HM Treasury

Treasury Minutes

Government Response to the Committee of Public Accounts on the Forty-Ninth to the Fifty-Second report from Session 2021-22 and the First, Third and Tenth reports from Session 2022-23

CP 722

July 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 and 2022-23

House of Commons, House of Lords, Restoration & Renewal Sponsor Body and Delivery Authority's Response to the Committee of Public Accounts Session 2022-23

Forty-Ninth Report of Session 2021-22

Department for Levelling Up, Housing and Communities

Regulation of Private Renting

Introduction from the Committee

The Department for Levelling Up, Housing and Communities (the Department) aims to ensure the rented sector is fair for tenants, by legislating and creating policies used to regulate the sector. Local authorities are responsible for regulating their local rental markets and ensuring landlords comply with legal obligations. They choose how to regulate based on local priorities and can draw on a range of investigation and enforcement tools available.

An estimated 11 million people rent privately in England, and the sector has doubled in size in the last 20 years. Renters face several challenges including increasing rents, a rising number of low-earners and families renting long-term, and the prevalence of "no-fault" evictions leaving households at risk of homelessness. Poor quality housing also poses serious risks to health and safety, and the conduct of landlords can impact tenants' wellbeing. The Department recognises the challenges within the sector and has committed to proposing reforms in a white paper, to be published in 2022.

Based on a report by the National Audit Office, the Committee took evidence on 31 January 2022 from the Department for Levelling Up, Housing and Communities. The Committee published its report on 13 April 2022. This is the government's response to the Committee's report.

Relevant reports

- NAO report: Regulation of Private Renting – Session 2021-22 (HC 863)
- PAC report: Regulation of Private Renting – Session 2021-22 (HC 996)

Government response to the Committee

1: PAC conclusion: It is too difficult for renters to realise their legal right to a safe and secure home.

1: PAC recommendation: Alongside its Treasury Minute response the Department should write to the Committee to set out how it will use its planned reform programme to:

- ***Better support renters to understand what their rights are; and***
- ***Improve renters' ability to exercise their rights by learning from complaints and redress mechanisms used in other consumer markets.***

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2026

1.2 The government recognises the need for greater fairness in the system to allow renters to realise their right to a safe and secure home and will bring forward a landmark Renters Reform Bill in this Parliamentary session. The government published a white paper on 16 June 2022 setting out details of the planned reforms.

1.3 As part of these reforms, the department will introduce a new property portal helping landlords to understand their obligations and giving tenants the information they need to make informed choices. Full roll-out of the digital product will happen in phases but the government expect early public Beta testing of the new property portal to commence Summer 2023, and after Royal Assent, with full roll-out by Summer 2026.

1.4 The government is also committed to learn from other consumer markets to improve renters' ability to access redress and to resolve complaints. The government will abolish section 21 evictions (Housing Act 1988) empowering tenants to challenge poor practice without the risk of retaliatory eviction.

1.5 A new single ombudsman will be introduced that all private landlords will be required to join. This will give private tenants, as social tenants currently have, a free redress services and make landlords accountable for their conduct and legal responsibilities. The department will also learn from the recent mediation pilot to explore how it can improve alternative dispute resolution and mediation offerings within the sector.

1.6 The government is committed to supporting renters to understand their rights in the current and reformed system. The Department for Levelling Up, Housing and Communities (the Department) currently produces a series of housing 'how to' guides that summarise the rights and responsibilities of both tenants and landlords. The department is committed to using a range of strategies and channels, including working with other partners, for example, the Department for Work and Pensions and Citizens Advice, to make sure messages reach the right groups, including digitally excluded and marginalised groups.

2: PAC conclusion: Local authorities do not have the capacity and capability to ensure an appropriate level of protection for private renters.

2: PAC recommendation: The Department should conduct a realistic assessment of the resources needed for local authorities to regulate effectively, with consideration given to the size, types and quality of private rented properties and the demographics of renters. The Department should write to us within the next six months with an update on the outcome of this assessment.

2.1 The government disagrees with the Committee's recommendation.

2.2 The reforms set out in the white paper will give local authorities (LAs) effective tools to tackle non-compliant landlords. The introduction of a Private Rented Property Portal will help LAs to deliver more targeted enforcement by providing better and easier access to information. The department will run pilot schemes to trial improvements to the enforcement of existing standards and explore different ways of working with landlords to speed up adoption of the Decent Homes Standard.

2.3 LAs have a key role to play in private rented sector regulation and the government recognises the importance of councils prioritising tackling the blight of poor quality private rented properties.

2.4 LAs face different circumstances and challenges in their area and are therefore best placed to agree how to organise and prioritise resources. It is not for central government to dictate how LAs deliver their functions. Therefore, the government does not agree that a central assessment of resources is appropriate.

2.5 The department will conduct a new burdens assessment of the renters' reform proposals and, where necessary, fully fund the net additional cost placed on local authorities. LAs have powers to issue financial penalties of up to £30,000, rent repayment orders and banning orders and can use this income to support further enforcement activity.

2.6 The department will explore introducing of a national framework for setting fines, which will help drive a more consistent approach.

2.7 The department intends to bolster national oversight of local councils' enforcement, including by exploring requirements for councils to report on their housing enforcement activity.

3: PAC conclusion: The Department is not doing enough to support local authorities to regulate effectively.

3: PAC recommendation: The Department should take a more proactive approach to supporting local regulators and sharing good practice. To do so, it should learn from other consumer protection systems that provide central intelligence and support to local regulators.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2023

3.2 The department recognises the value in sharing good practice across LAs and have supported them to develop their approaches to driving up standards through e.g., roadshows. The department has reinvigorated its engagement programme with LAs and will continue to expand its reach across England to design and implement its reforms.

3.3 The government will support local councils to crack down on poor practices and enforce this new standard and explore different ways of working with landlords to speed up adoption of the Decent Homes Standard.

3.4 The government will:

- run pilot schemes trialling improvements to enforcement of existing standards
- strengthen LAs' ability to tackle criminal landlords including seeking to increase financial investigative powers.
- bolster national oversight of LAs' enforcement by requiring them to report on their enforcement activity will also be explored.
- seek to introduce a national framework for setting fines to drive a more consistent approach to setting fines building on best practice of local authorities.
- continue to fund the National Trading Standards Estates and Lettings Agency Team to deliver guidance and training to LAs' enforcement teams and their roll-out of the Intelligence Database project enabling effective collaboration and intelligence sharing.

3.5 The Private Rented Property Portal will provide access to information about privately rented properties helping LAs deliver more targeted enforcement.

3.6 The government will work with LAs to share selective licensing schemes best practice.

3.7 The department has engaged with other government departments during the development of the reform package set out in 'A Fairer Private Rented Sector' and will continue to use learning from other consumer protection systems while implementing these reforms.

4: PAC conclusion: Local Authorities are constrained by the Department's approach to licensing landlords.

4: PAC recommendation: As part of its planned reforms, the Department should assess whether current arrangements for licensing schemes are working, and whether alternative arrangements may be more efficient and effective.

4.1 The government disagrees with the Committee's recommendation.

4.2 Selective licensing schemes when used as part of a wider, well planned, coherent initiative, can be an effective tool for LAs to drive better outcomes for good landlords and tenants.

4.3 LAs currently have powers to introduce selective licensing of privately rented homes to address problems in their area, or any part of them. LAs are required to obtain confirmation from the Secretary of State for any selective licensing scheme which would cover more than 20% of their geographical area or would affect more than 20% of privately rented homes in the local authority area.

4.4 The government considers that this strikes the right balance, by allowing local authorities to use selective licensing effectively without placing undue burdens on landlords where additional licensing schemes are not needed.

4.5 The department has simplified the selective licencing application form and will continue to help local authorities to produce a good quality application to support their introduction of schemes.

4.6 The government will work with local authorities and the Local Government Association to develop a selective licensing best practice sharing support for LAs to learn from each other to achieve the most from their selective licensing schemes.

4.7 The Private Rented Property Portal will provide access to information about privately rented properties and tackle one of the biggest and most time-consuming barriers faced by local councils when enforcing standards: that is, identifying poor quality and non-compliant properties and who owns them.

5: PAC conclusion: The Department lacks good enough data to understand the nature and extent of problems renters face.

5: PAC recommendation: The Department should develop a coherent data strategy to identify and collect the data it needs to:

- ***understand the problems renters are facing; and***
- ***evaluate the impact of legislative changes.***

Once complete, this strategy should be shared with this Committee and the Levelling up, Housing and Communities Committee.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023

5.2 The department utilises a range of data from various sources to inform policy decisions and ensure effective private rented sector (PRS) regulation, regularly engaging with other government departments, LAs, and stakeholders to enhance insights.

5.3 The annual English Housing Survey (EHS) provides detailed insight into people's housing circumstances and condition, including private renters. The 2020/2021 EHS headline report is published and will be followed by a series of detailed topic reports in summer 2022.

5.4 Additional analysis on aspects of tenant experience is conducted as required to further understanding. The department commissioned a segmentation of private renters based on socio-economic demographic characteristics, using 2019/2020 EHS data, to explore variations in housing experiences and attitudes among different renters' cohorts.

5.5 The department is working to further develop its approach to data to support its renters reform programme, including improving data on security, quality and local authority level data. The department is conscious of needing to balance reporting demands on LAs, which come with resource and cost implications, with a need to ensure robust oversight of the sector and will continue to work closely with LAs and other stakeholders to support this.

5.6 The department recognises the importance of understanding the efficiency and effectiveness of interventions and is committed to monitoring and evaluating reform programme impacts.

5.7 The department will continue to publish relevant PRS data and will build on our existing data, address gaps where needed, and consider how best to evaluate future PRS reforms. We will continue to work closely with LAs and other stakeholders to consider what further data requirements to fully understand impacts of future reforms and outcomes for tenants and landlords.

6: PAC conclusion: The Department's forthcoming White Paper offers an opportunity for significant improvement to the private rented sector.

6: PAC recommendation: As part of its planned reforms, the Department should ensure it has a full understanding of the cumulative impact of proposed changes on tenants, landlords and the housing market as a whole. In doing this, it should work closely with other departments, including formally where appropriate, to understand how the reforms may affect or be affected by other policy areas such as benefits and tax.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023

6.2 The government recognises the importance of developing a coherent approach to PRS reforms. The role of PRS has changed in recent decades, as the sector has doubled in size landlords and tenants become increasingly diverse. Today, the sector needs to serve young renters looking for flexibility and people who need to move quickly to progress their careers, while providing stability and security for young families and older renters. It must also work for a wide range of landlords, from those with a single property through to large businesses.

6.3 The white paper sets out proposals for reform to increase the quality and security of tenants in the PRS. In developing the White paper, the department engaged with other government departments including at ministerial, senior official and working level.

6.4 The department will build on these collaborative relationships to understand links between policies in their implementation, monitoring impacts and responding collectively where required.

6.5 The department will complete an impact assessment to set out the impact of the proposed reforms on tenants and landlords and will carry out a new burdens assessment in relation to the impact on local government.

6.6 As outlined in the white paper, the government is also developing its approach to data to ensure that it can monitor the impact of reforms on tenants and landlords. The department will continue to work extensively with LAs to build a better understanding of enforcement challenges, provide improved guidance and help share best practice. The department will also explore how it can bolster national oversight of LA enforcement by requiring them to report on housing enforcement activity.

Fiftieth Report of Session 2021-22

Department for Business, Energy & Industrial Strategy

Bounce Back Loans Scheme: Follow-up

Introduction from the Committee

The Department for Business, Energy and Industrial Strategy (the Department) launched the Bounce Back Loan scheme (the Scheme) in May 2020. It is the largest of three Covid-19 related business loan support schemes. The Scheme targeted the smallest businesses and sought to provide them with loans of up to £50,000, or a maximum of 25% of annual turnover, to maintain their financial health during the pandemic. The loans have a fixed interest rate of 2.5% and a maximum length of either six or ten years. In the first year of the loan there are no capital repayments due, and Government pays the interest—making it interest-free for the borrower. The Scheme closed for new applicants in March 2021 and in total it has provided 1.5 million loans worth £47 billion to businesses across the UK. We examined the Scheme in December 2020 and warned that the Department's focus on the speed of delivery had exposed the taxpayer to potentially huge losses. In addition, we concluded that Government lacked data to assess the levels of fraud. The Department estimated in its Annual Report and Accounts 2020–21 that it would lose £17 billion as a result of the Scheme, of which £4.9 billion was because of fraud.

The Scheme aimed, in most cases, to deliver money to borrowers within 24 to 48 hours of applying. To make the process as fast as possible, the Scheme did not require lenders to check the information on the loan application form or to perform credit and affordability checks. Borrowers are expected to repay the loans in full and lenders are required to conduct basic counter fraud tests. But owing to the absence of credit checks, Government provides lenders a 100% guarantee on the loans. In practice, this means that if the borrower does not repay the loan, Government will.

The British Business Bank (the Bank) manages the Scheme on the Department's behalf and the loans are delivered through 24 commercial lenders such as banks and building societies. The commercial lenders are also responsible for administering loan repayments and pursuing borrowers for missed repayments for up to 12 months after the issue of a formal demand. There is no minimum on the amount of time lenders need to pursue borrowers before claiming on the guarantee and lenders can claim on the guarantee before they complete pursuing borrowers for the full 12 months. Because loans did not begin repayment until May 2021, and borrowers can seek a further six-month repayment holiday, there is limited repayment data to analyse.

Based on a report by the National Audit Office, the Committee took evidence on 10 January 2022 from HM Treasury, the Department for Business, Energy and Industrial Strategy, the British Business Bank and the Financial Conduct Authority. The Committee published its report on 27 April 2022. This is the government's response to the Committee's report.

Relevant reports

- NAO report: The Bounce Back Loan Scheme: an update – Session 2021-22 (HC 961)
- PAC report: Bounce Back Loans: Follow-up – Session 2021-22 (HC 951)

Government response to the Committee

1: PAC conclusion: The Department and The Bank delivered the Scheme at breakneck speed, but the long-term impact of the Scheme is uncertain.

1a: PAC recommendation: The Department should put in place a clear strategy to manage the long-term legacy of the Scheme within a month of the publication of its evaluation report.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2022

1.2 The ongoing management of the Bounce Back Loan Scheme (BBLS) remains one of the highest priorities for the department. A key component of this is the work being undertaken to tackle fraud in the scheme, and the department is currently formalising a strategy that will set out its long-term approach to counter fraud in the BBLS, building on work to date. The strategy will reflect recent developments in the government's counter fraud landscape, including how additional funding made available by the Chancellor in the Spring Statement will be deployed. The department expects to finalise the strategy by Autumn 2022.

1.3 More broadly, the department's strategy for managing the long-term legacy of the scheme will develop as its understanding of the scheme's impact matures. The first evaluation report published in June 2022 provided an indication of the short-term impact of the scheme on business outcomes, though the longer-term impact will only become apparent in time and will depend in large part on wider economic conditions. The economic impact of the scheme will be explored further in subsequent phases of the evaluation, which will also include a value for money assessment.

1.4 Regular monitoring of data about loan facilities provided by lenders enables the department to assess the health of the loan book on an ongoing basis. Amongst other things, this information gives an indication of the proportion of borrowers who are experiencing difficulty in making their repayments. Meanwhile, the British Business Bank's expected credit loss models provide a longer term forecast of the eventual level of defaults. BEIS reports on expected credit losses in relation to the scheme via its Annual Report and Accounts.

1.5 Finally, the department undertakes regular analysis to understand the financial health of the wider UK small and medium-sized enterprises (SME) population, which helps to inform ongoing policy development.

1b: PAC recommendation: The Bank should also write to us with details of its plans to measure the Scheme's long-term impact, including identifying a reliable control group, within a month of the publication of Department's strategy.

1.6 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2022

1.7 The department and the Bank have commissioned London Economics and Ipsos to undertake a multi-year evaluation of the COVID-19 loan guarantee schemes, including the BBLS. The evaluation will assess whether the objectives of the COVID-19 loan guarantee schemes were satisfied. It will be a multi-phase evaluation and therefore the conclusions will be published across three iterations rather than one report. The first report has recently been published.

1.8 There will be a process, impact, and economic evaluation. The process evaluation will focus on scheme design, scheme delivery, debt recovery processes, and variations in processes. The impact evaluation will focus on the extent to which the schemes affected business outcomes such as business survival and turnover. The economic evaluation will focus on the value for money of the schemes, taking into account both its costs and benefits.

1.9 To identify a reliable control group, the evaluation will use statistical methods to select a sample of businesses that did not access the schemes with similar pre-pandemic characteristics, such as turnover, sector, and credit score to those businesses that did access the schemes. The evaluation's findings on the impact of the COVID-19 loan guarantee schemes will be validated using multiple data sources to ensure they are robust.

2: PAC conclusion: The potential Scheme losses are eye-watering, and we are not convinced the Department has the data it needs to manage the risks to the taxpayer.

2a: PAC recommendation: The Department should, within the next 3 months, develop a strategy setting out the increase needed in Scheme counter-fraud resources for all relevant government stakeholders to both reduce fraud levels to a tolerable level and to maximise recoveries.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2022

2.2 BEIS has continued to invest in its counter-fraud function in order to tackle fraudulent activity in the Bounce Back Loan Scheme (BBLS) and other COVID-19 support schemes. At Spring Statement, the Chancellor announced almost £50 million of additional funding for counter-fraud work, of which over half related to Bounce Back Loans, namely:

- £13.2 million for the National Investigation Service (NATIS) which will almost double their capacity tackle fraud in COVID-19 business support schemes;
- £10.9 million to enhance the Bank's counter-fraud and assurance work programme; and
- £9 million to support the Government Counter Fraud Function's data analytics work (on BBLS and more widely).

2.3 The department will continue to take forward action to tackle BBLS fraud, working with lenders, law enforcement bodies and a range of partners across government. As mentioned in response to recommendation 1a above, the department is currently working to formalise a strategy to manage the long-term approach for tackling BBLS fraud. This will ensure that existing resources are used in the most effective way and will set out how the impact of government and stakeholder counter fraud activities will be measured to support the reduction of suspected fraud loss and maximise recoveries. The strategy will be iterated on an ongoing basis to reflect evolving intelligence about the nature of the fraud risk, and the impact of our mitigation approaches.

2.4 The department, working with other government and non-governmental bodies, collects an extensive amount of data resources for fraud risk assessment and identification analysis. The Bank receives significant volumes of data on lender performance and each borrower, which informs the fraud analytics work done on behalf of the department by the Government Counter Fraud Function. Outputs include, for example: analysis to identify high-fraud risk facilities for lenders to investigate further; data enrichment such as data matching with Companies House; inter and intra scheme analysis to identify suspected fraudulent actors across BBLS and other schemes; and network analysis which has resulted in details of high-risk networks of associated individuals or companies being passed onto law enforcement agencies. Data sharing with lenders also helps them with their internal fraud risk profiling and identification. Data also aids the Bank to enhance their lender management programme. The department is also collaboratively working with HMRC to improve its risking analysis and identify cross schemes fraud.

2b: PAC recommendation: As part of its Treasury Minute response, the Department should explain how it intends to improve the accuracy and timeliness of its estimates of losses within the Scheme.

2.5 The government agrees with the Committee’s recommendation.

Recommendation implemented

2.6 The department has worked with the Bank to develop analytical and forward-looking expected credit loss models that are compliant with International Financial Reporting Standards (IFRS 9). These models provide a sophisticated approach to forecasting expected credit losses across the COVID-19 loan guarantee schemes, utilising granular data from lenders and other sources.

2.7 For BBLS, the models include a specific input to reflect the probability that a loan facility may have been contracted fraudulently by the borrower. The fraud input is based on the results of sampling work completed by PwC in 2021. The department will continue to work with the Bank and Cabinet Office to better understand the links between fraud risk indicators, fraud occurrence and fraud loss, which will help to refine our methodology.

2.8 The accuracy of the models will improve over time as more information becomes available. However, there will continue to be a high degree of uncertainty and actual losses will depend to a significant extent on the wider performance of the economy over the next decade. The department is committed to providing regular updates on these estimates via its Annual Report and Accounts and supplies estimates to the National Audit Office to inform their regular Covid Cost Tracker publications.

3: PAC conclusion: The Department has been complacent in preventing Scheme fraud and its prioritisation of ‘top tier’ fraudsters puts other government Schemes at risk.

3a: PAC recommendation: Next time the Department launches an emergency business support scheme, it should be explicit on the trade-offs and level of fraud it is prepared to tolerate from the outset.

3.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

3.2 The economic crisis brought about by the COVID-19 pandemic required an extraordinary response from government. The BBLS was devised to address the urgent cashflow needs of the UK’s smallest businesses. The department was clear at the outset that the scheme’s design would create a heightened vulnerability to fraud and there would be a significant risk of credit losses. The scheme was implemented under Ministerial Direction, and the exchange of letters that were published in June 2020 shows that these risks were acknowledged at the outset.

3.3 In the event of another crisis similar in scale to the COVID-19 pandemic, the government would again need to consider the trade-offs between the generosity and speed of a loan guarantee scheme, and the consequent risks for value for money. There is now increased Fraud and Financial Crime resource in the Bank. Additionally, the launch of the Public Sector Fraud Authority this year (announced in the Spring Statement) will further strengthen the ability of the government to manage and mitigate fraud risks, deal with vulnerabilities, and overall increase its counter fraud capacity and capability.

3b: PAC recommendation: The Department should urgently outline how it will change its plans to adopt a more robust approach to reducing all types of fraud, and should commit to including anti-fraud measures from the outset so that it acts as a deterrent effect for other schemes.

3.4 The government agrees with the Committee’s recommendation.

Target implementation date: Autumn 2022

3.5 As mentioned above, the department is currently working with the Bank to formalise a long-term approach to counter fraud for the BBLS. The department is investing in its counter-fraud team and is developing its overall approach to fraud as a department.

3.6 Through the Cabinet Office fraud analytics programme and its work with the Bank on extensive fraud risk assessment procedures, the department has significantly increased its understanding of the nature and extent of BBLS fraud and has developed its response accordingly.

3.7 The department has used data from a wide range of sources to assist lenders with fraud detection and investigation. The lessons learned in developing this capability will inform the design of and response to potential fraud in future schemes.

3.8 The department’s forthcoming fraud strategy review will also include a new triage system which will enable a more agile enforcement response to those cases considered to be fraudulent. The criteria for selection will be flexible to address government priorities including pursuing more ‘low level’ fraud through a range of mechanisms. It is the objective to use this function to create an increased deterrent for this and other schemes whilst creating a template for the future.

3.9 The department considers if or when a further emergency scheme is launched, any fraud threat will be better understood from the outset, enabling a more comprehensive assessment of the level of risk and the impact of any trade-offs required, whilst also being in a strong position to set a deterrent to those who attempt to defraud it.

4: PAC conclusion: We are concerned that the Department is placing too much reliance on lenders to minimise taxpayer losses without incentivising them to do so.

4a: PAC recommendation: The Department should, as part of its Treasury Minute response, set out how it will use legal, regulatory and contractual incentives to improve the lenders’ performance in managing the loans and the risks to the taxpayer.

4.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

4.2 The ongoing management of the BBLS and associated financial risks remains one of the highest priorities for the department and the Bank.

4.3 The primary means by which the Bank assesses lenders’ compliance with the terms and conditions of the Guarantee Agreement is through its ongoing lender audit and assurance programme. This includes examining the effectiveness and adequacy of lender recovery efforts. Where issues are identified, the Bank can take remedial action, ranging from creating an action plan with the lender’s management team through to cancellation of a guarantee. Experience from the first round of audits showed it was effective in remedying identified issues and ensuring lenders took action to improve compliance under the scheme. The Bank is held to account on the effectiveness of its audit programme through its annual business plan, ensuring it is incentivised to work with lenders to improve their management of the schemes when issues are identified.

4.4 Moreover, the Bank has been sharing outputs from fraud analytics work with lenders to support their efforts to identify and recover fraudulent loans. At Spring Statement, the Bank received an additional £10.9 million to deliver further enhancements to its lender management programme. The department will continue to work with the Bank to help strengthen protections for the taxpayer as part of the ongoing management of the scheme

4.5 The Financial Conduct Authority (FCA) is working collaboratively with the Bank, the department and HM Treasury to find areas where regulatory powers and tools can add value. The FCA also has access to the Bank's audits. For example, the FCA has worked with the Bank, the department and HM Treasury to ensure lenders continue to provide protections to borrowers in financial distress, as they are required to do in a business-as-usual environment. The FCA produced guidance on this in January 2021. The FCA have also carried out work on range of lenders assessing how SMEs are treated in the collections and recoveries process, and for some firms this has included Bounce Back Loans.

4b: PAC recommendation: Furthermore, it should report to the Committee on individual lender performance using the dashboard data which was due to be presented to the new cross-Whitehall counter fraud board.

4.6 The government agrees with the Committee's recommendation.

Recommendation implemented

4.7 The Bank has committed to publish data relating to the performance of the COVID-19 loan guarantee schemes. The next round of data to be published will include the amount that has been drawn and settled as this applies to each lender for the BBLS.

4.8 The Bank's lender performance dashboard has been produced for internal reporting purposes. The Bank has approached the Committee to arrange an opportunity for members to review the dashboard.

5: PAC conclusion: It is unacceptable that the Department has no plans to recover outstanding debt after lenders have pursued borrowers for up to 12 months.

5a: PAC recommendation: The Department should, as part of its Treasury Minute response, set out its strategy for collecting overdue payments after the lenders have completed their 12-month requirements.

5.1 The government agrees with the Committee's recommendation.

Target Implementation Date: Winter 2022

5.2 The Guarantee Agreement for the BBLS stipulates that lenders should pursue recoveries for up to 12 months after they have made an initial repayment demand or up until the point at which their business-as-usual recovery processes would conclude. As repayment plans may be negotiated during the 12-month period following a repayment demand being issued, lenders' recovery efforts might well continue for considerably longer in many cases. Any recoveries made after a lender has made a claim must be paid to the Guarantor in accordance with the terms and conditions set out in the Guarantee Agreement, even if these recoveries are made after the 12-month period has elapsed.

5.3 Additionally, the department's long term BBLS counter fraud strategy – currently in development – will address the Committee's recommendation regarding the department's strategy for enforcement and recoveries in cases of suspected fraud. The strategy will take into account additional funding secured in the Chancellor's Spring statement to bolster counter fraud work and response: £13.2 million for the National Investigation Service; additional £11 million for the Bank and £9 million for the Cabinet Office's Data Analytics Programme.

5b: PAC recommendation: In addition, the Department should write to the Committee and provide further information on what the shortest time period has been for a lender to claim on their guarantee to date and how this compares to the average.

5.4 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2022

5.5 The Bank holds this information and will write to the Committee, providing full context for the figures, in due course.

6: PAC conclusion: The Scheme has distorted the Small and Medium Enterprise (SME) lending market in favour of the largest UK banks, which goes against the Bank's objective of creating a diverse finance market for SMEs.

6a: PAC recommendation: The Bank should develop a strategy to mitigate the negative impact of the Scheme on the SME lending market and publish its findings in its next Small Business Finance Market report.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023

6.2 As highlighted in the Bank's most recent Small Business Finance Market Report, the provision of alternative finance recovered somewhat in 2021-22, reflecting the ending of the COVID-19 loan guarantee schemes in March 2021. Challenger banks regained the market share they had pre-pandemic, asset finance and invoice lending grew but was still below 2019 levels, and marketplace lending began to increase again.

6.3 The Bank has an explicit objective to improve the diversity of finance products and providers. It continues to monitor trends in the small business finance market and engages closely with stakeholders across the landscape. The next iteration of the Small Business Finance Market report, expected in Q1 2023, will continue to report on the evolution of the small and medium-sized enterprises (SME) lending market.

6.4 The Bank's existing programmes continue to help challenger and specialist banks to make the SME banking market more diverse, for example through ENABLE Guarantees, the British Business Investments subsidiary, the Regional Funds, and the Recovery Loan Scheme.

6b: PAC recommendation: The Department should, alongside its Treasury Minute response, identify the unintended consequences of the scheme and what impact these have had.

6.5 The government agrees with the Committee's recommendation.

Recommendation implemented

6.6 As mentioned in response to recommendation 6a, the Bank 's most recent Small Business Finance Market Report indicates that the SME ending market has essentially been restored to its pre-pandemic state, reversing the market distortion the COVID-19 loan guarantee schemes might have introduced. The Bank will continue its efforts in improving the diversity of finance products and providers.

7: PAC conclusion: The Department has not yet identified how it will share the lessons from the Scheme.

7a: PAC recommendation: The Department and The Bank should establish a strategy on how it intends to share lessons from the scheme within a month of the publication of their first evaluation report.

7.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2022

7.2 In its Treasury Minute response to the Committee's Twenty-Sixth Report of the Session 2021-22, the department agreed to work in conjunction with HM Treasury and the Bank to produce a report covering lessons learned across the COVID-19 loan guarantee schemes, which it intends to do by Summer 2022.

7b: PAC recommendation: The Bank should develop a business case for an emergency loan scheme for future crisis within 6 months of publication of this report.

7.3 The government disagrees with the Committee's recommendation.

7.4 The Bank, BEIS, HM Treasury and UK Government Investments have developed an Agile Cooperation Framework which sets out the approach for determining whether a downturn response is required and the governance approach to implementing any response.

7.5 The Bank's products are developed to address specific market failures in SME finance markets, with business cases developed for all interventions as standard practice. Since economic crises can arise in a multitude of ways, it is hard to predict what the most appropriate response would be for the Bank. In the event of future crises, the Bank will assess which levers it can use to mitigate the specific impacts on SMEs and their access to finance. As part of this process the Bank will undergo steps required for business case development such as identifying the underlying market failure(s) and objectives of the intervention, designing a scheme to meet these objectives, and modelling the scheme's ability to demonstrate value for money.

7.6 The Bank has an approved business case for the Recovery Loan Scheme, which may act as a template if a future emergency loan scheme is deemed an appropriate economic response.

Fifty-First Report of Session 2021-22

The Ministry of Justice

Improving outcomes for women in the criminal justice system

Introduction from the Committee

The Ministry published its Female Offender Strategy in 2018 after many years of concern about the experience of women in the Criminal Justice System (CJS). Women in the CJS have a higher incidence of prior domestic abuse and mental health issues compared to men; their offences are generally less serious and present lower risk of serious harm to the public; they are more likely to be in custody for shorter periods (including the use of remand) with poor rehabilitation outcomes; and a self-harm rate nearly five times as high in women's prisons as in men's. The impact of women's imprisonment is greater on children as women are more likely to be their main carers. The strategy's aims are to reduce the number of women entering the CJS by intervening earlier with support in the community; have fewer women in custody (especially serving short sentences) and a greater proportion of women managed in the community; and have better conditions for women in custody, including improving and maintaining family ties, reducing self-harm and providing better support on release. The Ministry set up its female offender programme (the programme) to oversee delivery of the commitments in the strategy. While the Ministry leads the programme, several other organisations across government also have a key role in implementing it.

Based on a report by the National Audit Office, the Committee took evidence on 2 February 2022 from the Ministry of Justice. The Committee published its report on 28 April 2022. This is the government's response to the Committee's report.

- NAO report: Improving outcomes for women in the criminal justice system – Session 2021-22 (HC 1012)
- PAC report: Improving outcomes for women in the criminal justice system (parliament.uk) – Session 2021-22 (HC 997)

Government response to the Committee

1: PAC conclusion: The 2018 Female Offender Strategy was widely welcomed but progress since then has been limited and it is unclear how much of the additional money allocated to the Ministry will be spent on services for women.

1: PAC recommendation: The Ministry should publish how much of its resource and capital spending it has allocated to work on improving outcomes for women as soon as it has completed its budget allocations for 2022–23. It should include details of funding for this work for future years where available, and how it will filter down to funding community services.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2022

1.2 The Ministry of Justice (the department) will publish a Female Offender Strategy Delivery Plan for 2022-25 by Summer 2022, setting out the department's priorities for delivery of the aims of the Female Offender Strategy.

1.3 The Delivery Plan and an accompanying Impact Assessment will set out the department's investment to improve the outcomes for women in, or at risk of, contact with the criminal justice system, including funding being made available to community services who work closely with women in the justice system.

2: PAC conclusion: Despite its emphasis on community provision in its strategy, the Ministry has not yet quantified how much funding is required or invested heavily in community services for women.

2: PAC recommendation: The Ministry should assess the level of funding required in the community. To do this, it should estimate and publish:

- ***the proportion of women that are currently arrested or prosecuted, and the proportion of women currently remanded or sentenced to prison, who could appropriately be supported in the community instead; and***
- ***how much it would cost to provide support for these women via women's services in the community.***

2.1 The government disagrees with the Committee's recommendation.

2.2 It is not possible to estimate a counterfactual to determine where an alternative intervention may have been respectively more successful. In addition, it would not be appropriate for the government to do so given that the police, Crown Prosecution Service and judiciary are all independent and responsible for decisions relating to arrest, charge and sentencing.

2.3 As an alternative, the department has instead estimated the number of women that could be supported through women's services as a result of the funding available.

3: PAC conclusion: Effective implementation of the strategy has been undermined by insufficient joined-up working.

3: PAC recommendation: The Ministry should set out how it plans to influence more joined-up working. It should write to the Committee alongside its Treasury Minute response with an assessment of any barriers to local areas implementing 'whole system approaches' and how it plans to work with other government departments and organisations to address these barriers.

3.1 The government agrees with the Committee's recommendation

Target implementation date: Summer 2022

3.2 The Female Offender Strategy Delivery Plan will be cross-departmental, led by an inter-ministerial board chaired by the Prisons Minister, which will drive forward action across government and hold individual departments to account.

3.3 A delivery board of senior officials from across government responsible for delivery of the activities outlined in the Delivery Plan will report on progress to the inter-ministerial board. The Women in the Criminal Justice System Expert Group, which brings together stakeholders and criminal justice agencies, will monitor progress, providing oversight, support and constructive feedback on the Delivery Plan and the Concordat on Women in or at Risk of Contact with the Criminal Justice System.

3.4 The department will publish a report setting out progress to date against the actions in the Concordat, with next steps of further expanding local and national partnership working being set out in the Female Offender Strategy Delivery Plan. The contents of this report have been discussed with interested stakeholders during its development and the department has agreed next steps for ensuring that their views continue to inform the department's work in this area.

3.5 The department continues to gather best practice on existing partnership working. The department is working with partners to understand how best to share advice and resources for areas looking to integrate local services or set up a whole system approach to addressing the needs of vulnerable women. The department has written to the Committee on 6 July 2022 with further details, as requested.

4: PAC conclusion: The Ministry is taking some steps to address the needs of ethnic minorities in the CJS, but it recognises that it has not yet done enough to achieve equality of outcomes for ethnic minority women.

4: PAC recommendation: The Ministry should work with specialist providers and experts to establish a set of actions it needs to take to deliver equality of outcomes for ethnic minority women. This should include its arrangements for supporting smaller specialist organisations that support them. It should publish the set of actions with a timetable so that Parliament, stakeholders and others can hold it to account. It should confirm in its response to this report a planned timescale for publishing this action plan.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2022

4.2 The Female Offender Strategy Delivery Plan, to be published by Summer 2022, will be the mechanism by which the department sets out its commitments for ethnic minority women, with key milestones, reflecting the work of the Female Offender Minority Ethnic working group, which brings together officials and stakeholders with specialist expertise.

4.3 Her Majesty's Prison and Probation Service (HMPPS) has begun work to increase the capacity of ethnic minority specialist voluntary organisations. This includes the establishment of the Voluntary and Charity Sector Stewardship Fund in November 2020 to strengthen the capacity of ethnic minority specialist voluntary organisations to be able to engage in probation commissioning. The HMPPS Race Action Programme (RAP) is conducting an evaluation of the Stewardship Fund to determine the efficacy of the approach. Following evaluation, RAP will make recommendations to optimise the framework with a view to securing the future of the Stewardship Fund across HMPPS

4.4 The department is exploring options to increase the use of grant funding for the voluntary sector to provide services for disadvantaged groups, including women from ethnic minority groups. To support this, HMPPS has developed guidance that makes clear that grants should be the presumptive choice for funding where possible.

4.5 In summer 2022, the department will commence work with Clinks to support ethnic minority specialist organisations to improve their capacity to share best practice and form networks through facilitated events and more structured communication of policy developments. Clinks supports, promotes and represents the voluntary sector working with people in the criminal justice system and their families.

5: PAC conclusion: It is not clear how Parliament, the public and other stakeholders can hold the Ministry to account for delivery of the strategy's commitments.

5: PAC recommendation: The Ministry must clarify what it aims to deliver via the strategy and its progress to date. It should:

- ***publish forthwith the 66 commitments in the strategy that it has assessed the progress of using Red/Amber/Green ratings, with the details of the progress that underpin the ratings;***
- ***write to the Committee alongside its Treasury Minute response setting out what it will achieve and by when in implementing the strategy over the next 3 years so it can be held to account; and***
- ***write to us by the end of July 2022 setting out the new governance arrangements including how it will improve transparency for specialist providers, experts and other external stakeholders.***

5.1 The government agrees with the Committee's recommendation

Target implementation date: Summer 2022

5.2 The Female Offender Strategy Delivery Plan will include a list of the commitments in the Female Offender Strategy with an assessment of whether those commitments are complete, will be taken forward in the Delivery Plan, or are now part of business as usual.

5.3 The Female Offender Strategy Delivery Plan will also set out the department's commitments for the next three years, including an outcomes delivery framework, and will include details of the Delivery Plan's new governance structure. The department will report to the Expert Group of stakeholders and the inter-Ministerial Board on progress in delivering its action plan.

5.4 The department has written to the Committee on 6 July 2022 alongside this Treasury Minute with further details, as requested.

6: PAC conclusion: The Ministry does not yet know the effectiveness of its interventions, or whether it is achieving its aims. This limits its ability to identify and share best practice and to understand where it needs to invest to achieve its aims.

6: PAC recommendation: The Ministry should publish a monitoring and evaluation plan by September 2022. This should include the following:

- ***how it will work with other government departments to evaluate the main strategy commitments and build on the evidence of what works to aid funding decisions;***
- ***the specific performance measures it will use to assess progress towards its aims. For example, how women are dealt with at various stages – before court proceedings are started, while they are progressing through the courts, and when they are sentenced; and whether they offend in future; and***
- ***how it will use performance measures, along with other qualitative methods to identify good practice in local areas and what it will do to support its adoption widely.***

6.1 The government agrees with the Committee's recommendation

Target implementation date: Summer 2022

6.2 The Female Offenders Strategy Delivery Plan intended for publication in Summer 2022 will contain an outcomes framework, which will include clear metrics for measuring progress against commitments, drawing on a range of data sources including published evaluations, where there are sufficient samples of females for reliable analysis.

6.3 Separate from the Female Offender Strategy Delivery Plan, the department plans to publish an Evaluation and Prototyping Strategy later this year that reflects the strong commitment to maintaining and developing a robust evidence base that can tell us what works, for who, how and why. In line with Government Social Research Publication Protocol, the department publishes all research that generates robust and reliable information, including evaluation of interventions for female offenders.

Fifty-Second Report of Session 2021-22

Ministry of Defence

Ministry of Defence Equipment Plan 2021–31

Introduction from the Committee

Each year since 2013 the Ministry of Defence (the Department) has published its Equipment Plan (the Plan), setting out its intended investment in equipment for the following 10 years, and assessing whether this investment is affordable given its budget. This year the Department has allocated a budget of £238 billion to its 2021–31 Plan, which represents a 25 per cent (£48 billion) increase on last year's Plan. This follows the Spending Review 2020's announcement that the Department would receive £16.5 billion budget increase over four years to 2024–25 above its standard annual increase.

The Department has decided to disinvest, scale back and defer spending on various equipment types, as well as to invest in a number of new priorities and to address previous funding shortfalls. As a result, it has announced that its 2021–31 Plan marks a step change in future defence capability, and also is affordable for the first time in four years, with headroom of £4.3 billion of budget over cost.

NAO assessments of the Plan over many years have shown that the Department has been over-optimistic in its assumptions and has consistently found it difficult to strike the right balance between increasing equipment capability and living within its means. In reporting on the risks to affordability, the NAO has highlighted how the Department's decisions to cut budgets in the short term have adversely affected equipment capability and value for money.

The Russian invasion of Ukraine is a reminder of the risks and responsibilities of the UK's membership of NATO and puts a sharp focus on both the Plan's ambitions and the extent to which the Department has addressed its previous shortcomings. There is renewed importance that the Department has the right priorities in delivering capability, and that it manages its expenditure effectively to ensure the Armed Forces can secure all the equipment that they need in the quickest possible time.

Based on a report by the National Audit Office, the Committee took evidence on 28 February 2022 from the Ministry of Defence. The Committee published its report on 11 May 2022. This is the government's response to the Committee's report.

Relevant reports

- NAO report: The Equipment Plan 2021-2031 Session 2021-22 (HC 1105)
- PAC report: Ministry of Defence Equipment Plan 2021-31 – Session 2021-22 (HC 1164)
- Defence Equipment Plan 2021-2031 – 21 February 2022

Government response to the Committee

1: PAC conclusion: The invasion of Ukraine highlights rapid technological advances by other potential adversaries beg serious questions about the pace, scope and ambition of the Department's equipment plan.

1: PAC recommendation: The next Equipment Plan should include an additional section explaining the specific changes the Department has made to reflect developments since it last reported (including changes in international relations and emerging technologies).

1.1 The department agrees with the Committee's recommendation.

Target implementation date: Autumn 2022

1.2 The Ministry of Defence (the department) recognises the potential impact the conflict in Ukraine has had for future thinking on equipment spending and procurement and this is being examined. The department remains confident that the Equipment Plan 2021-2031 (EP21) retains relevance despite emerging and unpredicted threats and was produced in line with aims and priorities outlined in the Integrated Review.

1.3 The Equipment Plan has to balance competing priorities, but, it is the department's view that the EP21 successfully addressed and rectified a previous deficit, whilst ensuring increased investment in new capabilities and research or development. The Plan therefore balances short term need and long term aims to ensure it is remains resilient to emerging threats.

1.4 Future Equipment Plans will include an additional section explaining changes made and planned to address emerging developments.

2: PAC conclusion: The Department appears complacent about the affordability of its Plan and still does not yet have robust arrangements in place to control the cost of its largest programmes.

2a: PAC recommendation: The Department should write to the Committee within the next three months to detail the current cost of the Dreadnought, Replacement Warhead and FCAS programmes and set out how it intends to control the costs of these programmes in future.

2.1 The government disagrees with the Committee's recommendation.

2.2 The department is committed to transparency, and already publishes information about the cost of the Dreadnought programme in its annual update to Parliament on the UK's future nuclear deterrent, in the Equipment Plan and in Major Projects Portfolio data. Whilst it is too early to provide cost estimates for the Replacement Warhead programme, the department is working with HM Treasury on cost estimates and funding arrangements for the programme. Subject to security considerations, cost information will then be included in these publications.

2.3 The Future Combat Air System Concept and Assessment phase involving government and industry concludes in 2024. It will provide the evidence and a degree of maturity of the programme specification, schedule, and associated costs. The department is also separately engaging with international partners on cost share and industrial benefits, which will also contribute toward the UK's affordability position. Further detail will be shared as appropriate in future Equipment Plans and Major Projects Portfolio data.

2b: PAC recommendation: We recommend that there should be a clearly defined purpose for the Dreadnought contingency and any proposals for a warhead contingency, and that Government should have a robust arrangement in place, including conditions which would have to be met, before HM Treasury would consider providing any additional funds from the contingency. The Department should write to the Committee within the next three months outlining the proposed lines for governance and the timetable in which they will be agreed.

2.4 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023

2.5 The purpose of the Dreadnought contingency is clearly defined. It was established in recognition of the difficulties in accurately forecasting the costs of such complex programmes. It allows for changes in the spending profile or total funding without resorting to spending cuts in the wider Defence programme, so that the Dreadnought programme, critical to the department's continued national security, can be delivered on schedule.

2.6 The department's access to Dreadnought contingency funding to date has been negotiated with HM Treasury and each request for contingency funding is subject to HM Treasury scrutiny and approval.

2.7 Discussions are already underway between the department and HM Treasury to agree the future governance of the Dreadnought contingency. As the holder of that contingency, HM Treasury will write to the Committee in due course.

2.8 Work is also underway between the department and HM Treasury on funding arrangements for the Replacement Warhead programme. Current assumption is that any contingency that may be agreed for that programme would be separate from the Dreadnought contingency.

3: PAC conclusion: The Plan's affordability relies on the Department achieving a number of different types of savings, including £7 billion of 'cost reductions' by 2031.

3: PAC recommendation: The Department should urgently set TLBs targets to develop and implement concrete plans to achieve the cost reductions allocated to them in the Plan.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 This recommendation has been implemented and TLBs have targets and plans to achieve these savings.

3.3 As outlined in the Equipment Plan 2021-2031 (EP21), the department's top level budget holders (TLBs) have planned £7 billion of cost reductions over ten years. The department closely monitors and scrutinises Top Level Budget (TLB) planned cost reductions in the annual budget cycle. If there are concerns about the deliverability of these savings the department would work with TLBs to identify remedial action.

3.4 As explained in EP21, the department considers that the savings are achievable. This was demonstrated in financial year 2020-21 when the department held spending to within budget without the need for a centrally directed savings exercise.

3.5 Further information on TLB cost reductions will be included in the upcoming Equipment Plan 2022 due to be published in Autumn 2022.

4: PAC conclusion: Likely additional costs in other areas of departmental spending, such as on its workforce and sizeable estate, may squeeze the Plan's budget in future years, further threatening its affordability.

4: PAC recommendation: The next Equipment Plan report must clearly set out the quantified realistic affordability risk to it posed by the Department's plans for its other areas of spending.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2022

4.2 The department recognises the importance of managing risks to affordability, particularly from challenges in areas such as workforce and estates.

4.3 The EP21 set out an affordable plan for 2021-2031, providing detail of levers in place to protect against the risk of overspend and unaffordability. The 2020 Spending Review uplift, alongside savings measures, enabled the department to address a pre-existing deficit whilst also holding contingency to mitigate against unforeseen risks.

4.4 A major focus of the EP22 will be the affordability picture for 2022-32, how the department is ensuring a sustainable plan and the reliability of data and assumptions behind this. The department will describe the range of risk factors, whilst setting out how it plans to address these to maintain an affordable Plan.

4.5 However, the scope of the Plan and associated report will remain focused on equipment procurement and support, not on defence spending as a whole.

5: PAC conclusion: The Department remains a long way short of having the finance skills it needs to manage the Plan effectively.

5: PAC recommendation: The Department should accelerate its efforts to increase its financial skills by making a career in finance more attractive and making qualifying easier. It should aim to be in the top quartile of financial capability within government departments within 3 years and set out a credible plan to achieve this.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2023

5.2 The department is committed to improving financial professionalism recognising that this is vital to improving financial outcomes. It takes time to train personnel and the department works with the professional bodies and academic providers to tailor programmes to individual's needs, recognising the diverse needs of the profession. The department is committed to supporting professional development with over 500 personnel studying a professional qualification. With around 200 finance apprentices, the department is committed to providing a balance between gaining the professional qualification and relevant work experience.

5.3 The department is fully committed to the Government Finance Function (GFF) ambition of ensuring at least 60% of the finance profession are qualified and is working to be in the top quartile in both capability and broader departmental performance. The department progresses on the right trajectory achieving substantive assurance for the finance function in 2021-22 and improved positioning on In-Year forecasting performance.

5.4 The department continues to develop a range of interventions to improve workforce retention and enable effective and efficient study. These include embedding the Government Finance Function Career Framework, developing associated career and learning pathways with standardised role templates clearly articulating the level of qualification required at each level and supporting lateral moves across the Function to meet development needs. Attraction interventions will be developed as part of the employee value proposition.

5.5 The department has launched a mentoring scheme to support personal development and continues to strengthen its financial capabilities more broadly through mandatory training, key topic webinars and training to improve general business skills.

6: PAC conclusion: The Department has made little impact in its efforts to change its longstanding cultural resistance to change or criticism, which has for many years hindered a clear-eyed view of its equipment procurement performance.

6: PAC recommendation: Within three months the Department should set out when and how it is going to implement the outstanding NAO and PAC Equipment Plan recommendations made in their reports since 2015. At the same time, it should write to the Committee on how it intends to change the culture within equipment procurement and support to make it more open and realistic about performance.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2022

6.2 The department monitors progress of National Audit Office's (NAO's) Value for Money recommendations including Equipment Plan report recommendations. The status of the recommendations is reviewed annually. A summary of progress made on NAO and PAC recommendations is provided to the department's Audit Assurance and Risk Committee (DARAC) on a quarterly basis. The department provided an update on the Equipment Plan PAC recommendations through refreshed Treasury Minutes published on 9 June 2022. One recommendation remains in progress under the Defence Equipment Plan 2020.

6.3 The department's Acquisition Reform agenda includes work to promote critical acquisition behaviours and culture. This includes a 'one team' approach encouraging greater transparency on performance across organisational boundaries; applying judgement to tailor approaches based on 'appropriate risk' in support of timely evidence-based decisions; and embedding a 'learning culture'.

6.4 Significant progress has been made in the use of management information, with data dashboards providing a single version of the truth being shared widely.

6.5 The department is forging closer links with industry through the Supplier Partnering Programme, to improve schedule alignment, risk and dependency management and management information sharing.

6.6 Further detail of progress with the recommendations and how this translates to changes to the plan will be provided as requested in the Autumn.

First Report of Session 2022–23

Department for Business, Energy & Industrial Strategy

Department for Business, Energy & Industrial Strategy Annual Report and Accounts 2020–21

Introduction from the Committee

In response to the COVID-19 pandemic, the Department for Business, Energy & Industrial Strategy (the Department) was responsible for government's business support loan schemes including the Bounce Back Loans Scheme, Coronavirus Business Interruption Loan Scheme, and Coronavirus Large Business Interruption Loan Scheme. In 2020–21, its budget increased from £14 billion in 2019–20 to £44 billion, with much of the increase directly attributable to the government's response to the COVID-19 pandemic and associated support for businesses. The British Business Bank, one of the Department's partner organisations, was responsible for delivering all three of these business support loan schemes. In addition, seven COVID-19 business support grant schemes for businesses were delivered by local authorities acting as agents of the Department.

Together these business support schemes were intended to limit damage to businesses and the economy caused by the pandemic. The Department sought (and received) ministerial directions to proceed given the heightened risk of improper payments as a result of distributing this public money at the pace and magnitude proposed. We have reported before that the Department acted at speed to support businesses but left the taxpayer at risk of large losses due to fraud and error.

As part of his audit of the Department's accounts, the Comptroller and Auditor General qualified his opinion on regularity, given material levels of estimated fraud and error in COVID-19 business support loans and grants. As at the end of the March 2021, fraud and error in the Department's COVID-19 loan schemes was estimated to be £4.9 billion, and fraud and error in its grant schemes to be just over £1 billion. The Department will continue to refine its estimates of fraud and error in these schemes over the next few years and so a total loss to taxpayers cannot yet be determined.

Based on a report by the National Audit Office, the Committee took evidence on 23 February 2022 from the Department for Business, Energy & Industrial Strategy. The Committee published its report on 18 May 2022. This is the government's response to the Committee's report.

Relevant reports

- NAO report: Annual Report and Accounts – Session 2019-20 (HC 709)
- PAC report: Department for Business, Energy & Industrial Strategy Annual Report and Accounts 2020–21 - Session 2022–23 (HC 59)

Government response to the Committee

1: PAC conclusion: The Comptroller and Auditor General qualified his opinion of the Department's 2020–21 accounts due to eye-watering levels of estimated fraud and error in the COVID-19 business support schemes.

1: PAC recommendation: The Department, as part of its Treasury Minute response, should detail how it will make sure that it is doing everything in its power to reduce the current taxpayer exposure to losses through fraud and error and to address the reasons why its accounts were qualified.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Department for Business, Energy & Industrial Strategy's 2020-21 accounts were qualified due to estimated material levels of fraud and error in the initial COVID-19 grant schemes and the COVID-19 loan guarantee schemes. The estimates of fraud and error in the schemes remain highly uncertain and are being revised as more information becomes available. The Department for Business, Energy & Industrial Strategy (the department/BEIS) will publish revised estimates in its 2021-22 accounts.

Financial Guarantees

1.3 Since the launch of the scheme, the department has been working alongside the British Business Bank to mitigate fraud risks in the Bounce Back Loan Scheme, working with lenders, law enforcement and other partners across government. At Spring Statement 2022 the Chancellor announced new funding which will lead to the doubling of the department's enforcement capacity through the National Investigation Service (NATIS) and richer data to support work with lenders, who remain the first line of defence in catching potential fraudsters.

Grants

1.4 From an allocation of £26.9 billion, £22.6 billion has been paid to businesses through over 4.5 million awards. Of the £4.3 billion difference, over £2 billion underspent has been returned by local authorities, with the balance expected in the coming months now that all schemes have closed. In addition, irregular payments have occurred. The initial estimate of which was included in the 2020-21 accounts, with a central point of 8.9%. Further details on the limitations of the estimate are included within the accounts. Over £4 million has been voluntarily repaid from large companies and debt recovery of irregular payments due to error, fraud, or non-compliance is underway. Full assurance work is underway and expected to be completed by the end of the calendar year with first estimates reflected in 22-23 accounts. Further information is included in the accompanying letter to recommendation 3.

2: PAC conclusion: The Department does not have a good enough assessment of the levels of fraud and error in local authority administered business support grants.

2: PAC recommendation: The Department should write to the Committee by September 2022 setting out how it will obtain full cooperation from local authorities to allow it to calculate robust fraud and error estimates for all COVID-19 business support grants, milestones for achieving these calculations, and how this information is being used to focus recovery efforts.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2022

2.2 The general principle applies that local authorities are responsible and accountable for the lawful use of funds under Section 151 of the Local Government Act 1972.

2.3 Section 151 Officers within the local authorities are required to exercise their duties in line with the Chartered Institute of Public Finance and Accountability (CIPFA) guidance, ensuring their oversight of the proper administration of financial affairs within the local authority including these grants.

2.4. It is a condition of BEIS grants to local authorities that they must take all reasonable and practicable steps to recover any payment made in fraud or error before BEIS becomes liable. BEIS will pursue collection of all outstanding debt unless there is a value for money (VFM) case for not doing so. Decisions will be made on a case-by-case basis. A dedicated debt recovery policy has been developed with Cabinet Office and Treasury (HMT). The debt recovery policy guidance has been published on GOV.UK.

2.5 Further details to be provided in due course. The department will write to the Committee detailing how full cooperation from local authorities will enable robust fraud and error estimates which will lead to better recovery outcomes.

3: PAC conclusion: The Department does not know whether grants distributed by local authorities on its behalf have benefited businesses, including those most in need of that funding.

3: PAC recommendation: The Department should, alongside its Treasury Minute response, explain to the Committee how it is going to obtain greater assurance over the regularity and value for money of grant payments made on its behalf.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 Each scheme was developed in an emergency context in response to emerging variants, local and national restrictions/lockdowns. There has been an iterative approach to the grants schemes with each one getting stronger and more robust.

3.3 The lessons learnt form delivering the initial COVID-19 support grants is that greater assurance can be obtained through mandating pre-payment eligibility checks by local authorities, improved assurance sampling design, innovative data collection and management, as well as independent evaluation. Further information is included in the letter accompanying this recommendation.

3.4 Responsibility for checking that all grant awards were issued in a compliant manner and to eligible businesses rests with the local authority. It is a condition of BEIS grants to local authorities that they must take all reasonable and practicable steps to recover any payment made in fraud or error before BEIS becomes liable. See paragraph 2.4 above.

3.5 Grant award letters issued to local authorities on all COVID-19 business support schemes confirmed that the local authority was required to undertake appropriate and proportional assurance check on all grants issued to determine whether the funds were awarded to eligible businesses in a compliant manner. Each scheme has unique eligibility criteria to be checked.

4: PAC conclusion: The Department was aware of heightened fraud risks within its COVID-19 business support schemes from the outset but did not make full use of all the tools at its disposal to prevent and detect fraud.

4a: PAC recommendation: The Department should ensure that the expected scale and sources of fraud risk should be clearly communicated to ministers when ministerial directions are sought, including mitigating actions such as, for example, how the Department and Companies House would work together sharing information to prevent fraud.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The economic crisis brought about by the COVID-19 pandemic required an extraordinary response from government. The department was clear at the outset that the design of certain COVID-19 business support schemes, combined with the pace at which they were being implemented, would create a heightened vulnerability to fraud and there would be a significant risk of credit losses. Where schemes were implemented under Ministerial Direction, the exchange of letters have since been published on GOV.UK.

4.3 For the Bounce Back Loan Scheme (BBLS), the request for ministerial direction made clear that the residual fraud risk would be very high, even after mitigations, and set out the reasons behind this. As mentioned in the request for ministerial direction, the department received external advice ahead of the scheme's launch on measures to try to mitigate fraud. In certain cases, it was not possible to implement mitigating actions before the scheme was launched, and some mitigating actions were developed at a later stage as government's understanding of the fraud risk matured.

4b: PAC recommendation: The Department should, as part of its Treasury Minute response, clearly explain how it is planning to recover funds it identifies as claimed fraudulently or paid out in error.

4.4 The government agrees with the Committee's recommendation.

Recommendation implemented

4.5 As part of the assurance work in support of the 15 local authority grants issued during COVID-19 pandemic, the department made significant investments in its counter fraud and assurance work. Where fraud and error are identified and the local authority cannot recover the funds, the department has instructed Indesser (a Cabinet Office procured debt recovery agency) to recover the debts on its behalf. Lessons learnt documents have been produced to ensure BEIS deliver a programme of continuous improvement protecting government funds.

4.6 The COVID-19 loan schemes are delegated schemes, and primary responsibility for detection, investigation and recovery of fraud sits with lenders, in line with their usual processes. The Cabinet Office's fraud analytics programme aids lenders in this process by improving the information available to them on suspected fraud, which they can use to support their internal investigations and pursue recoveries. Meanwhile, the department is working with the National Investigation Service (NATIS), the Insolvency Service and other law enforcement agencies to pursue investigations into fraud in the Bounce Back Loan Scheme (BBLS).

4.7 At the 2022 Spring Statement, the department secured additional funding for NATIS and the British Business Bank to target abuse of BBLS. This funding has enabled NATIS to increase its investigative capability and establish a Criminal Disruption Unit (CDU). The CDU will target higher volume but lower value fraud whilst the core investigations continue to target high value fraud involving organised crime.

4.8 The forthcoming BBLS counter-fraud strategy will set out further details of how the Government intends to pursue recoveries in case of fraud and error, including through work with lenders.

5: PAC conclusion: The Department has yet to set out how it is learning lessons from managing its COVID-19 business support schemes to better protect taxpayers' money in future.

5: PAC recommendation: The Department should continue to refine its estimates of the levels of fraud and error across its COVID-19 business support schemes, recovering monies to reduce losses to the public purse and apply any lessons learned from these to future support schemes. It should write to the Committee before the end of the year to set out how it is applying lessons learned in its ongoing activities.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2022

5.2 The department continues to refine its estimates of the levels of fraud and error across its COVID-19 business support schemes, including the COVID-19 loan schemes and grants.

5.3 The department will publish revised estimates for Cohort 1 grants and first estimates for the subsequent schemes in its 2021-22 annual report and accounts due to be published in Autumn 2022. See paragraph 1.4 above.

5.4 As part of the assurance work, the department will write to local authorities with the findings and asking them were relevant to start the debt recovery process.

5.5 The COVID-19 loan schemes are delegated schemes, and primary responsibility for detection, investigation and recovery of fraud sits with lenders, in line with their usual processes. The Cabinet Office's fraud analytics programme aids lenders in this process by improving the information available to them on suspected fraud, which they can use to support their internal investigations and pursue recoveries.

5.6 Meanwhile, the department is working with NATIS, the Insolvency Service and other law enforcement agencies to pursue investigations into fraud in the Bounce Back Loan Scheme (BBLS). At the 2022 Spring Statement, the department secured additional funding for NATIS and the British Business Bank to target abuse of BBLS.

6: PAC conclusion: The Post Office's mismanagement of its Horizon programme has had devastating consequences for individuals wrongly accused of fraud. The financial cost of compensating these individuals will largely fall to the public purse.

6: PAC recommendation: The Department should write to the Committee alongside its Treasury Minute response to set out what actions are being taken to ensure Post Office Ltd remains a viable company.

Where the Department (or HM Government) provides assurances to Post Office Ltd over the funding of its liabilities, it should inform the Committee at the earliest opportunity.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 Over the past decade, the government has provided over £2.5 billion in funding to support the Post Office network. The government is providing a further £335 million for the Post Office over the next three years. The government is confident that with this funding, Post

Office remains a viable company and can continue to meet the core requirements for the network, including maintaining a network of at least 11,500 branches and ensuring that 99% of the UK population lives within three miles of their nearest branch.

6.3 Post Office Ltd published its annual report and accounts for 2020–21 in May 2022, which, while highlighting a number of risks and uncertainties, was prepared on a going concern basis. Post Office's independent auditors concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements was appropriate.

6.4 The Horizon scandal has had a devastating impact on postmasters and their families. It is right that affected postmasters are properly compensated and, without government funding, the compensation would have been unaffordable to Post Office. To form part of the going concern assessment for Post Office's financial statements, BEIS issued letters of comfort to assist the Post Office Board in maintaining its view that the company continues to be able to meet its liabilities. The government will share letters with the Committee from BEIS to Post Office, providing assurances for the Historical Shortfall Scheme, interim and full payments for those with overturned criminal convictions. Further letters will be shared with the Committee at the earliest opportunity.

Third Report of Session 2022–23

Department for Business, Energy & Industrial Strategy

The future of the Advanced Gas-cooled Reactors

Introduction from the Committee

The UK has eight second generation nuclear power stations accounting for around 16% of total UK electricity generation in 2020. These stations are owned by EDF Energy (EDFE) following its purchase of British Energy in 2009. The stations comprise seven Advanced Gas-cooled Reactor (AGR) stations, all of which are planned to stop generating electricity by 2028, plus the Pressurised Water Reactor (PWR) at Sizewell B. In 1996, government established the Nuclear Liabilities Fund (the Fund) to meet the cost of decommissioning these eight stations. The aim of the Fund is to generate returns from investments that will meet the costs of decommissioning. As at March 2021, the Fund's assets were valued at £14.8 billion and the estimated decommissioning costs of these eight stations was £23.5 billion. The government has provided a guarantee to underwrite the Fund in the event that its assets are insufficient to meet the total costs of decommissioning.

The arrangements for decommissioning the stations have been governed by a series of agreements between the Fund, the Department for Business, Energy & Industrial Strategy (the Department) and the station owners. In late 2017, the Department entered into negotiations with EDFE to revise the agreements for the seven AGR stations. The agreement was finalised in June 2021. Under the revised agreements EDFE will defuel each of the stations after they have closed, as previously planned. The Department has, however, agreed financial incentives to encourage EDFE to accelerate defueling and transfer of the stations. This includes EDFE earning up to £100 million for good performance but paying out up to £100 million for poor performance. Ownership of the stations will then be transferred to the Nuclear Decommissioning Authority (NDA) to complete the decommissioning process. The Department estimates the new agreements could save the taxpayer up to £1 billion compared with the previous agreements.

Following the evidence session, we engaged in a series of follow-up correspondence with the Department and HM Treasury. A chronological list of this can be found in Annex 1 at the back of the report.

Based on a report by the National Audit Office, the Committee took evidence on Monday 7 February 2022 from the Department for Business, Energy & Industrial Strategy. The Committee published its report on 20 May 2022.This is the government's response to the Committee's report.

Relevant reports

- NAO report: The decommissioning of the AGR nuclear power stations -Session 2021-22 (HC 1017)
- PAC report: The future of the Advanced Gas-cooled Reactors - Session 2022–23 (HC 118)

Government response to the Committee

1: PAC conclusion: Government's investment strategy for the Fund has delivered poor returns and has resulted in the taxpayer having to top-up the Fund with an additional £10.7 billion in just two years.

1: PAC recommendation: HM Treasury and the Department, working with the trustees of the Fund, should within twelve months review the investment approach and write to the Committee setting out the expected performance of the Fund based on the chosen investment strategy and the extent to which this will avoid further calls upon the taxpayer. The departments should set out the rationale underpinning the investment strategy, in particular the split between investment placed in the National Loans Fund earning a low return and the sum invested in higher performing private sector assets.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: May 2023

1.2 The Department for Business, Energy & Industrial Strategy (the Department) and HM Treasury will work with the Nuclear Liabilities Fund (NLF) to review its investment strategy with particular regard to how this will best achieve value for money for the taxpayer.

1.3 Its assessment will note the return targets achieved to date by NLF's investments in private assets and consider the risk and financial efficiency of the split of the NLF assets between the National Loans Fund and the private sector, in addition to return on investment.

1.4 Working with HM Treasury and the NLF, the department will write to the Committee on this matter by May 2023.

2: PAC conclusion: The estimated cost of decommissioning has nearly doubled since 2004–05 and there remains a significant risk that the costs will rise further.

2: PAC recommendation: As part of the 2022 revaluation of the decommissioning liabilities, the Department, working with the trustees of the Fund, should ensure the estimates make explicit allowance for the risk of optimism bias. The Department should report back to the Committee on the new estimates when they are available.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: July 2023

2.2 The department accepts the Committee's recommendation and will respond by July 2023. This will reflect the revised costs for defueling/deconstruction and uncontracted liabilities.

2.3 As noted to the Committee, Électricité de France's (EDF) strategies, plans and the estimated costs are scrutinised, challenged, and approved by the Non-NDA liabilities assurance team (NLA) under the terms of the revised funding agreement. EDF's estimated costs of decommissioning is now to be presented as a range of costed scenarios reflecting risk and uncertainty and this is contractually updated on an annual basis.

2.4 EDF's liabilities from 2020 onwards have utilised a new methodology based upon "top down" scenario evaluation specifically designed to improve understanding, make external scrutiny easier, and counter optimism bias. This has created a much wider range of costs (recognised in the liabilities numbers). HM Government's Government Actuary Department (GAD) was involved in assessing this methodology.

3: PAC conclusion: The terms of the 2009 sale of the nuclear stations agreed by the Department with EDFE placed a disproportionate amount of risk for meeting future decommissioning costs on the taxpayer.

3: PAC recommendation: As proposals for building new nuclear stations are firmed up, the Department needs to learn lessons from AGR decommissioning for how the decommissioning of new nuclear stations will be funded, for example linking contributions more closely to reliable estimates of liabilities, and building in mechanisms for adjusting contributions from operators should estimates of liabilities increase.

3.1 The department agrees with the Committee's recommendation and will respond by August 2022.

Target implementation date: August 2022

3.2 The funded decommissioning plan (FDP) policies in place to support the development of new nuclear stations already build upon what was learnt from the AGR stations.

3.3 The Energy Act 2008 requires prospective operators of new nuclear power stations to have a Funded Decommissioning Programme (FDP) approved by the Secretary of State before nuclear-related construction can begin. The FDP is submitted by prospective nuclear power station operators to the BEIS Secretary of State, who must approve it before nuclear-related construction can begin. The FDP is intended to ensure that operators regularly put funding aside throughout the operating life of the plant in order to meet the future cost of decommissioning.

3.4 The specific design of the FDP arrangement is flexible and up to the operator, but it must meet the requirements as set out in the Energy Act 2008 and is expected to follow BEIS guidance (published in 2011) and methodology for determining the cost of nuclear waste management. The HPC FDP also includes a rachet that allows contributions to be increased as the liability estimate changes.

3.5 The FDP arrangements provide for periodic reviews of sufficiency and for the possibility of operator contributions to increase as required.

4: PAC conclusion: EDFE's timetable for the closure of the stations will result in a significant reduction in the UK's generating capacity until new capacity comes online.

4a: PAC recommendation: The Department working with the Office for Nuclear Regulation, EDFE, and Ofgem should urgently review whether it would be technically feasible, safe, and cost-effective to extend the lives of any of the remaining operating stations if needed and report back to the committee within 4 months.

4.1 The government disagrees with the Committee's recommendation as currently drafted, as extensions of the station lifespans are a matter for EDF and the relevant regulator.

4.2 Whilst there has been parliamentary and public interest in the potential for life extensions, the department has no formal role in these decisions. The continued operation, or closure, of any UK nuclear power station is a decision for EDF (the stations' owner and operator) and the independent nuclear regulator, the Office for Nuclear Regulation (the ONR), based on safety and commercial considerations.

4.3 Nuclear power stations must comply with stringent nuclear safety and security regulations, overseen by the ONR as a robust and independent regulator. Nuclear operators are obliged by law to make a comprehensive safety case for every nuclear operation which justifies why the reactor is safe to operate and takes into account the ageing effects of the reactor.

4.4 Most of the UK's operating stations have already previously had life extensions. The UK has five generating AGR power stations expected to close between 2022 and 2028 (two AGR stations are already closed/defueling), that have provided reliable electricity generation for many years However, all the AGRs are known to be subject to cracking of structural graphite in the cores as they age, which limits their safe operational life.

4.5 The department is in regular communication with EDF and the ONR and will ask EDF to set out their plans for how they will work with the regulator to see if extensions are possible in a safe, secure and cost-effective way, and will aim to provide further detail to the Committee by the end of 2022.

4b: PAC recommendation: The Department and NDA should publish plans within 12 months setting out how they will make best use of NDA's nuclear sites in future, including whether they are suitable for new nuclear infrastructure, such as modular reactors. In particular they should clarify how the transfer to the NDA from EDFE will allow for these Modular reactors.

4.6 The government agrees with the Committee's recommendation.

Target implementation date: May 2023

4.7 With regard to the future use of nuclear land, the department agrees with the recommendation and will complete a feasibility study, reporting back to the Committee within 12 months.

5: PAC conclusion: We are not convinced the Department has struck the right balance in incentivising the NDA and EDFE to deliver safe and efficient defueling of the AGR stations on time while reducing costs.

5: PAC recommendation: The Department should write to the Committee within six months outlining how it will assure itself that the incentives are working and setting out the actions it will take if the incentives are not working.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: November 2022

5.2 The department accepts the Committee's recommendation and will respond to the Committee by November 2022, outlining the governance and oversight for monitoring the impact of the incentive on delivery and how that indicates effectiveness of the mechanism.

6: PAC conclusion: Arrangements for transferring nuclear stations to NDA are worryingly under-developed, and there is a risk that transfer negotiations between EDFE and NDA could drag on and increase the costs to the taxpayer.

6: PAC recommendation: Within the next six months the Department, following discussions with NDA and EDFE, should write to the Committee with a detailed plan and timetable for how the transfers will take place. This plan should cover all the major aspects of the transfer including land and people, and it should identify where uncertainties remain, how those uncertainties might affect costs, and when they are likely to be resolved.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: May 2023

6.2 EDF and NDA are currently working together to deliver detailed transfer plans for the AGR stations, starting with Hunterston B, with an anticipated delivery date of May 2023. Accordingly, the department would request a revised implementation date for this recommendation of May 2023.

6.3 A sufficiently detailed transfer plan for Hunterston B will be available in May 2023, but necessary work will need to take place to support detailed transfer plans for the subsequent stations, which will be completed in the years thereafter. The department proposes sharing the detailed Hunterston B plan with the Committee when completed, with a summary of progress of plans for the remaining stations at that time.

7: PAC conclusion: Given the scale and complexity of decommissioning the AGR stations, we are concerned that the Department's oversight of a complex set of governance arrangements is itself not subject to sufficient scrutiny and challenge.

7: PAC recommendation: The Department should write to the Committee within the next six months setting out how it is assuring itself that it is discharging its oversight role effectively and detailing the current and future plans for reviewing the Department's own performance.

In addition, despite the Department's assertions to the contrary, it should write to the Committee and explain why it shouldn't place the programme on GMPP at an earlier stage in the transfer phase from EDFE to NDA so it can benefit from advice on the adequacy of the proposed transfer terms between EDGE and the NDA.

7.1 The government agrees with the Committee's recommendation.

Target implementation date: November 2022

7.2 Monitoring, reporting, and assurance processes and structures were put into place following the agreement of the revised AGR defueling and decommissioning arrangements with Électricité de France Energy (EDF) and the Nuclear Decommissioning Authority (NDA). The department will revert with further detail on these processes and set out how they provide appropriate oversight and facilitate the necessary scrutiny and challenge.

7.3 With regard to the second part of this recommendation, the department will approach the Infrastructure and Projects Authority (IPA) for their support in developing a response for the Committee.

Tenth Report of Session 2022-23

House of Commons, House of Lords, Restoration & Renewal Sponsor Body and Delivery Authority

Restoration and Renewal of the Palace of Westminster

Introduction from the four Accounting Officers

We are writing in response to the Public Accounts Committee's report of 29 June 2022 "Restoration and renewal of Parliament". We welcome the report and thank the Committee for its careful and ongoing consideration of this topic. Our joint response to the report's recommendations is provided below, taking each recommendation in turn.

Relevant reports

- NAO report: Restoration and Renewal of the Palace of Westminster: progress update– Session 2021-22 (HC 1016)
- PAC report: Restoration and Renewal of Parliament – Session 2022-23 (HC 49)

Response to the Committee

1. PAC conclusion: The considerable uncertainty facing the Programme has caused a loss of the critical skills needed to develop the business case, created delays and increased the risk of nugatory spending and health and safety incidents.

1. PAC recommendation: As soon as possible, the Clerks should:

- ***commit to meet the indicative timeframe set out by the Commissions to resolve uncertainties around how the Programme will be governed and the work to be undertaken. This should involve engaging all parties, such as domestic parliamentary committees, and setting interim milestones; and***
- ***set out how they will recruit and retain the skills and expertise they recognise is needed to deliver the Programme.***

During this period of uncertainty, the Sponsor Body, Delivery Authority and House authorities should set out a clear plan and structure as to how they will manage the short-term risks to value for money to avoid nugatory expenditure.

First bullet - Indicative timeframe

The Clerk of the House and the Clerk of the Parliaments commit to implement this recommendation, where it is within their powers to do so.

Target implementation date: The Commissions' timeframe for the debates in both Houses (before the summer recess) has been achieved, with the House of Commons debate tabled for 12 July 2022 and the House of Lords debate announced for 13 July 2022. The Commissions' report sets out a timeframe for the drafting of the necessary regulations in autumn 2022.

The Clerk of the House and the Clerk of the Parliaments are committed to meeting the indicative timeframe in the Commissions' Report, set out at paragraph 73. However, the Committee will be aware that, subject to the agreement of the two Houses to the relevant motions, laying of the necessary regulations is not within the control of either the Clerk of the House or the Clerk of the Parliaments. Although officials in Parliament will be closely involved in the drafting of the regulations under section 10 of the 2019 Act, the timetable for bringing forward the regulations for approval by each House is for the Government to determine. Nevertheless, the intended timeframe for the debates (to take place before the summer recess) is on track to be met, with the House of Commons debate tabled for 12 July 2022 and the House of Lords debate announced for 13 July 2022. The Clerk of the House and Clerk of the Parliaments undertake to provide any assistance required to facilitate the indicative timeframe for the regulations being met. The Clerk of the House and the Clerk of the Parliaments have made preparations to support the Commissions to take timely decisions to enable the establishment of the Client Board and Programme Board, subject to the Houses' approval of the motions.

In addition to the indicative dates given at paragraph 73 of the Commissions' report, milestones for the various strands of transition activity will be recorded and monitored via a shared plan (The Phase 1 Plan) between Parliament and the Delivery Authority. The new governance structure, and the Programme Board in particular, will play an important role in monitoring progress against milestones.

Paragraph 51 of the Commissions' Report notes: "The Domestic Committees of the two Houses will also have an important role to play in advising the Commissions on the discharge of their new functions." The Clerks will ensure that the domestic committees of both Houses are engaged effectively so they are in a position to provide informed advice to the Commissions.

Second bullet - skills and expertise

The Clerk of the House and the Clerk of the Parliaments commit to implement this recommendation.

Target implementation date: Not applicable, as this recommendation is ongoing.

As noted in paragraph 27 of the Commissions' report, the Delivery Authority will remain in place, and will remain independent, under the Commissions' proposals. It is worth noting that the vast majority of the people working on the programme are employed by the Delivery Authority or its supply chain. The CEO of the Delivery Authority will remain accountable for the skills and expertise to deliver the Programme, and their independence remains unchanged.

The creation of the Client Team as a new Joint Department within Parliament is the responsibility of the Clerk of the Parliaments and Clerk of the House, and they will be responsible for ensuring it has the right capabilities.

An interim CEO was announced on 26 May 2022. Dr Patsy Richards has been seconded from the House of Commons to provide the leadership and stability needed by the sponsor function at this time. The interim CEO is assessing capability and capacity gaps within the sponsor function to ensure it has the necessary skills and expertise. This exercise will be completed by the end of the summer recess.

Proposals by the two Clerks regarding the application of TUPE legislation to transfers of those staff working in the Sponsor Body aim to mitigate the risk of losing staff with the right experience and skills.

Paragraph 42 of the Commissions' Report sets out that the Programme Board "will bring together Parliamentary and lay members, with the right skills and expertise, especially in major programmes, to fulfil its remit." The Client Board, once established, will consider proposals for the membership of the Programme Board and appoint its members. Subject to endorsement by both Houses of Parliament, the target date for implementing the new two-tier governance structure is the end of the calendar year.

Managing the short-term risks to value for money to avoid nugatory expenditure

The four Accounting Officers agree with the Committee's recommendation.

Target implementation date: this recommendation has been implemented. There are already processes in place within Parliament, the Sponsor Body and Delivery Authority to avoid nugatory spend when making investment decisions; a governance structure to manage these dependencies across all four organisations; and scrutiny of decisions by Committees of both Houses to ensure that value for money is being prioritised and achieved.

One of the main functions of the Sponsor Body during the transition process is to continue overseeing and scrutinising the work of the Delivery Authority. Both organisations are committed to ensuring continued value for money and avoiding nugatory expenditure, and both have introduced a clear framework and structures to do so.

Following the decisions of the House Commissions in February 2022, both Accounting Officers commissioned high-level reviews of the organisations' business plans on an 'essential activities' basis, to align to the direction provided by the Commissions and to avoid nugatory spend. This exercise was performed at pace and with a high level of uncertainty around the future scope of the R&R programme and the future operating model.

In order to provide some structure for both the Sponsor Body and Delivery Authority over the short-term, the Sponsor Body issued the Delivery Authority with a new "task brief" on 25 February 2022. This provided instructions to close off, then cease, activities that were no longer required and focussed instead on those activities essential to exploring future options for an R&R Programme and supporting transition activity. The work on exploring future options for the Programme is aligned to the parameters agreed jointly by the House Commissions and published in their report.

To mitigate any short-term risk to value for money and nugatory expenditure, the Sponsor Body and Delivery Authority have:

- Carried out an executive review of activities to pause/stop/continue, with existing budgets subsequently adjusted accordingly;
- Reviewed all commercial commitments and either terminated those arrangements or reduced the scope to those activities that are necessary to complete existing workstreams, such that they can be archived and made available for future reference if necessary;
- Introduced additional controls to review any new financial commitments;
- Reviewed all resource budgets and implemented a recruitment freeze, other than for roles where recruitment was unavoidable or offered better Value for Money. All resources (employees and interims) as well as roles performed by the Delivery Authority's delivery partner, Jacobs, were reviewed and challenged by the executive team. This review means that the planned increase in Delivery Authority resources has not happened, and the Delivery Authority will retain resources broadly in line with current numbers;
- Given notice to all contractors unless their work is critical to current operations; and
- Reviewed required design resources in conjunction with the Delivery Authority's design partner, BDP, to re-align resources to the new activities going forward.

The Delivery Authority still has significant work to do—developing future proposals, progressing surveys and other investigations, continuing work that will be of value, maintaining organisational capability and expertise—so they can respond when the Houses have provided a new direction in accordance with a new task brief. The Delivery Authority will continue to target savings through its planning and forecasting process to ensure that a constant downward pressure on costs is maintained and provide a monthly report to the Sponsor Board detailing progress, risks and issues and financial information. Quarterly reports will be issued to the House Commissions, which will be shared with the Parliamentary Works

Estimates Commission, and will include information relating to the realisation of cost savings for review and challenge.

The Sponsor Body will scrutinise all R&R costs and plans during the 2022/23 financial year, unless and until the sponsorship functions are transferred elsewhere by regulations, and is committed to drive through efficiencies and savings wherever possible including through the 'deep dives' commissioned by the Sponsor Board on Data and Digital, Programme Management and Corporate Services costs, as well as holding monthly performance reviews, reviewing the expenditure and challenging the resources required.

Despite the above controls, given the current uncertainty over the scope of the future works to the Palace of Westminster, there is a chance that some expenditure incurred to date may at a later date be considered a constructive loss. However, without a confirmed scope of works it is not currently possible to make this assessment, and it remains the view of management that all spend incurred to date has been in line with the mandate for the R&R Programme and requirements instructed to the Delivery Authority at the time incurred and is likely to be of value in informing future design options.

Within Parliament the Strategic Estates team will continue to follow the business case process to assess value for money and avoid nugatory spend on work to the Palace. Since June 2020, the Parliamentary authorities have undertaken an "R&R Test" on every investment proposal. This is conducted in partnership with the Delivery Authority and assesses the risk of nugatory spend. The test considers criticality, safety, security and impact to those working in the Palace to determine whether the works should proceed, pause for R&R, or change scope to avoid nugatory spend – that is, spend on works which have no value. In addition, since July 2021 Strategic Estates have had an agreed set of investment assumptions based on the R&R delivery dates which were in place before the recent Commission decisions. These investment assumptions are based on a range of dates against which all investment is assessed to determine value for money. The assumptions were signed off by both Accounting Officers as well as the R&R Sponsor Body. These assumptions will be kept updated in line with developments in the R&R programme. The R&R test process is managed by the R&R Dependencies Group, which is attended by relevant teams from Parliament, the R&R Sponsor Body and the R&R Delivery Authority.

2. PAC conclusion: The House of Commons Commission proposed to dissolve the Sponsor Body without considering why governance arrangements did not work and potential alternatives, including whether the House administrations can satisfactorily oversee work.

2. PAC recommendation: Given the lack of time to consider the viability of options, Parliament should consider appropriate governance arrangements for the delivery phase and ensure they have evidence to support decision-making by:

- ***being explicit about why the Commission concluded that existing arrangements have not worked and therefore what issues revised arrangements must address; and***
- ***considering the viability and detail of other governance arrangements, including the House administrations, drawing on past performance and an understanding of skills and capabilities.***

This recommendation is for Parliament.

Target implementation date: this recommendation is for Parliament; the relevant date is that of the debates in each House later this month, and subsequently the date of debates on the required regulations. Initial options relating to the governance

arrangements for the delivery phase of the programme will be considered as part of the strategic case put to Parliament.

The Committee's recommendation is for Parliament itself. It is therefore not for the Accounting Officers to give a substantive response. However, the Commissions have provided a report to both Houses in order to support their decision-making. In preparing this report the Commissions sought advice from an Independent Advice and Assurance Panel on what would be the best sponsorship model— in-house or a different arm's length body—for the R&R programme during the remainder of the definition stage (the period from now up to agreement of the strategic case) and during the subsequent programme delivery phase. The Panel's advice on this matter is included in paragraphs 6-16 of their report, which was published in full at Annex D of the Commissions' June Report. The Commissions, taking into account the Panel's report, set out their reasoning and recommendation in paragraphs 27-31 of their report.

The Panel concluded that the governance model for the delivery phase will need to be separately considered and confirmed after the scope and preferred delivery strategy is agreed. In line with HMT Green Book processes, governance structures will be considered in the development of the strategic case, to be decided on by the two Houses.

3. PAC conclusion: Critical value for money risks, which we have previously highlighted, have still not been addressed.

3. PAC recommendation: The Clerks should set out how they will ensure the relevant authorities address the recommendations made in previous PAC and NAO reports, in particular:

- ***that Parliament should put in place clear structures to provide a single set of objectives and requirements that brings together perspectives (a longterm vision) from both Houses.***
- ***that the risks of interdependent programmes, such as accommodation for the House of Commons during the works, should be effectively managed.***

First bullet - Structures to achieve a single set of objectives and requirements

The Clerk of the House and the Clerk of the Parliaments agree with the Committee's recommendation although note it is for both Houses to ultimately agree the programme's objectives and requirements

Target implementation date: subject to endorsement by both Houses of Parliament, the target date for implementing the new two-tier governance structure is the end of the calendar year.

The Commissions' report sets out a proposed new two-tier structure for the governance of the R&R Programme that would oversee the development of a single set of objectives and requirements guided by a long-term vision for the Palace. The Programme Board, as envisaged by the report, would support the long-term vision and oversee the process for engaging with the whole parliamentary community, which includes Members and parliamentary committees, to achieve a single set of requirements for both Houses. The Client Board, enabling the Commissions to act and make decisions jointly, would have overall ownership of the objectives and requirements. The Clerk of the House and the Clerk of the Parliaments will facilitate a move to these new structures if endorsed by both Houses of Parliament.

Second bullet - Risks of interdependent programmes

The Clerk of the House and the Clerk of the Parliaments agree with the Committee's recommendation.

Target implementation date: subject to endorsement by both Houses of Parliament, the target date for implementing the new two-tier governance structure – and therefore establishing the programme board – is the end of the calendar year. The programme board will be the primary instrument for managing risks to the R&R programme, including those related to interdependent programmes.

The Commissions' Report proposes a new two-tier governance structure that is part of, not separate from, Parliament's decision-making structures. This allows for both the Palace works and related projects elsewhere on the Estate to be effectively co-ordinated going forward.

Currently each of the two Houses and the Sponsor Body maintain their own strategic risk registers which capture risks to the achievement of each organisation's corporate objectives. The new governance structure will allow for the programme risks to be captured in one place and scrutinised and monitored by the Programme Board. The Programme Board will also be able to manage dependencies and conflicts, including between R&R and Parliamentary-led estates work, and specifically arrangements for temporary accommodation and any moves of people and the collections that become necessary.

As referenced in response to recommendation 1, there are governance structures in place at an official level to manage dependencies through the R&R Dependencies Group.

4. PAC conclusion: The Commissions have asked for further options to be explored but is unclear how the higher costs, greater duration and added risks, including extraordinary health and safety risks, of a continued presence during the building works can be managed.

4. PAC recommendation: The Clerks should set out the threshold of risk they are willing to accept during the works and report back on this level of risk, the trade-offs they feel are possible and how this impacts the potential approach to work.

The Delivery Authority should progress the intrusive surveys during the summer to determine what the asbestos removal plan should be, including whether it is safe to remain in the Palace whilst these works take place.

Risk threshold

The Clerk of the House and the Clerk of the Parliaments agree with the Committee's recommendation.

Target implementation date: risk management processes are already in place. Subject to endorsement by both Houses of Parliament, the target date for implementing the new two-tier governance structure is the end of the calendar year. The articulation of threshold for risk during the works, acceptability of trade-offs and impact on the approach to works will accompany the strategic case that will be put to Parliament.

The Clerk of the House and the Clerk of the Parliaments have legal responsibilities relating to the safety of those who work in or visit the Palace and are therefore responsible for the prevention of avoidable serious incidents. In discharging their duties, the Clerks receive advice from experts and have risk, audit and assurance processes in place.

Risk management is part of the internal control and assurance arrangements of both Houses. The approach to managing risk is aligned to the Treasury Orange Book and underpinned through professional risk training delivered in partnership with the Institute of Risk Management. The effectiveness of risk as a management control is overseen through the corporate governance arrangements of both Houses.

The most significant risks identified are managed directly by the Boards of each House and are recorded in the principal risk register. Whilst each House maintains their own principal risk register a number of risks are managed bicamerally, to increase the effectiveness of controls.

This has included a bicameral safety principal risk: both Boards, using the risk management framework, have agreed a cautious risk appetite in this area. The safety risk is subject to regular reviews throughout the year to assess the effectiveness of agreed mitigations. A key mitigation is the role of the Parliamentary Safety Assurance Board (PSAB) who provide leadership and proactive strategic direction in relation to the management of safety, fire and food safety risks for both Houses.

Paragraph 18 of the Commissions' Report recommends that the "the evaluation criteria for the delivery method should explicitly include health and safety risks to building users, including during the works". The Clerks will ensure that this is a primary criterion for the options assessment and associated Member consultation and other engagement leading up to debates and decisions on the strategic case which will be put to Parliament.

Under the new governance arrangements, the Clerk of the House and the Clerk of the Parliaments will have a legal responsibility relating to the R&R works. The two Clerks, supported by the head of the Client Team, will report to the Programme Board and Client Board on levels of risk. However, risk management is not a static activity: risks may change over time and vary depending on the options proposed by the Delivery Authority. The Clerk of the House and the Clerk of the Parliaments will consider the risks on a regular basis, determine whether appropriate mitigations are in place or available, take into account all relevant considerations and advice, and then form a judgment based on all the evidence.

There will be trade-offs to consider regarding any potential approaches to the works, some of which may be for Members of both Houses to determine. However, the responsibility for health and safety cannot be delegated and the Clerk of the House and the Clerk of the Parliaments must always act in accordance with their statutory responsibilities.

Intrusive surveys

The Sponsor Body CEO and the Delivery Authority CEO accept this recommendation.

Target implementation date: This recommendation is already being implemented, with plans for commencing intrusive surveys on track to start in July 2022.

The plans for commencing intrusive surveys in the upcoming recess periods, which will continue to run over the next few years, are on track to start in July 2022. These surveys will provide the Delivery Authority with key structural and ground condition information as well as adding to the existing records of asbestos. This additional information will provide further details on the quantity, type and location of asbestos in the areas being surveyed.

Determining how asbestos will be treated within the future R&R works, and implications for safe working zones, will be significantly influenced by the scale and scope of the programme which will be subject to future decisions by the Houses. A range of options for future programme scope, and approaches to how works will be delivered, are currently being developed to inform those decisions.

The risks in relation to the House of Commons remaining in the Palace during the works were outlined within the Continued Presence Impact Study published in February 2022.

5. PAC conclusion: To date, there has been a failure of transparency and accountability over work to restore and renew the Palace.

5. PAC recommendations: To maintain effective transparency over the Programme:

- ***Measures should be put in place by the Programme's Accounting Officers to ensure the programme sponsor reports regularly to Parliament on progress, including information on the potential costs and risks estimates and any associated uncertainties.***
- ***The Commissions of both Houses should publish and place in their respective Libraries all minutes and advice documents supporting decisions relating to the programme, as well as the interdependent and wider works across the Parliamentary Estate.***
- ***The Delivery Authority should include engagement with parliamentary domestic committees as a critical stage in any future timetables.***
- ***Urgently, and at the latest before works commence, the Clerks of both Houses should review and improve processes to guarantee health and safety incidents are reported as soon as possible to those accountable for safety and those potentially affected by incidents.***
- ***The Government must be clearly engaged with the overall strategy and costs of the entire R&R project.***

First bullet – sponsor reporting

The Clerk of the House and the Clerk of the Parliaments agree with the Committee's recommendation.

Target implementation date: the target date for implementing the new two-tier governance structures, and therefore revised arrangements for reporting to Parliament, is the end of the calendar year. Quarterly R&R progress reports will be published by the Clerk of the House and the Clerk of the Parliaments after this date.

Quarterly R&R progress reports will continue to be published. These will be issued by the two Clerks at the point that they become the Accounting Officers for R&R. The Public Accounts Committee will be notified of the publication of each report.

Parliament will be engaged throughout the R&R programme and the two Houses will be asked to take decisions at different junctures. The proposed new governance model will also endeavour to ensure regular engagement and information-sharing and feedback sessions with Members of both Houses.

Second bullet – publication of minutes and advice to Commissions

This recommendation is not directed to any of the four accounting officers providing this response. It is a matter for the Commissions of each House as to what they publish and where. The Clerk of the House and the Clerk of the Parliaments undertake to raise the Committee's request at the next meeting of their respective Commissions.

Third bullet – engagement with parliamentary domestic committees

The CEO of the Sponsor Body and the CEO of the Delivery Authority accept this recommendation.

The domestic committees of the two Houses are key stakeholders for the R&R programme of works and have an important role advising the Commissions on the discharge of their functions. The Sponsor Body has valued the input of domestic committees in both Houses on a range of issues over the past two years.

Under the new arrangements, engagement with parliamentary committees, including domestic committees, is likely to be overseen by the Client Team, based in the new parliamentary joint department, with the Delivery Authority's close support and involvement. We intend to build on previous positive examples of engagement with domestic committees, for example for the R&R Programme Strategic Review in 2021, as well as the engagement currently taking place as part of the surveys programme. As recommended by the Committee, the Client Team and Delivery Authority will integrate engagement with parliamentary domestic committees into future planning schedules related to the works, as well as other key engagement and governance bodies such as the Programme Board.

Fourth bullet – safety escalation and reporting protocols

The Clerk of the House and the Clerk of the Parliaments agree with the Committee's recommendation.

Target implementation date: the revised safety escalation protocols were implemented on 6 April 2022. A further review of their effectiveness is scheduled for October 2022 to ensure they remain fit for purpose, with annual reviews thereafter.

The Clerk of the House and the Clerk of the Parliaments have recently reviewed and updated the existing safety escalation arrangements within Parliament, implementing the improved protocols on 6 April 2022. The risk-based protocols, which were developed in consultation with the Trade Unions, incorporate trigger points for escalation based on Health and Safety Executive best practice and the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013. Training has been delivered to key staff in Parliament on these arrangements to ensure they become embedded. A further review of their effectiveness is scheduled for October 2022 to ensure they remain fit for purpose, with annual reviews thereafter. Any subsequent changes will be communicated to the Commissions. For the House of Commons' Commission, this is via the regular safety updates provided at each Commission meeting. The Clerk of the Parliaments will continue to provide the House of Lords' Commission with oral updates on a range of issues as appropriate and will do so on safety matters where necessary.

Fifth bullet – Government engagement

This recommendation is directed to the Government.

Target implementation date: this is not a matter for the Accounting Officers.

A separate response will be provided by the Government. However, all four Accounting Officers are committed to continued engagement with Government.

6. PAC conclusion: The Parliamentary Accounting Officers have not made clear whether the House authorities can deliver the work envisaged by Parliament.

6. PAC recommendations: Given their roles as Accounting and Corporate Officers, the Clerks should make available to Members their expert advice on the future programme governance and the viability of different approach to the works. Should the Clerks be tasked with delivering a programme which they cannot assure themselves is value for money, or the best use of taxpayers' funds, then following the principle of transparency set out by the Speaker in January 2020 they should write to the Commons and Lords Commissions laying out their assessment and seek formal instruction whether to proceed. This correspondence should be published.

In relation to any continuing independent advice sought to support decision making, they should:

- ***set out how they will ensure that the panel is both independent and objective and can also access the information it needs.***
- ***commit to publishing and placing in the House of Commons Library any advice obtained and how they have responded to any recommendations.***

The Clerk of the House and the Clerk of the Parliaments broadly agree with the Committee's recommendation

Target implementation: not applicable, as this recommendation is ongoing.

The Clerk of the House and the Clerk of the Parliaments are very aware of the importance of their roles as Accounting Officers and the importance of ensuring value for money and efficient and effective use of taxpayers' money. The letter referred to in the PAC report concerns House of Commons procedure: where the Speaker of the House of Commons takes a decision which the Clerk of the House feels "comprises a substantial breach of the Standing Orders or a departure from long-established conventions without appropriate authorisation by the House itself", the Clerk may place a note expressing this view in the Library of the House. This relates to the procedural and constitutional advice the Clerk of the House gives to the Speaker of the House of Commons, as opposed to any advice the Clerk of the House gives in his role as Accounting Officer or Corporate Officer. There is no such protocol in the House of Lords. There is no equivalent mechanism currently for advice provided by the Clerk of the House to the Commission in his role of Accounting Officer or Corporate Officer to be put in the public domain, but as a non-voting member of the Commission the Clerk has a forum to ensure his views are heard and minuted. It would be for the Commissions to decide whether to publish any advice submitted to them.

The Independent Advice and Assurance Panel that provided advice to the Commissions of both Houses in May 2022 was made up of four independent programme experts with no prior involvement in the decisions relating to the Restoration and Renewal Programme and no vested interests in the outcome of the Commissions' report and recommendations. Their details are provided in Annex C of the Commissions' report. The panel were able to speak to whomsoever they required across Parliament and the R&R statutory bodies and review any information they requested.

Any future Independent Advice and Assurance Panels convened for this programme will continue to comprise of independent and objective experts. The Clerk of the House and the Clerk of the Parliaments commit to publishing the outcome of any future Independent Advice and Assurance Panels that they commission subject to the agreement of the Commissions, acting as the Client Board. Publication will be subject to the usual protocols for redacting information, if necessary, for example for security or commercial reasons.

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 2022-23

Committee Recommendations:	16	
Recommendations agreed:	15	(94%)
Recommendations disagreed:	1	

Publication Date	PAC Reports	Ref Number
July 2022	Government response to PAC reports [49-52] 1, 3 & [10]	CP 722

Session 2021-22

Committee Recommendations:	362	
Recommendations agreed:	333	(92%)
Recommendations disagreed:	29	

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
April 2022	Government response to PAC reports 32-35	CP 649
April 2022	Government response to PAC reports 36-42	CP 667
July 2022	Government response to PAC reports 49-52, [1, 3 & 10]	CP 722

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

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

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

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
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
June 2022	Session 2013-14: updates on 1 PAC report Session 2017-19: updates on 27 PAC reports Session 2019-21: updates on 34 PAC reports Session 2021-22: updates on 30 PAC reports	CP 691
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
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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