HM Treasury

Treasury Minutes

Government response to the Committee of Public Accounts on the One Hundred and Twelfth to One Hundred and Nineteenth reports from Session 2017-19 and the First and Second reports from Session 2019

CP 210 January 2020

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One Hundred and Twelfth Report of Session 2017-19

Cabinet Office

Brexit Consultancy Costs

Introduction from the Committee

As part of the Government's preparations for the UK to leave the European Union, Departments have used consultants to fill specific skills gaps and meet immediate staffing needs, for example to provide programme and project management support. Each Department is responsible for deciding whether to use consultants and how to use them. The Cabinet Office is responsible, however, for improving the efficiency of all spending on consultancy across Government and has an approval process for any contracts above certain limits. In April 2018, the Cabinet Office set up a central call-off arrangement to help Departments access consultancy services to support their preparations for Brexit. The Cabinet Office analyses overall Government spending on consultancy services as part of its broader role of helping to improve the efficiency of the use of these services.

Based on a report by the National Audit Office, the Committee took evidence, on 12 June 2019 from the Cabinet Office, the Treasury, the Ministry of Housing, Communities and Local Government, and Homes England. The Committee published its report on 12 September 2019. This is the Government response to the Committee's report.

Relevant Reports

- NAO Report: *Departments use of consultants to support preparations for EU Exit* – Session 2017-19 (HC 2105)
- PAC Report: *Brexit Consultancy Costs* – Session 2017-19 (HC 2342)

Government response to the Committee

1: PAC conclusion: *Departments have again proved overly secretive with their preparations for Brexit, taking far too long to publish details of their consultancy contracts and then failing to meet their own basic standards of transparency.*

1: PAC recommendation*: The Cabinet Office and the Department for Exiting the European Union should commit to making the government's preparations for Brexit transparent; this should include making information on the degree of progress made against the various work streams available and timely publication of details on contracts awarded to support Brexit.*

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020

1.2 The Government agrees that the Cabinet Office and the Department for Exiting the European Union (DExEU) should commit to making the Government's preparations for Brexit transparent and that departments should ensure timely publication of details on contracts awarded. To this end, the Government has proactively released information about the state of its preparation for EU Exit. DExEU published a comprehensive assessment of No-Deal Readiness on 8 October 2019. This 155-page document sets out in one place - and in aggregate form - what would have changed if we leave without a deal and what the Government was doing to get ready. Furthermore, the Government has proactively made public details of large parts of its preparations, through the 106 Technical Notices published in the autumn of 2018, as well as through communications campaigns, No Deal legislation, and National Audit Office (NAO) reporting. This is principally in areas where citizens and businesses need to take action to prepare for leaving the EU, or be aware of the Government's preparations, as well as where changes to legislation are required.

1.3 The NAO report (*Departments' use of consultants to support preparations for EU Exit*) analysis included contracts published by the Cabinet Office and other departments. The average of 119 days is based on 40 contracts published by the Cabinet Office, Department for Environment, Food and Rural Affairs (Defra), DExEU, HM Revenue and Customs (HMRC), Home Office and Highways England.

1.4 Of the 30 central contracts published by the Cabinet Office since the central arrangements were put in place last year, only the first batch of nine were published outside of the recommended 90 days due to an oversight, the remaining subsequent 21 were all published inside the 90 day window.

1.5 The spending against these contracts has always been published on GOV.UK at https://www.gov.uk/government/publications/cabinet-office-spend-data

1.6 Expenditure via all Lots (above £25,000) are included in transparency data published by the Cabinet Office. Details of around £53.8 million of spending has been published to date including figures up to July 2019.

1.7 The Cabinet Office has been working with other departments to improve data on consultancy and professional services spending. This includes measures to improve data quality and incentivise prompt reporting, including the publication of expenditure data transparency releases.

1.8 In July 2019, PAC and the Cabinet Office corresponded on the issue of redacted consultancy contracts. The Cabinet Office explained that the redacted content extends only to personal information, contract charges and supplier proposals, the last of which accounts for the majority of the redacted material. These are the de minimis redactions the Crown Commercial Service recommends.

1.9 The Cabinet Office agreed to release unredacted copies of these contracts to the Committee on a strictly confidential basis. Copies of the unredacted contracts were delivered to the PAC on 15 July 2019.

2: PAC conclusion: *The skills accessed through the Cabinet Office's consultancy call-off arrangement suggest departments had been more focused on developing strategy than seeking support for practical implementation.*

2: PAC recommendation: *In its Treasury Minute response to this report, the Cabinet Office should set out the extent to which departments are now using consultants to support implementation and delivery of preparations. It should also include a breakdown of how much has been spent as of July 2019 on Lot 1 ("thinking and shaping), Lot 2 ("further shaping and moving towards delivering") and Lot 3 ("delivery").*

2.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

2.2 While departments have used external specialists to help shape the response to exiting the EU, the majority of support has been focussed on setting up for and then undertaking the changes necessary to prepare for EU exit.

2.3 Data included in the NAO report and quoted by the Committee covered activity up to March 2019. The number of engagements by Lot as at end March shows 86.7% of work has been through Lot 2 with the majority of this focussed on delivery:

Lot 1 (thinking and shaping) = 18 engagements / 11.9%
Lot 2 (further shaping and moving towards delivering) = 131 engagements / 86.7%
Lot 3 (delivery) = 2 engagements / 1.3%
Total = 151 engagements

2.4 Analysis of the 131 Lot 2 project engagement letters shows overall the ratio of work undertaken is around 20% shaping and 80% delivery:

around 19.3% shaping and 80.7% delivery by number of engagements (total 131)
around 13.5% shaping and 85.5% delivery by value of engagement (total £42.944 million)

2.5 The minimal use of Lot 3 is because it was launched in late February 2019 and the NAO report was based on activity in the 2018-19 financial year and there was little demand/opportunity for new work with Lot 3 suppliers in the final five weeks before the original 29 March 2019 exit day.

2.6 The scope of each Lot overlaps to provide departments with the flexibility to use a single supplier to support a coherent package of work/outcome rather than have the disruption/additional cost of changing supplier if requirements cross a 'hard' Lot boundary.

Extent to which departments are now using consultants to support implementation and delivery of preparations.

2.7 As requested a breakdown as of end July 2019 is provided (includes engagements started by 31/7/19):

Lot	**No. engagements**		**Spend £m *** *Based on actual and approved spend*	
Lot 1	23	12%	16.527	24%
Lot 2	148	76%	46.740	69%
Lot 3	17	9%	2.639	4%
N/A	6	3%	1.560	2%
Total	**194**	**100%**	**67.467**	**100%**

2.8 Lot 2 ** analysis of the 148 Lot 2 project engagement letters shows overall the ratio of work between shaping and delivery has remained broadly the same:

around 17.8% shaping and 82.2% delivery by number of engagements (total 148)
around 13.6% shaping and 86.4% delivery by value of engagement (total £46.740 million)

2.9 As of 25 September 2019, 16 Departments had been supported through 221 engagements - 46 are live and 175 have been completed.

3: PAC conclusion: ***The Committee is concerned that the bulk of Brexit consultancy contracts by value have been awarded to a small group of big firms and that the Cabinet Office seems overly-complacent about this despite previous government commitments to contract with more small and medium-sized enterprises.***

3: PAC recommendation: ***The Cabinet Office should write to us within three months setting out what it will do to incorporate a wider range of consultancy firms, including SMEs, in future frameworks.***

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: January 2020

3.2 Management Consultancy Framework 2 was awarded in September 2018, after Lots 1 & 2 of the EU Exit arrangement were procured. MCF2 (specifically Lots 1 & 2) was designed with lower barriers to entry to make it easier for SMEs to bid and meet the criteria and has 4 Lots, which are as follows:

a. Lot 1: general business consultancy. SMEs make up 74% of the total supplier numbers on this lot
b. Lot 2: commercial/procurement/supply chain. 52% of the suppliers are SMEs
c. Lot 3: complex/transformation. 6% of suppliers are SMEs
d. Lot 4: strategic advisory. 32% of the suppliers are SMEs

MCF2 has a total of 281 suppliers on the framework, and usage data from the commencement date shows that 91 have been successful in winning work, whereas of the 129 suppliers on MCF, 75 have been successful.

3.3 Lot 3 of the EU Exit arrangement was procured from MCF and has been in use since February 2019. It includes a number of SMEs and the most up to date spend figures are below:

Supplier	SME	No. of engagements	Total spend (£m)
Reed	No	19	3.220
Methods	Yes [1]	9	0.560
PwC Operate	No	4	0.821
RedQuadrant	Yes	3	0.045
North Highland	No	2	0.735
Harmonic	Yes	2	0.235
Prederi	Yes [2]	2	0.150
Total		**41**	**£5.766m**

[1] *Methods have been successful in winning business across HMG and are not likely to meet the definition of an SME for much longer.*

[2] *Prederi have been acquired by BearingPoint and are currently run as a standalone business. BearingPoint are not an SME.*

It should be noted that demand for services via Lot 3 has not been as high as anticipated and that furthermore some of the smaller firms have not always been able to meet the demand, even when given advance notice of upcoming requirements.

3.4 CCS issued a Prior Information Notice to the market in October 2019 as it started to design the next iteration of the management consultancy framework, which will go live in September 2021 and replace both MCF and MCF2. The Department is currently conducting extensive customer and market engagement and sharing data on the usage of MCF and MCF2 in order to come up with a solution that meets the diverse, complex and demanding requirements of HMG, whilst balancing the ability of the market to meet those requirements with the policy aims of increasing SME spend. This engagement has had SME specific sessions via the Management Consultancies Association SME group, via the Cabinet Office SME forum and it has also held one on one meetings with around 10 SME firms with a continuing programme of engagement. There has been a strong preference from both customers and the market for fewer suppliers on the future framework than there is currently, as higher numbers put buyers off using the framework, and reduce the win percentage for suppliers.

3.5 It should be noted that whilst CCS is responsible for the design of frameworks for common goods and services across the public sector, it is individual departments or other Contracting Authorities that run a further process to select suppliers to carry out the work itself. With this and the government's policy objectives in mind, CCS is running 'Communities of Practice' sessions where a range of best practice topics will be explored, including how to ensure the appropriate suppliers are used for the variety and diversity of requirements that exist across government.

4: PAC conclusion: *There is a longstanding and widening discrepancy between Cabinet Office and departmental data on consultancy spending across Government.*

4a: PAC recommendation: ***The Cabinet Office must urgently address the increasing inconsistencies in the reporting of consultancy and professional services spending across government, ensuring that its own overall spend matches up with that reported by departments. In its Treasury Minute response to this report, the Cabinet Office should clearly set out the reasons for the discrepancies and the accurate figures.***

4b: PAC recommendation: ***The Cabinet Office should work with departments to establish a shared definition of consultancy, ensuring that this is sufficient to exercise effective control over this area of expenditure.***

4.1 The Government agrees with the Committee's recommendations.

Target implementation date: Spring 2020

4.2 The Department has been working with HM Treasury and other departments to reform the consultancy expenditure control and improve the visibility of spend on consultancy and professional services. A key element of this work is to introduce a combined consultancy and professional services expenditure control and improve the quality and consistency of data on such spending, focusing on a number of areas.

4. 3 The Department has reformed the expenditure control process. From November 2019, the scope of the consultancy control was extended to include professional services as well as consultancy. New guidance was developed to improve the consistency of understanding on what types of spending constitute which subcategory of consultancy and professional services. This will help to reduce uncertainty about whether expenditure is within the scope of Cabinet Office controls and should improve the quality of data input for expenditure on consultancy and professional services contracts, reducing the number of reporting errors that have made interpreting the data difficult.

4.4 Along with this, in April 2018, the threshold for the control was raised from £20,000 to £1 million, to focus the control on higher value cases, which represent a high proportion of overall expenditure. In addition, approval authority for expenditure below £10 million has been delegated to departments, as they are well placed to decide whether expenditure is necessary and represents value for money. This delegation is dependent upon departments recording, reporting and auditing information about their expenditure in an accurate and timely way. Implementing these reforms should increase overall assurance within each department on their own spend and improve the overall picture of consultant spending across Government.

4.5 Another area of focus has been to improve how Government uses the commercial databases of consultancy and professional services contracts data (Bravo and Contracts Finder). This work will link the two sources of data to develop a more complete and nuanced picture of consultancy and professional services spending, which will support further analysis. This should be in place by early 2020 and will allow the Cabinet Office to filter the datasets in the same way (including by category, supplier and buying organisation). In addition to this, work is underway on developing a set of commercial data standards which will help to ensure that contract data is recorded in a complete and accurate manner. It is expected that the first draft of these standards will be completed before the end of 2019. Finally, interfaces with departmental commercial systems are being built. These will provide a centralised view of contract data which aligns to departments' own commercial information. Two interfaces have already been established with Home Office and Ministry of Defence and it is expected that the majority of Departments will be onboarded by the end of 2020.

4.6 The improvements to data consistency and quality in Bravo and Contracts Finder described above will give the Cabinet Office more robust contract-level data to compare to the aggregate spend for each department held in the OSCAR system. The third area of focus will be to work with a small number of departments to reconcile the data held on their finance systems, which makes up these aggregate amounts, with the data held on Bravo and Contracts Finder. The Department will then share learning with other departments in order to reduce inconsistencies between OSCAR and the other data sources and explain the remaining differences. The implementation date is to be confirmed.

4.7 Until this work has been done it will not be possible to provide more accurate figures for consultancy and professional services spending. The above reconciliation work should provide the reasons for the discrepancies between the different datasets - these are likely to include inconsistencies in definitions used for consultancy and professional services, and differences between data on aggregate expenditure held (in OSCAR) and individual invoice amounts held (in Bravo).

One Hundred and Thirteenth Report of Session 2017–19

Department for Transport / HM Treasury

Network Rail's sale of railway arches

Introduction from the Committee

In February 2019, Network Rail completed a £1.46 billion sale of a commercial property portfolio to Telereal Trillium and Blackstone Property Partners. The portfolio consists of 5,261 rental spaces across England and Wales that Network Rail judged are not essential for running the railway. The portfolio is concentrated in the London area (60% by number of rental spaces) and most properties are converted railway arches (70% by number of rental spaces). It was sold on a 150-year leasehold basis. The sale is part of Network Rail's response to a funding shortfall in its investment programme for the period 2014 to 2019. Network Rail was reclassified as a public sector body in 2014, which prevented it from raising capital in the financial markets, as it had been able to in the past. Network Rail was responsible for preparing and executing the sale. The Department for Transport gave final approval, as Network Rail's shareholder, and HM Treasury was involved in setting the sale objectives, including the budgetary impacts of the transaction, and agreed the final decision to sell.

On the basis of a report by the Comptroller and Auditor General, the Committee took evidence on 17 June 2019 from Network Rail, the Department for Transport (the Department) and HM Treasury about the recent sale of a portfolio of commercial rental spaces, including railway arches. The Committee published its report on 13 September 2019. This is the Government response to the Committee's report.

Relevant reports

- NAO report: *Network Rail's sale of railway arches* – Session 2017-19 (HC 2137)
- PAC report: *Network Rail's sale of railway arches* – Session 2017-19 (HC 2230)

Government responses to the Committee

1: PAC conclusion: *Network Rail and the Department did not engage with tenants early enough, and only obtained non-binding commitments to protect tenants' interests.*

1a: PAC recommendation*: Government should learn lessons from this experience for future sales and interactions with those most affected by its decisions. It should ensure that in future asset sales, those stakeholders most impacted by the transaction are given consideration early on and throughout the process.*

1.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Government recognises the need to consider those stakeholders most impacted ahead of any decision to sell an asset. This is a routine part of the policy consideration for asset sales, including this sale of Network Rail's railway arches portfolio. However, as the Government acknowledged following this sale, it could have engaged stakeholders earlier in the process – particularly tenants, the majority of whom were small and medium enterprises (SMEs).

1.3 As *Managing Public Money makes* clear, government bodies should dispose of surplus government-owned assets in a way that ensures value for money for taxpayers. However, the Government is clear that this cannot be done at any cost and the Government recognises the need for selling entities to identify, and consider the impact on, affected stakeholders prior to determining whether assets are surplus to requirements and then throughout the sale process.

1b: PAC recommendation: *Network Rail should write to us in twelve months' time with an update on how the new owners have performed against its non-binding commitments, including how the tenants' charter put in place by the new owners is supporting existing tenants being treated fairly.*

1.4 The Government agrees with the Committee's recommendation.

Target implementation date: September 2020

1.5 *The Arch Company* will report to Network Rail on a quarterly basis its performance against non-binding commitments, including how the *tenants' charter* – published by the Arch Company on 21 October - is supporting existing tenants being treated fairly. Network Rail will write to the Committee in September 2020 providing an update on progress.

2: PAC conclusion: *Future tenants will have fewer rights than most current tenants.*

2a: PAC recommendation: *HM Treasury should write to us within one month, setting out its policy in relation to departments, and bodies within their control, actively promoting measures to get around Acts of Parliament.*

2.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

2.2 HM Treasury's Permanent Secretary, Sir Tom Scholar, *wrote to the Committee* on 8 October, in response to this recommendation.

2.3 In summary, HM Treasury does not support the adoption of measures by public bodies that are designed to circumvent Acts of Parliament, and in the event that such practices were suspected or identified, it would challenge the relevant government department or body to consider the propriety of such actions. HM Treasury does not believe that Network Rail has circumvented Acts of Parliament in the execution of the sale of its railway arches portfolio.

2b: PAC recommendation: *The Department and Network Rail should write to us within one month setting out what it can and will do to ensure that, when leases are due for renewal, existing tenants are able to do so on reasonable terms without being essentially forced into contracting out of the Landlord and Tenant Act unless they pay disproportionately higher rents. If they have left themselves in a position where no such reassurances can be offered to existing tenants, then they should at least be open about acknowledging that.*

2.4 The Government agrees with the Committee's recommendation.

Recommendation Implemented

2.5 The Department for Transport (DfT) Permanent Secretary, Bernadette Kelly, and Network Rail Chief Executive, Andrew Haines, *wrote to the Committee on 18 October 2019* setting out the position in relation to the *Landlord and Tenant Act 1954.*

2.6 In summary, where existing tenants opt out of the Act, that exclusion only applies in relation to security of tenure (i.e. *sections 24 to 28).* All other protections afforded to business tenants under the Act will continue to apply to their tenancies. Network Rail has always acted in accordance with the Act, which expressly provides a mechanism to exclude security of tenure provisions from rental agreements. This is only possible with the mutual agreement of both the landlord and the tenant at the start of the lease. All existing tenants with security of tenure at the time of the sale will continue to be protected by the Act's renewal rights.

3: PAC conclusion: ***Government failed to recognise the potential of the arches to further its industrial strategy and support for SMEs.***

3a: PAC recommendation: ***HM Treasury should monitor departments' compliance with its Green Book and Business Case guidance, and develop more specific guidance for assets sales. It needs to ensure that departments, rather than working in silos, take account of wider government interests and objectives when overseeing or conducting asset sales.***

3.1 The Government disagrees with this recommendation.

3.2 *The Green Book* and its *supplementary guidance* provide high-level guidance for thinking through, designing and analysing options for policies, strategies, programmes and projects. The Green Book was refreshed and updated in 2018 to reflect lessons learned, changes in best practice, and improvements in appraisal techniques.

3.3 The Green Book makes clear that asset sales should be treated as negative spending, and that therefore the wider benefits to society of the decision to sell an asset should be considered in the same way that they would be considered for a spending proposal. HM Treasury's monitoring and approval processes for capital spending includes a requirement that proposals which are novel, contentious or above a department's delegated spending limit must be reviewed and approved as part of a multi-stage and constructive dialogue between departments, HM Treasury, and the Infrastructure and Projects Authority. The process of considering proposals includes, at the outset, a requirement to ensure a proposal has a strategic fit with wider public sector policies.

3b: PAC recommendation: ***In its Treasury Minute response to this report HM Treasury should explain more fully why the pursuit of government's policies should not be considered in asset sales, in particular when these have a visible impact on local communities.***

3.4 The Government disagrees with this recommendation.

3.5 It is the Government's policy to sell assets where there is no policy reason for continued public ownership and where a sale can achieve value for money.

3.6 The Green Book does not say that government policies should not be considered when examining proposed asset sales. Advice to decision makers, whether they be government ministers or appointed members of NHS trusts, for example, should be prepared in the light of government policies and known future requirements.

4: PAC conclusion: ***To plug a funding gap, Government took a short-term decision to sell a profitable asset.***

4: PAC recommendation: ***As a part of its balance sheet review, HM Treasury should consider whether to invest in profitable assets now, irrespective of the government's policy to sell assets where there is no policy reason for continued public ownership, in order to exploit opportunities and maximise the value of public assets in the long run.***

4.1 The Government disagrees with this recommendation.

4.2 It is the Government's policy to sell assets where there is no policy reason for continued public ownership and where a sale can achieve value for money.

4.3 The Balance Sheet Review is aiming to strengthen Government management of assets by working with departments to identify non-core assets which could be disposed, increase returns and utilisation of assets to be retained, and reduce balance sheet risks. To strengthen scrutiny of asset sales, the Government has published *Asset sale disclosures: guidance for government* which increases transparency around the impact of assets sale on the broader balance sheet.

5: PAC conclusion: ***Network Rail is unable to say how many arches it might need to take back over the next 150 years, and how much this could cost.***

5a: PAC recommendation: ***For each future control period, Network Rail should disclose:***

a) the expected cost of, and number of employees in, its interface team; and

b) the expected number and cost of taking back properties, and whether they are taken back permanently or temporarily.

5.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

5.2 At this stage, Network Rail can only project as far as the end of 2023-24 because its maintenance, renewals and enhancement programme budgets beyond that period have not been set.

5.3 The Interface Management Team (IMT) has 14 full time equivalent staff (FTEs). This includes a 12-month fixed-term position which will be reviewed over the course of the year. A further temporary commercial manager post supports the IMT. The ongoing requirement for this post is under review as part of Network Rail's *Putting passengers first* programme.

5.4 NR forecast the cost and number of employees of the IMT for the remainder this control period to be as follows.

Year	2019-20	2020-21	2021-22	2022-23	2023-24
Cost £k	841	882	891	917	944
Staff number (FTEs)	14	14	14	14	14

5.5 In terms of the expected number and cost of taking back properties, the compensation payable is determined by an agreed, specific formula in the original agreement between Arch Co and Network Rail (the head lease).

5.6 At present, there are no fully approved/funded projects that will trigger a permanent take back. There are, however, seven potential buy backs currently under review to determine whether they comply with the head lease provisions. The cost of these buy backs has yet to be assessed but is estimated at around £2million in 2019-20.

5.7 An estimate of the number and value of take backs over the remainder of the full control period is below.

Year	2019-20	2020/21	2021-22	2022-23	2023-24
Number. of take backs (permanent)	7	10	10	10	10
Estimate value £m	2	3	2	2	2

5.8 For Network Rail to take back *temporarily* part of the *Arch Co* estate, it must demonstrate that it is required for railway operational purposes only.

5.9 The rent payable is based upon the open market rental value of the arch/-property. Network Rail would also be liable for any service charge/insurance payments due on the arch/property. As at sale completion date of 4 February 2019, Network Rail took 155 leasebacks for current or impending project requirements. The rent payable on these leasebacks totals £4 million per annum which is partially offset by £1.2 million of income per annum from occupational tenants.

5.10 A total of four additional leasebacks have been taken since February 2019 at a passing rent of £40,000 per annum. An estimate of future project requirements from now until 2023-24 is shown below.

Year	2019-20	2020-21	2021-22	2022-23	2023-24
Number of take backs (temporary)	19	20	20	20	10
Estimate value £k	250	400	400	420	220

5.11 The leaseback rent payable to *Arch Co* is based on an assumed average rent of £20,000 per annum and the rent may be partially offset by income from any occupational tenant. The average duration of a leaseback is estimated to be 18 months

One Hundred and Fourteenth Report of Session 2017-19

Ministry of Housing, Communities and Local Government / Homes England

Help to Buy: Equity Loan scheme

Introduction from the Committee

The Ministry of Housing, Communities and Local Government (the Department) introduced the Help to Buy: Equity Loan scheme in April 2013 to address a fall in property sales following the financial crash of 2008 and the consequent tightening of regulations over the availability of high loan-to-value and high loan-to-income mortgages. Originally intended to last three years, in 2015 the Department announced the extension of the scheme to 2021. The scheme has two principal aims: to help prospective homeowners obtain mortgages and buy new-build properties; and, through the increased demand for new-build properties, to increase the rate of house building in England.

Homes England administers the scheme on behalf of the Department. Home buyers receive an equity loan of up to 20% (40% in London since February 2016) of the market value of an eligible new-build property, interest free for five years. The loan must be paid back in full on sale of the property, within 25 years, or in line with the buyer's main mortgage if this is extended beyond 25 years. The scheme enables buyers to purchase a new-build property with a mortgage of 75% (55% in London) of the value of the property. The current scheme, which will run to March 2021, is not means-tested and is open to both first-time buyers and those who have owned a property previously. Buyers can purchase properties valued up to £600,000. A new scheme, to follow on immediately from the current scheme for two years to March 2023, will be restricted to first-time buyers and will introduce lower regional caps on the maximum property value, while remaining at £600,000 in London.

Based on a report by the National Audit Office, the Committee took evidence, on 26 June 2019 from the Ministry of Housing, Communities and Local Government and Homes England. The Committee published its report on 17 September 2019. This is the Government response to the Committee's report.

Relevant reports

- NAO report: *Help to Buy: Equity loan scheme – progress review*. Session 2017-19 (HC 2216)
- PAC report: *Help to Buy: Equity loan scheme* Session 2017-19 (HC 2046)
- Government independent review: *Evaluation of the Help to Buy Equity Loan Scheme 2017* published in October 2018

Government responses to the Committee

1: PAC conclusion: ***Help to Buy has increased the supply of new homes and boosted the house-building sector.***

1: PAC recommendation: ***The Department should identify the lessons that can be learned from the success of Help to Buy and how these can be applied to future housing schemes***

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020

1.2 As the Committee notes, the Help to Buy scheme has been successful on a number of fronts: the level of take up from customers and smaller (as well as large) developers; the number of first-time buyers it has enabled to purchase a home; and the impact on levels of new housing supply.

1.3 The Ministry of Housing, Communities and Local Government (the Department) agrees that there are important lessons to be drawn from delivery of the Help to Buy scheme so far, for example, around designing schemes that are easy to understand and access and providing a fair and transparent balance of risk and return between individual customers and taxpayers at large.

1.4 In designing the new Help to Buy scheme from 2021, the Department is taking account of these lessons, alongside others that have proved a challenge within the current scheme. As well as identifying and capturing lessons learnt internally, the Department will ensure that any future evaluation of the scheme includes a review of lessons learnt.

2: PAC conclusion: ***While Help to Buy has helped many people to buy properties who otherwise would not have been able to, a large proportion of those who took part did not need its help.***

2: PAC recommendation: ***The Department should report to the Committee in spring 2020 on the impact it expects changes to the scheme to have from 2021 and how it will ensure that regional price caps work effectively across regions***

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020

2.2 The new Help to Buy scheme is designed to strengthen the focus on households who most need help to get onto the property ladder, and smaller, less expensive properties.

2.3 The Department looks comprehensively at the likely impact of all changes to the scheme. As a demand-led programme, estimates of the impact of restricting eligibility to first time buyers and imposing new regional price caps, outside London, for the first time, are necessarily uncertain. Impact will be determined by market conditions, market response and the detailed policy decisions that remain to be made. However, the Department expect these changes to improve the scheme's value for money.

2.4 The Department announced the caps early to give certainty to buyers and builders. Our analysis suggests that the new regional price caps are, and will be in 2021, higher than the average first-time buyer house price, in the vast majority of local authority areas in England. The caps recognise that prices will vary across a region and that new build homes are likely to cost more on average than homes in the existing market and the multiple applied (1.5x) makes allowance for this. The Department will share with the Committee, when the details of the new Help to Buy scheme are announced, its latest views of scheme impact including the regional house prices caps.

3. PAC conclusion: ***The Department has allowed the scheme to become a semi-permanent feature of the housing market, and has not yet thought through the changes needed to improve the value to be achieved from the new scheme.***

3a: PAC recommendation: ***The Department should undertake a further evaluation of the scheme to understand its value and necessity from 2017***

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: Autumn 2021

3.2 As the Committee notes, the Department has already commissioned two independent evaluations of the Help to Buy scheme and recognises the value of regular and robust evaluation as a key means of assessing impact, the delivery of scheme objectives and learning lessons for the future.

3.3 The *independent evaluation published in October 2018*, concentrating on the period from July 2015 to June 2017, was timed so that the Department could use its findings to inform the shape of the new Help to Buy scheme, and it has done so. The Department agrees that a further evaluation of the scheme should be undertaken and considers that the best time to do so would be following the end of the current scheme in 2021.

3b: PAC recommendation: *[The evaluation should] inform the design and operation of the new scheme.*

3.4 The Government disagrees with the Committee's recommendation.

3.5 Given that the key parameters of the new Help to Buy scheme have already been determined taking into account the October 2018 evaluation report, and the Department expects the detailed policy design to be complete in the early months of 2020, any new evaluation commissioned at this stage would be too late to inform the new scheme and too close to the last evaluation to achieve maximum value.

3c: PAC recommendation: *The Department should report back to the Committee in spring 2020 on how it is working with developers to plan the new scheme from 2021, so that it addresses concerns about developers' behaviour and achieves at least as much value.*

3.6 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020

3.7 The Department expects all housing developers to deliver good quality housing, to deliver it on time, and to treat buyers fairly. The vast majority of customers who buy a property through Help to Buy are happy with their new home, but the Department recognises that there have been instances where properties have not been of an acceptable standard and the best interests of customers have not been paramount.

3.8 Homes England have now banned the unjustified sale of leasehold houses through Help to Buy. The Department has made clear that it will require that developers belong to a *New Homes Ombudsman* to participate in the new Help to Buy Scheme from 2021. The Department and Homes England are considering carefully, as we design the detail of the new Help to Buy scheme, how more can be done to ensure that the developers who work with us meet the standards and quality that customers expect and deserve. Contracts are, and will be, subject to annual renewal.

3.9 Homes England meets regularly with developers within the scheme, including on issues around quality and our engagement with developers will intensify as the detailed design of the new scheme is finalised. The Department will provide to the Committee, when the detail of the new scheme is announced, an overview of the policy and operational changes within the new scheme that are intended to secure higher quality standards, improved customer protection and better value for the taxpayer.

4. PAC conclusion: *The Department's lack of curiosity over why and how buyers are redeeming their loans gives rise to uncertainty over whether the Department will make a return on its investment.*

4: PAC recommendation: *The Department should, by the end of December 2019, publish an analysis of the reasons for people redeeming to date – who, when, where, how and why.*

4.1 The Government agrees with the Committee's recommendation

Target implementation date: February 2020

4.1 The Department agrees with the Committee that a good understanding of redemptions to date is essential in making well informed estimates of the timing and amount of future redemptions. The Department has an increasingly good understanding of the pattern of redemptions, based on six years of the scheme's operation, accepting that this may change significantly and in unpredictable ways in different market conditions. The growing body of data the Department has on redemptions is used by Homes England to inform regular revisions to its income forecast model.

4.2 In summary, of the 221,362 loans issued by 31 March 2019, 30,645 or 13.8% had been redeemed by that date. Redemption receipts at 31 March 2019 total £1.540 billion, against the original total loan value of £1.374 billion.

4.3 Of the 30,645 full redemptions to 31 March 2019, 49.5% (15,184) occurred via the sale of the home, and 50.5% (15,461) via customers remaining in their home and paying off their loan by re-mortgaging or with other funds. The number of redemptions was low in the first two years of the scheme but has risen sharply from year three to year six. In general, loans are being redeemed more quickly in the South and East than in the North, with the Midlands in between. Loans are being redeemed more slowly in London than in the rest of the South and East. The Department intends to publish an analysis of redemptions to 31 March 2019 shortly.

5. PAC conclusion: ***The Department's decision to keep equity loans as unregulated products means there is insufficient protection for buyers.***

5a: PAC recommendation: ***The Department should write to the Committee by the end of December 2019 to explain how it intends to put in place better consumer protection arrangements for similar products in the future.***

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: February 2020

5.2 The Department is confident the current consumer protection arrangements are adequate for Help to Buy. As future products are produced, it will continue to ensure suitable protections are in place. The Department will write to the Committee to set out what is being done to further strengthen arrangements.

5.3 Homes England is exempted from the need to obtain authorisation for carrying out regulated mortgage activities under the Financial Services and Markets Act 2000 (Exemption) Order 2001. In turn, the Help to Buy Equity Loan qualifies as a restricted Public Loan, and as such a number of explicit requirements to ensure an appropriate level of customer protection (*see FCA Handbook PERG 4.13.7G)* must be met including:

- the interest rates or other terms of the loan must be more favorable than terms prevailing in the market;
- the pre-contractual information provided to customers must be timely and clearly set out the main features, risks and costs of the loan; and
- the advertising of the loan must be clear, fair and not misleading.

5.4 There are further protections arising from the Nolan principles, Managing Public Money, the Principles for Remedy (Parliamentary & Health Service Ombudsman), and from the Advertising Standards Authority's UK Code of Non-Broadcast Advertising and Direct & Promotional Marketing. There are also protections arising from the various regulations governing conduct (set by bodies such as the Solicitors Regulation Authority and the Financial Conduct Authority) to which different entities involved in delivering Help to Buy (including solicitors, independent financial advisers/mortgage brokers, mortgage lenders, and mortgage administrators) are subject. Overall, customers benefit from a good degree of support and protection.

5.5 As part of the Department's continuous improvement activity, Homes England has defined a set of customer treatment standards based on regulation, voluntary codes of conduct and best practices from the financial services and other industries. The Department is aligning its operational processes against these standards to ensure that it continues to deliver a fair and consistent experience to consumers. The Department notes the Committee's interest in this work and will therefore write to the Committee with more details on what is being done to further strengthen consumer protection within Help to Buy by the end of February 2020.

5b: PAC recommendation: ***As part of its next evaluation, the Department should examine the new-build premium, and the impact Help to Buy has had in relation to this.***

5.6 The Government agrees with the Committee's recommendation.

Target implementation date: Autumn 2021

5.7 The *latest independent evaluation of the scheme* (conducted by researchers from the London School of Economics, Cambridge University and Ipsos Mori for the Department) looked at the issue of a new-build premium and the impact of Help to Buy on this and found no clear link between the scheme and increasing new build premiums. The Department however agrees that it should address this again in a future evaluation of the programme. Accordingly, the Department will examine the new-build premium and the impact of Help to Buy, in the next evaluation, which it intends to conduct in the latter half of 2021.

5.8 Assessing a genuine new build premium – that is the difference in value which may arise because the property is new and not because of difference in the specification or characteristics of a property - is complex. The latest independent evaluation found that the new-build premium differed regionally, but in particular by property type. It found a substantial premium for flats (which form a low share of Help to Buy sales relative to the overall market), but a negative premium for detached houses and none for semi-detached houses.

5.9 Homes England's analysis shows that the value of its investment has grown more slowly than the housing market as a whole and that slower growth on the investment may reflect some new-build premium. The analysis does not though support the idea of a home being worth 15% to 20% less immediately after purchase. Homeowners who have repaid their equity loan within a short time of taking it out have tended to repay the amount they borrowed. The Department's Data Science team is developing new approaches to estimating the new-build premium, tracking data from new homes over time and using big data sources to give good coverage both geographically and on characteristics such as property type. High level results from the analysis are expected by the end of 2019.

6: PAC conclusion: *The Department does not have an integrated and coherent plan for achieving its commitment to deliver 300,000 new homes per year from the mid-2020s.*

6: PAC recommendation: *The Department should, by the end of December 2019, set out how it will achieve its ambition for 300,000 homes per year without the contribution from the Help to Buy scheme after 2023.*

6.1 The Government disagrees with the Committee's recommendation.

6.2 The Government has announced a comprehensive set of new policies which supports our ambition to raise housing supply by the early 2020s to its highest level since 1970, on track to reach 300,000 homes a year on average by the mid-2020s. To do this, the Department is providing a package of financial support and reform, with measures to:

- build homes faster, including affordable homes to rent and buy;
- planning reforms to release more land for homes where people want to live; and
- get more people building homes, including lifting the Housing Revenue Account borrowing cap for local authorities so they can deliver a new generation of social housing, and support people who need help now, including tackling homelessness and rough sleeping.

6.3 Housing supply has increased by 1.3 million since 2010 and by over 241,000 in 2018-19, the highest level in over 30 years.

6.4 The Department is committed to being transparent about its objectives, and the progress towards achieving them. The Department published its latest Single Departmental Plan in June 2019, which includes a strategic objective to increase housing supply and states how it is being achieved. The Department also publishes quarterly data on the progress towards achieving its ambition to raise net housing supply to 300,000 a year on average by the mid-2020s, and in meeting manifesto commitments.

7. PAC conclusion: *The Help to Buy scheme is not making homes more affordable for society in general or helping address other pressing problems in the housing sector*.

7: PAC recommendation: *The Department should report back to the Committee by the end of December 2019, setting out how its different housing policies and initiatives work together to address England's housing crisis.*

7.1 The Government agrees with the Committee's recommendation.

Target implementation date: February 2020

7.2 The Government is taking comprehensive end-to-end action across the housing market to address England's housing crisis.

7.3 The Housing White Paper set out a strategy to reform the housing market and boost the supply of new homes in England, which the Government has since built on with further measures, to:

- build homes faster, including affordable homes to rent and buy, with £9 billion of funding to deliver 250,000 affordable homes to March 2022;
- reform planning to release more land for homes where people want to live;
- get more people building homes, including lifting the Housing Revenue Account borrowing cap for local authorities so they can deliver a new generation of social housing; and
- support people who need help now, including tackling homelessness and rough sleeping.

7.4 The Department will write to the Committee with more detail by the end of February 2020.

One-Hundred and Fifteenth Report of Session 2017-19

Department of Health and Social Care

Penalty Charge Notices

Introduction from the Committee

Each year, around 1.1 billion prescription items are dispensed, and 39 million dental treatments undertaken. Some people are exempt from paying if they have a valid reason (for example they are under 16 or they receive certain benefits). In 2017–18 around 89% of prescription items dispensed and around 47% of dental treatments were claimed as exempt from charges. Those who claim a free prescription or dental treatment without a valid reason, whether fraudulently or in error, could be issued with a Penalty Charge Notice (PCN). A PCN has two components—the original cost of the prescription or dental treatment and a penalty charge of up to £100. The NHS estimates that it lost around £212 million in 2017–18 from people incorrectly claiming exemption from prescription and dental charges. The Department of Health & Social Care (the Department) is the policy owner for this area. NHS England is the service owner, and commissions the NHS Business Services Authority (NHSBSA) to administer the loss recovery service for prescriptions and dental treatments. NHSBSA also has a contract with Capita to issue a proportion of dental PCNs.

Since 2014, NHSBSA has managed the distribution of 5.6 million PCNs with a total value of £676 million. Of these £133 million (20%) were collected, £297 million (44%) were resolved without a penalty charge being paid; and £246 million (36%) remain outstanding.

Based on a report by the National Audit Office, the Committee took evidence, on 1 July 2019 from the Department of Health and Social Care, NHS England, NHS Business Services Authority, British Dental Association, Parkinson's UK and Prescription Charges Coalition and Mencap. The Committee published its report on 20 September 2019. This is the Government response to the Committee's report.

Relevant Reports

- NAO report: *Investigation into penalty charge notices in healthcare* - Session 2017-19 (HC 2038)
- PAC report: *Penalty charge notices in healthcare* - Session 2017-19 (HC 2038)

Government responses to the Committee

1: PAC conclusion: *Patients are finding it extremely difficult to understand whether or not they are entitled to free prescriptions or dental treatment.*

1: PAC recommendation*: The Department of Health and Social Care should set out how it will make exemptions more readily intelligible for all claimants, based on evidence of how users complete applications.*

The Department should work more closely with the Department for Work & Pensions to improve the information provided to benefit claimants about whether they are entitled to free prescriptions. Specifically, it should investigate the feasibility of DWP indicating whether claimants are entitled to free prescriptions or dental treatment in the letters it sends to claimants about eligibility for benefits.

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: September 2020

1.2 The Department of Health and Social Care (DHSC) is continuing to proactively consider what more can be done, in respect of communication activity and support tools, to better inform and support people to understand if they are exempt from NHS prescription and dental treatment charges or need to pay.

1.3 The Department is determined to make things better and are already acting, as evidenced by the national ‘check before you tick’ communications campaign. To date this campaign has spotlighted NHS prescription charges, but will in January 2020 be invigorated with a fresh focus on NHS dental treatment charges.

1.4 The Department has updated the paper version of the FP10 prescription form, which now features an exemption tick box for use by eligible Universal Credit claimants. The NHS Business Services Authority (NHSBSA) reports that the revised form has been printed and is being rolled out. Existing stocks of the old form already in the system, such as in GP practices, will be used up but no further stock of the old form will be despatched.

1.5 Collaboration between the Department for Work and Pensions (DWP) and DHSC about how best to support Universal Credit (UC) claimants remains as set out in the Department’s letter to the Committee of 17 July 2019.

1.6 DWP is waiting to see how changes made to UC statements, and introduction of the revised prescription form, improve the situation before reassessing. Together DWP and DHSC, will then explore further ways to help claimants understand whether they are eligible for help with health costs as appropriate.

2: PAC conclusion: NHSBSA’s presumption of guilt means penalty charge notices are issued too readily, particularly where vulnerable people are concerned.

2: PAC recommendation: ***In six months’ time, the Department should write to the Committee to establish when it plans to introduce the additional checking stage in the PCN process and the timeline for doing so.***

***In the same letter, the Department should set out how this will reduce the proportion of PCNs that are later overturned and identify claimants who may be particularly vulnerable*.**

2.1 The Government agrees with the Committee’s recommendation.

Target implementation date: February 2020

2.2 The Department has listened to the Committee’s feedback and fully agrees that the number of PCNs being sent to people who hold a valid exemption needs to rapidly reduce.

2.3 Ministers have approved a move to a 3-stage PCN process which is being progressed at pace. Under the revised process a pre-PCN letter will be issued initially, which advises the recipient to contact the NHSBSA within 28 days to verify their exemption from payment and avoid any PCN being issued. An initial version of the three-stage system is expected to be implemented in February 2020.

2.4 Officials are also carefully considering what more can be done to safeguard vulnerable individuals from being adversely impacted by the exemption checking process more generally, while continuing to protect vital NHS income. DHSC is committed to ensuring the exemption checking process operates fairly in the interest of all patients.

2.5 DHSC will write to the Committee in March 2020, in accordance with the timeframe specified, to provide the information requested.

3: PAC conclusion*: NHSBSA has implemented the PCN policy without evaluating the impact of PCNs on claimants seeking treatment*.

3: PAC recommendation*: The Department should actively seek information from the NHS and from other government departments about the consequences of prescription charges and the PCN process. It should provide to the Committee a breakdown of: people not seeking the treatment they need for fear of incurring fines, patients not claiming the exemption to which they are entitled and admissions to hospital as a result.***

3.1 The Government disagrees with the Committee’s recommendation.

3.2 The Department is not aware of any information held by the NHS or other government departments about the consequences of the current system of prescription charges and the current PCN process. DHSC only holds statistical information, such as income from prescription charges, the proportion of prescription items paid for or dispensed free of charge and the number of PCNs issued. Accordingly, the Department is not able to provide the specific information requested by the Committee.

3.3 It would be necessary to undertake or commission specialist in-depth research to obtain such information. Ministers have concluded that commissioning such research would not deliver value for money nor materially impact how the programme is delivered, given they wish to continue with the current system of NHS prescription charges, existing exemptions and the use of PCNs, but will keep this decision under review. Accordingly, the Department intends to concentrate resources on delivering the workstreams linked to the Committee's five other recommendations, which have been accepted, and will collectively improve the patient experience.

4: PAC conclusion: *We are highly sceptical that real-time exemption checks will be rolled out soon.*

4: PAC recommendation: ***NHS England and NHSBSA should pursue real-time checking as a priority, and should write to us with the results of the pilots, confirming a timetable for implementation and the cost of the real-time checking project.***

4.1 The Government agrees with the Committee's recommendation.

Target implementation date: March 2020

4.2 The introduction of Real-Time Exemption Checking (RTEC) for prescriptions is being pursued as a priority but is rightly being piloted in phases to ensure it is properly managed and appropriately paced. We want to get roll-out right. By the end of December 2019, 40 pharmacy sites were live with RTEC and further roll-out to the majority of the initial pharmacy software supplier's estate - well over a thousand pharmacies – is planned in 2020.

4.3 Good progress is also being made on incorporating other pharmacy software suppliers into the pilot and on enabling RTEC to check DWP benefit exemptions. On 10 December 2019, five pharmacy premises began piloting RTEC exemption checking of DWP legacy benefits, which include Jobseeker's Allowance and Employment and Support Allowance. This is a critical project milestone and a significant achievement, made possible through collaborative working across departments.

4.4 NHS England and NHS Improvement and NHSBSA will write to the Committee in March 2020 to provide findings from the ongoing RTEC pilot, a timetable for national implementation and the costs involved.

5: PAC conclusion*: Where there is clear evidence that people are persistently committing fraud by making false claims, NHSBSA has failed to take effective action.*

5: PAC recommendation: ***By December 2019, NHSBSA should evaluate the cost-effectiveness of spending more time and resources pursuing repeat offenders and write to us with the result of this work. In doing so, it should tell us the number of such cases that are being actively pursued.***

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: March 2020

5.2 NHSBSA already employs dedicated fraud specialists who work with individuals who have received multiple PCNs and is determined to build on this.

5.3 NHS England and NHS Improvement and NHSBSA are working together to evaluate and strengthen the current process and identify where constructive improvements can be made.

5.4 NHS England and NHS Improvement and NHSBSA will write to the Committee in March 2020 to provide the information requested.

6: PAC conclusion: ***The PCN process, as it stands, is not working efficiently or effectively***.

6: PAC recommendation: ***Having acknowledged that the PCN process needs improving, NHS England and NHSBSA should write to us in a year's time to explain how they have made the process more humane and cost-effective.***

6.1 The Government agrees with the Committee's recommendation.

Target implementation date: September 2020

6.2 A dedicated governance and oversight group has been established with membership from key involved organisations: DHSC, NHS England and NHS Improvement and NHSBSA. This group is committed to leading and driving forward improvement actions to address concerns raised by the Committee. It will also keep track and measure progress made.

6.3 NHS England and NHS Improvement and NHSBSA will write to the committee in September 2020 to provide further detail as requested.

One Hundred and Sixteenth Report of Session 2017-19

The Home Office

English language test for overseas students

Introduction from the Committee

The Home Office (the Department) designs and administers the points-based visa system which allows students from outside the European Economic Area to study in the UK. Most of these students must support their visa application by achieving a pre-determined level on a licensed and approved Secure English Language Test (SELT). The Test of English for International Communication (TOEIC), administered by the American provider ETS, was an approved SELT between 2011 and 2014. In 2014, however, a BBC Panorama investigation exposed wide-scale organised cheating on TOEIC tests, leading the Department to establish a Gold Command team in February 2014. The Department then took action against over 50,000 individuals. At least 11,356 of these people have since voluntarily left the UK, while the Department has removed or refused re-entry to the UK to at least 2,859 individuals. Hundreds, possibly thousands, continue to protest their innocence. Since April 2014, at least 12,500 appeals involving individuals matched to invalid or questionable TOEIC certificates have been heard by the courts. 40% of people making appeals to the first-tier tribunal have won their appeal. However, the Department continues to rely upon the evidence provided by ETS. To date, the Home Office has not taken any further steps to support individuals who are affected by its actions.

Based on a report by the National Audit Office, the Committee took evidence, on Wednesday 10 July 2019 from Sir Philip Rutnam, Permanent Secretary, Shona Dunn, Second Permanent Secretary, and Mark Thomson, Director General UK Visas and Immigration, from the Home Office. The Committee published its report on 18 September 2019. This is the Government response to the Committee's report.

Relevant reports

- NAO report: *Investigation into the response to cheating in English language tests,* Session 2017–19, (HC 2144)
- PAC report: *English language tests for overseas students* - Session 2017-19 (HC 2039)

Government responses to the Committee

1: PAC conclusion: ***The Home Office's design of the Tier 4 visa system left it open to large-scale abuse.***

1: PAC recommendation***: The Home Office should write to the committee immediately to explain what lessons it has learnt and what specific steps it has taken to ensure that such large-scale abuse cannot happen again.***

1.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

1.2 As requested by the Committee, the Government *responded to the Committee* on 30 September 2019.

1.3 The Tier 4 student route has been completely reformed since the majority of cheating in these tests occurred, between 2011-2013.

1.4 As set out before the Committee, this fraud did not happen in isolation and must be placed in the context of wider abuse of the student route. At the heart of the problem was private colleges offering courses as a backdoor route to work in the UK.

1.5 Since 2010, more than 1,000 of these institutions have had their sponsor licenses removed and, as a result, are no longer able to sponsor international students. We have taken steps to ensure that such providers cannot gain a licence in future, and only genuine education providers can bring international students to the UK.

1.6 Each Tier 4 sponsor must maintain Educational Oversight (an independent assessment of the quality of its educational provision) and pass an annual Basic Compliance Assessment, which is a check that it is recruiting genuine students who enrol and complete their studies. The Department has also taken a number of steps to ensure that those granted a Tier 4 visa genuinely intend to study by increasing the English language and maintenance requirements and the need for a proven academic track record.

1.7 The Department does, however, acknowledge the Committee's view that it would have been better to have additional assurance, in the form of expert analysis of American provider ETS' voice matching processes, before 2016.

2: PAC conclusion: ***The Home Office rushed to penalise students without establishing whether ETS was involved in fraud or if it had reliable evidence of people cheating.***

2: PAC recommendation: ***The Home Office should, within three months of this report, write to the Committee with evidence of its assessment from 2014 that ETS were not criminally complicit.***

2.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

2.2 In 2014, the Department's Immigration Enforcement Criminal and Financial Investigation team commenced 20 investigations into different test centres under Project Façade. Operation Sherriff was an investigation into ETS employees to establish whether they were complicit in the criminal abuse of their tests. The investigation showed that managers working for ETS Global BV had been notified of potential cheating provided by UK auditors, but failed to take action.

2.3 In January 2015, in consultation with the Crown Prosecution Service, it was agreed there was insufficient evidence at that point to secure a successful prosecution. The investigation was then suspended awaiting the outcome of investigations into individual test centres.

2.4 In August 2016, Operation Sherriff recommenced with a review of electronic data. This additional step provided no further evidence of any wider collusion involving ETS employees. Following this, in further discussion with Crown Prosecution Service, the CFI Director and Senior Investigating Officer, it was agreed to discontinue with the investigation due to insufficient evidence.

3: PAC conclusion: ***The Home Office's commercial relationship with ETS meant it had insufficient recourse to claim compensation.***

3: PAC recommendation: ***The Home Office should, within six months of this report, review its arrangement with overseas partners, including redress mechanisms in the event of contractor failure, and write to the Committee with its results.***

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: March 2020

3.2 The Department has in place within its concession agreements, including overseas partners, governance structures that review performance and contract management each month. As part of this oversight structure, the service provision is reviewed including, but not limited to, reviewing service performance and identifying and managing any potential risks or issues that could arise during service delivery.

3.3 The Department has already introduced a number of safeguards under the Secure English Language Test (SELT) arrangements.

3.4 Each month, SELT providers must attend performance review meetings held by the Home Office, submit monthly and annual performance reports and arrange for an independent auditor to undertake and confirm specific requirements set by the Home Office are being met.

3.5 For any service level failures, the SELT provider must provide details to the Home Office. Notifications of suspected or confirmed compromised testing require immediate notification and a written report on completion of the investigation.

3.6 As part of the wider SELT reform, the Department has also taken steps to address the management of and processes within test centres, including a reduction in the number of test centres from over 1,000 to less than 350 centres, both in the UK and overseas (whilst expanding the number of countries where testing is available). This mitigates the risks of oversupply and enables the Home Office to achieve greater control and ability to audit centres.

3.7 These changes minimise the risk of such a large-scale abuse happening in the future and the Government will write to the Committee with further information.

4: PAC conclusion: ***It is entirely unacceptable that, despite now recognising that hundreds of people still maintain their innocence, the Home Office has not acted to put right the wrongs caused by its actions.***

4: PAC recommendation: ***The Home Office should, within three months of this report, create and promote a fair and trustworthy means of helping all individuals who may have been wrongly accused to come forward and clear their names, including ensuring that all evidence from ETS is made available to them.***

4.1 The Government disagrees with the Committee's recommendation.

4.2 This was a wide-scale fraud. It should be acknowledged that the courts at every level (up to Court of Appeal) have said, even when finding against the Department on individual facts of a case, that the evidence the Department had was sufficient to make accusations of abuse where individuals had relied on invalid certificates. Individuals were able to challenge that accusation through either an appeal where available or judicial review, which many have done.

4.3 The Department does, however, accept that it would have been better if it had been clear, from the outset, that people could obtain the voice recordings analysed by ETS if they believed that they had been wrongly accused. ETS confirmed, during the course of the NAO investigation, that they continue to provide these to those who now request them.

4.4 The action the Department is taking now includes reviewing guidance to ensure that, in these cases, officials are properly balancing a belief that deception was committed some years ago against other factors that would normally lead to leave being granted, especially where children are involved.

4.5 It also includes updating operational guidance to ensure no further action is taken in questionable cases (without further direct evidence of deception) or where there is no evidence an ETS certificate was used in an immigration application.

4.6 Setting up a bespoke scheme would not be viable given both the passage of time and current legal frameworks relating to appeal rights, judicial and administrative reviews.

5: PAC conclusion***: As with the Windrush scandal, the Home Office has once again not done enough to identify the innocent and potentially vulnerable people who have been affected.***

5: PAC recommendation: ***The Home Office should address its lack of curiosity and establish safeguards to protect innocent people in the future, including ensuring that senior leadership do more to promote a culture of curiosity.***

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: June 2020

5.2 The Department has already embarked on a series of reforms over the last 18 months.

5.3 The Department is marshalling its reforms under three key themes:

- Improving customer service - responding more effectively to the individual needs of people who interact with the Border, Immigration and Citizenship System -, this includes focusing on ensuring the Department makes more decisions correctly first time;

- Responding better to vulnerable individuals who interact with the system - including ensuring its processes are accessible and people are supported or referred appropriately; and

- Ensuring that the Department is an open organisation which listens and responds when its customers and staff identify problems, using feedback and data to design its policies and procedures and understand their impact.

5.4. The Department's overarching ambition is to create an immigration system which is more accessible to all its customers, and in particular, those who are vulnerable or have high needs. The Department began several activities post-Windrush including establishing a Chief Caseworker Unit to support colleagues in making complex case decisions across the business; and introducing a 'safety valve mechanism' to provide expert advice to those officers in Immigration Enforcement who make difficult, often life changing decisions.

5.5 The Department recognises it has a lot of work to do, however, it will build on the good practice that already exists, and the reforms already in train.

One Hundred and Seventeenth Report of Session 2017-19

HM Treasury / Department for International Development / Foreign and Commonwealth Office / Department for Business, Energy and Industrial Strategy

The effectiveness of Official Development Assistance expenditure

Introduction from the Committee

In 2010, the coalition government committed to spending 0.7% of UK gross national income on overseas aid—known as Official Development Assistance (ODA)—from 2013 onwards. This is the proportion of a nation's income that the United Nations has said developed countries should aim to spend on overseas aid. In 2017, ODA expenditure was over £14 billion.

In 2015, the Department for International Development (DFID) and HM Treasury introduced a new strategy for the UK's ODA spending. This proposed that while DFID would remain the UK's primary channel for ODA expenditure, a greater proportion would be administered by other government departments, cross-government funds and other bodies. It also established four objectives for ODA spending, and emphasised the need to demonstrate that it was securing value for money. Departments are responsible for managing their ODA expenditure, with each Accounting Officer responsible for the proper stewardship of their department's ODA budget. HM Treasury is responsible for setting each department's ODA budget.

On the basis of a report by the Comptroller and Auditor General, we took evidence on 8 July 2019 from the Department for International Development (DFID), the Foreign & Commonwealth Office (FCO), the Department for Business, Energy & Industrial Strategy (BEIS) and HM Treasury. The Committee published its report on 23 September 2019. This is the Government response to the Committee's report.

Relevant Reports

- NAO report: *The effectiveness of Official Development Assistance expenditure*– Session 2017-19 (HC 2218)
- PAC report: *The effectiveness of Official Development Assistance expenditure* – Session 2017-19 (HC 2048)
- NAO report: *Managing the Official Development Assistance target*– Session 2017-19 (HC 243)

Government responses to the Committee

1: PAC conclusion: ***HM Treasury's focus on the effectiveness and value-for-money of ODA expenditure has been weak.***

1a: PAC recommendation: ***HM Treasury should take the following steps to ensure it is effectively overseeing the effectiveness of ODA spending***:

(a) Develop its framework for monitoring progress against the Aid Strategy to incorporate value for money.

1.1 The Government agrees with the committee's recommendation.

Target implementation date: Autumn 2020 (or in line with Spending Review timings tbc)

1.2 The Department places the same strong focus on the value for money and effectiveness of ODA spending as it does all government expenditure. In May 2018, it published the previously circulated *UK Official Development Assistance: value for money guidance* produced jointly with DFID for ODA spending departments. It scrutinises all businesses cases for evidence of value for money and effectiveness. In addition, as with all public expenditure, The Department's approval is essential for novel, contentious or repercussive spend.

1.3 The UK *Aid Strategy* monitoring framework was developed in response to calls from the NAO that government should bring together information to demonstrate impact against the objectives of the Aid Strategy as a whole, to sit above programme and sector-level monitoring and evaluation.

1.4 The current monitoring framework is not intended to comprehensively monitor implementation across the full range of government's ODA programmes, but rather to provide regular snapshots of progress against the Aid Strategy's objectives through a range of input, output and outcome indicators (i.e. effectiveness).

1.5 Over the next spending review period, the Treasury will consider how Government can improve its assessment of the value for money and effectiveness of its strategy for development spending.

1.6 However, there are likely to be challenges in making direct value for money comparisons between different types of policy spending (green climate finance vs. maternal health vs. supporting refugees and asylum seekers, for example) given the significant differences in objectives and outcomes. Rather, value for money is considered on a more granular programme and sector level, and in this way comparisons can more easily be made to inform spending decisions.

1b: PAC recommendation: ***and (b) Make sure that departments have set up frameworks for assessing value for money at the business case stage of new programmes.***

1.7 The Government agrees with the Committee's recommendation.

Target implementation date: Summer 2020

1.8 There are two components to this. Departments are expected to provide evidence at business case stage of how the preferred delivery option is value for money. They are also expected to provide evidence of how they will assess whether a programme is in practice delivering value for money in terms of its outcomes once it has begun. For example, the DFID business case process requires teams to set out evidence that the option chosen is the best value for money for delivering specified impacts and outcomes and to describe the systems in place for ensuring value for money is delivered in practice. DFID has worked with other government departments to share best practice for doing this and will continue to do so.

1c: PAC recommendation: ***and (c) Complete a full assessment of the impact of other government departments having more responsibility for ODA expenditure in time for the next spending review.***

1.9 The Government agrees with the Committee's recommendation.

Target implementation date: Autumn 2020 (or in line with Spending Review timings tbc)

1.10 In consultation with other departments, the Department will lead an assessment of i) the objectives of diversifying ODA spending across other government departments; ii) what has been achieved through doing this, including case studies of where there is evidence that ODA programming has been more effective as a consequence of the diversification of funding across Government departments; iii) challenges in managing the ODA budget across government and lessons learnt for the next spending review period. This will be completed by Autumn 2020 in time for the next spending review.

1d: PAC recommendation: ***and (d) Allocate a significant proportion of ODA on the basis of joint bids.***

1.11 The Government agrees with the Committee's recommendation.

Target implementation date: Autumn 2020 (or in line with Spending Review timings tbc)

1.12 Departments working together using their respective expertise and experience is crucial to achieve the government's objectives for ODA spending.

1.13 There are several policy areas in which departments currently work together to achieve the government's ODA objectives, including climate, research, health, security and prosperity.

1.14 In consultation with departments, the Department will determine the areas of ODA spending that would be appropriate for joint bids and will consider these at the next spending review. Departmental spending would still be overseen through the usual accounting officer process, as set out in public spending rules.

2: PAC conclusion: ***It is not clear how HM Treasury will, in the future, make use of the Department for International Development's expertise to support the allocation and oversight of ODA expenditure.***

2: PAC recommendation: ***Working with HM Treasury, DFID should set out the steps it will take to increase its involvement in allocating ODA expenditure and overseeing its overall effectiveness.***

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: Autumn 2020 (or in line with spending review timings tbc)

2.2 As with all public expenditure, the Department allocates ODA funding to departments at each spending review. There are no plans to change this.

2.3 However, at Spending Review 2015, the process for allocating ODA included a 'challenge panel' to scrutinise bids, including members from the Department for International Development (DFID) and the Major Projects Authority (now Infrastructure and Projects Authority) and HM Treasury expects to build on this process for the next multi-year spending review. This will include requesting additional evidence from departments in their spending proposals and drawing on relevant expertise from across government, including from DFID.

2.4 To support this, DFID will consult and advise other departments on their capability and proposals in the months preceding the next spending review, setting out clear guidance on what good looks like.

2.5 In terms of overall effectiveness of ODA spending, DFID and HM Treasury are working together to consider how DFID's role can be strengthened as part of overall improvements in ODA governance and will set out their plans at or ahead of the next spending review.

3: PAC conclusion: ***There will be a significant risk to value for money if last minute decisions to re-allocate ODA are made due to a no deal Brexit.***

3: PAC recommendation: ***HMT and DFID should set out a clear plan of how they will make sure that the UK meets its legal obligation to the ODA target under a no deal scenario, ensuring that partners, such as the World Bank, are prepared to receive and spend additional funds at short notice and according to vfm principles.***

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: April 2020

3.2 If the UK were to leave without a deal, the financial settlement in the draft Withdrawal Agreement would not apply and it would have to be determined what financial obligations the UK has to the EU. The Government would have decisions to make depending on the outcome in relation to the ODA resource spent through the EU which would be built into programme planning. As with all ODA spending, necessary precautions would be taken to ensure that any such resource was spent in line with value for money principles and contributed to our core mission of reducing poverty around the world and advancing the SDGs. DFID always monitors the progress of spending commitments, and manages contingency plans throughout the year, driven by sound value for money principles.

4: PAC conclusion: ***Departments have not done enough to get measures and data in place to assess the impact of their programmes*.**

4: PAC recommendation: ***All ODA spending departments should report back to us in 6 months' time on the extent to which they will increase the proportion of their ODA-funded programmes that use performance measures based on impacts and outcomes.***

4.1 The Government agrees with the Committee's recommendation.

Target implementation date: May 2020

4.2 Spending Round 2019 marked a new focus on the real-world outcomes the Government is seeking to deliver for public services. The Government announced that it is developing medium-long term outcomes for public services and metrics which can be used to improve performance against them. These agreed outcomes and metrics will form a central part of single departmental plans for 2020-21.

4.3 The varied nature of ODA policy areas and the context that policy programmes operate means that effectiveness is measured through a combination of input, output and outcomes measures.

4.4 Departments should be doing everything they can to improve how they evaluate programmes, and robust systems need to be in place to provide assurance that programmes are delivering longer term impacts. All departments follow HM Treasury's ODA value for money guidance and have systems in place for monitoring the impact of their programmes (recognising that these will necessarily differ in nature depending on the context and operating environment). Departments will look to increase the proportion of ODA funded programmes that use performance measures based on impacts and outcomes, noting that it will not always be possible to attribute outcomes to UK ODA alone, and in some cases impact measures will only be available in the longer term.

5: PAC conclusion: ***There was no clear evidence to support the Spending Review decision to extend the Department for Business, Energy & Industrial Strategy's Newton Fund and the doubling of its budget.***

5a: PAC recommendation: ***Extensions to programmes should only be agreed if there is robust supporting evidence and evaluation of impact to date.***

5.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

5.2 Business cases for extensions to ODA programmes are considered according to the normal business case approval process, taking into account the rationale for continuing the programme and progress towards achieving its objectives.

5b: PAC recommendation: ***In line with the mid-term evaluation's recommendations, BEIS should improve monitoring data based on outputs and outcomes generated and should gather evaluative evidence more regularly in the lead up to the final evaluation.***

5.3 The Government agrees with the Committee's recommendation.

Recommendation implemented

5.4 The Government is already implementing these changes in response to the mid-term evaluations of the *Newton Fund*.

5.5 The independent evaluation found sufficient evidence to assert that the Newton Fund was on course to deliver its development impact objectives. However, it did recommend improvements that should be made to monitoring and evaluation approaches and these are underway. As an example, in 2018 the Department for Business, Energy and Industrial Strategy (BEIS) began a data reporting transformation programme to enable more consistent collection of monitoring data, support more efficient portfolio management and aid transparency. The new data management solution is scheduled to be operational from April 2020 and will also support the monitoring and reporting of key performance indicators.

6: PAC conclusion: ***The dramatic increase in the FCO's ODA spending raises questions about its focus and priorities.***

6: PAC recommendation: ***The FCO should, in time to inform future spending allocations, complete a strategic review of the impact of ODA funding on its purpose and priorities.***

6.1 The Government agrees with the Committee's recommendation.

Target implementation date: Autumn 2020 (or in line with Spending Review timings tbc)

6.2 The 2015 Strategic Defence and Security Review (SDSR) and 2018 National Security Capability Review (NSCR) integrated development priorities into policy making across government. The increased delivery of ODA across government, including by the Foreign and Commonwealth Office (FCO), is also framed in the 2015 UK Aid Strategy and is essential to delivering the United Nations' Sustainable Development Goals.

6.3 Integrated ODA and non-ODA programmes delivered by the FCO directly respond to the National Security Council (NSC) direction to protect our people (such as their security), project our values (such as human rights), and promote prosperity (such as trade). The FCO's wide-ranging diplomatic network complements DFID's focus and enables the UK to deliver aid in highly fragile states and middle income countries. ODA is a key tool for the FCO in delivering positive developmental impacts in these environments, which are also firmly in the UK's national interest. The FCO's frontline diplomats support these efforts, delivering effective programmes and coordinating across government.

6.4 The FCO agrees with the Committee that a strategic review of the current impact of its ODA funding on its purpose and priorities would be a helpful addition ahead of the 2020 spending review exercise.

One Hundred and Eighteenth Report of Session 2017-19

Cabinet Office and Department for Digital, Culture, Media and Sport

Challenges in using data across Government

Introduction from the Committee

Responsibility for government data sits across departments: the Department for Digital, Culture, Media and Sport (DCMS) has responsibility for data policy. The Government Digital Service (GDS), part of the Cabinet Office, has responsibility for data skills and standards. The Data Advisory Board (chaired by the Chief Executive of the Civil Service with a membership of permanent secretaries) has a senior cross-government oversight role. Individual departments are responsible for managing their data and for funding and carrying out data improvement projects. In June 2018, the government announced that DCMS would produce a national data strategy, which it expects to publish in 2020. The strategy intends to 'position the UK as a global leader on data' and to cover how data is used in business and the wider economy as well as in government. It is the twelfth in a series of reports and strategies on using and sharing data across government dating back to 1999.

Based on a report by the National Audit Office, the Committee took evidence, on 15 July 2019 from the Cabinet Office and the Department for Digital, Culture, Media and Sport. The Committee published its report on 25 September 2019. This is the Government response to the Committee's report.

Relevant Reports

- NAO Report: *Challenges in using data across Government* – Session 2017-19 (HC 2220)
- PAC Report: *Challenges in using data across Government* – Session 2017-19 (HC 2492)

Government response to the Committee

1: PAC conclusion: *Leadership of initiatives to improve data is fragmented and unclear.*

1: PAC recommendation: *As a matter of urgency Cabinet Office and DCMS should appoint a Chief Data Officer for government, to act as a single point of accountability for government's use of data.*

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020

1.2 The Government agrees that a Chief Data Officer would offer a single point of leadership for data use across government. The Government stated in the 2017 Government Transformation Strategy that it would hire a Chief Data Officer by 2020. This remains our proposed timeline for the appointment.

2: PAC conclusion: *DCMS and Cabinet Office have made little progress in developing the data strategy since they announced it over a year ago.*

2: PAC recommendation: *The Cabinet Office should write to the Committee by the 31 March 2020 setting out how the Government plans to improve its use of data; including priorities, milestones and accountabilities.*

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020

2.2 The Cabinet Office will write to the Committee within the timeline set.

3: PAC conclusion: *Rather than mandating an approach to good data use and sharing, DCMS and Cabinet Office are relying on winning the 'hearts and minds' of other departments.*

3: PAC recommendation: *The Cabinet Office and DCMS should check progress against their plans to improve government's use of data and review the merits of mandating a consistent approach. They should make sure that the strategy builds in ways to monitor compliance and the Chief Data Officer should hold departments to account.*

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: Winter 2020

3.2 The Government agrees with the Committee that the appropriate reporting and compliance mechanisms need to be in place to ensure we achieve our ambitions and work is already underway to explore the issues the Committee has raised. There are clear benefits to be gained from greater standardisation in government's approach to data. A key focus of our current work in developing the National Data Strategy (NDS) is ensuring the government has an implementation roadmap that translates the vision into impact.

3.3 Strong and formal cross-government governance is already in place via the Data Advisory Board (chaired by the Chief Executive for the Civil Service) and the Data Leaders Network. These bodies oversee the development of the NDS and consider the best approach for the strategic opportunities and challenges the government faces around data.

3.4 Once appointed, the Chief Data Officer will have responsibility for implementing the government aspects of the National Data Strategy. Additionally, the Government Chief Digital and Information Officer (GCDIO) will drive data transformation across government. They will work with the Government Digital Service (GDS) to continue to create, iterate and publish advice through world-leading guidance and standards.

3.5 Furthermore, The Office for National Statistics (ONS) is leading work across government on challenges in the use of administrative data as well as on reviews on data quality. These will create a set of frameworks that should contribute to the better sharing of data as well as improving its use.

4: PAC conclusion: *The Cabinet Office has not developed a useful set of standards to support effective use of data across government.*

4: PAC recommendation: *The Cabinet Office and the Government Digital Service should identify and prioritise the top 10 data standards that would benefit government. It should specify their use in new systems from 1 April 2020 and monitor implementation by departments.*

4.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020

4.2 The Government is currently working to explore the issues around data standards and what could be done to drive greater data standardisation across government. The Government will write to the Committee before March 2020 with an update.

4.3 GDS are responsible for technical data standards and DCMS are responsible for data policy (such as the National Data Strategy). There are a number of existing bodies within GDS and the Cabinet Office, such as the Open Standards Board, that can identify potential data standards and either recommend or mandate them for central government. The cross-government data architecture community, which is led by ONS, will also continue to discuss data challenges, including the need for a consistent approach to data standardisation.

4.4 In June, GDS also published the Data Standards Proposal and in October the API Catalogue was launched. Both of these are aimed at improving cross government working, increasing interoperability of data and enabling better information sharing across government.

5: PAC conclusion: ***Ageing IT systems across government make it difficult for it to use data effectively and efficiently.***

5: PAC recommendation: ***The Cabinet Office and DCMS should identify the main ageing IT systems that, if fixed, would allow government to use data better. They should ensure that whenever departments replace or modify these systems this is done with full consideration of how the systems will support better use of data in government.***

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020

5.2 There is work ongoing to understand and address the issues with legacy IT in Government. The Government will write to the Committee by Spring 2020 with an update.

6: PAC conclusion: ***Government officials' concerns about protecting data can stand in the way of using it to coordinate services.***

6: PAC recommendation: ***DCMS should review departments' data-sharing guidance and standard operating processes; and report how well they support the wider use of data alongside data protection by 30 June 2020.***

6.1 The Government disagrees with the Committee's recommendation.

6.2 Individual departments are responsible for complying with data protection law and developing the operating processes and guidance that they feel is required. Government is keen to promote more consistent practices. To this effect, DCMS is in the process of developing a Framework for Data Processing by government departments as required under the Data Protection Act 2018 (DPA).

6.3 The Framework consultation process will review departments' data sharing and operating processes and provide guidance around how to ensure government and public bodies' personal data processing complies with the legal framework. The Framework is intended to set out the principles and processes that the government must have regard to when processing personal data. It seeks to improve the transparency and clarity of existing government data processing.

6.4 Consultation on the Framework is currently underway with OGDs and the ICO and is expected to be published in 2020.

One Hundred and Nineteenth Report of Session 2017-19

The Home Office

Serious and Organised Crime

Introduction from the Committee

The Home Office (the Department) has overall responsibility for serious and organised crime policy, strategy and funding. The National Crime Agency (NCA) leads and coordinates UK law enforcement's response to serious and organised crime. It has identified eleven major serious and organised crime threats: child sexual exploitation and abuse; modern slavery and human trafficking; organised immigration crime; illegal drugs; illegal firearms; organised acquisitive crime; money laundering; fraud and other economic crime; international bribery, corruption and sanctions contravention; and cyber-crime. Serious and organised crime is planned, coordinated and committed by people working individually, in groups, or as part of transnational networks. The Home Office works with over 100 organisations to tackle serious and organised crime, including elected Police and Crime Commissioners (PCCs), police forces, Regional Organised Crime Units (ROCUs), the NCA and a range of international, national and local organisations.

Serious and organised crime is estimated to cost the UK economy at least £37 billion a year, and more people are thought to be killed as a result of serious and organised crime every year than all other national security threats combined. There are at least 4,500 organised criminal groups active in the United Kingdom. In 2013 the Home Office launched a strategy for dealing with serious and organised crime based on the '4Ps' model used in counter-terrorism. This model focuses on 4 elements:

- **prevent** people getting involved in crime;
- **pursue** and disrupt illegal activities once they have happened;
- **protect** society against crime; and
- **prepare** for when crime occurs so the impact can be mitigated.

In 2018 the Home Office produced a new strategy retaining the same '4P' model. This aimed to address shortcomings in the 2013 strategy by doing more work to prevent people committing serious and organised crime, developing data exploitation capabilities, and improving the way funding is allocated.

Based on a report by the National Audit Office, the Committee took evidence, on Wednesday 17 July 2019 from Sir Philip Rutnam, Permanent Secretary, Home Office, Julia Kinniburgh, Director General Serious and Organised Crime, Home Office, and Lynne Owens, Director General, National Crime Agency. The Committee also took evidence from Colonel Peter McCall, Police and Crime Commissioner, Cumbria, and Chief Constable Andy Cooke, Merseyside Police. The Committee published its report on 27 September 2019. This is the Government response to the Committee's report.

Relevant Reports

- NAO report: *Tackling serious and organised crime* Session 2017–19 (HC 2219)
- PAC report: *Serious and Organised Crime* Session 2017-19 (HC 2049)

Government response to the Committee

1: PAC conclusion: *Government has not yet achieved its objective of moving its focus away from pursuing criminals and it is not prioritising activities that might stop serious and organised crime happening in the first place.*

1: PAC recommendation*: The Home Office should set out clear plans to support an increase in effective preventative activity across the law enforcement system and provide an update to the Committee within six months.*

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020

1.2 The Department welcomes the Committee's recommendation. Prevention covers a range of activity, including the entirety of the Prevent and Protect strands of the 2018 Serious and Organised Crime (SOC) Strategy, which clearly sets out our determination to build the highest levels of defence against organised criminals. The Department has expanded its program to improve the local partnership response to SOC; build resilience in the community; fund interventions to help the vulnerable and divert those at-risk of becoming SOC offenders.

1.3 A whole of government approach to prevention is needed; the Department for Education (DfE) are working on reducing SOC-related truancy and the Ministry of Housing, Communities and Local Government (MHCLG) are using the Troubled Families programme to tackle SOC. However, there is more to do, which is why the Government needs to continue to take a strong preventative approach, as agreed by the SOC National Strategy Implementation Group.

1.4 The Committee will be aware that a review of Serious and Organised Crime is underway under the leadership of Independent Reviewer Sir Craig Mackey QPM. The review will consider the powers, capabilities, governance and funding required to tackle SOC across law enforcement and the justice system in England and Wales and will therefore provide further conclusions and recommendations. The Department will consider the report and progress findings with urgency in conjunction with your own. It will include an update after the conclusion of the Review as part of our six-month update to the Committee. Further information can be found at: https://www.gov.uk/government/news/new-review-will-enhance-response-to-serious-and-organised-crime

2: PAC conclusion: ***The Home Office and the National Crime Agency's ability to understand the scale of the threat from serious and organised crime is weakened because they do not use data effectively.***

2: PAC recommendation: ***Within six months, the Home Office and NCA should provide an update on their understanding of the highest priority threats from serious and organised crime and what new insights the National Data Exploitation Centre (NDEC) is providing.***

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020

2.2 The threat from SOC is complex, hidden and continues to evolve. The Department is committed to the protection of our citizens and our prosperity. Through existing national security governance structures, the National Crime Agency (NCA) and the Department are working with partners across Government to better utilise data to improve understanding and strengthen efforts to tackle SOC. The NCA is delivering a National Assessments Centre and National Data Exploitation Capability (NDEC) to improve understanding. The NCA's National Strategic Assessment (NSA) 2019 was the most comprehensive assessment to date of the SOC threat and set new operational priorities which better reflect the changing nature and scale of SOC. These include targeting those who exploit the vulnerable, dominate communities and chase profits in the criminal marketplace, and undermine the UK's economy. The NCA will publish this year's NSA by April 2020 setting out how the threat has changed.

2.3 As set out in the SOC Strategy, our ambition is to put data and intelligence at the heart of our approach. The NDEC will transform data acquisition, exploitation and visualisation capabilities for law enforcement and enable identification of more criminal activity and more effective intervention. The NCA is currently using the NDEC to better understand the data that currently exists in the system and improve our understanding. The development of the NAC and NDEC is dependent on sustainable, long-term funding.

2.4 The Department and the NCA will write jointly to the Committee within six months, as requested to set out what progress has been made.

3: PAC conclusion: ***Constraints created by current funding arrangements for law enforcement bodies make it harder to tackle serious and organised crime.***

3: PAC recommendation: ***As soon as possible, or as part of the Spending Review, the Home Office should agree with HM Treasury a way to provide greater certainty on how multi-year police programmes will be funded and administered.***

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: Summer 2020

3.2 The Government is exploring options for a new funding model for serious and organised crime. That work is ongoing, including through the formal independent review of SOC led by Sir Craig Mackey QPM to identify the capabilities, governance and funding needed ahead of a full Spending Review.

4: PAC conclusion: ***The Home Office still does not know how successful it has been at reducing serious and organised crime.***

4: PAC recommendation: ***The Home Office and NCA should write to the Committee within six months, setting out what progress has been made in developing its performance measures, and what the impact of this has been.***

4.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020

4.2 The Department, with the NCA, continues to lead work to further develop and improve the existing SOC System Performance framework. Our ambition remains to deliver a robust outcomes-based performance framework which enables the system to understand the real-world impact of its response to the SOC threat and to take evidence-based strategic decisions around spend and resource allocation. This approach should enhance the confidence of our workforce, partners, government and the public.

4.3 The existing framework includes clear traceability to the four strategic outcomes defined in the 2018 SOC Strategy, which are underpinned by seven key performance questions. Through the National SOC Performance Working Group, success measures and outcome indicators are being developed which will enable an agreed understanding of what good looks like. SOC system performance reporting will also include directional metrics to help identify whether activities across the system are having the desired effect.

4.4 Work continues in collaboration with SOC system partners to ensure alignment of departmental business plans and performance management systems with the national SOC system performance framework, and to embed a positive organisational-wide and system-wide performance management culture. This is to ensure that system-wide performance information is easily accessible to those who require it, on a regular basis, and with a clear understanding of any limitations on data sources.

5: PAC conclusion***: We are concerned that a lack of clarity about the roles and responsibilities of the organisations involved in tackling serious and organised crime hinders the effectiveness of their activities.***

5: PAC recommendation: ***The Home Office should develop a clear statement of roles and responsibilities at a local, regional and national level and provide an update to the Committee within three months. This should be underpinned by guidance for PCCs on their role.***

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: Summer 2020

5.2 The Department strongly supports a single, whole-system approach to tackling SOC with clear structure and governance. It is the responsibility of the NCAto lead the operational response to SOC, and for regional organised crime units (ROCUs) to lead the response within their regions.

5.3 The Department is working with the NCA and the National Police Chiefs Council (NPCC) on the whole system approach. This includes developing a consistent framework for prioritising operational activity, and a strategy to ensure that organisations within the system have the capabilities they need. As part of this, the Department will develop a statement of roles and responsibilities in relation to tackling SOC as recommended by the Committee. This will cover the NCA, police forces and the ROCUs. The statement will build on recommendations from the independent review of capabilities, governance and funding in the SOC system led by Sir Craig Mackey QPM, concluding in Spring 2020.

5.4 In line with the Committee's recommendation 6, the Department will review the Strategic Policing Requirement (SPR). PCCs must have regard to this when developing their Police and Crime Plans. SOC, Child Sexual Abuse and Exploitation and cyber-crime are included within the current SPR as threats requiring a national response. The review of the SPR will consider whether it provides sufficient guidance to PCCs on their role in tackling SOC and the Department will write to the Committee with the outcome and next steps.

6: PAC conclusion*: The Home Office is not using the levers it has to manage the complex law enforcement system effectively*.

6a: PAC recommendation: ***As soon as possible after the spending review, or within six months of this report, it should review the Strategic Policing Requirement, which sets out the threats that require a coordinated policing response. This should consider the local needs and capabilities of forces and not be a one-size fits all approach.***

6.1 The Government agrees with the Committee's recommendation.

Target implementation date: Autumn 2020

6.2 The Strategic Policing Requirement (SPR) will be reviewed after the independent review of SOC has concluded in Spring 2020. That review will examine the capabilities, governance and funding within the SOC system, and its recommendations will inform the review of the SPR.

6b: PAC recommendation: ***The Home Office should also write to the Committee to explain how it is rationalising governance groups and making decision making more transparent.***

6.3 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020

6.4 The Department and the SOC System SRO continually analyse whether the correct governance groups exist across the SOC system and whether they are achieving their intended purpose. Governance will be rationalised where possible. For example, the modern slavery and human trafficking National Strategy Implementation Group (NSIG) has been merged with the SOC NSIG. The Department and the SOC System SRO will continue to consider how governance might be made more effective, and decision making more transparent and will be happy to update the Committee as part of the 6-month update.

First Report of Session 2019

Department of Health and Social Care

NHS Property Services

Introduction from the Committee

NHS Property Services Limited was established in December 2011 as part of the reforms to the health system to manage, maintain and improve NHS properties in England then owned by 10 strategic health authorities and 151 primary care trusts. It is a company wholly owned by the Secretary of State for Health and Social Care and began activity in April 2013.

NHS Property Services' portfolio consists of about 2,900 properties (about 12% of the NHS estate by floor space) with an estimated value of £3.8 billion. More than 60% of its properties are health centres, surgeries or clinics. It has almost 7,000 tenants, half of which are NHS trusts and GPs. It has three main roles: acting as a landlord to manage the estate; providing strategic estates management; and providing facilities management services.

Based on a report by the National Audit Office, the Committee took evidence, on 9 September 2019 from the Department of Health and Social Care, NHE England and NHS Improvement, and NHS Property Services. The Committee published its report on 5 November 2019. This is the Government response to the Committee's report.

Relevant Reports

- NAO report: *Investigation into NHS Property Services Limited* - Session 2017-19 (HC 2222)
- PAC report: *NHS Property Services* – Session 2019 (HC 200)

Government responses to the Committee

1: PAC conclusion: *NHS Property Services was set-up to fail: it was created with a muddled objective – it does not have the same powers as a commercial landlord but is expected to run parts of the estate for the Department of Health and Social Care and it inherited a range of long-standing issues.*

1: PAC recommendation*: The Department should ensure that its current review addresses the recommendations set out below and should report back to the Committee on progress by July 2020.*

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: July 2020

1.2 The Department's current review is looking at process and system improvements to the operational performance of NHS Property Services (NHSPS). The Department and NHS England and NHS Improvement (NHSE/I) are already committed to delivering improvements to occupancy and charging arrangements for post April 2020. All the recommendations in this Public Accounts Committee report are already being addressed as part of the current review and the Department will report back to the Committee on progress by July 2020.

2: PAC conclusion: *The lack of rental agreements in place undermines NHS Property Services' ability to manage its estate effectively and drive maximum value either in income or in public benefit.*

2: PAC recommendation: ***Within two months the Department should set out a clear timetable for NHS Property Services to agree tenancy details with all tenants by July 2020. This will require:***

• proper transparency between NHS Property Services and tenants on the basis for all proposed charges;

• national bodies to ensure that tenants fully engage with the process to agree tenancy arrangements;

• an agreement from national bodies of any funding arrangements required to meet agreed obligations;

• an agreed process for making changes to tenancy arrangements and billing.

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: February 2020

2.2 The Department has worked closely with (NHSE/I) and NHSPS to agree an action plan to address the level of debt and increase the number of occupancy agreements in place. A joint letter from the Department and NHSE/I setting out these measures will be issued to NHS Commissioners and Providers in early 2020.

2.3 NHSPS is undertaking a programme of work to have deemed occupancy agreements in place for 90% of its tenants for the 2020/21 financial year. A "deemed agreement" seeks to agree the occupancy area and rental charges.

2.4 A "check-in" process was introduced by NHSPS earlier in 2019 to enable it to meet face to face with its tenants to discuss and agree the Annual Charging Schedules and to understand whether charges are disputed. The Annual Charging Schedules include all charges (rent, rates, services and facilities management). NHSPS has committed to issue Annual Charging Schedules for 2020/21 ahead of the new financial year for the first time to agree with tenants.

2.5 Local commissioners are fully funded for the local health care requirements including reasonable premises costs. From 2016/17 NHSPS moved to charge market rental for premises and the Department injected an extra £127m into the NHSE/I mandate to fund contribute to this.

2.6 The Department convenes a monthly Programme Leadership and Escalation Group meeting with NHSE/I and NHSPS to oversee the joint plans to agree occupancies and reduction in debt. NHSE/I Regional teams will where possible help NHSPS resolve disputes involving NHS tenants (but not GPs), which comprise circa 55% of NHSPS's customers.

3: PAC conclusion: ***Outstanding debt from tenants has almost tripled to £576 million.***

3: PAC recommendation: ***The Department should set NHS Property Services clear debt recovery targets for current year debt and agree an approach for historic debt. The Department should clarify whether tenants are being expected to carry liabilities in their accounts while disputes are ongoing.***

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: February 2020

3.2 A joint letter from the Department and NHSE/I setting out measures to address current year and historic debt will be issued to NHS Commissioners and Providers in early 2020. As part of the joint action plan the Department has set clear debt reduction targets for the end of March 2020 to be achieved by NHSPS.

3.3 Tenants of NHSPS have been segmented by customer group. For NHS tenants there is an agreed escalation process also involving regional NHSE/I teams.

3.4 For General Practices, NHSE/I is working with NHSPS and commissioners (CCGs) to implement direct payments for reimbursable costs (primarily rent, business and water rates). The agreements will be voluntary between a commissioner and Practice. DHSC chairs a panel with NHSE/I representation which considers escalations involving non-NHS tenants (ie including GPs) on a case-by-case basis.

3.5 In respect of NHS tenants carrying liabilities during disputes, the Department and NHSE/I expect a prudent assessment of liabilities in accordance with generally accepted accounting practice. Where necessary disputes will be resolved on a case by case basis.

4: PAC conclusion: *NHS Property Services has not got the balance right between local initiatives and incentives and national control.*

4: PAC recommendation: *The Department and NHS Property Services should engage local areas as how best to maintain and improve their local estate. As part of this:*

• the Department should consider the benefits of developing a shared incentive plan that guarantees local areas a percentage of the disposal value of any local property disposals by March 2020;

• NHS Property Services should engage more with local bodies in making decisions about their local estate; and

• NHS Property Services should review whether its mix of inhouse and outsourced facilities management contracts delivers value for money to both the taxpayer and local tenants.

4.1 The Government agrees with the Committee's recommendation.

Target implementation date: April 2020

4.2 The Department is considering whether any changes should be made to its policy on the disposal of surplus NHSPS sites. The current policy is that capital receipts from the sale of surplus sites are reinvested in backlog maintenance in the NHSPS estate, according to needs and priorities on a national basis.

4.3 NHSPS works closely with local commissioners and providers to optimise the estate and where appropriate to release properties surplus to local healthcare requirements for sale.

4.4 Where properties are vacant for over six months without a defined future healthcare use, NHSPS will seek to market the property to mitigate ongoing costs locally. Following standard public sector practice, NHSPS must first place a property on the Register of Surplus Public Sector Land (ePIMS) for 40 working days, during which time other public sector bodies, including local authorities, can express interest in the site.

4.5 The Department already sets annual targets for NHSPS' operating costs, including stretching cost efficiency targets. It is for NHSPS to demonstrate that it is providing value for money services to its tenants, whilst maintaining operational properties to meet health and safety standards, and how best this can be achieved ie through using in-house staff or external suppliers.

5: PAC conclusion: *There is not a level playing field for all NHS tenants in terms of the rent paid and compulsion to pay it.*

5: PAC recommendation: *The Department needs to move towards a more equitable model of charges, with transparency about any subsidies that are received, and ensure that tenants and commissioners are funded at an equitable level.*

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: July 2020

5.2 The Department agrees that there is an equity issue if GPs in NHSPS owned properties don't pay for a fair proportion of services and the 80% of GPs in either owned or third party lease properties do have to meet these equivalent costs from their contract income.

5.3 The purpose of agreeing formal occupancy agreements is to identify and set out payment responsibilities fairly, clearly and unambiguously.

5.4 NHSPS is funded solely from charges based on the occupation of properties and consumption of services they provide. There is no direct link between NHSPS charges and commissioner funding allocations.

5.5 NHSPS has the normal range of legal enforcement mechanisms that any property- owner would have to recover debt which include suing for recovery, asking courts to agree lease terms and ultimately eviction. Equally, their tenants should not be hit with unreasonable fees. The legal merits of each dispute need to be considered on a case-by-case basis. The Department would prefer that these issues were resolved through engagement using the mechanisms set out above.

Second Report of Session 2019

Ministry of Justice

Transforming Courts and Tribunals: progress review

Introduction from the Committee

HM Courts & Tribunals Service (HMCTS) is an executive agency of the Ministry of Justice, responsible for the administration of criminal, civil and family courts and tribunals in England and Wales. Against a backdrop of financial and operational pressure to improve the administration of the justice system, in 2016, HMCTS established a six-year (now extended to seven), £1.2 billion change programme to modernise and upgrade the courts and tribunals system. The reforms aim to alter the way criminal, family and civil courts and tribunals operate by introducing new technology, working practices and changing the way HMCTS uses its buildings and staff. By 2023, HMCTS expects that 2.4 million cases per year will be dealt with outside physical courtrooms and it will employ 5,000 fewer staff. HMCTS expects to save £244 million a year from these changes, which will come from lower administration and judicial costs, fewer physical hearings and running a smaller court estate.

Based on a report by the National Audit Office, the Committee took evidence, on 16 November 2019 from the Ministry of Justice. The Committee published its report on 5 November 2019. This is the Government response to the Committee's report.

Relevant reports

- PAC report: *Transforming Courts and Tribunals* – Session 2017-19 (HC 976)
- NAO report: *Transforming Courts and Tribunals*: a progress update – Session 2017-19 (HC 2638)
- PAC report: *Transforming Courts and Tribunals: progress review* Session 2019 (HC 27)

Government responses to the Committee

1: PAC conclusion: *Reforms are continuing to fall behind schedule: we are not convinced that it is possible for HMCTS to deliver everything promised in the current timeframe.*

1: PAC recommendation: *HMCTS should write to the Committee once it finalises its next business case to set out the proposed alternative arrangements if plans cannot be achieved within current timeframes, including what projects could be eliminated, reduced or delayed if reforms come under further pressure.*

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: July 2020

1.2 The Department recognises that the timetable for reform was extended last year; but does not agree with the conclusion drawn by the committee. However, HMCTS agrees that it is in any case useful and practical to keep under careful review what might be done differently, and to ensure deliverability is regularly and robustly measured.

1.3 HMCTS Reform has begun work on the sixth iteration of the Portfolio Business Case, which is expected to be finalised and approved in summer 2020. Through this process HMCTS will examine the current timetable, costs and benefits, and outline a number of options for review internally and then by HM Treasury and the Major Projects Review Group. The options will consider HMCTS's latest intelligence on the delivery of reform. When the Business Case has been approved, HMCTS will write to the Committee outlining the preferred option with the relevant details.

2: PAC conclusion: ***HMCTS risks undermining public confidence in the fairness of the justice system by proceeding with its reforms without sufficiently demonstrating it understands the impact on justice outcomes or people.***

2: PAC Recommendation: ***HMCTS and the Ministry should write to the Committee by July 2020 demonstrating how evaluations will influence implementation of future services, including, where possible, an assessment of how reforms are affecting justice outcomes. It should map out the links between planned evaluations and its reform delivery plan to demonstrate how learning will influence future developments and deployments of services.***

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: July 2020

2.2 HMCTS engages with a wide range of stakeholders to consider reform changes and develops and iterates services with the aid of user research and insight from formal academic/other research. HMCTS is committed to understanding the impact of reform, both in terms of positive impact and areas of risk, and has, in addition, asked the Department to formally evaluate the programme. This independent evaluation will focus on evaluating critical aspects of reform, understanding how reforms will affect vulnerable groups, including those who are digitally excluded.

2.3 By July 2020, the Department will publish the approach to the overarching evaluation of court reform, which will be carried out centrally, and not within HMCTS. This will describe how both the learning from the formal evaluation, and the other evaluation activities already performed, will influence the future deployment of services. In the meantime, HMCTS will focus on understanding the experiences of court and tribunal services of key stakeholders, including members of the public, vulnerable users and legal professionals and alter delivery plans according to their needs.

2.4 The Department will publish an interim report in summer 2021 outlining initial findings from this independent evaluation. The Department's final report in 2024 will assess how reforms have affected access to justice, case outcomes, and the costs users face when engaging with the courts and tribunals service.

2.5 In addition to this HMCTS is putting in place a strategy for reform project-level evaluation, which will supplement and where appropriate inform the overarching evaluation of court reform.

3: PAC conclusion: ***HMCTS did not adequately consider how previous court closures impacted on access to the justice system, particularly for vulnerable users.***

3: PAC recommendation: ***HMCTS should set out what it will do to make sure that the needs of vulnerable users are considered in future closure decisions. Where access issues are apparent, it should put in place measures to compensate for difficulties, such as providing taxi vouchers in advance.***

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: June 2020

3.2 Whenever HMCTS has proposed the closure of a court, HMCTS has always taken into account the potential impacts on vulnerable users and undertaken public consultations, as well as equalities impact assessments. Any further proposals to close a court and move the work out of the local area will also be subject to public consultation where HMCTS will seek views including the impact on vulnerable users. HMCTS will also continue to provide an equality statement with all proposals and consultation responses.

3.3 The Lord Chancellor has only agreed to the closure of courts when satisfied that all users will continue to have effective access to justice. In some cases, supplementary provision has been put in place to do so, such as video links or the holding of hearings in non-HMCTS buildings.

3.4 Many existing court and tribunal users already have their travel costs reimbursed. Depending on the case-type, this can be through Legal Aid, by the CPS or other prosecuting bodies or by Local Authorities, through costs from other parties, or from HMCTS.

3.5 Further consideration is needed on whether the use of taxi vouchers is an effective and cost-appropriate way to do this. HMCTS will write to the Committee in June 2020 with additional details on how the needs of vulnerable users are considered and what future measures will be put in place to ensure that HMCTS can identify the most appropriate measures to enable access to justice.

4: PAC conclusion: *HMCTS has improved how it communicates with stakeholders, but many still do not feel listened to, undermining trust in reform.*

4: PAC recommendation: *HMCTS should set out what it will do to shift its engagement with key stakeholders from broadcasting information to genuinely listening and responding to feedback. It should provide examples where this engagement has resulted in change.*

4.1 The Government agrees with the Committee's recommendation.

Target implementation date: March 2020

4.2 The Department is pleased that the Committee has recognised improvements in communications with stakeholders. Though HMCTS does not agree with the implication that HMCTS has only broadcast, and not listened and responded to feedback, HMCTS agrees that there are many who still do not feel sufficiently listened to, and that HMCTS should do more. As a Department that provides a crucial service to the public, HMCTS necessarily prioritises the needs of court users, but the opinions and feedback of other key stakeholders remain of critical importance.

4.3 HMCTS has made good progress in improving how it communicates and engages key stakeholders and has established new and productive ways for stakeholders to provide input into HMCTS thinking and activity. Since November 2018, it has:

- held 25 public user engagement forums, covering 36 projects in key areas of interest;
- hosted 12 strategic engagement groups to bring together legal professional representatives, featuring presentations from 20 projects including Civil Money Claims Online, Video Hearings and Probate;
- undertaken seven set-piece engagement events – online and face-to-face – on specific reform-related issues reaching more than 1,300 people;
- co-hosted the international forum on online courts to discuss the cutting edge of court reform with almost 200 academics, legal professionals and court reform experts; and
- published a monthly email bulletin providing updates on reform to 20,000 subscribers, Reform content on gov.uk website including Reform Update document.

4.4. HMCTS values the critical role its key stakeholders play in providing essential input into the iterative design of reformed services. Their understanding, engagement and support are crucial to the success of the reform programme.

4.5 HMCTS will continue to develop further ways to ensure it is listening to the views of legal professionals, public users and other stakeholders, and, by March 2020, will set out how HMCTS will improve the quality of the feedback provided to them and demonstrate the impact such engagement has had on the wider reform programme.

5: PAC conclusion*: HMCTS cannot demonstrate claimed savings are attributable to reforms so taxpayers cannot be confident they are getting what was promised.*

5: PAC recommendation: ***HMCTS should write to the Committee by the start of its next phase (May 2020) with a plan demonstrating how it intends to measure and monitor benefits arising from reform. This should fully set out the evidence it will use to link reforms and benefits.***

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: May 2020

5.2 HMCTS is committed to sharing and tracing benefits clearly, and welcome the chance to set out what it will do to improve its ability to directly link reforms.

5.3 As HMCTS refreshes the business case they will re-evaluate its benefits forecasts on the latest information available. This will focus on the link between reform and its expected benefits, though in some areas it will be rational to assume that a number of changes together have a collective impact. It will also explain how HMCTS intends to measure and monitor benefits going forward, and after the approval of the business case HMCTS will write to the Committee to provide an overview of this benefits strategy.

6: PAC conclusion: ***The Ministry of Justice is facing a potentially huge spike in demand from changes to sentencing and increased funding for the Police, which risks placing increased strain on already stretched services*.**

6: PAC recommendation: ***The Ministry should report back to the Committee in six months, setting out how it plans to maintain and improve services in the face of rising demand in the justice system. The plans should cover:***

- ***Court and tribunal services;***
- ***Prisons; and***
- ***Probation.***

6.1 The Government agrees with the Committee's recommendation.

Target implementation date: August 2020

6.2 The Department is continuing to work across government to better understand the impact that increased funding for the police and prospective sentencing changes will have on courts, prisons and probation. The extent of this impact is uncertain given the variety of factors that affect demand in the Criminal Justice System and the complex interactions between them. As part of this work, it is also considering what measures will be necessary to ensure that the justice system operates effectively, whilst also ensuring that the Department live within its Spending Round settlement for 2020-21. The department will report back to the Committee in six months' time to update on its progress with this.

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 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 report 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[2]	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

[1] List of Treasury Minutes responses for Sessions 2010-15 are annexed in the Government's response to PAC Report 52
[2] Report 32 contains 6 conclusions only.

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 are the Government's response on the implementation of recommendations from the Committee of Public Accounts. Treasury Minutes Progress Reports are Command Papers laid in Parliament.

Publication Date	PAC Reports	Ref Number
January 2012	Session 2010-12: updates on 13 PAC reports	Cm 8271
July 2012	Session 2010-12: updates on 28 PAC reports	Cm 8387
February 2013	Session 2010-12: updates on 31 PAC reports	Cm 8539
July 2014	Session 2010-12: updates on 60 PAC reports Session 2012-13: updates on 37 PAC reports	Cm 8899
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
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
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
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
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 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
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
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[3]	CP70

[3] Contains updates on Treasury Minutes – Session 2017-19 – up to October 2018

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