1349W

²⁸ *Hansard*, 10th February 2010, col. 1116W

²⁹ Analysis of answers to Parliamentary Questions, 2009/10

³⁰ *Hansard*, 2nd June 2008, col. 778W

³¹ *Hansard*, 11th Nov 2008, col. 1129W

³² *Hansard*, 16th November 2005, col. 1241W

³³ Government Art collection, *Annual report*, 2008-09

³⁴ *Hansard*, 14th January 2009, col.733W

³⁵ *Hansard*, 6th October 2008, col. 231W

³⁶ *Hansard*, 10th November 2008, col. 847W

³⁷ *Hansard*, 6th October 2008, col. 231W

³⁸ *Hansard*, 15 March 2010, col. 665W

³⁹ Government Art collection, *Annual report*, 2007-08