HM Treasury

Treasury Minutes

Government Response to the Committee of Public Accounts on the Thirty-second to the Thirty-sixth reports from Session 2022-23

CP 828

March 2023

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Government Response to the Committee of Public Accounts on the Thirty-second to the Thirty-sixth reports from Session 2022-23

Presented to Parliament
by the Exchequer Secretary to the Treasury
by Command of His Majesty

March 2023

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Government response to the Committee of Public Accounts Session 2022-23

Thirty-second Report of Session 2022-23

Department for Culture, Media and Sport

Grassroots participation in sport and physical activity

Introduction from the Committee

The London 2012 Olympic and Paralympic Games cost £8.8 billion. The government committed to delivering a lasting legacy as part of the Games, including increasing the number of adults participating in sports. The proportion of adults participating in sport at least once a week declined in the first three years following the Games. In 2015, government introduced a new strategy to focus on the social good that taking part in sport and physical activity can deliver and enabling more people from all backgrounds to regularly take part in meaningful sport and physical activity, volunteering and experiencing live sport. By November 2019, 63.3% of adults in England were physically active. Community sport and physical activity brought an estimated contribution of £85.5 billion to England in 2017–18 in social and economic benefits, including £9.5 billion from improved physical and mental health.

The Department for Culture, Media & Sport (the Department) has overall policy responsibility for maximising participation in sport and physical activity. It spends most of the money it allocates to this through Sport England, its arm's length body created in 1996 to develop grassroots sport and get more people active across England. Sport England spent an average of £323 million a year between 2015–16 and 2020–21. Multiple other central and local government bodies also have a role in encouraging physical activity and there are a range of stakeholders across the third and private sectors, including facility providers and grassroots sports clubs. The department is currently developing a new sports strategy to replace its 2015 strategy, which will work alongside Sport England's own strategy published in 2021.

Based on a report by the National Audit Office, the Committee took evidence on Monday 31 October 2022 from the former Department for Digital, Culture, Media and Sport. The Committee published its report on 8 January 2023. This is the government's response to the Committee's report.

Relevant reports

- NAO report: Grassroots participation in sport and physical activity – Session 2022-23 (HC 72)
- PAC report: Grassroots participation in sport and physical activity – Session 2022-23 (HC 46)

Government response to the Committee

1. PAC conclusion: The 2012 Olympic games delivered substantial economic benefits to the UK, but its participation legacy fell short of expectations.

1. PAC recommendation: Using its learning from hosting recent major sporting events, the Department should clearly set out in its Treasury Minute response, the intended participation outcomes from hosting future events. In-particular this should focus on the performance metrics it intends to use and the long-term approach for monitoring these.

1.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

1.2 While the government agrees with this recommendation, it notes that participation outcomes will vary from event to event.

1.3 The UK is world-leading in delivering major sporting events. Although the government expect these to have a positive impact on participation in physical activity, they help achieve multiple objectives, also driving economic growth, improving infrastructure, instilling civic and national pride, and spreading the UK's international influence.

1.4 The UK has staged over 130 major sporting events since 2012, and learned lessons from each one. The UK continue to attract and deliver the biggest and best events, a valuable national legacy of the London 2012 Games.

1.5 A UK Sport report found that sporting events (excluding the Birmingham 2022 Commonwealth Games) staged in the UK in 2022 had a direct economic impact of £132 million, supported 1,600 jobs and had a 6:1 return on investment. The Birmingham 2022 Commonwealth Games interim evaluation estimates £870.7 million of economic benefits and 7,400 additional jobs, mainly in Birmingham and West Midlands. Estimates of the impact on participation are due later in 2023.

1.6 The Department for Culture, Media and Sport (DCMS or the department) and UK Sport support organisers to galvanise participation and the wider impacts. Over the past decade, DCMS have learned that a clear plan and dedicated funding from the outset are critical; significant benefits do not occur without targeted planning and investment.

1.7 The government has also increasingly embedded robust monitoring and evaluation, throughout an event's lifecycle, including evaluating the impacts of changes to infrastructure and communities that support increased participation.

1.8 This approach is outlined in the Gold Framework – UK Sport and DCMS guidance on bidding and hosting major events – and has been implemented with success for recent events, including with regard to participation outcomes.

1.9 The Women's UEFA EURO 2022 legacy programme provided over 416,000 new opportunities for women and girls to be involved in football; a full impact report on participation is expected this year. The Rugby League World Cup invested £25.8 million, including £8 million from the UK government which was put towards the social impact programme and included improving facilities.

1.10 Looking ahead, the Women's Rugby World Cup 2025 legacy programme will aim to attract 1,000 new female coaches, 500 match officials and 100,000 female players by 2027. Progress will be measured and published in a post-event report.

1.11 Major sporting events have a transformational impact. The government is clear that all events must have focused social impact plans – including discrete investment towards improving participation. These examples demonstrate that participation objectives will vary depending on the sport, the size of the event, the scale of the investment and timescales involved. The government will continue to ensure that these are built into each of the events as well as within the robust monitoring and evaluation process that we require to be put in place.

2. PAC conclusion: Sport England's focus on local initiatives and encouraging those who are least active to take part has not yet resulted in meaningful change in national participation rates.

2. PAC recommendation: In its Treasury Minute response, Sport England should report back to the Committee on how it expects each of its initiatives will translate into change in participation rates at a national level, and how it will evaluate this

2.1 The government agrees with the Committee's recommendation

Recommendation Implemented

2.2 Population activity levels were at an all-time high prior to the Covid-19 pandemic, and Sport England's strategy seeks to mobilise a cross-sector movement to collectively support more people to be active in the way that best works for them.

2.3 Sport England invests money in five broad areas. Each of these has its own specific objectives, a robust 'theory of change' that sets out how its work in each area will increase activity levels, decrease inactivity levels, address inequalities in sport and physical activity, and improve the experiences of children and young people. These five areas also have their own. measurement and evaluation plan to robustly evidence progress and the contribution they are making to the organisation's overall objective to 'unite a movement' for sport and physical activity.

2.4 These five areas are:

- System Partners – Sport England's investment to sustain a network of more than 130 organisations that forms (and transforms) the backbone of sport and physical activity in England and that underpins the activity habits of around 14 million people each week. Sport England have worked closely with partners to build a collective approach to evaluation, tracking the impact of investment at individual organisation, system and community levels, and are in the process of commissioning an independent evaluation supplier to lead this moving forward.
- Place – Sport England's investment in facilities, statutory planning function, work in the 12 Local Delivery Pilots (LDP's) and the planned expansion of place-based working into more and more places across the country, in a way that ensures people in those areas are more likely to be active. Sport England are currently working with an independent evaluation and learning supplier to understand how the LDP's and other place-based investments are delivering impact, and target outcomes. This work will inform the expansion programme and ensure the resources invested are best targeted at reducing inactivity levels and addressing and reducing the stubborn inequalities that currently exist.
- Open Funding – Sport England's mechanism for getting money directly into the hands of local and national organisations to provide opportunities to get active and address inequalities. Sport England evaluate the impact of its high-volume low-value open funding via surveys of funding recipients, supported by direct evidence from participants in some cases, and through working with independent evaluation suppliers for Sport England's larger scale open funds. Sport England recognise that part of the impact of our Small Grant funding is the maintenance of existing activity, but future prioritisation will be on driving activity levels by reaching those clubs and community organisations previously less well served by public funds.
- Campaigns – Sport England's work to change attitudes towards sport and physical activity, particularly for those less likely to take part, in a way that encourages them to become more active. Sport England evaluate the impact of our campaigns through nationally representative surveys of campaign target groups, tracking the change in key outcome metrics over time
- Other – Investment into targeted areas to support the wider sport system and create the long-term conditions for success, e.g. improving governance and safeguarding standards. This is vital underpinning work to ensure that anyone participating in sport and physical activity in the community has an experience that is safe, accessible and enjoyable. Sport England follow its evaluation and learning approach for delivery across Uniting the

Movement, and likewise its measurement and accountability framework, to structure and design the approach to measurement and evaluation for all new investments.

3. PAC conclusion: The Department has not yet set out how it will determine whether its efforts to tackle persistent inactivity levels are a success.

3. PAC recommendation: In its new strategy, the Department should set out the specific outcomes it is aiming to achieve with inactive groups, what targets it is working towards, and how it will measure progress.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: June 2023

3.2 The government agrees with the Committee's recommendation and will set this out shortly in the new Sport Strategy.

3.3 The government's new Sport Strategy will build on the success of the previous government strategy 'Sporting Future' and have a clear focus on addressing inactivity levels and the barriers that prevent people from participating in sport.

3.4 At the heart of the strategy is the ambition for more people to have access to facilities and participate in sport and physical activity, no matter their location or background.

3.5 As part of the development of the strategy, DCMS will work alongside Sport England to establish a new measurement framework ensuring that it remains consistent with that of Uniting the Movement. DCMS will do this by monitoring how money is being spent and the core key performance metrics as set out through Uniting the Movement and ensuring the government have the data to show how it is having an impact at a local level. This framework will allow us to clearly measure progress against the targets which will define success of the strategy.

3.6 The government believes that there is no single policy solution to delivering significant change to population wide activity levels and that collaboration and a shared ambition across various sector partners and government will be required for real, sustained impact to be achieved.

4. PAC conclusion: Sport England has not yet translated its understanding of the barriers to participation into action to enable inactive groups to participate in sport and physical activity.

4. PAC recommendation: Sport England should, by June 2023, write to us with details of the barriers for the least active groups, and what action it is taking to address them to ensure people have the motivation, confidence and opportunity to participate in physical activity.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: June 2023

4.2 Sport England will write to the Committee to set out the headline barriers for the least active groups, and the action they are taking to support people to be active in the way that best works for them.

4.3 The barriers to getting active and taking part in different forms of sport and physical activity are complex, multi-faceted and personal. Barriers to activity are often driven by specific social, cultural and economic factors.

4.4 The appropriate action to address inequalities in activity are therefore equally multi-faceted, with action varying from one demographic group to another and from person to person.

4.5 Sport England will continue to support people to be active where they are able to exert specific influences to contribute to behaviour change, and cross-government working will be crucial. This will be a key pillar throughout the government's new sport strategy.

5. PAC conclusion: It is unacceptable that Sport England does not know where in the country its grants are spent or whether these are genuinely helping those most in need.

5. PAC recommendation: Sport England should, as part of its 2023–24 Annual Report and Accounts, clearly set out a full geographical breakdown of where its funding is being spent and how it is ensuring spending is targeted at deprived and less active communities. If this is not possible, it should write to us and explain why that is the case and commit to implementing in future annual reports.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: October 2024

5.2 Sport England will take appropriate action to build on the substantial investment data already published and recorded its Annual Report and Accounts to date.

5.3 Sport England invests public money responsibly and transparently, recording and publishing data on all grant recipients – including location data down to postcode level. Sport England publishes an updated register of grant awards on a quarterly basis, with awards dating back to 2009 listed in full.

5.4 These records demonstrate Sport England's commitment to providing funding to deprived communities, as 19.2% of local level investment from July 2021 to June 2022 has been for projects in Indices of Multiple Deprivation (IMD) 1 areas.

5.5 Sport England will continue to provide a breakdown of where National Lottery and Exchequer funding is invested on a quarterly basis.

5.6 In some cases, where funding supports the delivery of activity across a local authority area, counties or regions, Sport England does not currently capture the range of locations where beneficiaries may reside but will seek to capture these data moving forward.

5.7 Sport England will endeavour to set out appropriate detail in their 2023-24 Annual Report and Accounts and explain how investments are being targeted at deprived and less active communities.

6. PAC conclusion: The Department's approach to working in partnership with other organisations to encourage people to take part in sport and physical activity is not yet effective.

6. PAC recommendation: In its new strategy, the Department should set out what it and Sport England will do differently to ensure sustained integration and collaboration with other bodies to achieve increased levels of physical activity.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: June 2023

6.2 Both DCMS and Sport England believe the barriers to getting active cannot be solved by the sport and physical activity sector alone. Both organisations are committed to working together to build greater collaboration from all parties to support more people to be active, including across government departments. This was evident in the recent joint announcement on school sport which committed to long-term funding for PE, an expectation of 2 hours of PE per week, and parity of PE provision for boys and girls. DCMS, the Department for Education and Department of Health and Social Care all contributed funding to this shared aim.

6.3 In recognition of this, Sport England has made a clear commitment in Uniting the Movement to influence change by connecting with health and wellbeing, creating active environments and creating positive experiences for children and young people.

6.4 Sport England's partnerships with organisations within and beyond the sport and physical activity sector have played a critical role in increasing population activity levels over the past decade.

6.5 Sport England are working to broaden their network of system partners who they fund on a regular basis. From 2015 to 2022, Sport England increased its number of funded partners from 107 to 135 whilst investing project funding in thousands more.

6.6 DCMS is now working with Sport England to establish a new measurement framework that will provide clear evidence on the impact of Sport England's distribution of public money, whilst also evidencing better the contribution of specific funding interventions.

6.7 This will include working with Sport England who have introduced a new partner evaluation framework which tracks the impact of sector partners and provides six-monthly reports evidencing spend and impact. In addition to this, DCMS will look towards new sources of data which will allow DCMS to track the progress being made in tackling inactivity in real time.

6.8 These changes will improve DCMS's understanding on what spending is proving effective and when it is appropriate to scale successful projects up. Equally DCMS and Sport England will also be able to identify when they are required to adapt in instances that projects are not succeeding.

7. PAC conclusion: The Department does not know if leisure facilities are financially sustainable or are delivering the sports facilities that communities need.

7. PAC recommendation: The Department should urgently review the condition of leisure facilities and, working with the Department for Levelling Up, Housing & Communities and other government departments, take action to ensure their financial sustainability. The Department should write to us with an update on this review by June 2023.

7.1 The government agrees with the Committee's recommendation.

Target implementation date: before Summer 2023

7.2 The government recognises the positive impact that leisure facilities, gyms and sports clubs can have on individuals' physical and mental wellbeing. They also provide vital social spaces and community hubs.

7.3 The government also recognises that the recent rises in cost of living and energy costs is of concern for many clubs and local authorities. In response to this, DCMS have provided support via two schemes which leisure facilities were eligible for.

7.4 In September 2022, the government announced the Energy Bill Relief Scheme (EBRS) which provided £18 billion worth of support for all businesses and other non-domestic energy users. This will then be replaced with the Energy Bills Discount Scheme (EBDS) which will support businesses between April 2023 and March 2024. In addition to these schemes in March 2023 the government announced the £63m Swimming Pool Support Fund (SPSF) that will provide targeted support to leisure centres with swimming pools to help mitigate short term pressures and deliver longer term sustainability through capital investments.

7.5 Through the SPSF, the government will continue to review the condition and financial suitability of the sector and provide targeted support as necessary. DCMS will be able to provide an update on the progress of this work in June 2023. DCMS is also working on the creation of facilities strategy which will outline the government's vision for the future of these vital assets including to provide guidance to the sector and local partners on the role of this provision, reinforcing the need to join up with the health sector, and encouraging investment in sustainable facilities.

Thirty-third Report of Session 2022-23

HM Revenue and Customs

HMRC Performance in 2021-22

Introduction from the Committee

HMRC employs around 63,000 people and is responsible for administering the UK's tax system. For 2021–22, HMRC's strategic objectives were to: collect the right tax and pay out the right financial support; make it easy to get tax right and hard to bend or break the rules; maintain taxpayers' consent through fair treatment and protect society from harm; make HMRC a great place to work; and support wider government economic aims through a resilient, agile tax administration system. In 2021–22, HMRC reported £731.1 billion of tax revenues, an increase of £122.3 billion (20.1%) compared to 2020–21. HMRC estimates the yield from its tax compliance activities in 2021–22 was £30.8 billion, up 1.1% compared with 2020–21 (£30.4 billion). As well as its traditional responsibilities for tax collection and administering Personal Tax Credits and Child Benefit, HMRC continued to play a major role in implementing the government's response to the COVID-19 pandemic. In 2021–22 it provided £16.5 billion of support to businesses and individuals under the Coronavirus Job Retention Scheme and Self-Employment Income Support Scheme, both of which ended in September 2022. Total support provided across the lifetime of the schemes was £96.9 billion. As part of administering the tax system HMRC is also responsible for managing tax reliefs, including the research and development reliefs.

- NAO report: HM Revenue and Customs 2021-22 Accounts
- PAC report: HMRC Performance 2021-22 – Session 2022-23 (HC 686)

Government response to the Committee

1: PAC conclusion: HMRC has not yet returned to setting a formal compliance yield target, against which it can be meaningfully held accountable.

1: PAC recommendation: HMRC should return to a formal compliance yield target with HM Treasury from April 2023 and report the target publicly. In doing so, targets should take account of inflation and economic factors, for example by setting the target relative to tax revenue.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023

1.2 The target will be published externally in HM Revenue and Customs' 2023-24 Outcome Delivery Plan.

1.3 The compliance yield target is set at a level that is consistent with the government's fiscal plans.

2: PAC conclusion: Resourcing HMRC's compliance work to maintain rather than reduce the tax gap means the government is missing out on billions in lost revenue.

2a: PAC recommendation:

- ***HMRC should set out what level of investment in its compliance teams would be needed to reduce the size of the tax gap, and confirm what, if any, intention it has to pursue this.***

2.1 The government disagrees with the Committee's recommendation.

2.2 HMRC's funding levels are a decision for Treasury ministers based on advice from HMRC (the department) and HM Treasury officials, and it is right that this advice is considered in private. The government has a track record of investing additional funds in HMRC's compliance work to generate additional revenue. For example, at Autumn Statement 2022 the government announced a further £79 million investment in HMRC generating an additional £740 million of tax revenues over the scorecard period.

2b: PAC recommendation:

- ***HMRC should also calculate and report an uncertainty range for its headline tax gap estimate to provide more transparency to users of the estimate.***

2.3 The government agrees with the Committee's recommendation.

Target implementation date: December 2023

2.4 Although HMRC has developed its capability in applying statistical techniques to calculate and publish ranges of error and fraud in the COVID-19 pandemic support schemes it may not be feasible to produce a robust uncertainty range for the headline tax gap figure. HMRC will explore the feasibility of whether these advanced statistical techniques can be applied to produce an overall uncertainty range and publish a range if it is analytically robust.

2.5 Statistics using data and modelling are subject to uncertainty and this is an inherent aspect of all tax gap estimates. The headline tax gap, the sum of 25 separate tax gap estimate methodologies, is subject to uncertainties due to the data available, how that data was collected (for example, as a result of a survey; administrative data; consumer expenditure data from the National Accounts produced by the Office for National Statistics, or a random compliance check) and the estimation method used.

2.6 The department publishes a total point estimate for the tax gap which is equal to the sum of the central estimates components and point estimates components where ranges are not produced.

2.7 The department has increased transparency on the levels of uncertainty of the estimates where this is feasible. Since 'Measuring tax gaps 2021 edition' an uncertainty rating for each of the tax gap components is published. These ratings range from 'very low' to 'very high' uncertainty. For 2020-21, 71% of the tax gap estimate attained a 'low' or 'medium' uncertainty rating.

3: PAC conclusion: HMRC's plan to only recover a quarter of losses due to fraud and error on its COVID-support schemes does not go far enough.

3a: PAC recommendation: In determining what further recovery action to take on fraud and error on the COVID-19 support schemes, HMRC should:

- ***keep under review the return on investment of spending more resources on recovery; and***

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 During 2021-22, the Taxpayer Protection Taskforce prevented over £125 million of grants being paid out on claims made fraudulently or in error and recovered over £225 million from its compliance activities. This is in addition to circa £536 million recovered and circa £304 million prevented in 20/21 before the taskforce was in place.

3.3 HMRC maintains a suite of performance indicators which record compliance performance, and which are considered alongside HMRC's assessment of the overall risks in the tax system, and regular appraisal of returns on investment and compliance outcomes, to inform decisions about the deployment of compliance resources.

3.4 Currently, the rate of return on investment for fraud and error in the COVID-19 schemes administered by HMRC is £0.25 million per full time equivalent officer (FTE) under the Taxpayer Protection Taskforce. For business-as-usual tax compliance work, the expected rate of return is £1.3 million per FTE.

3.5 HMRC can get a better rate of return from its resources by deploying them on wider tax compliance risks and including work on the COVID-19 support scheme risks. Therefore, as planned, the compliance activity undertaken by the Taxpayer Protection Taskforce will be transitioned into "business as usual" compliance activity from April 2023. This will allow HMRC to consider the risk of overclaims of COVID-19 grants alongside other tax compliance risks when prioritising cases for a compliance check.

3.6 This is the most efficient way to ensure HMRC protects and recovers taxpayers' money, as it allows HMRC to deal with all aspects of a customer's potential non-compliance in a single check.

3.7 HMRC will continue to address COVID-19 compliance risks and recover over-payments, where it is cost effective to do so, for many years to come.

3b: PAC recommendation:

- ***set out how it will ensure it maintains a level playing field for individuals and businesses that did not abuse the schemes, rather than being seen to reward those that were dishonest.***

3.8 The government agrees with the Committee's recommendation.

Recommendation implemented

3.9 HMRC will continue to address and recover overclaimed grants as part of its business-as-usual compliance activity, taking action against those who have abused the COVID-19 financial support schemes where it is cost effective to do so. This approach will allow HMRC to deal holistically and efficiently with all aspects of a customer's potential non-compliance, both in relation to potentially overclaimed COVID-19 scheme grants and other risks of non-compliance with taxation obligations.

3.10 To recover overpaid grants, HMRC's post-payment compliance strategy has addressed risks differently depending on the claimant's behaviour and the amounts and complexity involved. For low value, non-complex matters, claimants have been prompted to check their grant and return monies if they had overclaimed, with follow-up action by HMRC where necessary. More serious cases, where HMRC has suspected a fraudulent claim had been made, have been addressed by a one-to-one investigation. Any repayment of an overclaimed grant attracts statutory interest, and penalties are also charged where it is clear that the grant was deliberately overclaimed.

3.11 Deliberately overclaimed grants can escalate to criminal prosecution or be addressed through civil law investigations and penalties.

4: PAC conclusion: We are concerned that HMRC may be lagging behind other established tax authorities in preventing fraudulent VAT registrations.

4: PAC recommendation: HMRC should engage with its international counterparts to understand what lessons it can learn in preventing fraudulent VAT registrations and minimising the impact to honest taxpayers.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: end March 2024

4.2 HMRC has in place an effective range of controls that protect the tax system from attack by criminals and other frauds. Since 2020-21, HMRC has prevented over £4.5 billion revenue loss from attempted repayment fraud. HMRC has well-established links with overseas tax authorities, through its fiscal crime liaison officer (FCLO) network, the Joint Chiefs of Global Tax Enforcement (J5) community and the OECD Forum on Tax Administration. HMRC works with those partners to understand the changing nature of criminal threats and respective capabilities to counter them. HMRC will engage further with international partners to understand more about how other tax authorities tackle VAT fraud through controls on registration, including engaging with the German tax authorities via its FCLO in Berlin (as referenced in the report).

5: PAC conclusion: Taxpayers and their agents are still not receiving an acceptable level of customer service

5: PAC recommendation: HMRC should write to the Committee setting out its plan to improve customer service to adequate levels as quickly as possible, and within three months, including:

- ***the metrics HMRC will use to monitor its customer service performance, including metrics it needs to demonstrate it can answer calls and deal with post in a timely manner;***
- ***the level of customer service taxpayers and their agents can expect to receive over the next three years against each of these performance metrics;***
- ***how it will support customers who are unable to engage digitally or have a preference for post or telephone contact; and***
- ***its contingency arrangements if its plans to reduce demand for traditional channels are unsuccessful or take longer to implement.***

5.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2023

5.2 HMRC accepts this recommendation and will write to the Committee in April 2023.

5.3 The metrics that will be used to monitor customer service performance will be published externally in HMRC's 2023-24 Outcome Delivery Plan in line with guidance from Cabinet Office and HM Treasury

5.4 HMRC publish quarterly and monthly performance updates against key customer service metrics which will continue to be updated.

6: PAC conclusion: HMRC has further to go until it can differentiate between taxpayers who are genuinely struggling, and those who can afford to meet their liabilities but are choosing not to.

6a: PAC recommendation: HMRC should set out how it will strike the right balance between providing support to taxpayers who need it, whilst ensuring that those able to meet their liabilities are doing so.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 In its approach to debt collection, the department recognises the importance of differentiating between taxpayers who are struggling to pay and those who can afford to meet their liabilities but choose not to do so. Its priority remains to support customers in short term financial difficulty to manage their way out of debt quickly and sustainably while taking enforcement action against those who can pay but choose not to.

6.3 The Committee has already noted the progress HMRC has made in testing external data sources, and the expansion of its debt management service, which will give the department greater insight into debtors' circumstances and greater capacity to deal with them appropriately.

6.4 The government is investing a further £47.2 million to improve HMRC's capability to manage tax debts. This will allow HMRC to better distinguish between taxpayers who can afford to settle their tax debts but choose not to, from those who are temporarily unable to pay, ensuring taxpayers are offered the right support. It will support taxpayers who are temporarily unable to pay by enhancing the online Self-Serve Time To Pay service, while also providing HMRC with additional capacity to ensure that those who can afford to settle their debts do so.

6.5 HMRC will apply the external data it has tested to its internal modelling by the end of 2023/24. This will provide greater insight into the debtor population and result in more appropriate treatment based on their circumstances.

6.6 HMRC wrote to the Committee on 24 January 2023 outlining its transition to six new debt journeys based on data-led insight that will ensure that debtors receive treatment which is more closely aligned to their circumstances.

6.7 Going forward, it is the department's ambition is to improve data analysis capability to enable the implementation of more dynamic debt recovery journeys. This will better ensure that debtors receive the most appropriate intervention at the right time based on their individual circumstances.

6b: PAC recommendation: HMRC should also set out when its single customer account will be ready and consider how it can bring the implementation of it forward.

6.8 The government agrees with the Committee's recommendation.

Target implementation date: June 2025

6.9 The Single Customer Account (SCA) will transform HMRC's digital services for individuals through a number of incremental releases and improvements over the next two years. The SCA Programme is prioritising delivery that will drive the largest customer benefit and efficiency impacts, so that value can be released as early as possible.

6.10 HMRC has already started a regular release of new digital features to improve the customer experience, for example, enabling customers to get proof of entitlement to Child Benefit online. This means customers can get their children in to free school meals and other essential services without having to call HMRC or wait for a paper letter.

6.11 HMRC will roll out features to support customers to change their details (phone numbers, emails, address, marital status) online in a single place and have those changes apply to all services to which they are subscribed. These features will be available through an improved digital account, starting with personal tax services in Summer 2023. This will bring digital services together under a consistent brand with improved account navigation that is designed around customers' needs and tasks. As well as improving the digital account, HMRC is improving the range of digital services available to taxpayers; this includes moving Child Benefit claims online and helping customers understand and manage changes to their tax code.

7: PAC conclusion: Research and development tax reliefs are costly, prone to abuse and provide questionable benefit to the UK economy.

7: PAC recommendation: HMRC should develop its analysis of the additional research and development expenditure its relief schemes result in, to consider what impact that expenditure has on the UK economy. HMRC should report to the Committee on its findings within 12 months.

7.1 The government disagrees with the Committee's recommendation.

7.2 HMRC has already published reports on the additional research and development (R&D) expenditure stimulated by the R&D tax relief schemes.

7.3 There is also a wide range of academic studies that have shown that R&D expenditure has positive impacts on economic growth.

7.4 HMRC intends to carry out further analysis in future to evaluate the impact on R&D expenditure of upcoming reforms to R&D tax relief policy, once the data is available. It will not therefore report within 12 months, although HMRC will provide an update on progress within that period.

Thirty-Fourth Report of Session 2022-23

HM Treasury, UK Infrastructure Bank

The Creation of the UK Infrastructure Bank

Introduction from the Committee

Investment in infrastructure is essential to outcomes for consumers, the environment and disadvantaged areas of the country. In June 2021, the Treasury launched the UK Infrastructure Bank to encourage private finance alongside public investment, and to achieve two strategic objectives – helping to tackle climate change, and supporting regional and local economic growth. The Bank was set up as a publicly owned company, in part to be seen to be independent of government. The Treasury is the sole shareholder, with UK Government Investments as its representative on the Bank's Board. The Treasury has provided the Bank with up to £22 billion of public money over its first five years, for loans, equity investments and guarantees to support infrastructure projects. The Bank will also provide an expert advisory service helping support local authorities with infrastructure projects and will make loans directly to local authorities wishing to invest in infrastructure.

Based on a report by the National Audit Office, the Committee took evidence on 7 November 2022 from HM Treasury and the UK Infrastructure Bank. The Committee published its report on 25 January 2023. This is the government's response to the Committee's report.

Relevant reports

- NAO report: The Creation of the UK Infrastructure Bank – Session 2022-23 (HC 71)
- PAC report: The Creation of the UK Infrastructure Bank – Session 2022-23 (HC 45)

Government response to the Committee

1. PAC conclusion: The Treasury's decision to launch the Bank at pace had both positive and negative consequences.

1. PAC recommendation: By April 2023 the Treasury should write to the Committee:

- ***Setting out the long-term plans for the institution, including when reviews will be made and by whom;***
- ***Assessing whether the governance arrangements in place are the right ones, explicitly considering the level of engagement and expertise that UK Government Investments as a shareholder representative brings to bear, and reporting on these to Parliament;***
- ***Setting out criteria for assessing whether operational independence for the Bank is working as intended, and for reviewing based on those criteria; and***
- ***Identifying lessons learned from setting up at pace and whether this was the best way to launch an organisation of this type***

1.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2023

1.2 HM Treasury will write to the Committee setting out the requested details by the end of April 2023.

1.3 The decision to establish the UK Infrastructure Bank (the Bank) at pace was prioritised to ensure that the institution could begin to deliver on its objectives as soon as possible, supporting investment in infrastructure throughout the UK and helping the government reach its net zero targets. The benefits of this approach are supported by the Bank's work to agree 12 deals in total, investing approximately £1.16 billion and unlocking more than £5.1 billion in private capital.

1.4 The policy design of the Bank was set out by the Treasury prior to its launch alongside the March 2021 Budget. As highlighted by the NAO's report, this design drew on experience with similar institutions such as the British Business Bank and the Green Investment Bank. The government introduced the UK Infrastructure Bank Bill in May 2022 to support UKIB's future a long-lasting institution driving infrastructure investments towards projects that help tackle climate change and support regional and local economic growth across the UK.

1.5 Prior to opening the UKIB for business, the Treasury ensured clear governance procedures were in place including an agreed Framework Document and appointment of interim Board, with permanent Chair in post. After UKIB launched in interim form, the Treasury maintained close oversight as UKIB started to grow its operations. This included retaining delegated authorities on UKIB's behalf until a permanent Chief Executive was in post and able to be appointed as Accounting Officer. This ensured appropriate protections were in place that were tailored to UKIB's activities.

1.6 HM Treasury also agreed a Financial Framework with UKIB ahead of delegating authority to the UKIB CEO for investment decisions. This came into effect in January 2022 and gave the Board and Executive Team discretion over the day-to-day operations of the Bank, including delegated authority to make investment decisions independently of government. As is the case for any government ALB and sponsor department, the Bank must report on its performance to its shareholder including submitting an annual business plan to the Treasury for approval, including details of their operations, financial performance, and key performance indicators. The Bank's business plan, and the planned Strategic Review will allow the Treasury to assess how these arrangements are working in practice.

1.7 The role of UK Government Investments (UKGI) is to act as the Treasury's Shareholder Representative on the UKIB Board. UKGI have extensive experience in corporate governance and manage a portfolio of 23 government businesses UKGI are managed independently but are wholly owned by HM Treasury. The Treasury are responsible for oversight of UKGI and reporting on their performance to Parliament.

2. PAC conclusion: The Treasury and the Bank have not yet put in place the conditions necessary for the Bank to be a successful and long-lasting institution.

2. PAC recommendation:

- ***The Treasury and the Bank should report to Parliament six-monthly on the roll-out of the Bank, including updates on recruitment, deals made and progress towards the operation of their own internal systems (e.g., IT systems). This should include timescales for future milestones.***
- ***The Treasury needs to be much clearer in its reporting of its expectations of the Bank, including its financing support, its plans for taking dividends, and the long-term ownership plans by defining more clearly what it means by the phrase 'long-lasting institution'.***

2.1 The government agrees with the Committee's recommendation

Target implementation date: March 2024

2.2 The final phase of the Bank's roll-out will take place during 2023-24 – following the anticipated date of Royal Assent for the UKIB Bill and while the Bank completes its recruitment of its permanent workforce. The Bank will therefore provide the requested information to Parliament by the end of September 2023 and in March 2024 in addition to the information on the Bank's operations which is already provided to Parliament through the Annual Reports and Accounts (ARA) process. After March 2024, the Bank will provide this information through the ARA process only.

2.3 The Treasury has set out its expectations of the Bank through the Framework Document and the Strategic Steer which cover the principles underpinning the relationship between the two institutions, and sets out clearly the government's expectations around the Bank's priorities. These documents are publicly available to ensure transparency. Following the passage of the UK Infrastructure Bank Bill through Parliament, the Treasury will update the Framework Document and Strategic Steer to ensure that they reflect the new statutory footing for the Bank.

2.4 The Treasury and the Bank will continue to work closely together over the coming years to ensure that as the Bank becomes more established, the targets and objectives of the Bank reflect its operations and capacity. To aid with this, as set out in the policy design document, the government intends to carry out a Strategic Review of the Bank "in which the Bank's progress and financial performance will be reviewed by government, including considering market demand and pipeline, with a view to ensuring it has sufficient resource". This is in addition to an independent review of UKIB's effectiveness and impact which is included within the UKIB Bill.

3. PAC conclusion: We are not convinced the Bank has a strategic view of where it best needs to target its investments.

3. PAC recommendation: The Bank should write to the Committee within 3 months outlining its investment strategy for making a full range of investments, including a timeline for when it expects to be making deals proactively.

3.1 The government agrees with the Committee's recommendation

Target implementation date: Summer 2023

3.2 The Bank has worked closely with the Treasury to ensure there is a clear strategic outlook in its first 18 months and beyond, and to this end the Bank has already published its first strategic plan in June 2022. The plan clearly sets out the Bank's investment strategy, including its priority areas for investment and the range of investments that it expects to make. It is right that as parts of its operations the Bank assesses market needs and reviews deals against its objectives – and is already doing so successfully. The Bank has already made 12 deals worth £1.16 billion across a range of priority sectors and have further deals in the pipeline. The Bank's role is to crowd-in private investment, and therefore the Bank's proactive investment strategy needs to carefully consider this.

3.3 The Bank plans to publish a further update to its Strategic Plan (which includes its investment strategy) in the summer of 2023 and will send this to the Committee when it does so.

4. PAC conclusion: The Bank's advisory function remains in the early stages of development and uncertainty remains on how it will be funded and how smaller local authorities will benefit from its activities.

4. PAC recommendation: Upon completion of its three pilot schemes, the Bank should write to the Committee setting out how its advisory function will work in practice, including how it will design a funding model that reflects the cost of the support provided, and regulates demand. The Bank should also outline how it will ensure smaller authorities are not left behind.

4.1 The government agrees with the Committee's recommendation

Target implementation date: Spring 2023

4.2 The Bank welcomes the Committee's recommendation and would be pleased to provide the requested information later in Spring 2023 after completion of the pilot projects in Bristol, Greater Manchester, and West Yorkshire Combined Authority. These pilots play an important role in helping the Bank develop its offering for local authorities, a key part of the Bank's remit, and ensures that its support is appropriately reflective of local authority needs.

4.3 The Bank will share the key insights developed through the pilots and its engagement with a range of local authorities to date. It is already engaged with a range of local authorities for its next wave of advisory work, to be announced shortly. Recognising that the needs of different size local authorities will vary, the Bank has carefully considered how it can deliver effectively across this spectrum. For instance, it already offers advisory support to smaller local authorities through its partnership with the Green Heat Network fund and plans to continue this model with future grant programmes. This will allow government to leverage investment in local infrastructure and ensure that projects are set up for success.

5. PAC conclusion: Maximising the Bank's impact will depend on close cooperation with government departments, but it has not yet worked out how this will operate in practice.

5. PAC recommendation: In its Treasury Minute response, the Bank should describe its engagement strategy for working with government departments, focussing in the very short term on how it engages with those departments most critical to delivering its mission, including the Department for Environment Food and Rural Affairs, the Department for Levelling Up Housing and Communities and the Department for Business, Energy and Industrial Strategy.

5.1 The government agrees with the Committee's recommendation

Target implementation date: March 2023

5.2 The Bank welcomes the Committee's recommendation. Understanding the government's strategic priorities for net zero and regional and economic growth is key to delivering the Bank's mandate, so deepening engagement with government departments is an important priority.

5.3 A lead point of contact within the Bank has been assigned for departments that are most critical to delivering our mission, each of whom has regular engagement with their department to understand the government's strategic priorities and help originate and assess investment opportunities.

5.4 This is supported by regular engagement between the Bank and senior government officials as needed. The Bank has met with senior officials in the Department for Environment Food and Rural Affairs, the Department for Levelling up Housing and Communities, the Department for Transport and Department for Business, Energy and Industry Strategy (BEIS). For example, prior to the restructuring of departments, UKIB had regular strategic engagement with the Permanent Secretary of BEIS and an agreed joint workplan on key sectors. In December, UKIB announced a new partnership with BEIS which enables local authorities applying to the government's Green Heat Network Fund (GHNF) to access lending from the UKIB at preferential rates on the basis of the same application information submitted to the GHNF grant funding scheme.

5.5 The Bank is now in the process of engaging with the new departments as announced on 7 February 2023, to continue to build on the relationships that the Bank had established with the same teams in the predecessor departments. The Bank is also in the process of engaging further the Department for Business and Trade and the Department for Levelling Up, Housing and Communities.

6. PAC conclusion: The Bank has not fully set out how it will measure and report its performance, and how it will evaluate its activities to ensure that it can demonstrate additionality.

6. PAC recommendation: By March 2024 the Bank should write to us detailing how it has implemented a full suite of performance metrics and targets including productivity and green performance, together with a forward plan for evaluation that includes additionality assessments. It should at the same time outline how it will publicly report its performance and the results of its evaluation over time.

6.1 The government agrees with the Committee's recommendation

Target implementation date: March 2024

6.2 From the outset, the Bank has had a clear set of metrics related to its performance, that reflected its position as a growing organisation. The Bank has already reported on this initial set of metrics in its Strategic Plan and in its first Annual Report and Accounts. The Bank will work with the Treasury and UKGI to ensure that future metrics are clear and stretching to ensure the Bank continues to deliver against its strategic objectives, and across its remit. These metrics and targets are developed annually and approved by the Board of Directors as well as Treasury ministers.

6.3 The Bank and the Treasury recognise the importance of transparency around how the Bank's performance is assessed, which is why key documents such as the Strategic Plan are published. In addition, both the Bank's and the Treasury's Annual Reports and Accounts are laid in Parliament and cover the full suite of operations and performance.

6.4 On additionality, the Bank has already published guidance in October 2022 on how it assesses additionality, and it expects to publish a further document setting out its Impact Framework in the summer of 2023. This will cover both metrics and the Bank's plan for evaluation.

Thirty-fifth Report of Session 2022-23

Department of Health and Social Care

Introducing Integrated Care Systems

Introduction from the Committee

Integrated Care Systems are new organisations joining up NHS bodies, local authorities, and wider partners involved in providing health and care in local areas. Forty-two ICSs in England serve populations ranging in size from around half a million to three and half million people. They were introduced into legislation in July 2022 through the Health and Care Act 2022, although many had been operating in shadow form on a non-statutory basis for several years prior to this. The Department has overall policy responsibility for health and social care in England. NHS England leads implementation of national policy and strategy for the NHS elements of ICSs which it oversees through its regional teams. ICSs have four key aims: improve outcomes in population health and healthcare; tackle inequalities in outcomes, experience, and access; enhance productivity and value for money; and help the NHS support broader social economic development.

Based on a report by the National Audit Office, the Committee took evidence on Thursday 3 November 2022 from the Department of Health and Social Care. The Committee published its report on 8 February 2023. This is the government's response to the Committee's report.

Relevant reports

- NAO report: Introducing Integrated Care Systems – Session 2022-23 (HC 655)
- PAC report: Introducing Integrated Care Systems – Session 2022-23 (HC 047)

Government response to the Committee

1. PAC conclusion: It is not clear what tangible benefits for patients will arise from the move to ICSs, nor is it clear by how much or by when things will improve.

1. PAC recommendation: The Department should write to us within six months and set out:

- ***What specific measurable benefits it expects from the formal move to ICSs, including a clear description of the benefits, relevant metrics, and the timeframe for achieving them.***
- ***What barriers have been overcome between the NHSE and social care to support the integration of their objectives and funding.***
- ***What action it took as a result of its 2019 consultation on prevention, and whether and when it expects to finally publish a response. In publishing its response, it should set out the known drivers of better health outcomes, how they are measured, and which improvement ICSs will be specifically accountable for, which are the responsibility of NHS England and the Department, and which are wider government responsibilities.***

1.1 The government agrees with the Committee's recommendation.

Target implementation date: August 2023

1.2 The Department of Health and Social Care (the department) will write to the Committee by August 2023 addressing the points mentioned in the recommendation.

1.3 Integrated Care Systems will provide tangible benefits for local population, including the delivery of commitments that are set out in the government's mandate to the NHS England and accompanying documents.

2. PAC conclusion: We remain very concerned about the critical shortages across the NHS workforce and the Department's repeated delays in publishing a strategy to address them.

2. PAC recommendation: The Department should make good on its commitment to publish a comprehensive NHS workforce plan and the forecasts underpinning it in 2023. That plan should set out the assumptions it is based on, including what the NHS will achieve if it is staffed to the target level. If the Department intends for NHS staffing levels to remain significantly below OECD comparator countries, it should explain why. The Department should write back to us a year after the plan is published to provide a progress update on what the plan has achieved, including changes in NHS staff numbers.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: 2023

2.2 At the Autumn statement 2022, the government set out its commitment to publish a long-term workforce plan for the NHS in 2023 and it will do so.

3. PAC conclusion: The Department has started taking some action to address workforce challenges in social care, but vacancies have increased by 50% in the last year and the number of people working in social care fell in 2021/22 for the first time in at least 10 years.

3a. PAC recommendation: Alongside its Treasury Minute response, the Department should

- ***write to us by the end of March 2023 and provide a breakdown of how it spent and what impact it achieved, in terms of health outcomes as well as operational improvements, from the £500m committed to workforce reform in December 2021.***

3.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2025

3.2 Whilst the government agrees with the recommendation, the proposed timescales are too premature for any impacts to be measurable. The workforce reform initiatives, which were announced as part of the government's commitment to a 10-year vision for reforming adult social care in the People at the Heart of Care White Paper (published December 2021), will be underpinned by a robust evaluation strategy to ensure government can assess the impact of these reforms over spending review period 2021 to 2024 to inform plans for further reform and investment in the future. It is therefore recommended that the target implementation date of this recommendation is revised to April 2025 when the government should be in a position to share interim findings of its formal evaluation of the reform initiatives. The government will, however, be able to provide an update on the breakdown of spend at an earlier date of April 2024.

3.3 This government has made good progress in implementing this vision set out in the White Paper including investing in workforce capacity, supporting sector digitisation, developing its approach for improving oversight of the adult social care system, enhancing the collection and use of data, and launching a procurement to identify a partner to develop the new Care Certificate qualification specification.

3.4 In Spring 2023, the government will publish a plan for adult social care system reform; this will set out how it will build on the progress so far to implement the vision for adult social care set out in the white paper.

3b. PAC recommendation: Alongside its Treasury Minute response, the Department should

- ***write to us by end of March 2023 and provide a breakdown of how it spent and what impact it achieved, in terms of health outcomes as well as operational improvements, from the £500m announced in September 2022 to tackle delayed discharge.***

3.5 The government agrees with the Committee’s recommendation.

Target implementation date: July 2023

3.6 The government provided £500 million for 2022-23 to support timely and safe discharge from hospital into social care. Analysis of the impact of the discharge fund is not yet available as it is still being delivered.

3.7 All local authorities and NHS integrated care boards have contributed to joint plans, on a local authority footprint, which will be published shortly. The department will receive final spend reports in May 2023, which will allow it to carry out detailed analysis. The department is committed to evaluation of the fund, with findings available in summer 2023.

3.8 This means that the government will not be able to provide the requested information by the end of March 2023. The government will instead aim to write to the Committee with the requested information by the end of July 2023.

3c. PAC recommendation: Alongside its Treasury Minute response, the Department should

- ***write to us within six months setting out the underlying reason for social care vacancies, its forecasts for them, and its further plans to address them.***

3.9 The government disagrees with the Committee’s recommendation.

3.10 According to Skills for Care, the vacancy rate in independent care providers was 10.7% in 2021-22, increasing from 7.0% the previous year. The rate had been around 7% since 2017-18. Vacancy rates in the care sector are determined by natural churn, independent providers’ ambitions to grow, demand for care, trends in the wider labour market and workforce capacity pressures.

3.11 There is significant international interest in care roles, with latest Home Office data showing there were 56,900 visa grants for care workers and senior care workers under the Health and Care Visa in 2022. The government is investing £15 million to help local areas access international recruitment opportunities and running a national recruitment campaign to bolster domestic supply.

3.12 The department does not hold further information to explain the underlying reasons for social care vacancies and it do not produce forecasts for vacancies, so is unable to provide further advice on these topics. The department will publish additional information on what it is doing to support care commissioners and employers improve workforce capacity, including an update on its workforce reform programme and international recruitment.

4. PAC conclusion: These reforms do nothing to address the longstanding tension caused by differences in funding and accountability arrangements between the NHS and social care. The Department, which has policy responsibility for both health and social care, is showing a worrying lack of leadership, and it is not clear who will intervene if relationships between local partners break down.

4. PAC recommendation: The Department should, within six months, publish guidance for ICSs setting out how it will support systems to resolve joint working issues when these are identified by the Care Quality Commission.

4.1 The government disagrees with the Committee's recommendation.

4.2 The structures and processes in the Health and Social Care Act 2022 are specifically designed to ensure that different partners of the system support each other to overcome differences in funding and accountability arrangements between the NHS and social care and to resolve issues together. This is further reinforced by the duties to co-operate placed upon NHS and local authority partners by the NHS Act 2006

4.3 If there is evidence that these arrangements are not working, the department, alongside other national partners, will take appropriate action.

5. PAC conclusion: The NHS estate is in an increasingly decrepit condition, but the Department seems unable to make timely decisions to address these problems.

5a. PAC recommendation: The Department and NHS England should ensure the capital strategy is published in early 2023. This strategy should set out an analysis of need and plans to address this.

5.1. The government agrees with the Committee's recommendation.

Target implementation date: 2023

5.2 At the time of the department's most recent letter sent to the Committee dated 15 November 2022 and the most recent Treasury Minutes Progress Report, it was noted that the intended publication date was early 2023. Plans for a capital strategy remain under consideration, and the strategy is intended to be published within 2023.

5.3 The strategy will include an assessment of the current challenges to healthcare infrastructure this decade and proposals to address this.

5b. PAC recommendation: The Department and NHS England should also provide an annual progress update against the strategy, to include progress on nationally determined commitments and priorities, such as the New Hospital Plan, and system-wide ICS-led issues such as addressing the backlog of maintenance work. The progress update should also include details of when the Department and NHS England expect to make decisions that affect current and potential capital projects, to enable ICSs to plan with more certainty.

5.4 The government agrees with the Committee's recommendation

Target implementation date: Summer 2024

5.5 Although the government agrees with the Committee's recommendation to monitor progress against the strategy, it suggests that these updates are provided to the Committee as necessary rather than annually. The government also notes that whilst details concerning decisions that affect current and future capital projects can be included in progress updates if appropriate, such decisions will be communicated via the regular channels.

6. PAC conclusion: NHS funded dental care is in crisis in some parts of the country, and NHS England's failure to ensure people can access routine dental care is leading to more acute dental health problems.

6. PAC recommendation: Alongside the Treasury Minute response to this Report, NHS England should write to us and set out:

- ***The funding intended for NHS dentistry in 2022/23 and 2023/24 and what coverage this provides, in terms of the proportion of adults and children who could access these services, and what services the funding will and will not cover.***
- ***Its understanding of the proportion of adults and children using non-NHS dentistry, and the proportion of people who do not access any dentistry services at all.***
- ***By when it expects to be able to consistently provide the target level of coverage, and***
- ***What patients should do if they require dental care and are unable to find a dentist offering NHS treatment.***

6.1 The government agrees with the committee's recommendation

Recommendation implemented

6.2. Securing recovery of dental access is a key NHS priority. The pandemic had a significant impact on the delivery of dental services and NHS England is taking steps to recover dental activity and improve access to dental care.

6.3 NHS England provides its regional commission teams and Integrated Care Boards with a combined allocation for dental services, community pharmacy and primary care ophthalmology. In 2022-23 this is £5,440 million and it will rise to £5,597 million in 2023-24.

6.4 One measure of dental access is the proportion of people accessing NHS funded care. The number of unique adult patients seen in the 24 months to the end of 2021-22 was 34%, compared to 50% in the 24 months to the end of 2018-19. The portion of children seen in the NHS has fallen to 45% in the 12 months to the end of 2021-22, from 59% in the 12 months to March 2019. The Covid-19 pandemic caused significant disruption to services over a two-year period and the NHS is now recovering from this disruption.

6.5 As part of its work to recover services, NHS England published and put into effect the first round of dental contract reforms since 2006 after being asked to lead the NHS Dental System Reform in April 2021. The primary goal of this initial set of reforms was to improve accessibility. NHS England is aware that these efforts are just the beginning and is considering what further action is required to address the root issues affecting delivery.

6.6 NHS dental services are commissioned to provide urgent and routine treatment. People can attend any dentist accepting NHS patients and may therefore access care in a location convenient for them. Where a person is experiencing an urgent dental issue, and they are known to a dental practice, they should contact that practice to attempt to make an appointment. Where the person is unable to secure an appointment, or they are unknown to a dental practice then they should contact NHS 111 for assistance to find an emergency or urgent appointment.

6.7 Further information has been set out in a letter to the Committee, issued alongside the publication of this Treasury Minute on 30 March 2023.

Thirty-sixth Report of Session 2022-23

Ministry of Defence

The Defence digital strategy

Introduction from the Committee

The Ministry of Defence (the department) has developed the digital strategy for Defence (the strategy), which describes how it intends to transform its use of technology and data. By 2025, the Department aims to create:

a) a digital 'backbone' – this is how the Department describes the technology, people, and processes that will allow it to share data seamlessly and securely.

b) a digital 'foundry' – a software and data analytics centre to exploit this data; and

c) a skilled and agile community of digital specialists – who will help digitally transform Defence.

The department's chief information officer (CIO) leads Defence Digital, an organisation within Strategic Command. The CIO sits on the department's Defence Delivery Group (DDG) and reports jointly to the commander of Strategic Command and the Second Permanent Secretary, who holds senior accountability for digital across Defence. The CIO and Defence Digital, which controls £2.7 billion of the Department's estimated annual £4.4 billion spend on digital, are responsible for leading the implementation of the strategy.

Based on a report by the National Audit Office, the Committee took evidence on 14 November 2022 from Ministry of Defence. The Committee published its report on 3 February 2023. This is the government's response to the Committee's report.

Relevant reports

- NAO report: The Digital Strategy for Defence: A review of early implementation – Session 2022-23 (HC 797)
- PAC report: The Defence digital strategy – Session 2022-23 (HC 727)

Government response to the Committee

1. PAC conclusion: The department accepts that it has not yet transformed itself to meet the challenges of modern warfare.

1. PAC recommendation: Within six months, the department should provide us with an update that sets out the outcomes of its 'digital exploitation for Defence' work, and how it will embed the cultural and organisational changes needed to ensure the whole department prioritises digital transformation.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2023

1.2 The Ministry of Defence (the department) established the Digital Exploitation for Defence (DX4D) initiative in July 2022 to accelerate digital transformation across Defence and embed the relevant cultural and organisational changes. Led by the Second Permanent Secretary, and co-sponsored by the Commander of UK Strategic Command, DX4D has worked with the Defence Delivery Group (DDG) to agree a shared vision and ambition for digital exploitation.

1.3 The DDG has agreed an outcomes framework of three areas where digital exploitation has the greatest pan-Defence potential: campaign advantage, accelerating capability deployment and business operations. Each outcome area is led by a different senior DDG member and will improve the department's capability in areas such as joint situational awareness, improving military capability via step changes in digital integration, availability and the consolidation and modernisation of corporate services. The Chief Information Officer (CIO) will support these initiatives and accelerate the existing work to modernise the digital function focusing on people and skills; working cohesively across Defence; increasing the use of data as a strategic asset; and fully embedding pan-Defence Standards for technology and data. In 2023, DX4D will focus on the rapid delivery of tangible minimum viable products aligned with the longer-term ambition for each of the three areas.

2. PAC conclusion: Despite the urgency and ambition of its digital strategy, the department does not yet have a delivery plan to measure and track progress.

2. PAC Recommendation: In its update to us in six months, the department should also set out how it is performing against its delivery plan, including what metrics it is using to track performance.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2023

2.2 The department will provide an update in six months on its performance against the integrated delivery plan. This will use specific, tools-based metrics and measures that build on existing, robust portfolio management and transformation reporting in place for each existing digital transformation component.

2.3 The plan will underpin the Digital Strategy for Defence, with line of sight to departmental strategy and aligned with the DX4D programme. It will provide options and support choices across the breadth of the department's estimated £4.4 billion per annum digital portfolio. It articulates delivery against the department's strategic digital outcomes and themes: exploiting game-changers and data at pace and scale; delivering and adopting technology to support the concept of 'the Digital Backbone'; resetting cyber defence to materially reduce risk; enabling a step-change in digital delivery; routinely developing and accessing leading edge digital talent; embedding a unified digital function to improve pan-Defence cohesion.

3. PAC conclusion: The department faces a considerable challenge to recruit the specialist digital skills that its strategy relies on.

3. PAC recommendation: In its update to us in six months, the department should also set out how it has changed its approach to recruitment and what quantified effect this has had.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2023

3.2 The department has established a dedicated talent acquisition team to support digital recruitment. It intends to implement the Digital, Data and Technology (DDaT) and cyber pay framework which will help attract and retain talent - this offers enhanced pay ranges and allowances, targeting skills gaps and enabling departments to compete more effectively in the labour market to attract new talent and improve retention.

3.3 Under Project ACCELERATE, the purpose of which is to improve digital processes and delivery (sponsored by the Second Permanent Secretary), the department is implementing the plan to expedite elements of the recruitment process that it controls. This includes new, innovative digital branded recruitment which was launched for the graduate recruitment campaign. The impact has been an 81.5% increase in applications (from 383 to 695), demonstrating the potential to improve the ability to attract applicants for digital vacancies. Consequently, the department intends to apply this approach to wider digital recruitments.

4. PAC conclusion: The department is struggling to deliver its largest, most transformational digital programmes.

4a. PAC recommendation: In its update to us in six months, the department should also explain the actions it has taken to improve its performance in delivering major digital programmes.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2023

4.2 The department already has key actions in place to improve its performance in delivering major digital programmes. The key steps are:

- an update of the programme management policies and standards and to engage relevant programme staff to embed the practices;
- continue to upskill staff via targeted recruitment, giving existing staff access to relevant education options; and,
- improve programme governance by overhauling the governance structure for Government and Defence Digital Major Projects and implement changes to management information reporting to provide greater insight, coherence, and risk management, allowing issues and blockers to be surfaced early.

4.3 The early impact of these actions has contributed to the improvement in delivery of the Next Generation Communication Network programme, previously reported red and now reported amber following the Infrastructure and Projects Authority's most recent assessment in February 2023.

4b. PAC recommendation: When the Infrastructure and Projects Authority publishes its Annual Report in 2023, the Department should provide us with the latest delivery confidence ratings for its digital major programmes and explain how and why they have changed.

4.4 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2023

4.5 The department will provide the Committee with an update on progress in Summer 2023 noting the dependency on the Infrastructure and Projects Authority (IPA) report availability.

5. PAC conclusion: The department's budget is under considerable pressure, and this may make some planned, future digital activity unaffordable.

5. PAC recommendation: Following the next update to the Integrated Review, the department should write to us explaining whether planned and actual spend on digital has changed and whether it has enough funding to deliver the strategy.

5.1 The government agrees with the Committee's recommendation**.**

Target implementation date: Summer 2023

5.2 The department is working through the supporting planning process for the refreshed Integrated Review; it will provide an update on the impact to the implementation of the department's Digital Strategy following the publication of the refreshed review. In the meantime, the department is focused on making the best use of the existing funding for Digital to deliver the Digital Strategy and portfolio with pace and intensity.

6. PAC conclusion: The department is not yet able to share and exploit data across the Armed Forces and with partners effectively enough.

6. PAC recommendation: The department should set out in its April 2023 update to the digital strategy, how it will measure its progress in creating the 'backbone' and track its balance of effort between data enablers and data exploitation.

6.1 The government agrees with the Committee's recommendation**.**

Target implementation date: April 2023

6.2 Through the Digital Exploitation for Defence (DX4D) programme, the department is accelerating digital transformation across Defence. This is a key component in progressively shifting more of the balance onto exploitation, accompanied by a maturation of the digital function. Establishment of the Integrated Design Authority in Strategic Command will further help to break down and remove siloes whilst driving a consistent approach across Defence.

6.3 Delivering the Digital Backbone by 2025 is key to this and progress is being tracked and measured through the Strategy Delivery Plan, with dedicated resource in place to measure specific key performance indicators.

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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: 243
Recommendations agreed: 219 (90%)
Recommendations disagreed: 24

Publication Date	PAC Reports	Ref Number
July 2022	Government response to PAC reports 1, 3 & 10	CP 722
August 2022	Government response to PAC reports 2, 4-8	CP 708
September 2022	Government response to PAC reports 9, 13-16	CP 745
November 2022	Government response to PAC reports 11, 12, 17	CP 755
December 2022	Government response to PAC reports 18-22	CP 774
January 2023	Government response to PAC reports 23-26	CP 781
February 2023	Government response to PAC reports 27-31	CP 802
March 2023	Government response to PAC reports 32-36	CP 828

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	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

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

Publication Date	PAC Reports	Ref Number
February 2021	Government responses to PAC reports 30-34	CP 389
March 2021	Government responses to PAC reports 35-39	CP 409
April 2021	Government responses to PAC reports 40- 44	CP 420
May 2021	Government responses to PAC reports 45-51	CP 434
June 2021	Government responses to PAC reports 52-56	CP 456

Session 2019

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

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

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
December 2022	Session 2013-14: updates on 1 PAC report Session 2017-19: updates on 16 PAC reports Session 2019-21: updates on 14 PAC reports Session 2021-22: updates on 38 PAC reports Session 2022-23: updates on 8 PAC reports	CP 765
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

Publication Date	PAC Reports	Ref Number
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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