HM Treasury

Treasury Minutes

Government response to the Committee of Public Accounts on the Twenty-Seventh to the Thirty-First reports from Session 2021-22

CP 631 February 2022

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by the Exchequer Secretary to the Treasury
by Command of Her Majesty

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Government response to the Committee of Public Accounts Session 2021-22

Twenty-Seventh Report of Session 2021–22

Department for Business, Energy & Industrial Strategy

Green Homes Grant Voucher Scheme

Introduction from the Committee

The government aims to achieve net zero carbon emissions by 2050. Buildings account for around 19% of all UK greenhouse gas emissions. To reduce emissions from homes the government wants consumers to use less energy, make greater use of green heating systems (alternatives to gas and fossil fuels) and for home heating to be more efficient. The Department for Business, Energy & Industrial Strategy (the Department) has overall responsibility across government for achieving net zero. In July 2020, as part of the government's 'green recovery' from the pandemic, the Chancellor of the Exchequer announced the Department's Green Homes Grant Voucher Scheme (the Scheme) with funding of £1.5 billion made available. The Scheme offered homeowners the opportunity to apply for up to £5,000 funding (£10,000 for low-income households) to install energy efficiency improvements and low carbon heat measures in their homes, such as insulation, heat pumps, energy efficient windows and doors, and heating controls. Homeowners were expected to identify a certified installer and apply for vouchers with the installer receiving the grant funding once they had fitted the measure.

The Scheme opened to voucher applications from the public in September 2020. In November 2020, the Department announced that the Scheme would be extended from March 2021 to March 2022. At about this time, however, evidence began to emerge that the Scheme was not issuing vouchers as quickly as expected and consequently homeowners and installers were starting to raise concerns. On 27 March 2021, the Department announced it would close the Scheme to applicants as originally planned at the end of March 2021.

Alongside the voucher Scheme, the Department also launched a series of building decarbonisation schemes delivered through local authorities, including the Green Homes Grant Local Authority Delivery Scheme and the Social Housing Decarbonisation Fund Demonstrator, which were aimed at domestic properties, and the Public Sector Decarbonisation Scheme, aimed at non-domestic public sector buildings.

The Department has recently announced plans to introduce a Boiler Upgrade Scheme, to support the transition from gas boilers to heat pumps in buildings. This is part of its wider Heat and Buildings Strategy that sets out its longer-term plans to achieve building decarbonisation in the United Kingdom, which itself is part of Government's ambitions to reach Net Zero by 2050.

Based on a report by the National Audit Office, the Committee took evidence on 22 April 2021 and 22 July 2021 from HM Treasury, the Department for Business Energy and Industrial Strategy, and the British Business Bank. The Committee published its report on 1 December 2021. This is the government's response to the Committee's report.

Relevant reports

- NAO report: Green Homes Grant Voucher Scheme – Session 2021-22 (HC 302)
- PAC report: Green Homes Grant Voucher Scheme – Session 2021-22 (HC 635)

Government response to the Committee

1: PAC conclusion: The Department's failure to deliver a viable scheme has damaged confidence in its efforts to improve energy efficiency in private domestic homes.

1: PAC recommendation: The Department needs to regain the confidence of consumers and industry if it is to realise the ambitions set out in the recently published Heat and Buildings Strategy. Alongside its Treasury Minute response to this report, the Department should:

- ***set out the measures it will use to assess whether consumers are indeed opting to install measures to decarbonise their homes at a rate consistent with delivery of net zero; whether the supplier market is building its capacity quickly enough to match likely demand and, in particular whether sufficient steps are being taken to train the number of skilled workers that will be needed to install these measures;***
- ***spell out the interim milestones by which future progress should be judged; and***
- ***commit to reporting not only what has been done but also measures of what still needs to be done to deliver net zero, for example the number of homes in the UK yet to meet the expected insulation and heating standards.***

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Winter 2022

1.2 Department for Business, Energy and Industrial Strategy (BEIS or the department) officials and Ministers regularly engage with industry stakeholders to understand key challenges and inform policy design. For example, the new Net Zero Buildings Council brings together representatives from industry, academia, consumers and local government to support the successful delivery of the Heat and Buildings Strategy, and a new Home Decarbonisation Supply Chain Engagement Group will convene trade body and other sector representatives in a regular forum. A recent Infrastructure and Projects Authority (IPA) Review recognised the department had developed a deeper analytical approach to understand and engage with the supply chain, which will inform the broader Programme and Portfolio.

1.3 Ensuring consumers have access to independent and government-endorsed information on energy efficient home upgrades is a priority. The Simple Energy Advice (SEA) service provides homeowners with impartial and tailored guidance on how to reduce energy bills and make their homes greener, as well as which government schemes they may be eligible for. In the Net Zero Strategy, the department committed to enhancing the SEA and moving it to GOV.UK.

1.4 The department plans to commission ongoing supply chain research on the materials, products and labour needed to install the measures included in our home retrofit schemes to report in 2022-23, as well as commissioning longer term social research insights to better target our interventions to support future market growth. This will help understand how far the supplier market is building capacity and what further interventions may be required.

1.5 The government recognises the need for a skilled and robust supply chain to deliver the improvements to buildings necessary to meet our net zero targets. Since 2018, the department has launched a £6.9 million skills competition to provide up to 8,000 training opportunities and provided £4.7 million funding for six pilots, testing innovative approaches for growing the energy efficiency installer supply chain. In 2021-22 the department made £15 million funding available, enabling public sector organisations to access the skills needed to develop heat decarbonisation plans for schools, hospitals and other public buildings.

1.6 The department reports on a set of indicators to Number 10 Downing Street and cross-government boards. Internal collaboration to strengthen alignment on reporting will further enable effective policymaking. The BEIS Outcome Delivery Plan will include trajectories for heat pump deployment and the improvement in EPC ratings for homes, showing how much has been achieved and how much still needs to be done. The regular English Housing Survey tracks improvements in the energy efficiency of the national building stock from any measures consumers have opted to have installed. BEIS publishes a range of energy efficiency statistics, including monthly publications on Household Energy Efficiency and the Green Homes Grant scheme, providing transparent reporting on installation delivery.

1.7 Recognising the need for proactive engagement with consumers and installers, the department is developing communications that will reinforce the benefits of energy efficiency installations to reducing energy bills and supporting our net zero target. The department has pledged to report annually on progress towards its public commitments, including interim milestones, as outlined in the Net Zero Strategy.

2: PAC conclusion: Despite clear warning signs, the Department proceeded with an unrealistic implementation timescale for the Green Homes Grant Voucher Scheme.

2: PAC recommendation: The Department should:

- ***set out how it will improve its approach to testing and assuring the readiness of new programmes; and***
- ***where the Department is unable to take these actions, consider requesting a Ministerial Direction, bearing in mind its obligations under Managing Public Money to have regard for the feasibility of what is being proposed.***

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Winter 2022

2.2 As part of the governance approvals for investments, the Accounting Officer assesses whether a ministerial direction is required. Having assessed the risks associated with the Green Homes Grant Voucher (GHGv) scheme's implementation timescale, the Accounting Officer gained assurance from HM Treasury that flexibility to shift a proportion of spending into the subsequent financial year would be considered, and £320 million was allocated in the 2020 Spending Review for the 2020-21 financial year. The Government Digital Service's (GDS) independent assessment and approval of the initial digital product also provided assurances. In light of this, and the departmental record of delivering similar schemes, a ministerial direction was not considered to be required in this case.

2.3 Since Summer 2020 BEIS has reinforced the team responsible for the control environment for investment appraisal, allowing greater attention to be given to each project. A new director-level head of project delivery profession has been appointed, who attends the Executive Committee and reports to the Permanent Secretary. A new Implementation and Delivery Directorate (IDD) has been created to support projects through the whole life cycle, for example by recruiting Delivery Business Partners.

2.4 Within the IDD, the Delivery Capability team is responsible for continuously developing BEIS' delivery profession and capability. For example, by setting up a Project Assistance Team to support key projects and recruiting Project Delivery Business Partners to provide delivery assistance to groups/Programmes.

2.5 However, the department recognises the need to enhance this area as part of its strategic transformation into a delivery department. To that end, the Delivery Transformation Programme (DTP) aims to improve delivery capability across the department. The DTP has created a new BEIS Project Delivery Lifecycle - as part of the BEIS Project Delivery

Framework (BPDF) – which includes procedural guidance and advice on best practice for project initiation. The BPDF is being developed further with more detail, templates and best practice being implemented during early 2022.

2.6 To support the assurance of Programmes readiness, an external review will consider the department's Tier 1 Governance structures this year (2022).

3: PAC conclusion: The Scheme's design was overly complex and did not sufficiently address the needs of consumers and installers.

3: PAC recommendation: The Department should set out what steps it is taking to:

- ***secure meaningful engagement with potential consumers in the design of new programmes and minimise the risk that the scheme design proves to be unworkable;***
- ***ensure that the costs of administration are proportionate to the delivery of outcomes and the amount of public money at stake.***

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The department recognises the impact that the shortened timescale had on officials' ability to meaningfully engage with consumers and installers, and that the scheme administrator's digital delivery complicated these processes.

3.3 The pace of the GHGv scheme delivery led to some policy design decisions that added complexity to the user experience. However, key elements of the scheme design were informed by important learnings from previous schemes, including the prioritisation of robust quality assurance and customer protection.

3.4 This necessarily drove the quality standard requirements for tradespeople to be registered with TrustMark and have the relevant trade certifications, in line with the recommendations set out in the 2016 Each Home Counts (EHC) review. The department remains committed to implementing the outcomes of the EHC review and the importance of high standards in retrofit, including the transition to the Publicly Available Specification (PAS) 2030/2035:2019, which represent an industry-wide approach to ensuring quality home retrofit and consumer protection.

3.5 Nevertheless, it is recognised that policy implementation can be improved. For each proposed policy development, the department aims to undertake robust public consultation to gather views of potentially affected stakeholders and seek feedback from consumers on the effectiveness of policy implementation.

3.6 All policy development is underpinned by the Policy Profession Standards, which defines the skills and knowledge required from all UK Civil Servants involved in policy work. Lessons learned from the GHGv scheme are being shared across the department and will inform the development of future schemes.

3.7 The department determines whether planned large investments are supported by a sound, good quality business cases, are deliverable and offer value for money through the Projects and Investment Committee (PIC). The PIC acts as a formal, internal gateway, which provides advice to the Accounting Officer on whether all Accounting Officer issues in business cases have been identified, assessed and managed in accordance with the HM Treasury guidance on Managing Public Money. Where a business case does not provide sufficient justification, it ensures that the Accounting Officer informs the Secretary of State, and, where necessary, obtains ministerial direction.

4: PAC conclusion: The creation of jobs was a priority for the Scheme, but the Department failed to maximise its impact on employment.

4: PAC recommendation: In planning and implementing the new Boiler Upgrade Scheme, the Department should engage closely with potential suppliers to properly understand the challenges they may face to scale up, including training sufficient numbers of appropriately skilled workers, and ensure the availability of suppliers across the country.

If the Department sets an objective to create jobs it should put in place robust processes for measuring the number of jobs actually created rather than just rely on estimates derived from economic modelling.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Winter 2023

4.2 The government is engaging closely with potential suppliers, both directly and through the BEIS-led Electrification of Heat Task Group. The government is also working closely with industry to ensure that high-quality heat pump training is available, both for new entrants to the heating sector and existing heating installers who do not have heat pump experience.

4.3 In August 2021, the Heat Pump Association launched a new upskilling course for existing heating engineers. This course can be completed in under a week and industry has capacity to upskill over 7,000 heating installers per year to install heat pumps.

4.4 Job creation will be a benefit of the Boiler Upgrade Scheme (BUS) because of the increased installation numbers that are expected to be delivered through financial incentives for customers. The BUS will support approximately 2,100 direct full-time equivalents (FTE) and 1,800 indirect FTE. Scheme monitoring and evaluation will provide evidence on installer numbers and how these develop through the lifetime of the scheme. Ongoing industry engagement will provide supplementary market intelligence on staff training and upskilling numbers, increasing clarity on supply chain developments.

4.5 The department is working closely with industry ahead of the Domestic Renewable Heat Incentive scheme's closure and BUS launch, to provide clarity on BUS eligibility requirements and ensure the supply chain has the capacity to deliver. Industry stakeholders have signalled confidence in the industry's ability to deliver 30,000 installations in year one of the scheme based on current installer numbers, and planned training.

4.6 The department will be establishing the Green Jobs Delivery Group, a commitment in the Net Zero Strategy, to be the central forum through which government, industry and other key stakeholders work together to ensure that the UK has the workforce needed to deliver a green industrial revolution. The Group will include Ministerial representation and will be co-chaired by an industry representative.

4.7 The GHGv scheme aimed to support jobs that were at risk during the pandemic. The scheme's independent evaluation is using qualitative and quantitative research methods to assess how suppliers responded to the scheme and its impact on jobs.

4.8 The department's policies are expected to fulfil requirements set out in the published Monitoring and Evaluation Framework. This includes having good quality monitoring and evaluation that is linked to policy objectives and evidence needs, including jobs where appropriate. From 2022-2024, the department will be exploring data science methods to monitor trends in jobs for the wider Net Zero strategy using online vacancy advert data.

5: PAC conclusion: The Department appointed a contractor without properly understanding whether it could deliver.

5: PAC recommendation: In its Treasury Minute response, the Department should set out how it will improve the technical scrutiny of bids during its procurements, to better assure the capability of suppliers and the practical feasibility of their proposals, particularly where a bidder is promising considerably more than others.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The department carries out due diligence checks at all stages of a procurement and considers in-house solutions and delivery through public sector bodies, as recommended elsewhere in this document.

5.3 Before a procurement the department will:

- where appropriate, consider a two-stage process to get suppliers involved earlier in the design, subject to necessary non-disclosure agreements,
- undertake a robust assessment of the key suppliers in the market against the proposed route to market to maximise delivery confidence, including track record, using early engagement to build interest, shape the specification and test the evaluation criteria and key requirements,
- analyse the standard Crown Commercial Services (CCS) framework contract to ensure it offers sufficient protection if things go wrong and regular contract break points. Even if the scope of services is a match, the lack/inadequacy of appropriate relevant clauses should mean the framework agreement procurement route is dismissed and a different route offering greater protection and benefits chosen,
- collaborate with CCS for urgent, high value and critical procurements,
- confirm with CCS original award criteria for suppliers (to be on the framework), identify and mitigate gaps with appropriate questions and evaluation criteria. Implement the government's Sourcing Playbook advice on clarity of specification, designing evaluation criteria and avoiding a bias towards low-cost bids, and
- engage GDS to help develop evaluation criteria for relevant IT systems and assess example or pilot software.

5.4 Once bids have been received, the department will:

- carry out all checks permitted under the Public Contract Regulations and its forthcoming replacement legislation
- ensure a thorough evaluation of the implementation plan from bidders with appropriate reality checks from experienced evaluators.
- where appropriate, check sustainability of pricing received in supplier bids through forensic accountancy and where material variances exist, consider undertaking an Abnormally Low Bids assessment.
- where timing permits, explore deliverability and the implementation plan of the preferred supplier before contract award, including meeting, briefing and establishing faith in their mobilisation team and exploring all issues/dependencies raised by evaluators during assessment.

6: PAC conclusion: The Department has persistently failed to learn lessons from previous energy efficiency schemes.

6: PAC recommendation: The Department should set out in its Treasury Minute response how it is embedding lessons learned from this scheme and previous schemes, and how it will ensure these are applied to future energy efficiency initiatives.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The pace of delivery and magnitude of investment meant that GHGv was a challenging scheme to deliver from the outset, the scale of which was amplified by the COVID-19 pandemic.

6.3 Lessons learnt from this scheme provide valuable insight into the challenges similar schemes face and will be used by senior officials when designing and planning future projects.

6.4 The department has a repository to facilitate lessons sharing between projects. In business cases, teams need to explain which projects they have engaged with prior to PIC review and approval. PIC challenges projects that have not mitigated previous failures sufficiently and tasks them with addressing this.

6.5 Other lessons and initiatives include:

- an independent evaluation to assess the effectiveness of the GHGv scheme, due for publication in Autumn 2023, will be shared across energy efficiency schemes.
- Briefings and presentations on lessons learned to relevant teams in the department including the PIC, the Performance and Risk Committee, and the Audit and Risk Assurance Committee, the Heat and Buildings Portfolio Board and the Delivery Transformation Board,
- cross Whitehall briefings and lesson cascades in Winter 2021, involving around 100 representatives from HM Treasury, No 10 Downing Street, DEFRA and BEIS colleagues, and
- a new programme to transform the department's delivery capability ensuring both effective delivery of major projects and that priority outcomes and project metrics are met. It focuses on upskilling the department's delivery knowledge and ability, considering lessons as part of project initiation and design.

Twenty-Eighth Report of Session 2021-22

HM Treasury and the Cabinet Office

Efficiency in Government

Introduction from the Committee

Government spending and borrowing has reached record levels since the end of World War Two. As part of its response, government is aiming to become more efficient in its management of the public finances. Improving efficiency in government means being able to spend the same or less to achieve the same or better outcomes. This year's Spending Review saw HM Treasury set resource and capital budgets for departments for the period 2022–23 to 2024–25—the first time it has set multi-year budgets since 2015. Ahead of the Spending Review, in April 2021 the Treasury asked government departments to set out where they might achieve efficiency savings of around 5%—a substantial amount. The Treasury worked with departments over the summer of 2021 to refine their plans. This follows a decade of previous efficiency drives, meaning departments are likely to have had to be more creative in how they attempt to improve efficiency. The multi-year component offers the chance to make plans which have more of a medium-term focus than a standard single year Spending Review.

Based on a report by the National Audit Office, the Committee took evidence on 13 September 2021 from HM Treasury and the Cabinet Office and published its report on 3 December 2021. This is the government's response to the Committee's report.

Relevant reports

- NAO report: Efficiency in government – Session 2021-22 (HC 303)
- PAC report: Efficiency in government – Session 2021-22 (HC 636)

Government response to the Committee

1. PAC conclusion: The pandemic has demonstrated the importance of departments retaining sufficient capacity to respond to emergencies when identifying potential efficiencies.

1: PAC Recommendation: The Treasury and the Cabinet Office should set out what they have learnt from the COVID-19 pandemic about the relationship between perceived efficiency and dealing with unexpected events, and how this has been incorporated into the latest efficiency plans.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Government agrees that plans should be put in place to allow a response to crises; and that efficiency measures must be genuinely deliverable and not impede those plans. The pandemic demonstrated that the spending framework has sufficient flexibility to respond to crises by providing time limited funding at short notice.

1.3 For example, accessing the resourcing requirements for responses to unexpected events or emergencies are now part of the Outcome Delivery Plan guidance from 2022-23, ensuring that this is considered early alongside efficiency decisions. Cabinet Office (Civil Service Human Resources) works with government departments to ensure that robust and flexible departmental resourcing plans are in place, including a range of options such as redeployment, internal surge models and other flexible resourcing routes.

1.4 In addition, HM Treasury guidance requires departments to retain flexibility in their budgets to be able to respond to unexpected events: Consolidated Budgeting Guidance, requires departments to identify around 5% of their DEL budgets for the purpose of contingency planning. This can be in the form of an unallocated provision within their budget or a list of options to reprioritise resources if needed.

1.5 HM Treasury also recognised the need for deliverable efficiency measures. A savings and efficiency exercise was conducted ahead of the most recent Spending Review; HM Treasury and Government functions scrutinised deliverability of the plans put forward by departments. Appreciating the need for efficiency measures to be deliverable alongside maintaining service delivery, HM Treasury has incorporated this into efficiency planning. So, for example, when developing plans for headcount reductions to wind down staffing increases required to respond to EU Exit and the pandemic, the targets have been set excluding operational staff recognising their role in delivering essential services.

1.6 HM Treasury has been considering the lessons learnt throughout the pandemic. As the previous Chief Secretary to the Treasury set out in his letter to the Treasury Committee in April last year, responding to the pandemic required HM Treasury to use the spending control framework more flexibly than during 'normal' times. For example, the Treasury increased delegated authority limits to enable departments to respond more quickly than during ordinary business. And, of course, departmental budgets were significantly increased at short notice to respond to the unprecedented pressures placed on them.

1.7. In addition, the pandemic exposed different approaches taken to forecasting of expenditure across departments and the challenges of forecasting new, demand-led programmes. Given the importance of forecasting in ensuring resources are properly allocated, the Treasury has prepared a new forecasting framework to support departments. The Treasury also facilitated a review for the Civil Service Board of the application of the Accounting Officer (AO) processes during the initial phases of the pandemic which identified various lessons, including the need for more support to AOs and on the role of the Finance Function. Revised AO assessment guidance was published in December 2021. The Treasury has committed to writing to the Committee with a fuller assessment of lessons learnt, building on the former Chief Secretary's letter, later this year.

2. PAC conclusion: Past experience shows that attempts to improve efficiency can inadvertently reduce the quality of services or increase costs elsewhere – what this Committee has called cost shunting.

2: PAC recommendation: HM Treasury should ensure that, in their efficiency plans, departments consider what the potential impact might be on service users, and that data around user behaviour and sentiment is tracked as programmes are implemented.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 HM Treasury published at Spending Review 2021 (SR21) an updated set of Priority Outcomes and Metrics. The outcomes capture the real-world impacts for public service users that departments have committed to achieve with their SR21 settlements. Agreed metrics are being used to track these impacts and include metrics that measure user sentiment with public services. Departments are required to report on their progress against these metrics, which enables Ministers and officials to identify outcomes at risk of not being achieved and take prompt action to improve performance.

2.3 Treasury guidance also requires departments to consider the impact of their plans on the wider economy and service users. For example, the Green Book (2.3) requires departments to appraise social value, also known as public value, based on welfare economics principles and ideas and concerns overall social welfare efficiency, not simply economic market efficiency. Therefore, social or public value includes all significant costs and benefits that affect the welfare and well-being of the population (eg, carbon impacts), not just market effects.

2.4 The Green Book (2.12) also guides users to run stakeholder workshops to consider the longlist analysis and selection of the shortlist, including key experts and stakeholders. This method brings together the results of research, advice of experts, and knowledge of stakeholders

2.5 In addition, the Magenta Book (1.1) instructs users to include an evaluation that is useful, credible, robust, proportionate and tailored to the needs of various stakeholders, such as decision-makers, users, implementers and the public. The outputs should be usable and valuable by responding to potential users' needs.

2.6 And in its recent Efficiency and Savings exercise, HM Treasury required departments to demonstrate that their savings and efficiencies proposals were credible and deliverable. Starting before the formal launch of the Spending Review, HM Treasury commissioned departments to identify efficiencies and savings in line with Green Book principles. The proposals were then reviewed, where appropriate, by the Government functions.

2.7 The Chief Secretary to the Treasury led a process of engagement in summer 2021 to test departmental savings and efficiency proposals to test whether proposals were deliverable. This process also involved the Government Functions reviewing relevant efficiency proposals to ensure they were realistic and deliverable. These sessions agreed steps for departments, Government Functions and HM Treasury to further develop plans before being agreed at the Spending Review.

3. PAC conclusion: Previous efficiency programmes have over-promised and under-delivered.

3: PAC recommendation: HM Treasury need to ensure plans are subject to adequate challenge, testing the realism of departments' expected savings, and considering the use of pilots where appropriate.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 HM Treasury recognises the need to underpin the planned efficiencies and savings agreed through SR21 with departmental plans for delivery. SR21 confirmed savings of 5% against day-to-day central departmental budgets in 2024-25 from the Efficiency and Savings exercise ahead of Spending Review 21. The Chief Secretary to the Treasury led a process of engagement in summer 2021 to test departmental savings and efficiency proposals to test for deliverability. This process also involved the Government Functions reviewing relevant efficiency proposals to ensure they were realistic and deliverable.

3.3 HM Treasury tests, and reviews business cases and departmental benefits realisation plans in practice through the spending control process led by HM Treasury spending teams. Spending teams use gated approvals such as Major Project Review Groups (MPRG) or Treasury Approval Panels (TAPs) to review departmental projects or programmes to test whether they are suitably designed to deliver the desired outcomes. HM Treasury also works closely with the Cabinet Office to undertake performance stocktakes, jointly reviewing policy and financial performance. Spending teams' scrutiny is supported by enhanced financial reporting and management information (such as Finance Board Packs) developed by the Government Finance Function and delivered by departmental finance teams.

3.4 HM Treasury and Cabinet Office are also working with departments to develop Outcome Delivery Plans (ODPs) covering 2022-25, that will set out how each UK government department will use its resources to work towards the delivery of the priority outcome agreed at SR21. ODPs will test the deliverability of all of the government's spending plans, including plans for efficiency and savings. They will be published after the start of the next financial year on gov.uk.

3.5 HM Treasury plans to collaborate with Government Functions to share best practices across the Civil Service. The Government Functions will be encouraged to share departmental best practices to generate further opportunities for efficiencies across government based on these successful pilots in departments.

4. PAC conclusion: Skills shortages in the civil service could compromise departments' ability to achieve efficiency savings.

4: PAC recommendation: HM Treasury needs to work with departments to understand the skills and capability required to deliver plans successfully, identifying any specialist and technical skills needed. The Cabinet Office should ensure, through its workforce planning, that there are enough resources and skills available to teams to deliver efficiency programmes and must write to us in six months on its progress in implementing the key measures within the Declaration on Government Reform.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2022

4.2 The government is committed to building capability across the Civil Service. The Declaration on Government Reform, made a number of commitments, a number of which have already been delivered, including:

- **The creation of a new curriculum and campus** for training civil servants: £26 million was allocated to the Leadership College for Government at Spending Review 2021 to train public and Civil Service leaders. The first physical campus will be at Easingwold in York;
- **Improving functional skills and accreditation**, for example the Government Projects Academy provides professional training for delivery professionals. The number of skilled project delivery professionals captured on the Government Online Skills Tool is currently 8,870, against a target of 12,000 by March 2023;
- **The creation of the Government Consulting Hub**, which provides direct capability across government, and leverages wider Civil Service capability for single department assignments, through the new Advisory Network launched in 2021;
- **Increasing the number of science, technology, engineering and mathematics (STEM) graduates** in the Civil Service. Targets were set in Government Science and Engineering Profession Strategy;

4.3 HM Treasury is also upskilling spending teams and government finance professionals to deliver efficiency. The Government Finance Function (GFF) runs the **Government Finance Academy (GFA),** providing high-quality learning and development to help improve financial skills, capability and talent across the Government Finance profession, including sharing best practice, using a variety of communities and networks across the GFF. The Finance Career

Framework launched in 2021 sets out the skills, capabilities, qualifications and experience required for the finance roles across government at all grades. As part of the Public Spending Professionalism programme HM Treasury has undertaken work to improve skills among spending teams. This includes ongoing development of updated in-house learning materials for spending control, including new online training and resources suited to hybrid working.

4.4 The government will also be implementing capability-based pay for the Senior Civil Service, to incentivise senior leaders to build expertise in their policy area and in turn increase capability in the Civil Service.

4.5 More detail will be provided in a public report on progress against the Declaration's commitments. The Cabinet Office will write to the Committee with an update against the Reform Statement in May 2022.

5. PAC conclusion: Departments often struggle to track benefits as closely as they track costs

5: PAC recommendation: The Cabinet Office and Treasury should work together to ensure that the new system of departmental Outcome Delivery Plans is able to track the costs and benefits of efficiency plans for government as a whole.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 Beyond the regular reporting on whether efficiencies are being achieved, Outcome Delivery Plans (ODPs) also enable government to track progress in delivering real outcomes for citizens, with agreed funding. Departments have been commissioned to produce updated ODPs, covering 2022-2025. To support greater transparency for how public money is spent, departments provide a breakdown of planned spend by priority outcome or business unit through these plans. Reporting on these plans will ensure the government has an ongoing picture of departmental performance for the rest of the Parliament. This will allow Ministers and officials to identify where delivery against priority outcomes may be under pressure, as well as which programmes are not delivering expected results.

5.3 ODPs are then implemented through individual proposals which are subject to the business case process in line with the Treasury Approvals Process guidance. Major projects are entered on to the Government Major Projects Portfolio and are assured by the Infrastructure and Projects Authority. Treasury spending teams monitor departmental financial information on a monthly basis, and the Chief Secretary to the Treasury will hold departments to account on outcomes as part of routine spending discussions and through the approval of business cases. Through these processes, the government will then be able to take prompt action to improve performance and make better-evidenced decisions on future spending.

6. PAC conclusion: Government efficiency drives tend to be one-off events rather than being embedded as a continuous priority.

6: PAC recommendation: HM Treasury and the Cabinet Office should work jointly from the centre of government to consider how best to instil a culture of continuous improvement across government that lasts beyond this Spending Review process.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2022

6.2 As part of the driving the agenda on efficiency, HM Treasury will continue to work closely with the Government Functions and other parts of the centre of government to drive the identification of further efficiencies. HM Treasury intends to do this through closer collaboration with the functions within decision making on programmes and ensuring functions are engaged to enable delivery. HM Treasury is also looking to regularise the links between functional experts and Treasury teams to improve scrutiny of all business cases. HM Treasury plans to go further in this space and will write to the Committee with plans to oversee the Efficiency Agenda at the beginning of the SR period in summer 2022.

6.3 The Declaration on Government Reform signed by the Prime Minister and Cabinet Secretary in June 2021 laid out a vision for reform and kickstarted its implementation across government via 30 initial actions. The Cabinet Office is capitalising on the momentum generated to mainstream reform across government, through reform Champions in each department (there are now more than 2,000), through the A Modern Civil Service vision, and through leadership from both Ministers and senior officials - both as sponsors of actions and in their day-to-day work. In this way, the Declaration will instil a culture of continuous improvement across government that will deliver greater efficiency and value for money across coming years.

Twenty-Ninth Report of Session 2021-22

Home Office

National Law Enforcement Data Programme (NLEDP)

Introduction from the Committee

The Police National Computer (PNC) is the most important national police information system in the UK. Introduced in 1974, it is the main database for criminal records and is used daily by police officers across the UK's 45 police forces, and by a range of other organisations. The Police National Database (PND), which was introduced in 2011, is a national intelligence-sharing system used across police forces and other bodies such as the National Crime Agency. As these are both national systems, the Department has responsibility for their operation, maintenance, and replacement. In 2014 the Department decided that the existing PNC and PND systems should be replaced by a single, modern cloud-based system which would meet the evolving needs of its users and be more adaptable to future requirements. Consequently, it launched the National Law Enforcement Data Programme in 2016, with the aim of delivering the new system by 2020 at a cost of £671 million.

Based on a report by the National Audit Office, the Committee took evidence on 16 September 2021 from the Home Office. The Committee published its report on 8 December 2021. This is the government's response to the Committee's report. The government will provide a full response and progress update against each of the recommendations in April.

- NAO report: The National Law Enforcement Data Programme – Session 2021-22 (HC 663)
- PAC report: The National Law Enforcement Data Programme – Session 2021-22 (HC 638)

Government response to the Committee

1: PAC Conclusion: After five years, the Department has not delivered any of the expected services to the police through the NLEDS programme, and it is not clear how it can deliver the full capability required by 2025–26.

1: PAC recommendation: The Department must set out a detailed roadmap for the delivery of the full NLEDS capability by 2025–26 and its plans for police forces to transition from the PNC to the new service. This should include clear milestones to which the Department can be held accountable for.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Home Office (the department) strongly supports the need for sound planning and to give police forces as much certainty as possible to support the transition away from the Police National Computer (PNC). At the same time, the department needs to be flexible to respond to lessons from the early stages of the programme, changes in the operating environment and the needs of policing.

1.3 As such, the approach the department plans to adopt is to share with forces its key delivery milestones for the programme as a whole alongside a much more detailed annual plan giving the very granular milestones that it is jointly working to over the coming year. This annual plan will be updated each quarter on a rolling basis. This agile and iterative approach builds on Home Office and wider industry good practice and means forces will have early sight of the key milestones for the entirety of the programme and detailed planning milestones a year in advance. An acceptance of this recommendation is on the basis of this approach to planning.

1.4 The programme now submits its full business case on six-monthly cycles to the Home Office Finance Investment Committee (FIC) and undertakes stringent Infrastructure and Projects Authority (IPA) assurance reviews as part of these submissions. IPA assurance reviews assess the current delivery velocity and the long-term achievability of the programme amongst other key aspects.

1.5 The programme will keep the Committee appraised on progress and will provide a further update in April 2022.

2: PAC conclusion: The Department made poor decisions at the outset of the NLEDS programme and, despite signs it was going badly, was slow to make the necessary changes to correct this.

2: PAC recommendation: The Permanent Secretary should ensure that he and other senior staff have sufficient regular oversight of NLEDS from now on, to ensure that he can quickly see problems as they arise and be prepared to take early and decisive action to recover or restructure the programme.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The National Law Enforcement Data Programme (NLEDP) programme board has been strengthened by the inclusion of the following Home Office senior officials since September 2021:

- Chief Digital, Data and Technology Officer – (started attending the board from January 2022)
- Chief Portfolio Officer
- Non-Exec Director
- Public Safety Group Strategy Director
- Finance Investment Committee critical friend

2.3 The programme board convenes monthly and evaluates the progress against plans and provides steer and support to resolve key issues or impediments.

2.4 The programme has established periodic engagements with the Permanent Secretary to enable accounting officer overview and scrutiny and these will take place every six weeks.

2.5 The Permanent Secretary is also appraised by the IPA on the overall health, delivery confidence and achievability of the programme as part of the six-monthly assurance review cycles.

2.6. A further update on this recommendation will be provided in April 2022.

3: PAC conclusion: Working effectively with the police is critical to the delivery of NLEDS and other technology programmes, but it is not yet clear that the Department's new approach will resolve longstanding challenges in delivering national programmes for local forces.

3: PAC recommendation: The Department needs to carefully monitor its new partnership approach to ensure it enables joint and timely decision-making with the police. The Department should write to the Committee in six months with an update on the new working relationship and whether further changes will be required.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: June 2022

3.2 The department has worked closely with policing and made good progress in embedding the new partnership approach within the NLEDP.

3.3 The revised and simplified Engagement Model allows police to have a strong voice in programme decision making and product prioritisation. Significant progress has already been made and it is already leading to a more informed and collaborative relationship, which is aiding the delivery of LEDS.

3.4 Accountability for the successful delivery of the programme remains with the senior responsible owner (SRO) and ultimately the accounting officer for the Home Office.

3.5 The department will continue to closely monitor and evaluate the progress of embedding this Engagement Model.

- The Product Centricity (PC) transformation Programme in PPPT is in the process of setting up and rolling out a Product Centricity Steering Committee. This will be made up of senior/influential members of both Home Office & Policing and the purpose will be to set strategic direction, review progress and make key decisions. One of the key areas will be reviewing progress and reflecting upon successes and learnings.
- The PC Programme is also devising, and soon to roll out, a Product Maturity Assessment, – this will allow us to compare and contrast the implementation of the Engagement Model, identifying gaps, inconsistencies, and the routes to correcting these.
- The department is also working closely with Policing to create a Product Owner Playbook, this will set standards and define ways of working for all Product Owners in their roles and ensure consistency of approach across all of NLEDP.

3.6 These represent the current thinking and work to monitor and evaluate the embedding of the Engagement Model. More detail will be provided in the April update.

4: PAC conclusion: The police must continue to rely on the PNC for another five years, despite the risks to its availability.

4: PAC recommendation: Alongside its Treasury Minute response, the Department should set out for the Committee how it will guarantee that police will be able to access the PNC service until NLEDS is ready. This should include a full assessment of the risks of continuing to run the PNC and contingency plans for failure. This plan should include a review point at which the decision to replace the PNC's operating system can be taken promptly.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: August 2022

4.2 The Police National Computer (PNC) is a critical national infrastructure, and it is vital that it be constantly available to policing and other users to support law enforcement activities.

4.3 The majority of the hardware and software for PNC will be fully supported through to December 2025. Elements of the software provided by *Software AG* will go out of support at the end of 2024, however with the mitigation activity outlined below this is deemed to be an acceptable element of risk as *Software AG* is a highly stable element of the PNC. Risk mitigation activity includes the department:

- upskilling internal teams and providing appropriate knowledge transfer from Software AG so that it will be able to manage any issues that may occur post December 2024.
- engaging other partners who provide PNC services to ascertain the level of support it can provide post December 2024.
- entering into commercial negotiations with Software AG to determine what levels of support can be made available post December 2024.

4.4 Nonetheless, the department does have a mitigation option to move PNC to a new platform and extend the life of the PNC should this prove necessary as an alternative approach to continuing with NLEDP. The programme is developing these contingency plans in parallel. A detailed assessment of re-platforming the PNC to extend it beyond December 2025 has recently completed and is currently being reviewed. Based on the department's analysis and assessment of findings and recommendations of the assessment, the department will formulate an action plan in Half 1 of 2022 (on or before 30 June 2022), which will determine whether and when to trigger the mitigation option.

4.5 As the PNC re-platforming mitigation option is highly resource intensive and PNC intrusive, it is not possible to deliver both the NLEDP programme and the mitigation option in parallel, nor within the same SR settlement. Should the decision be taken to initiate the mitigation option, it would be necessary to pause the delivery of NLEDP until the PNC re-platforming activities have completed. Current estimates suggest NLEDP would be postponed for a further 2 to 3-year period. If the mitigation option is initiated, it is expected that the current SR settlement would be sufficient to cover the delivery of either re-platforming or NLEDP, but not both.

4.6 As an added complexity, in the event of initiating the mitigation option, doing so would change the current NLEDP delivery approach and so there's no guarantee that work performed to date on NLEDP could be fully reused once PNC has been re platformed. This would likely therefore lead to a significant delay in delivering NLEDP and a significant increase in longer term delivery costs.

4.7 The department will provide a further progress update in April 2022.

5: PAC conclusion: The Department does not yet have a plan for maintaining the PND and combining its data with NLEDS in future.

5: PAC recommendation: The Department should write to the Committee when it has an approved business case for the PND setting out its plan, milestones and budget for expanding the use of the PND and ensuring police will be able to access PND data via NLEDS.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2022

5.2 The Police National Database (PND) business case is currently being reviewed and refined by key stakeholders. The next steps on this business case are:

- January 2022: Business Case approach was placed before a special meeting of the National Police Chiefs' Council (NPCC) Intelligence Portfolio on 12 January and secured

NPCC endorsement for programme approach. Business case secured support of PND Programme Board on 19 January.

- February 2022: Business case secured approval of Commercial Advisory Board (CAB) on 9th Feb, Business Design Authority on 9 February, and Technical Design Authority on 10 February.
- March 2022: Business Case will go before the Home Office Finance Investment Committee (FIC) 10 March for final approval.

5.3 This business case envisages that PND will progress to its target transformational state through evolving the current capability, rather than replacement from scratch. It will transform via an interim state that addresses technical debt, replaces the underlying database, and moves to Cloud. This is deemed to be the most cost-effective solution, whilst balancing risk and time to deliver. This approach will ensure continuous availability for the police, ongoing delivery of enhanced PND capabilities including integration with NLEDP, technology debt is addressed whilst also future proofing the PND service.

5.4 This interim state will include improved Serious and Organised Crime analytics, increase the number of users from 12,000 to 20,000, and share information with National Firearms Licencing system.

5.5 This business case envisages that PND in the target state will be able to support federated searches within LEDS, providing police officers with the single system to access both services.

5.6 The PND programme will provide an update to the Committee in April on its high-level plans, key milestones, and budget once its business case is approved by the Home Office Financial Investment Committee (FIC) in March 2022. For financial year 2022-23 a further £6.5 million has been allocated to transform and sustain the PND.

6: PAC conclusion: There is a risk that the Department still lacks the capacity to prioritise and deliver major digital programmes on time.

6: PAC recommendation: The Department must be realistic about how long it will take to deliver major programmes, given the skills and capabilities and funding available. It should require all SROs of major programmes to report annually on how they will manage any gaps between the skills and capabilities required to deliver and those available in their programmes. The Department should write to us in six months' time with an update on how this is being implemented.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: June 2022

6.2 The Home Office Portfolio and Project Delivery Directorate already work with all major programmes to assess the level of capability required to deliver and receive regular reports on project progress, risks, and vacancies.

6.3 These reports form the basis of risk-based discussions at the Portfolio Delivery Board which is attended by both the IPA and a non-executive director.

6.4 To strengthen its existing approach, the department is commissioning and assuring longer term strategic workforce plans for all Government Major Projects Portfolio (GMPP) programmes that set out the required skills and capabilities to deliver these programmes, how these will be filled and how any gaps will be managed.

6.5 The department is also strengthening its project entry criteria so that new projects will not be able to commence without evidence that they have the right resources in place to deliver the next stage of the project.

6.6 The department will provide a further update in April 2022.

Thirtieth Report of Session 2021-22

Cabinet Office

Challenges in implementing digital change

Introduction from the Committee

Digital transformation is business change bringing together data, processes, people and technology in new ways to fundamentally change how departments and other organisations serve and provide value to citizens. Responsibility for improving government's performance rests at the centre with the Central Digital and Data Office (CDDO) and the Government Digital Service (GDS), which are both part of the Cabinet Office. The CDDO, created in 2021, leads the digital, data and technology function of government and is responsible for strategy, standards, and capability development. The GDS has refocused its role on building products and services that help provide a simple, joined-up and personalised experience of government to the public. However, individual departments are responsible for the day-to-day delivery of their own programmes.

Based on a report by the National Audit Office, the Committee took evidence on 23 September 2021 from the Cabinet Office and HM Revenue and Customs. The Committee published its report on 10 December 2021. This is the government's response to the Committee's report.

Relevant reports

- NAO report: The challenges in implementing digital change – Session 2021-22 (HC 575)
- PAC report: Challenges in implementing digital change – Session 2021-22 (HC 637)

Government response to the Committee

1: PAC conclusion: Too many senior government leaders are not equipped with the knowledge and know-how required for making good decisions and to drive digital business change.

1: PAC recommendation: The Cabinet Office should develop a robust and certifiable digital business change education process aimed at ministers, Departmental boards and senior civil servants and should make certification a pre-requisite for taking on key roles. The Department should provide an update to the Committee on progress in six months.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: August 2022

1.2 Training specifically aimed at Ministers and senior officials has already begun and will be expanded upon in the 2022-23 financial year. The Data Masterclass for Senior Leaders was launched in December 2020 as a pilot. There have been 1,500 participants to date from the Ministerial and Special Adviser community, fast streamers and Permanent Secretaries, including 1,283 Senior Civil Service 1 (SCS1) members and above. Alongside this, the Government Skills and Curriculum Unit has delivered the first of a series of planned ministerial induction training programmes within the House of Commons.

1.3 The Central Digital and Data Office (CDDO) and Civil Service HR have defined a common standard for the digital, data and technology skills that civil servants require and will be implemented in the 2022-23 financial year with linked learning and development. Said learning and development will be constructed and delivered in partnership with the Government Skills and Curriculum Unit. Once deployed, all incoming senior civil servants will be tested against the standard as part of the recruitment process. Implementation updates will be provided as part of the Committee's progress update milestone.

1.4 All new aspiring leaders who join the civil service through the Fast Stream programme now complete a digital and data orientation and upskilling as part of their induction. This was launched with 430 new joiners in 2021. The Digital, Data and Technology (DDaT) Professions team has also refreshed its Fast Stream programme and joined with Government Security Profession to create the DDaT and Cyber Fast Stream, which launched in 2021 with a cohort of 82.

2: PAC conclusion: There is no clear plan to replace or modernise legacy systems and data that are critical to service provision but are often old, unsupportable, vulnerable and a constraint on transformation.

2: PAC recommendation: At the start of 2022 the CDDO should work with departments to map legacy systems across government to document what is there, why it exists and how critical it is. By the end of 2022 the CDDO should use this to produce a pipeline of legacy systems they have prioritised with milestones for action. This pipeline should be shared with the Committee.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: end of December 2022

2.2 At the 2021 Spending Review, CDDO worked closely with HM Treasury to provide spend teams with expert input and advice on the prioritisation of Digital, Data and Technology (DDaT) spending bids submitted by departments, considering the particular challenges and investment needs being faced by departments. As a result, the government has committed to invest £2.6 billion in cyber and legacy IT over the Spending Review 2021 period. Building on this, CDDO is now working with departments to establish a common methodology for identifying and prioritising legacy risk. CDDO aims to implement this across ministerial departments by the end of 2022.

2.3 CDDO will work with departments to agree remediation plans to address key risks and to reduce overall government exposure to legacy systems. Departments' progress in delivering these plans will be monitored through regular Quarterly Business Reviews jointly chaired by CDDO and HM Treasury.

3: PAC conclusion: Departments have failed to understand the difference between improving what currently exists and real digital transformation, meaning that they have missed opportunities to move to modern, efficient ways of working.

3: PAC recommendation: The Cabinet Office and departments should introduce a structured way of deciding whether the changes they are making represent incremental improvements to existing systems, or a more transformational redesign of business processes. The Cabinet Office and departments should reflect this in the depth and rigour of the initial scoping and design of programmes.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: end of December 2022

3.2 Wholesale digital transformation in departments will require significant, systemic change in government to remove institutional barriers and create the conditions for successful investment and delivery. CDDO is working with HM Treasury, the Infrastructure and Projects Authority (IPA), and colleagues across government to drive this change, by ensuring the funding, business and governance models are in place to support and incentivise modern, efficient digital product-centric, services and transformation. These systemic reforms will create a foundation and environment which facilitates investment in technologies, such as automation, which can be developed and utilised to enable both incremental and wholesale digital transformation to be realised. The Automation Blueprints, developed by the Government Automation Taskforce (GAT) in 2020, identified up to £1.4 billion of potential automation-related departmental opportunities across government over three years. GAT has now been incorporated into CDDO, and CDDO is working to support departments to prioritise these automation and transformation opportunities.

3.3 CDDO proposes to work with partners across government to transform critical services in order to drive excellence in user experience and efficient processes that reduce costs. It will work up an initial list of prioritised public services and civil servant journeys requiring transformation. CDDO and GDS will then offer targeted interventions depending on the type and scale of improvements needed. This might include identifying opportunities for automation, recommending and unblocking improvements and supporting funding of high value opportunities.

4: PAC conclusion: Digital programmes often fail to have their own single programme office to support the programme director to align all aspects throughout the lifetime of the programme, including integration of legacy and future systems.

4: PAC recommendation: The Cabinet Office should develop guidance on how to approach legacy integration, and mandate rigorous and professional design, data and infrastructure controls and practices, with appropriate accountabilities.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: end of December 2022

4.2 CDDO will work with departments to improve the management of large-scale programmes involving transition from legacy systems to new digital solutions. This will focus on legacy integration and the transition phase. CDDO will monitor the cross-government legacy estate using the legacy framework, using insights from the framework to inform better decision making, whilst also producing guidance for departments on how to manage integrations and transitions away from legacy effectively, drawing on best practice from government and from industry. Programmes will also be evaluated on their adherence to the legacy framework and wider standards as part of the Cabinet Office spend controls process. Many departments have already implemented single programme offices for digital programmes, who Cabinet Office work closely with, such as the Technology Sourcing Programme in HM Revenue & Customs, or the Prison Technology Transformation Programme in the Ministry of Justice.

5: PAC conclusion: Departments have failed to develop a modern professional approach to IT operations needed to support business change and transformation and have created an over-reliance on outsourcing.

5: PAC recommendation: The Central Digital and Data Office should set out what departments need to put in place to improve the maturity of departments' approach to IT operations and change including:

- ***what the Intelligent Client Function should do;***
- ***what influence Digital specialist leaders should have;***
- ***who should be accountable and responsible for contracting; and***
- ***the assurance mechanisms at the beginning and throughout the lifecycle.***

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2022

5.2 Central government is working to support departments to act as 'intelligent clients' by increasing capability, and also by providing common frameworks and memoranda of understanding (MOUs) which offer government organisations access to external expertise more easily. CDDO uses the Technology Code of Practice as a standard in the spend controls process, and it recently updated the commercial guidance (point 11) to include more information on departmental purchasing strategies. This includes more specific guidance on choosing when to build and when to buy technology. CDDO is also working on more detailed guidance on this topic. The DDaT and Commercial functions have created the DDaT Playbook to provide government policy and clear guidance on how to approach commercial delivery and procurement of digital products and services whilst maximising value for money.

5.3 CDDO will support departments to improve both their overall digital maturity and approach to IT operations and technology change through the publication of an updated DDaT Functional Standard and an accompanying DDaT Assessment Framework. The Standard will set out clear best practice for how all digital, data and technology work and activities should be conducted across government. The associated Assessment Framework will enable departments to evaluate their maturity against the Standard, and the results of these assessments will be reviewed and discussed as part of CDDO's wider performance and maturity framework and processes.

6: PAC conclusion: There is a large gap between the demand for and supply of the digital specialists that government needs, and it is hard to get the right balance of in-house and outsourced skills.

6: PAC recommendation: The Central Digital and Data Office should write to us, within 6 months, setting out how it intends to measure progress against its capability strategy, and annually thereafter to report what progress it has made against those metrics.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2022, and annually thereafter

6.2 The government will measure progress against the DDaT Capability strategy through key benefit metrics and associated success indicators. These will include, but will not be limited to, the ratio of permanent to temporary staff and numbers of apprentices. A report detailing agreed metrics will be shared with the Committee within 6 months. Subsequently, assessment against these metrics will be conducted at departmental level via Quarterly

Business Reviews, co-chaired by the CDDO and HM Treasury, leveraging data provided through the CDDO's Digital Dashboard process.

6.3 The CDDO will support departments in optimising workforce configuration through a series of central interventions which complement existing resources, for example, the Consultancy Playbook regarding intelligent outsourcing.

6.4 Creating a 'single front door' for DDaT recruitment is a key intervention. This approach will see a consistent, streamlined process through which government will identify, assess, onboard and deploy DDaT talent. This will maximise opportunities to promote the Civil Service as an employer and support efforts to reduce internal competition for talent. The CDDO will continue to align departments to the DDaT Capability Framework and associated remuneration offer to further support recruitment and retention.

6.5 A new training academy will be established in conjunction with the Government Skills and Curriculum Unit to facilitate an enhanced digital training offer to the Civil Service. The academy will focus on re-training existing civil servants outside of the DDaT profession. It will also provide the central hub for early talent initiatives including the Civil Service DDaT Fast Stream, digital apprenticeship and diversity internship schemes.

Thirty-First Report of Session 2021-22

Department for the Environment, Food and Rural Affairs

Environmental Land Management Scheme

Introduction from the Committee

For more than 40 years, the farming sector has been supported by subsidies through the European Union's Common Agricultural Policy (CAP). English farmers receive around £2.4 billion annually. In recent years, around four-fifths of this were provided as direct payments based primarily on the amount of land farmed. Following the UK's exit from the EU, the Department for Environment, Food & Rural Affairs (the Department) is introducing the Future Farming and Countryside Programme, which will focus on improving the environment, protecting the countryside, improving the productivity of the farming sector and improving animal health and welfare. The Department plans to reduce the amount of money provided to farmers through direct payments each year from 2021 and remove them entirely by 2027. The resulting funds will be used to provide environmental benefits instead. The Environmental Land Management (ELM) scheme is the most significant of the new schemes being introduced.

The scheme will have significant implications for the farming sector. Over a third of farmers would have made a loss over the last three years without direct payments. It is also a crucial part of the Department's plans to achieve the wider environmental objectives of the government's 25-Year Environment Plan and to meet government's net zero target by 2050. ELM will pay farmers for actions to improve the environment. It will consist of three components, each of which is planned for full launch in 2024. In the meantime, the first component, the Sustainable Farming Incentive (SFI), is being piloted in 2021 and the Department plans to begin roll-out in 2022. This initial roll-out of SFI is intended to allow farmers to start earning income for providing environmental benefits as the current system of direct payments start to be phased out. Farmers and other landowners will also have access to other schemes funded by the removal of direct payments, including programmes focussed on promoting productivity such as the Farm Resilience Scheme.

Based on a report by the National Audit Office, the Committee took evidence on Thursday 21 October 2021 from the Department for Food and Rural Affairs. The Committee published its report on Sunday 9 January 2022. This is the government's response to the Committee's report.

Relevant reports

- NAO report: The Environmental Land Management scheme– Session 2021-22 (HC 664)
- PAC report: Environmental Land Management Scheme (parliament.uk) – Session 2021-22 (HC 639)

Government response to the Committee

1: PAC conclusion: The Department is over-optimistic about what it will be able to achieve by when, resulting in repeated delays and uncertainty over the delivery timetable for ELM.

1: PAC recommendation: The Department should report to the Committee early in 2022, and annually thereafter, with an assessment of the deliverability of its plans for farming. This should include both the elements to be rolled out in the short term, and longer-term plans for the overall approach to land management in England.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: end of March 2022

1.2 The government does not accept that the plans are overly optimistic and are confident that it will deliver the reforms effectively through the iterative, test and learn approach. As with all major programmes there are delivery risks, but these are being actively managed

1.3 The government recognises the importance of clear and deliverable plans, and since the Committee took evidence, the government has published more details of its planned rollout of Sustainable Farming Incentive, Local Nature Recovery and Landscape Recovery schemes.

1.4 The government will, as requested, provide more information to the Committee about plans, progress and deliverability assessments on an annual basis starting in March 2022.

1.5 The government will write to the Committee by 31 March 2022 to provide further details of:

- Sustainable Farming Incentive early rollout plans, progress, and plans to develop the scheme after 2022.
- The government plans to roll out Local Nature Recovery to a limited number of people in 2023 and across the country by the end of 2024.
- The launch of applications for the first round of Landscape Recovery pilot projects in 2022 and plans for launches of later rounds form 2023 onwards.

2: PAC conclusion: The Department has not established the metrics that it will need to determine whether ELM is contributing towards the government's environmental goals.

2: PAC recommendation: The Department should develop clear metrics, and establish robust baseline measures, to allow it to assess the operational effectiveness of ELM and ensure these are published before the start of roll-out in 2022. It should report against these metrics annually to enable Parliament and the public to determine what progress it is making towards meeting the objectives set out in the Government's 25 Year Environment Plan.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: January 2023

2.2 The government agrees with the Committee that it is important to have clear metrics for the reform programme and to publish progress updates about the operational effectiveness of schemes regularly.

2.3 The government has, since the Committee's investigation in October 2021, published more information about its key aims for the schemes.

2.4 These interventions will support the long-term environmental targets that are being developed under the Environment Act 2021 and will be consulted upon soon.

2.5 The government will report annually on the delivery of targets within its statutory Environmental Improvement Plan, as required under the Act. This will include metrics about the performance and contribution of Environmental Land schemes.

3: PAC conclusion: We are not convinced that the Department sufficiently understands how its environmental and productivity ambitions will impact the food and farming sector over the next decade.

3: PAC recommendation: The Department should urgently explain to the Committee, showing its forecasts both for changes in land use and resulting changes in payments to farmers, how it expects its farming programmes to affect food production and farm productivity in England and report annually to Parliament on the level of food price inflation together with any changes to the proportion of the food we consume that is produced in the UK, which was 53% in 2018.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: end of March 2022

3.2 The government agrees that it is important to understand the impacts of reforms on the food and farming sector and, with that in mind published a detailed analysis in 2018 and 2019 that set out the likely impacts of direct payment reductions on different types of farm business.

3.3 The 2019 Future Farming and Environment Evidence Compendium sets out a comprehensive analysis of the impact of removing direct payments alongside an analysis of routes to improve productivity and grow farm incomes.

3.4 The government is currently updating this analysis to reflect data on farm incomes immediately preceding the start of the agricultural transition and will publish an update by 31 March 2022.

3.5 The government agrees it is important to publish regular data on food price inflation and food self-sufficiency. Food price inflation and self-sufficiency is reported annually in the Food Statistics Pocketbook sections 6, 7 and 9 (a National Statistics publication, Food Statistics in your pocket: Summary.

4: PAC conclusion: Despite committing to delaying the early stages of SFI if either the Department or farmers were not ready, the Department has not specified what would trigger such a delay.

4: PAC recommendation: In line with its Treasury Minute response, the Department should write to us by the end of February 2022 to confirm how it is assuring its own and farmers' readiness at each stage of the Programme, and specify what would trigger a delay and when, allowing sufficient lead time to allow farmers to plan for a delayed launch. In the meanwhile, it should inform the Committee immediately if any issues with the timetable arise.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: end of February 2022

4.2 The government agrees that it is important to ensure farmers are ready and able to plan and adapt to the changes the government is introducing and the government is ready to deliver effectively.

4.3 The government will write to the Committee as requested by 28 February 2022 to explain:

a) how plans for Environmental Land Management Schemes in the short and long term are being developed and managed in partnership with farmers and other experts, and
b) the approach to business and operational readiness, including our approach to contingency planning.

4.4 The government will, as requested, inform the Committee in a timely way of any anticipated significant delays to the timetable for rolling out new schemes.

5: PAC conclusion: The Department has not yet done enough to gain farmers' trust in its ability to successfully deliver the programme.

5: PAC recommendation: The Department should review its entire communications strategy and report to us by the end of March 2022 on the improvements it is making.

The Department should also set out how it will incentivise young farmers both to enter, and to remain, in the industry.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: end of March 2022

5.2 The government is in the first year of the transition, so it is to be expected that there is still more to do to build trust and confidence in the reforms, much of which will come only when the government successfully launch new schemes, and those schemes work effectively for farmers.

5.3 The government has started that process, since the Committee took evidence in October 2021, including successfully launching a resilience scheme, two rounds of the Farming Investment Fund which has been significantly over-subscribed, and the Sustainable Farming Incentive Pilot where the government attracted its target level of participation with 938 farmers applying to take part with a good a range of geography, farm types, ownership/tenancy and farm sizes.

5.4 The government agrees with the Committee that it is important to build trust in the reforms and that is why the government is investing significant effort in co-designing new schemes with farmers, engaging with the sector, and communicating with them about the changes that are coming, as well as improving operational performance and making inspections and controls fairer and more proportionate. The government will continue and extend these activities throughout 2022 and beyond.

5.5 Since the launch of Agricultural Transition Plan in 2020, the government has embarked on a significant stakeholder engagement and communications approach to the sector.

5.6 The government is engaging much more closely with a wider group of stakeholders and routinely using a multi-channel communications approach to reach farmers through digital and non-digital channels, including through trusted intermediaries as well as directly and through farming media, as the government rolls out new policies.

5.7 The government strategy is working in terms of raising awareness of and building trust in the changes, as seen with early take up of the government productivity grants and Sustainable Farming Incentive (SFI) pilot, and a 40% increase in applications for Countryside Stewardship agreements between 2021 and 2022.

5.8 However, the government recognises that there is more to do. As the government rolls out the new schemes and progresses through the transition, it will need to continue to communicate widely and effectively, including more direct communications with farmers to explain what is available to them and continue to build their trust and confidence in the new schemes.

5.9 The government will write to the Committee, as requested, by March 2022 with further details of its plans and progress in communicating and building trust with farmers.

6: PAC conclusion: The Department is not doing enough to support farmers through the transition to the new schemes and alleviate any anxiety its plans are causing.

6: PAC recommendation: The Department should identify what further support is needed to help farmers during the transition, including where farmers will face significant business challenges in the short term. The Department should particularly set out what it will do to support farmer's well-being through the transition.

6.1 The government agrees with the Committee's recommendation

Target implementation date: September 2022

6.2 The government has already been acting on this issue in the early stages of the transition.

6.3 The government recognises the agricultural transition is a significant change for farmers – that's why the government decided to implement the reforms over a seven-year period to give farmers time to plan and adapt, and why the government is offering free business planning advice through a fully funded resilience programme to help farmers understand their options, plan, and adapt. The government also recognises the importance of farmers' well-being and the challenges currently facing the sector. Whilst the Resilience Fund does not support standalone well-being projects, it is open for applications which incorporate well-being and mental health support into a wider programme of business advice, and it ensures that projects signpost to relevant services where appropriate. Stakeholder feedback from the Initial Phase of the Resilience Fund strongly suggested that farmers find the greatest value in this kind of integrated approach

6.4 Through the government's productivity and innovation, research and development grant offers, careful design of new schemes and improvement of existing schemes, targeted business support and the work of others such as the Agriculture and Horticulture Development Board (AHDB), the government is working to ensure all farmers have the opportunity to manage their business effectively and positively through the transition.

6.5 The government regularly monitors how farmers are responding to the changes. The government is working with farming bodies, farming charities, intermediaries, and farmers themselves to understand how the transition is progressing and what support farmers need, so that the government can continually refine and improve the support offered to farmers based on what is learned.

6.6 The Department for Environment, Food and Rural Affairs and the Rural Payments Agency will continue to engage with the farming community through attendance at agricultural shows, Farming shows, workshops, and other large events, and through direct engagement with farmers, farming organisations and charities and other stakeholders.

7: PAC conclusion: We are concerned that ELM will be too complex and bureaucratic and will not cater for the full range of farm types and circumstances.

7: PAC recommendation: The Department should urgently write to the Committee by the end of January 2022 to explain how it is using the current pilot of SFI to get feedback on the complexity of ELM, especially for smaller farm businesses and tenant farmers, and what changes it will make to alleviate any perceived complexity.

7.1 The government agrees with the Committee's recommendation

Recommendation implemented

7.2 The government wrote to the Committee on the 27 January as requested.

7.3 The government is already designing the new schemes to be more straightforward, fair and attractive to farmers.

7.4 The government is actively learning from the Sustainable Farming Incentive pilot and has already updated the standards and scheme rules for early rollout of the scheme based on that learning. In particular, the government has updated:

- the rules of scheme agreement length and flexibility to make the scheme more accessible to tenant farmers, and
- the standards to make them more straightforward and more practicable on farm

Before rollout of the scheme, the government is:

- simplifying scheme rules, guidance, and paperwork
- implementing a new, more straightforward, and more rapid process to apply for the scheme, and
- updating the terms and conditions of the scheme

Treasury Minutes Archive[1]

Treasury Minutes are the government's response to reports from the Committee of Public Accounts. Treasury Minutes are Command Papers laid in Parliament.

Session 2021-22

Committee Recommendations:	207	
Recommendations agreed:	192	(93%)
Recommendations disagreed:	15	

Publication Date	PAC Reports	Ref Number
August 2021	Government response to PAC reports 1-6	CP 510
September 2021	Government response to PAC reports 8-11	CP 520
November 2021	Government response to PAC reports 7,13-16 (and TM2 BBC)	CP 550
December 2021	Government response to PAC reports 12, 17-21	CP 583
January 2022	Government response to PAC reports 22-26	CP 603
February 2022	Government response to PAC reports 27-31	CP 631

Session 2019-21

Committee Recommendations:	233	
Recommendations agreed:	208	(89%)
Recommendations disagreed:	25	

Publication Date	PAC Reports	Ref Number
July 2020	Government responses to PAC reports 1-6	CP 270
September 2020	Government responses to PAC reports 7-13	CP 291
November 2020	Government responses to PAC reports 14-17 and 19	CP 316
January 2021	Government responses to PAC reports 18, 20-24	CP 363
February 2021	Government responses to PAC reports 25-29	CP 376
February 2021	Government responses to PAC reports 30-34	CP 389
March 2021	Government responses to PAC reports 35-39	CP 409
April 2021	Government responses to PAC reports 40- 44	CP 420
May 2021	Government responses to PAC reports 45-51	CP 434
June 2021	Government responses to PAC reports 52-56	CP 456

Session 2019

Committee Recommendations:	11	
Recommendations agreed:	11	(100%)
Recommendations disagreed:	0	

Publication Date	PAC Reports	Ref Number
January 2020	Government response to PAC report [112-119] 1 and 2	CP 210

[1] List of Treasury Minutes responses for Sessions 2010-15 are annexed in the government's response to PAC Report 52

Session 2017-19

Committee Recommendations: 747
Recommendations agreed: 675 (90%)
Recommendations disagreed: 72 (10%)

Publication Date	PAC Reports	Ref Number
December 2017	Government response to PAC report 1	Cm 9549
January 2018	Government responses to PAC reports 2 and 3	Cm 9565
March 2018	Government responses to PAC reports 4-11	Cm 9575
March 2018	Government responses to PAC reports 12-19	Cm 9596
May 2018	Government responses to PAC reports 20-30	Cm 9618
June 2018	Government responses to PAC reports 31-37	Cm 9643
July 2018	Government responses to PAC reports 38-42	Cm 9667
October 2018	Government responses to PAC reports 43-58	Cm 9702
December 2018	Government responses to PAC reports 59-63	Cm 9740
January 2019	Government responses to PAC reports 64-68	CP 18
March 2019	Government responses to PAC reports 69-71	CP 56
April 2019	Government responses to PAC reports 72-77	CP 79
May 2019	Government responses to PAC reports 78-81 and 83-85	CP 97
June 2019	Government responses to PAC reports 82, 86-92	CP 113
July 2019	Government responses to PAC reports 93-94 and 96-98	CP 151
October 2019	Government responses to PAC reports 95, 99-111	CP 176
January 2020	Government response to PAC reports 112-119 [1 and 2]	CP 210

Session 2016-17

Committee Recommendations: 393
Recommendations agreed: 356 (91%)
Recommendations disagreed: 37 (9%)

Publication Date	**PAC Reports**	**Ref Number**
November 2016	Government responses to PAC reports 1-13	Cm 9351
December 2016	Government responses to PAC reports 14-21	Cm 9389
February 2017	Government responses to PAC reports 22-25 and 28	Cm 9413
March 2017	Government responses to PAC reports 26-27 and 29-34	Cm 9429
March 2017	Government responses to PAC reports 35-41	Cm 9433
October 2017	Government responses to PAC reports 42-44 and 46-64	Cm 9505

Session 2015-16

Committee Recommendations: 262
Recommendations agreed: 225 (86%)
Recommendations disagreed: 37 (14%)

Publication Date	**PAC Reports**	**Ref Number**
December 2015	Government responses to PAC reports 1 to 3	Cm 9170
January 2016	Government responses to PAC reports 4 to 8	Cm 9190
March 2016	Government responses to PAC reports 9 to 14	Cm 9220
March 2016	Government responses to PAC reports 15-20	Cm 9237

Publication Date	PAC Reports	Ref Number
April 2016	Government responses to PAC reports 21-26	Cm 9260
May 2016	Government responses to PAC reports 27-33	Cm 9270
July 2016	Government responses to PAC reports 34-36; 38; and 40-42	Cm 9323
November 2016	Government responses to PAC reports 37 and 39 (part 1)	Cm 9351
December 2016	Government response to PAC report 39 (part 2)	Cm 9389

Treasury Minutes Progress Reports Archive

Treasury Minutes Progress Reports provide updates on the implementation of recommendations from the Committee of Public Accounts. These reports are Command Papers laid in Parliament.

Publication Date	PAC Reports	Ref Number
November 2021	Session 2013-14: updates on 1 PAC report Session 2016-17: updates on 3 PAC reports Session 2017-19: updates on 33 PAC reports Session 2019: updates on 2 PAC reports Session 2019-21: updates on 47 PAC reports Session 2021-22: updates on 5 PAC reports	CP 549
May 2021	Session 2010-12: updates on 1 PAC report Session 2013-14: updates on 1 PAC report Session 2015-16: updates on 0 PAC reports Session 2016-17: updates on 4 PAC reports Session 2017-19: updates on 47 PAC reports Session 2019: updates on 2 PAC reports Session 2019-21: updates on 28 PAC reports	CP 424
November 2020	Session 2010-12: updates on 1 PAC report Session 2013-14: updates on 1 PAC report Session 2015-16: updates on 0 PAC reports Session 2016-17: updates on 7 PAC reports Session 2017-19: updates on 73 PAC reports Session 2019: updates on 2 reports	CP 313
February 2020	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 1 PAC report Session 2015-16: updates on 3 PAC reports Session 2016-17: updates on 14 PAC reports Session 2017-19: updates on 71 PAC reports	CP 221
March 2019	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 4 PAC reports Session 2014-15: updates on 2 PAC reports Session 2015-16: updates on 7 PAC reports Session 2016-17: updates on 22 PAC reports Session 2017-19: updates on 46 PAC reports	CP 70
July 2018	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 4 PAC reports Session 2014-15: updates on 2 PAC reports Session 2015-16: updates on 9 PAC reports Session 2016-17: updates on 38 PAC reports Session 2017-19: updates on 17 PAC reports	Cm 9668
January 2018	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 5 PAC reports Session 2014-15: updates on 4 PAC reports Session 2015-16: updates on 14 PAC reports Session 2016-17: updates on 52 PAC reports	Cm 9566
October 2017	Session 2010-12: updates on 3 PAC reports Session 2013-14: updates on 7 PAC reports Session 2014-15: updates on 12 PAC reports Session 2015-16: updates on 26 PAC reports Session 2016-17: updates on 39 PAC reports	Cm 9506

Publication Date	PAC Reports	Ref Number
January 2017	Session 2010-12: updates on 1 PAC report Session 2013-14: updates on 5 PAC reports Session 2014-15: updates on 7 PAC reports Session 2015-16: updates on 18 PAC reports	Cm 9407
July 2016	Session 2010-12: updates on 6 PAC reports Session 2012-13: updates on 2 PAC reports Session 2013-14: updates on 15 PAC reports Session 2014-15: updates on 22 PAC reports Session 2015-16: updates on 6 PAC reports	Cm 9320
February 2016	Session 2010-12: updates on 8 PAC reports Session 2012-13: updates on 7 PAC reports Session 2013-14: updates on 22 PAC reports Session 2014-15: updates on 27 PAC reports	Cm 9202
March 2015	Session 2010-12: updates on 26 PAC reports Session 2012-13: updates on 17 PAC reports Session 2013-14: updates on 43 PAC reports	Cm 9034
July 2014	Session 2010-12: updates on 60 PAC reports Session 2012-13: updates on 37 PAC reports	Cm 8899
February 2013	Session 2010-12: updates on 31 PAC reports	Cm 8539

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