HM Treasury

Treasury Minutes Progress Report

Government responses to the Committee of Public Accounts on Sessions 2010-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 and 2017-19

CP 221

February 2020

Treasury Minutes Progress Report

Government responses to the Committee of Public Accounts on Sessions 2010-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 and 2017-19

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by Command of Her Majesty

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Updates on the Government responses to the Committee of Public Accounts Sessions 2010-12 to 2017-19

Treasury Minutes Progress Report

Government responses to the Committee of Public Accounts on Sessions 2010-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 and 2017-19

This publication reports on progress to implement recommendations from the Committee of Public Accounts that have been accepted by Government.

This is the 12th edition in the series of progress reports since Session 2010-12. Details of Committee recommendations, that were implemented previously, can be found in earlier progress reports and the original Treasury Minute response, referenced within this publication.

Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2010-12

Updates on recommendations reported as work in progress

Recommendations fully resolved

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2	Delivering multi-role tanker aircraft capability
3	Tackling equalities in life expectancy in areas with the worst health and deprivation
4	Progress with value for money savings and lessons for cost reduction programmes
5	Increasing passenger rail capacity
6	Cafcass's response to increased demand for its services
7	Funding the development of renewable energy technologies
8	Customer First Programme: delivery of student finance
9	Financing PFI projects in the credit crisis and the Treasury's response
10	Managing the defence budget and estate
11	Community Care Grant
12	Central Governments use of consultants and interims
13	Department for International Development's bilateral support to primary education
14	PFI in housing and hospitals
15	Educating the next generation of scientists
16	Ministry of Justice Financial Management
18	HM Revenue and Customs 2009-10 Accounts
19	M25 Private Finance Contract
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23	Major Projects Report 2010
24	Delivering the cancer reform strategy
25	Reducing errors in the benefits system
26	Management of NHS hospital productivity
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28	Accountability for public money
29	BBC's management of its digital media initiative
30	Management of the Typhoon Project
31	Asset Protection Scheme
32	Maintaining financial stability of UK banks: update on the support schemes
33	NHS Landscape Review
34	Immigration: the points based system – work routes
35	Procurement of consumables by NHS acute and Foundation Trusts
36	Regulating financial sustainability in higher education

Recommendations fully resolved

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37	Departmental Business Planning
38	Impact of the 2007-08 changes to public service pensions
39	Intercity East Coast passenger rail franchise
40	Information and communications technology in Government
41	Regulating Network Rails efficiency
42	Getting value for money from the education of 16-18 year olds
43	Use of information to manage the defence logistics supply chain
44	Lessons from PFI and other projects
45	National programme for IT in the NHS: an update
46	Transforming the NHS ambulance services
47	Reducing the costs in the Department for Work and Pensions
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50	Failure of the FiReControl Project
51	Independent Parliamentary Standards Authority
52	Department for International Development Financial Management
53	Managing high value capital equipment in the NHS in England
54	Protecting consumers: the system for enforcing consumer law
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57	Oversight of user choice and provider competition in care markets
58	HM Revenue and Customs: PAYE, tax credit debt and cost reduction
59	Cost effective delivery of an armoured vehicle capability
60	Achievement of Foundation Trust status by NHS hospital trusts
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63	Preparations for the roll-out of smart meters
64	Flood risk management in England
65	Department for International Development: transferring cash and assets to the poor
66	Excess Votes 2010-11
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68	Major Projects Report 2011
69	Report number not used by the Committee
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72	Services for people with neurological conditions
73	BBC's Efficiency Programme
74	Preparations for the 2012 London Olympic and Paralympic Games
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76	Department for Business: reducing bureaucracy in further education in England
77	Reorganising central Government bodies
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81	Equity investment in privately financed projects
82	Education: accountability and oversight of education and children's services
83	Child Maintenance and Enforcement Commission: structured cost reduction

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85	Department for Work and Pensions: introduction of the Work Programme
86	Free entitlement to education for 3 and 4 year olds
87	HM Revenue and Customs Compliance and Enforcement Programme
88	Managing the change in the defence workforce

Seventeenth Report of Session 2010-12

Department for Education

Academies Programme

Introduction from the Committee

Academies are state schools which are independent of local authorities and directly accountable to the Department for Education. They were originally intended to raise educational standards and aspirations in deprived areas, often replacing schools with long histories of under-performance. From May 2010, the Programme was opened up to all schools, creating two types of academy: 'sponsored' academies, usually established to raise educational standards at under performing schools in deprived areas; and 'converters' created from other types of school, with outstanding schools permitted to convert first. By 5 January 2011, there were 407 academies: 271 sponsored and 136 converters.

Relevant reports

- NAO report: *The Academies Programme* - Session 2010-12 (HC 288)
- PAC report: *The Academies Programme* - Session 2010-12 (HC 552)
- Treasury Minutes: March 2011 (Cm 8042)
- Treasury Minutes Progress Report: July 2012 (Cm 8387)
- Treasury Minutes Progress Report: July 2014 (Cm 8899)
- Treasury Minutes Progress Report: March 2015 (Cm 9034)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)
- Treasury Minutes Progress Report: January 2017 (Cm 9407)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- Treasury Minutes Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (CP 70), 7 recommendations have been implemented. 1 recommendation remains work in progress, as set out below.

6: PAC conclusion: *The Department has failed to collect all the financial contributions due from sponsors.*

6: PAC recommendation: *The Department should clarify the status and recoverability of these outstanding debts, negotiate clear and realistic payment schedules with the relevant sponsors, and monitor repayment.*

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: June 2020
Original implementation date: March 2011

6.2 Given the very different nature of the agreements made with each of the sponsors, the process has been both complex and lengthy. Of the original £146 million pledged, the Department has secured contributions or made other agreements that represent overall value for money for over 90% of agreed sponsor contributions. The delivery expectations of sponsors have changed significantly since the time when financial contributions were first agreed. The Department is now working with the few remaining sponsors with outstanding capital contributions to secure agreements that represent overall value for money for the taxpayer and enable those academy trusts to increase the number of good and outstanding school places across the school system.

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Seventieth Report of Session 2010-12

Department for Education

Oversight of special education for 16-25 year olds

Introduction from the Committee

In 2009-10, the Department for Education spent around £640 million on special education support for 147,000 students aged 16-25. The system for delivering and funding post-16 special education is complex and devolved, and students may receive post-16 special education support in schools, further education colleges or independent specialist providers, each of which is funded differently. Most young people with special educational needs make their own choice of where to study, while responsibility for provision and for placing around 30,000 students with higher-level needs is devolved to local authorities. The number of young people with special educational needs in post-16 education has grown in recent years, making it all the more important that the Department makes the best possible use of the funding available for these students.

Relevant reports

- NAO report: *Oversight of special education for young people aged 16-25* - Session 2010-12 (HC 1585)
- PAC report: *Oversight of special education for 16-25 year olds* - Session 2010-12 (HC 1636)
- Treasury Minutes: April 2012 (Cm 8347)
- Treasury Minutes Progress Report: July 2014 (Cm 8899)
- Treasury Minutes Progress Report: March 2015 (Cm 9034)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- Treasury Minutes Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP 70), 4 recommendations have been implemented and the Department disagreed with 1 recommendation. 1 recommendation remained work in progress, which has now been implemented, as set out below.

5: PAC conclusion: ***The way students' progress is measured does not allow the long-term impact of special education to be assessed, or the performance of different types of provider to be compared.***

5: PAC recommendation: ***The Committee expects the department to extend its current analysis of students' performance to those undertaking lower level qualifications, and to use information on students' destinations to help monitor performance against its longer-term objectives at a national level.***

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

5.2 The March 2019 Treasury Minute Progress Report confirmed that from 2017 the Department's 16-19 performance measures had been extended to encompass students studying below level 3 and that headline performance measures for level 2 students were now being published annually.

5.3 The Progress Report also confirmed that the Department would be making changes to the 16-18 destination measures, which had previously been limited to level 3 students. In October 2019, the *destination measures publication* included, for the first time, statistics on the destinations of all students in a school or college – whether they took level 3, level 2, level 1, entry level, other or no qualifications.

5.4 At a national level the Department also provides a breakdown of this data by student characteristics, including for students with Special Education Needs and Disabilities. School and college level data on the destinations of all students will be updated on the *Compare School and College Performance website* in January 2020. The Department will continue to publish 16-18 destinations data for all students annually.

Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2012-13

Recommendations fully resolved

	Report Title
1	Government Procurement Card
2	Mobile technology in policing
3	Efficiency & reform in Government corporate functions through shared service centre
4	Completion and sale of High Speed 1
5	Regional Growth Fund
6	Renewed alcohol strategy
7	Immigration: the points based system – student route
8	Managing early departures in central Government
9	Preparations for the London 2012 Olympic and Paralympic Games
10	Implementing the transparency agenda
11	Improving the efficiency of central government office property
12	Off payroll arrangements in the public sector
13	Financial viability of the housing sector: introducing Affordable Home Programme
14	Assurance for major projects
15	Preventing fraud in contracted employment programmes
16	Securing the future financial sustainability of the NHS
17	Management of diabetes in the NHS
18	Creation and sale of Northern Rock
19	HMRC Annual Report and Accounts 2011-12
20	Offshore electricity transmission: a new model for delivery infrastructure
21	Ministry of Justice language service contract
22	BBC: Off payroll contracting and severance package for the Director General
23	Contract management of medical services
24	Nuclear Decommissioning Authority: managing risk at Sellafield
25	Funding for local transport: an overview
26	Multilateral Aid Review
27	HM Treasury Annual Report and Accounts 2011-12
28	Franchising Hinchingbrooke Health Care Trust / Peterborough & Stamford Hospitals
29	Tax avoidance: tackling marketed avoidance schemes
30	Excess Votes 2011-12
31	Lessons from cancelling the Intercity West Coast franchise competition
32	Managing the defence inventory
33	Work Programme outcome statistics
34	Managing budgeting in Government
35	Restructuring the National Offender Management Service
36	HM Revenue and Customs customer service
37	Whole of Government Accounts 2010-11
38	Managing the impact of housing benefit reform
39	Progress in making NHS efficiency savings
40	London 2012 Olympic and Paralympic Games: post games review
41	Managing the expansion of the Academies Programme
42	Planning economic infrastructure
43	Report number not used by the Committee
44	Tax avoidance: the role of large accountancy firms

Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2013-14

Updates on recommendations reported as work in progress

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11	Managing NHS hospital consultants	10

Recommendations fully resolved

	Report Title
1	Equipment Plan 2012-2022 and Major Projects Report 2012
2	Early Action Landscape Review
3	Financial Sustainability of Local Authorities
4	Tax Credits error and fraud
5	Responding to change in Jobcentres
6	Improving Government procurement and the impact of Governments ICT savings initiatives
7	Cup Trust and tax avoidance
8	Regulating consumer credit
9	Tax avoidance – Google
10	Redundancy and severance payments
12	Capital funding for new school places
13	Civil Service Reform
14	Integration across Government / Whole Place Community Budgets
15	Provision of the out of hours GP service in Cornwall
16	FiReControl – update report
17	Administering the Equitable Life Payment Scheme
18	Carrier Strike: the 2012 reversion decision
19	Dismantled National Programme for IT in the NHS
20	BBC's move to Salford
21	Police procurement
22	High Speed 2 – a review of early programme preparation
23	Progress in tackling tobacco smuggling
24	Rural Broadband Programme
25	Duchy of Cornwall
26	Progress in delivering the Thameslink Programme
27	Charges for Customer telephone lines
28	Fight against Malaria
29	New Homes Bonus
30	Universal Credit – early progress
31	Border Force – securing the future
32	Whole of Government Accounts 2011-12
33	BBC severance packages
34	HMRC Tax Collection: Annual Report and Accounts 2012-13
35	Access to clinical trial information and the stockpiling of Tamiflu
36	Confidentiality clauses and special severance
37	Supporting UK exporters overseas
38	Improving access to finance for small and medium sized enterprises
39	Sovereign Grant
40	Maternity services in England
41	Gift Aid and other tax reliefs on charitable donations

Recommendations fully resolved

#	Report Title
42	Regulatory effectiveness of the Charity Commission
43	Progress at Sellafield
44	Student Loan repayments
45	Excess Votes 2012-13
46	Emergency admissions – managing the demand
47	Contracting out public services to the private sector
48	Local Council Tax support
49	Confiscation Orders
50	Rural Broadband Programme
51	Programmes to help families facing multiple challenges
52	BBC Digital Media Initiative
53	Managing the prison estate
54	COMPASS – provision of asylum accommodation
55	NHS waiting times for elective care in England
56	Establishing free schools
57	Ministry of Defence Equipment Plan 2013-2023 and major Projects Report 2013
58	Probation Landscape Review
59	Criminal Justice System
60	Promoting economic growth locally
61	Education Funding Agency and the Department for Education 2012-13 Financial Statements

Eleventh Report of Session 2013-14

Department of Health and Social Care

Managing NHS hospital consultants

Introduction from the Committee

NHS consultants, the majority of which work in hospitals, treat patients, manage clinical work in hospitals and undertake work that benefits the NHS (for example, training future doctors). At September 2012, the NHS employed 40,394 consultants (38,196 on a full time equivalent basis) across a range of speciality areas, making up 4% of the NHS workforce. In 2011-12, the total employment cost of consultants was £5.6 billion, some 13% of NHS employment costs.

In October 2003, the Department introduced a new consultant contract with an explicit objective of increasing consultants' pay. In return the contract was intended to provide: a new career structure and remuneration package for consultants; a stronger contract framework to allow managers to better plan consultants' work; and better arrangements for consultants' professional development. By 2012, an estimated 97% of consultants were on the contract.

Relevant reports

- NAO report: *Managing NHS hospital consultants* – Session 2012-13 (HC 885)
- PAC report: *Managing NHS hospital consultants* - Session 2013-14 (HC 358) (incorporating HC 1030 of Session 2012-13)
- Treasury Minutes: September 2013 (Cm 8697)
- Treasury Minutes Progress Report: March 2015 (Cm 9034)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- Treasury Minutes Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP 70), 1 recommendation has been implemented. 5 recommendations remain work in progress, as set out below.

1: PAC conclusion: ***The significant increase in consultant pay did not improve productivity.***

1: PAC recommendation: ***In its business case supporting any future renegotiation of the contract, the Department should set ambitious targets that deliver significant productivity growth.***

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2021
Original implementation date: from 2015

1.2 The Department's intention is to introduce amended contractual arrangements for consultants that support productivity growth. Consultants play a key role in driving productivity improvements and this should be considered in the context of their role in wider multi-disciplinary teams. Negotiations with the British Medical Association (BMA) to reform the contract have been ongoing in some form since 2013. Formal negotiations are currently not progressing due to disagreements over the funding available, however we continue to engage with BMA with the aim of renegotiating the consultant contract in due course.

1.3 Beyond contractual reform, the national Getting it Right First Time programme is designed to improve medical care in the NHS by reducing unwarranted variations in the way services are delivered. The clinician led programme reviews surgical and medical specialties to share best practice and identify changes to improve care and patient outcomes and deliver efficiencies to make the best use of consultant time. This programme is supported by the Model Hospital, a digital information service to help NHS providers improve productivity and efficiency.

1.4 The *Interim NHS People Plan*, published in July 2019, details a new 'Releasing Time for Care' programme; a comprehensive and sustained programme of work to spread good practice and support continuous improvement by identifying actions that are known to have the biggest impact in releasing time for care. The programme will draw together innovation and good practice to promote and enable changes to ways of working that enable teams to improve quality and work more efficiently.

2: PAC conclusion: ***The contract does not facilitate the provision of around-the-clock care and trusts continue to pay too much to secure work above contracted levels.***

2: PAC recommendation: ***In order to improve services for patients, the department must ensure that any future contract is flexible enough to allow seven day working and should set a maximum limit on payments for additional work.***

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2021
Original implementation date: April 2016

2.2 There have been extensive discussions between NHS Employers and the BMA on contractual changes that would support the delivery of a seven-day service for patients with urgent and emergency care hospital needs. This includes exploring how the contract can do more to support those specialities and individuals with the most onerous working patterns.

2.3 The discussions have explored more flexible and professional approaches to working that would support consultants as clinical leads of multi-disciplinary teams. This includes the replacement of a clause which enables consultants to opt out from non-emergency (and in some cases emergency) work in the evenings and weekends and the provision of contractual safeguards. Formal negotiations are currently not progressing due to disagreements over the funding available, however we continue to engage with BMA with the aim of renegotiating the consultant contract in due course. It remains the Department's ambition for consultants to be paid at agreed contractual rates for all NHS work.

3: PAC conclusion: ***Information on consultants' performance is inadequate.***

3: PAC recommendation: ***The Department urgently needs to make sure that individual consultant performance is measured consistently and published in every speciality area, and support this with appropriate national guidance.***

3.1 The Government agreed with the Committee's recommendation

Target implementation date: February 2020

3.2 Following a decision by NHSX, a unit which brings together teams from the Department of Health and Social Care, NHS England and NHS Improvement to drive forward the digital transformation of health and social care, MyNHS will be decommissioned from 7 November 2019. Although the website has enabled a range of information to be available in one place for users including patients, health and care staff, and developers, it has not generated enough use to warrant the considerable resources that go into maintaining it. The data that currently appears on MyNHS will still be available publicly via the primary publications.

3.3 National Clinical Audits information will continue to be made available as part of the Clinical Outcomes Publication Programme (COP), but in a different format. At present, the information is made directly available for users on MyNHS and the NHS website. From 7 November 2019 a directory of the national clinical audit's websites will be published on the MyNHS website to direct users to this data on the host web pages. Discussions are underway to agree a technical solution to ensure that patients and the public who have previously accessed audit data via NHS.UK can continue to do so.

3.4 This directory will support ongoing data transparency and support wider engagement with national clinical audit data whilst rationalising the data provided directly on the NHS website. Utilisation of the directory will be reviewed periodically in future to aid longer term decisions about the format and scope of the COP programme.

4: PAC conclusion: ***Consultants' performance is not managed effectively.***

4: PAC recommendation: ***All trusts should improve the value for money of consultants by linking the achievement of job plan objectives and good clinical outcomes with the appraisal process and pay progression.***

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2021
Original implementation date: April 2016

4.2 The Department is seeking contractual changes that would link pay progression to job planning and an objective based performance assessment process. Proposals are also being developed to revise local performance pay, linking this more closely to job plan objectives and good clinical outcomes. Discussions with the BMA have been on going in some form since 2013. Formal negotiations are currently not progressing although we continue to engage with BMA with the aim of renegotiating the consultant contract in due course.

4.3 Mandatory revalidation also engages doctors in a process that provides a framework for continuous improvements on the quality of their practice.

4.4 The NHS Long Term Plan includes a commitment that NHS Improvement will support all NHS providers to deploy e-jobplanning for the clinical workforce by 2021 to help ensure staff use their time optimally to provide patient care.

5: PAC conclusion: ***Clinical Excellence Awards do not always reflect exceptional performance.***

5: PAC recommendation: ***The Department must review the criteria for giving a Clinical Excellence Award to make sure it truly reflects exceptional performance above the norm and introduce more routine reviews of awards already made.***

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2021
Original implementation date: April 2016

5.2 New interim arrangements for local Clinical Excellence Awards covering the period 2018 to 2021 were introduced from April 2018. New awards are for between one and three years maximum. This will ensure that those in receipt of new awards are demonstrating current excellent performance. Under these arrangements, previously awarded Local Clinical Excellence Awards will become subject to a review process from 2021 onwards.

5.3 Proposals for a revised approach to local performance pay post 2021, or sooner if agreed, are being developed as part of the ongoing negotiations. The intention is to reward those consultants who contribute the most, including by linking performance to an objective based performance assessment process. The proposals have also looked at linking performance pay to the achievement of organisational objectives - recognising the critical role that consultants play in the success of an organisation.

5.4 The Department is also committed to working with key stakeholders to take forward the recommendations on National Clinical Excellence awards, as set out in the 2012 DDRB report '*Review of compensation levels, incentives and the Clinical Excellence and Distinction Award schemes for NHS consultants*'

Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2014-15

Recommendations fully resolved

	Report Title
1	Personal Independence Payment
2	Help to Buy equity loans
3	Tax reliefs
4	Monitor: regulating NHS Foundation Trusts
5	Infrastructure Investment: the impact on consumer bills
6	Adult social care in England
7	Managing debt owed to central Government
8	Crossrail
9	Whistleblowing
10	Major Projects Authority
11	Army 2020
12	Update on preparations on smart metering
13	Local government funding – assurance to Parliament
14	DEFRA: oversight of three PFI waste projects
15	Maintaining strategic infrastructure: roads
16	Early contracts for renewable electricity
17	Child Maintenance 2012 Scheme: early progress
18	HMRC progress in improving tax compliance and preventing tax avoidance
19	Centre of Government
20	Reforming the UK border and immigration system
21	Work Programmes
22	Out of hours GP services in England
23	Transforming contract management
24	Procuring new trains
25	Funding healthcare – making allocations to local areas
26	Whole of Government Accounts
27	Housing benefit fraud and error
28	Lessons from major rail infrastructure programmes
29	Foreign National Offenders
30	Managing and replacing the Aspire contract
31	16-18-year-old participation in education and training
32	School oversight and intervention
33	Oversight of the Private Infrastructure Development Group
34	Financial sustainability of local authorities
35	Financial sustainability of NHS bodies
36	Implementing reforms to civil legal accountancy firms
37	Planning for the Better Care Fund
38	Tax avoidance: the role of large accountancy firms (follow up)
39	UK's response to the outbreak of ebola virus disease in West Africa
40	Excess Votes 2013-14
41	Financial support for students at alternative higher education providers
42	Universal Credit
43	Public Health England's grant to local authorities

Recommendations fully resolved

	Report Title
44	Children in care
45	Progress in improving cancer services and outcomes in England
46	Update on Hinchingbrooke Health Care NHS Trust
47	Major projects Report 2014 and the Equipment Plan 2014 to 2024 and reforming defence acquisition
48	Strategic flood risk management
49	Effective management of tax reliefs
50	Improving tax collection
51	Care services for people with learning disabilities and challenging behaviour
52	Work of the Committee of Public Accounts
53	Inspection in home affairs and justice

Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2015-16

Updates on recommendations reported as work in progress

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38	Extending the Right to Buy to Housing Association tenants	20

Recommendations fully resolved

	Report Title
1	Financial sustainability of police forces in England and Wales
2	Disposal of public land for new homes
3	Funding for disadvantaged pupils
4	Fraud and error stocktake
5	Care leavers transition to adulthood
6	HM Revenue and Customs performance in 2014-15
7	Devolving responsibilities to cities in England: Wave 1 City Deals
8	Government's funding of Kids Company
9	Network Rail 2014-2019 rail investment
11	Strategic financial management in defence and military flying training
12	Care Quality Commission
13	Overseeing the financial sustainability in the further education sector
14	General Practice Extraction Service
15	Economic regulation of the water sector
16	Sale of Eurostar
17	Management of adult diabetes services in the NHS: progress review
18	Automatic enrolment to workplace pensions
20	Cancer Drugs Fund
21	Reform of the Rail Franchising Programme
22	Excess Votes 2014-15
23	Financial sustainability of fire and rescue services
24	Services to people with neurological conditions: progress review
25	Corporation Tax Settlements
26	Common Agricultural Policy Delivery Programme
27	e-borders and successor programmes
28	Access to general practice
29	Making whistleblowing policy work
30	Sustainability and financial performance of acute hospital trusts
31	Delivering major projects in Government
32	Transforming contract management: progress review
33	Contracted out health and disability assessments
34	Tackling tax fraud
35	Department for International Development – responding to crisis
36	Use of consultants and temporary staff
37	Financial management of the European Union budget in 2014
39	Accountability to Parliament for taxpayers' money
40	Managing the supply of NHS clinical staff in England
41	Financial services mis-selling regulation and redress
42	Government spending with small and medium sized enterprises

Tenth Report of Session 2015-16

Department of Health and Social Care / Ministry for Housing, Communities and Local Government

Care Act first phase reforms and local government new burdens

Introduction from the Committee

Between 2010–11 and 2015–16 central Government reduced funding to local authorities by around 37% in real terms. Local authorities have tried to protect spending on key areas, like adult social care, but given this scale of cuts have been less able to do so over time. Placing unfunded new requirements on local authorities puts pressure on them either to increase locally raised income or reduce spending on existing activities. The New Burdens Doctrine is the Government's commitment to assess and fund extra costs for local authorities from introducing new powers, duties and other government-initiated changes. The Department for Communities and Local Government oversees and coordinates how the Government applies the Doctrine.

Through the Care Act, the Government aims to reduce reliance on formal care, promote independence and well-being and give people more control over their own care and support. The Department of Health is responsible for achieving these objectives. The Government has calculated that new responsibilities under the Care Act will cost local authorities £470 million in 2015-16 to carry out and the NAO has estimated that the Care Act Phase 1 will cost £2.5 billion to implement from 2013–14 and 2019–20.

Relevant reports

- NAO report: *Care Act first-phase reforms* - Session 2014-15 (HC 82)
- NAO report: Local Government burdens – Session 2014-15 (HC 83)
- PAC Report: *Care Act first-phase reforms and local government new burdens* Session 2015-16 (HC 412)
- Treasury Minutes: March 2016 (Cm 9220)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9668)
- Treasury Minutes Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP 70), 5 recommendations have been implemented. 1 recommendation remains work in progress, as set out below.

1: PAC conclusion: ***As local authorities implement new burdens placed on them by government, such as the Care Act, there is a risk that people will not get the support they need, and existing services will be adversely affected before government detects and responds to problems.***

1b: PAC recommendation: ***The Department of Health's planned review of the Care Act should examine whether local authorities are meeting their statutory duties and assess additional cost pressures, including on other public services and on carer's themselves.***

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: September 2019

1.2 It is for local authorities to ensure their statutory duties are met. The Department has commissioned a comprehensive programme of research to evaluate and inform the ongoing implementation of the Care Act 2014. This research programme consists of five separate studies that will enhance our understanding of how the Act is being implemented, including the costs associated with delivering different forms of support, for example more personalised services. One of the five studies is specifically focused on the impact the Care Act has had on the support that carers receive. The research projects have been completed and the Department has started to receive final project reports back from academics. All of the final reports will be published by early 2020.

1.3 In addition to this dedicated research programme the Department is also continuing to work with NHS Digital to ensure that national data collections support the monitoring of Care Act and its cost. Data collections are kept under review to ensure the Department collects the data required to monitor implementation with minimum cost and burden.

Nineteenth Report of Session 2015-16

Department for Work and Pensions

Universal Credit – progress review

Introduction from the Committee

In February 2015, the previous Committee of Public Accounts published *Universal Credit: progress update,* based on evidence from the Department for Work and Pensions and HM Treasury and a report by the Comptroller and Auditor General. The Department accepted the Committee's recommendations. However, we felt that the Department's responses were rather weak and lacked specifics, and we were not convinced that it is committed to ensuring there is real clarity on this important programme's progress. As a result, the Committee recalled both the Department and HM Treasury to discuss a number of issues that concerned the Committee, particularly around the business case, the continuing risks of delay, and the lack of transparency and clear milestones.

Relevant reports

- NAO report: *Universal Credit – progress update* – Session 2014-15 (HC 786)
- PAC report: *Universal Credit: progress update* - Session 2014-15 (HC 810)
- Treasury Minutes: July 2015 (Cm 9091)
- PAC report: Universal Credit: progress update – Session 2015-16 (HC601)
- Treasury Minutes: March 2016 (Cm 9327)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)
- Treasury Minutes Progress Report: July 2018) Cm 9668)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9668), 1 recommendation has been implemented and the Department disagreed with 3 recommendations. 1 recommendation remains work in progress, as set out below.

5: PAC conclusion: ***The Department has an extensive evaluation programme but the impacts on claimants remain very uncertain.***

5: PAC recommendation: ***The Department should explain clearly how actual employment impacts and rates of alternative payment arrangements compare with the exceptions set out in its recently approved outline business case. As Universal Credit rolls out to a wider range of people and locations, the Department should significantly broaden the base of its evaluations and regularly update its assessment of the programmes costs and benefits to take account of this.***

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2020

5.2 The Department is pleased that the Committee recognises the encouraging nature of the first results from Universal Credit. Jobseeker's Allowance (JSA) is already internationally recognised as one of the most effective labour market interventions in the world by organisations such as the Organisation for Economic Co-operation and Development (OECD). So, to get early results from Universal Credit that out-perform those from JSA is encouraging.

5.3 It is too early to assess how these initial impacts on claimant behaviour will translate into a steady state effect on the UK labour market (the currency in which the business case benefits are estimated) - but that is why an extensive, multi-year evaluation is in place, with all the results peer reviewed. The Department is committed to broadening out the evaluation, including to more claimant types, as Universal Credit rolls out.

5.4 Departmental statisticians will publish information on alternative payment arrangements when the new series is sufficiently mature to pass the quality thresholds for official statistics. The business case assumptions are for steady state, across all claimant types, so a final assessment will be made at the completion of the Programme.

Thirty-Eighth Report of Session 2015-16

Ministry for Housing, Communities and Local Government

Extending the Right to Buy to housing association tenants

Introduction from the Committee

The Department for Communities and Local Government has announced its intention to give 1.3 million tenants of housing associations—through voluntary agreement with the housing association sector—the opportunity to buy their home at Right to Buy levels of discount; finance this policy through the sale of high-value council homes as these fall vacant, with the funding to be obtained from local authorities through an annual payment; and ensure a new home is provided for each one sold by housing associations on at least a one-for-one basis, as well as ensuring additional homes are provided for those sold by local authorities, with at least two additional affordable homes provided for each one sold in London. Provisions in the Housing and Planning Bill 2015–16 (the Bill) will enable the voluntary agreement to be implemented.

Relevant reports

- NAO Memorandum: *Extending the Right to Buy* - March 2016.
- CLG Report: *Housing associations and the Right to Buy* - Session 2015-16 (HC 370)
- PAC Report: *Extending the Right to Buy to housing association tenants* - Session 2015-16 (HC 880)
- Treasury Minutes: July 2016 (Cm 9323)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- Treasury Minutes Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were five recommendations in this report. As of the last Treasury Minute (CP 70), the Department disagreed with one recommendation and one recommendation has been implemented. Three recommendations remain work in progress as detailed below.

1a: PAC conclusion: *The Department has presented Parliament with little information on the potential impacts of the legislation required to implement this policy.*

1a: PAC recommendation: *The Department should publish a full impact assessment containing analysis in line with the guidance on policy appraisal in HM Treasury's Green Book, to accompany the proposed secondary legislation, setting out the impact of this policy on Housing Benefit and Universal Credit.*

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: Autumn 2020
Original implementation date: Winter 2016

1.2 As announced in the August 2018 Social Housing Green Paper, the Government has confirmed its intention to repeal the legislation in the Housing and Planning Act 2016. If implemented the legislation would have led to local authorities selling off vacant, higher value council homes. The previously proposed secondary legislation will not be introduced, and the provisions in the Act will be repealed as soon as Parliamentary time allows. No impact assessment of the higher value assets policy is therefore required.

1.3 The Department is currently running a large-scale pilot of the Voluntary Right to Buy involving housing associations from across the East and West Midlands. This will be fully evaluated after the pilot has been completed and subsequent policy decisions will be taken in the light of that evaluation. The Department expects the full evaluation to complete in Autumn 2020. A full impact assessment of the national Voluntary Right to Buy scheme would be made ahead of full commencement.

1.4 This response to the above recommendation may require policy consultation with ministers of a possible new government. As soon as the Government is in place and ministers have been fully consulted, the accounting officer will write to the Committee at the earliest opportunity with an updated response.

2: PAC conclusion: ***It is not clear how this policy will be funded in practise, or what its financial impacts might be.***

2a: PAC recommendation: ***The Department should, by the time of the Autumn Statement in 2016, publish a full analysis showing how this policy is to be funded, provide a clear statement of where financial and other risks lie, and spell out its contingency plan if its policies prove not to be fiscally neutral.***

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: Autumn 2020
Original implementation date: Autumn 2017

2.2 The Midlands pilot is testing how the Voluntary Right to Buy policy works at scale, including its more complex aspects – such as the portability of discounts and the one-for-one replacement of homes sold – which were not tested in the initial, small-scale pilot. The pilot will be fully evaluated after completion, and future funding for the scheme will be considered in the next Spending Review. As set out above the Government is no longer proceeding with the High Value Assets policy to fund the discounts for the Right to Buy extension.

2.3 The Department will publish its analysis of the costs and financial impacts of the full national scheme in the normal way, at the time of its full commencement.

2.4 This response to the above recommendation may require policy consultation with ministers of a possible new government. As soon as the Government is in place and ministers have been fully consulted, the accounting officer will write to the Committee at the earliest opportunity with an updated response.

3: PAC conclusion: ***The commitment to replace homes sold under this policy or at least a one-for-one basis will not ensure that these will be like-for-like replacements as regards size, location or tenure.***

3: PAC recommendation: ***The Department should publish data on:***

- ***where replacement homes are built, what size and type of tenure they are, and when they are completed (not merely started) for: housing association homes sold under the extended Right to Buy.***
- ***where replacement homes are built, what size and type of tenure they are, and when they are completed (not merely started) for: higher-value council homes sold to finance the extended Right to Buy.***
- ***where replacement homes are built, what size and type of tenure they are, and when they are completed (not merely started) for: homes sold under the reinvigorated Right to Buy.***

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: Autumn 2020
Original implementation date: Winter 2017

3.2 The Department will announce its plans for collecting and monitoring the additional homes provided through the Voluntary Right to Buy prior to the commencement of the full national scheme. The Department will collect data on one-for-one replacement through the Midlands pilot, which will be published when it is available.

3.3 This response to the above recommendation may require policy consultation with ministers of a possible new government. As soon as the Government is in place and ministers have been fully consulted, the accounting officer will write to the Committee at the earliest opportunity with an updated response.

Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2016-17

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Second Report of Session 2016-17

Department of Health and Social Care / Ministry for Housing, Communities and Local Government

Personal budgets in social care

Introduction from the Committee

Personal budgets in social care are sums of money allocated by a local authority to service users to be spent on services to meet their care needs. They can be managed on behalf of users by the authority, or a third party, or given to users as direct payments: money to spend themselves. They enable users to have more choice and control over the services they receive, tailoring their care to their personal circumstances and the outcomes they want to achieve. In 2014–15, local authorities spent around £6.3 billion on long-term social care for users in the community, including around 500,000 users whose social care services were paid for through personal budgets.

The Care Act 2014 required local authorities to give all eligible users a personal budget from April 2015, embedding the personalisation of care services into the legal framework for adult social care. The need for social care is rising as people live longer with long-term and complex health conditions. Between 2010–11 and 2014–15, English local authorities spend on adult social care fell by 7% in real-terms.

Relevant reports

- NAO report: *Personalised Commissioning in Adult Social Care* -Session 201-16 (HC 883)
- PAC report: *Personal Budgets in Adult Social Care* -Session 2015-16 (HC 74)
- Treasury Minutes: November 2016 (Cm 9351)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- Treasury Minutes Progress Report; March 2019 (CP 70)

Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (CP 70), 7 recommendations have been implemented and one recommendation remained work in progress. This recommendation has now been implemented, as set out below.

6: PAC conclusion: ***The health sector faces an even greater challenge in rolling out personal health budgets and integrated health and social care budgets than the social care sector did in rolling out personal budgets in social care.***

6: PAC recommendation: ***The Department should put in place a robust regime to monitor the effectiveness of personal health budgets and of integrated health and social care budgets as it rolls them out, applying relevant lessons from the rolling out of adult social care personal budgets.***

6.1 The Government agreed with the Committee's recommendation.

Recommendation Implemented

6.2. The Department, working through NHS England, now has in place a robust system to monitor the effectiveness of personal health budgets (PHBs) and integrated personal budgets (IPBs) as they are rolled out.

6.3. The Department and the NHS has learnt from Local Authorities' experience of introducing and delivering personal budgets for social care. This experience remains a cornerstone of PHB policy development, informing the national delivery programme. Initially, the PHB pilots used learning from personal budgets to test how budgets could improve people's choice and control within the NHS; with the results applied to PHB rollout. Many of the lessons learnt from personal budgets in social care were applied to PHBs in the NHS; for example, how to best facilitate and support direct payments. This learning will continue to be applied as the policy develops.

6.4. The evidence base on PHBs continues to build, and the Department is actively using this learning to support better implementation via the work of NHS England's PHB delivery team. Measures currently in place include a mandatory data collection and ongoing assessment of PHB take-up, exploration of which patient cohorts are using PHBs and the proportion taking up the option of a direct payment. Additional measures are also planned- including improving and expanding national data collections, continuing work with the demonstrator sites in rolling out the comprehensive model of personalised care, and publication of the formal evaluation of the Integrated Personal Commissioning Programme.

6.5 As a package, the Department is content that there is a robust regime to monitor the effectiveness of PHBs, and IPBs in the future.

Seventh Report of Session 2016-17

Home Office

Confiscation Orders

Introduction from the Committee

Confiscation orders are the main way through which the government carries out its policy to deprive criminals of their proceeds of crime. The Home Office leads on confiscation policy, but many other bodies are involved, including the police, the Crown Prosecution Service and HM Courts and Tribunals Service. The overall system for confiscation orders is governed by the multi-agency Criminal Finances Board. In 2015–16 the amount confiscated was £175 million, with £1.9 billion outstanding at the end of March 2016. The annual cost of administering confiscation orders is some £100 million.

Relevant reports

- NAO report: *Criminal Justice System: Confiscation orders – progress review* - Session 2015-16 (HC 886)
- PAC report: *Confiscation orders – progress review* – Session 2016-17 (HC 124)
- Treasury Minutes: November 2016 (Cm 9351)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- Treasury Minutes Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 9 recommendations in this report. As of the last Treasury Minute (CP 70), 5 recommendations have been implemented and the Department disagreed with 3 recommendations. 1 recommendation remained work in progress, which is now implemented as set out below.

2: PAC conclusion: *Only £190 million of the £1.9 billion confiscation order debt can realistically be collected sending the wrong message to taxpayers, victims and criminals — that crime pays.*

2: PAC recommendation: *The Home Office needs to do more to explain why so much of the accumulated debt is unlikely to be collected, highlight what is collected against recent confiscation orders and set out how it is tackling uncollected debt to show that crime does not pay. This should include publicly reporting collection rates and progress on the priority cases. The Home Office should implement this as part of its communication plan by the end of 2016.*

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

2.2 The Department published the Asset Recovery Action Plan in July 2019, which sets out the ambition to increase the measures available to disrupt those with unenforced confiscation orders. This includes:

- working with stakeholders across the criminal justice and financial/industry sectors to identify any further measures that could be introduced to incentivise compliance and ensure that those who are subject to wholly or partially unenforced confiscation orders are subject to greater scrutiny in their affairs; and

- using data, open source material and other techniques to identify previously unknown or hidden assets.

Ninth Report of Session 2016-17

Ministry of Defence

Service Family Accommodation

Introduction from the Committee

Because of the requirement that service personnel are mobile and the remote nature of many of the locations in which they serve, all regular service personnel are entitled to subsidised accommodation. Those meeting specific criteria, relating primarily to marital status and number of dependent children, are entitled to Service Family Accommodation. Service families greatly value their subsidised accommodation, and consider it an important aspect of military life. The Armed Forces Covenant contains a Government commitment that service personnel and their families are to be provided with good quality accommodation, in the right location and at a reasonable price.

The management of some 50,000 Service Family Accommodation units in the UK is the responsibility of the Defence Infrastructure Organisation within the Ministry of Defence, which is responsible for delivering the estate that the Department needs to enable its military personnel and civilian staff to live, work, train and deploy at home and overseas. It does this primarily through contracting with private sector providers to build, upgrade and maintain its estate. The private sector provider with responsibility for maintaining Service Family Accommodation, through the National Housing Prime contract, and for administering the charging system for that accommodation is CarillionAmey. In April 2016, the Department introduced a new system for determining the rental charges that Service Families pay for their accommodation, called the Combined Accommodation Assessment System.

Relevant reports

- NAO report: *Service Family Accommodation*
- PAC report: *Service Families Accommodation* – Session 2016-17 (HC 77)
- *Treasury Minutes :* November 2016 (Cm 9351)
- *Treasury Minutes Progress Report* : October 2017 (Cm 9506)
- *Treasury Minutes Progress Report:* January 2018 (Cm 9566)
- *Treasury Minutes Progress Report* : July 2018 (Cm 9668)
- *Treasury Minutes Progress Report*: March 2019 (CP 70)
- The Outsourcing Playbook : Central Government Guidance on Outsourcing Decisions and Contracting: February 2019

Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (CP 7), 5 recommendations have been implemented. 3 recommendation remained work in progress, two of which are now implemented as set out below.

3: PAC conclusion: ***The Department has repeated failings that this Committee has seen only too often in other government contracts. In particular, it too easily assumed CarillionAmey had the capacity to deliver, did not do enough to make sure the contract would meet user needs, and agreed a penalty regime that is ineffective in incentivising performance.***

3: PAC recommendation: ***When letting future contracts, the Department must ensure it has done enough to test contractors' ability and capacity to deliver the services at the price agreed, that it has captured and taken account of the views of service users, and that the proposed Key Performance Indicators in the contract are clearly backed up with robust financial penalties and incentives.***

3.1 The Government agreed with the Committee's recommendation.

Target implementation date: November 2021
Original implementation date: December 2019

3.2 The Government agrees the need for robust approaches to supplier scrutiny, tender assessment, incentivisation and contract management. The Government has researched best practice across all sectors to develop the new Future Defence Infrastructure Service (FDIS) contracts, consulting extensively with military families and the Families Federations to ensure the new housing contracts meet the needs of the Armed Forces and their families. Key changes are:

(i) Increasing competition and incentivising resilience, innovation and improvement.

(ii) Specifying industry standards & planned maintenance as core requirements.

(iii) Contracting for 85% and targeting 95% of faults to be fixed first time, to address a major frustration of families, incentivising suppliers to improve capability and spares holdings.

(iv) Close monitoring of recall performance (i.e return visits because of failed repairs).

(v) Incentivising preventative maintenance by Price per property, not per visit.

3.3 FDIS will promote competition and supply chain resilience, delivering a more flexible and responsive maintenance policy to materially improve the experience of Service families. The first housing contract is scheduled to be in service in November 2021.

3.4 The Government recognises the Committee's concerns about due diligence and contract management and has been bringing increased focus onto the need to improve the Department's commercial skills, grouped around three major themes:

(i) Strengthening the governance, accountabilities and commercial operating model across the Department;

(ii) Investing in senior commercial leadership, with new talent hired in from across business sectors with the majority being through the Cabinet Office and Government Commercial Organisation (GCO);

(iii) Developing commercial skills through a comprehensive training programme; testing and accrediting staff to evidence standards through the GCO or the Department's assessment processes, linked to their contractual authority and financial delegations.

3.5 The Department has a Contract Management Handbook, updated in June 2019. The Government's Outsourcing Review studied recent outsourcing exercises, to define robust future approaches, principles, practices and policies. The Outsourcing Playbook (OP) was published in February 2019 and work is ongoing to embed the approach into Departmental policy.

4: PAC conclusion: ***The Department's current model for providing accommodation for families is not flexible enough to meet the reasonable needs of service families in the 21st century.***

4a: PAC recommendation: ***As part of its considerations about the Future Accommodation Model, the Department should think imaginatively about different approaches for providing housing, including setting up Arm's Length Management Organisations and using new legal powers to support families collectively buying MOD land and building their own homes.***

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

4.2 The concept of a 'Housing Association' was reviewed several years ago and, whilst the legal advice at the time identified some potential benefits, these were constrained by the way the Service Family Accommodation estate is delivered, rendering the concept impractical. 38,000 homes in Defence's current housing stock are managed thorough our arrangement with Annington homes. The commercial complexities of this are unlike anything currently managed by a housing association.

4.3 The Government is considering alternative approaches for the provision of new housing, in particular through its work on the Accommodation Funding and Delivery Strategy (AFDS). A model has been developed to transfer the funding, construction, management and void risk to a partner, although the precise approach would be dependent on the specific site or groups of sites in question. The model would enable an existing housing association to take the lead or a supporting role in a contracting entity. A business case is currently being developed to compare how the model could deliver a Value for Money solution for the Government's specific requirements for new Service Family Accommodation at an AFDS pilot site.

4.4 The Future Accommodation Model will enable more Service personnel to live in private accommodation and meet their aspirations for home ownership by offering more choice over where, how and with whom, they wish to live. The first of the three pilots went live on 30 September 2019 at HMNB Clyde.

4b: PAC recommendation: ***Many families may eventually want to own a home close to their extended family. As personnel move frequently it may be that some will own a home, but still need to rent close to, or on the base of, the service personnel member of their family, and home ownership will therefore not necessarily reduce the demand on services accommodation as much as the Department expects. It should consider this in its full analysis of the needs of modern families***

4.5 The Government agreed with the Committee's recommendation.

Recommendation implemented

4.6 The Government supports Service personnel wishing to own their own home and living close to their work station. The Future Accommodation Model (FAM) offers Service personnel the choice of home ownership and renting, with greater choices over whom to live with and where, including within the private housing market as well as within Service provided accommodation. The Forces Help to Buy scheme, which has been extended until Dec 2022, incentivises first time buying through offering Service personnel interest free loans, supports the FAM offer. Further, recognising the societal rise in couples cohabitating, the Government introduced new policy from 1 April 2019 which enables Service personnel in a long-term relationship to live together in SFA where surplus properties can support this. Since its introduction, the policy has proved successful: 575 Service personnel in a cohabitating relationship have been housed or have been offered a place and waiting to move in.

4.7. The first of three FAM pilot sites launched at HMNB Clyde on 30 September 2019. Aldershot Garrison and RAF Wittering will launch in 2020. The FAM pilot will seek to understand accommodation preferences and experiences of Service personnel and their families at pilot locations. Pilot evidence will inform and shape delivery of a modern accommodation offer which meets the needs of Service personnel and their families as well as meeting the Department's affordability targets. The needs of the modern family are also being considered in the Defence Accommodation Strategy which will consider future accommodation options beyond those already identified and tested within the FAM pilot.

Fourteenth Report of Session 2016-17

Department for Transport

Progress with preparations for High Speed 2

Introduction from the Committee

High Speed 2 is a programme, split into three phases, to create a new high speed rail service from London to Manchester and Leeds, via Birmingham. Phase 1 between London Euston and the West Midlands is due to begin construction in 2017 and open in 2026. Phase 2a, between the West Midlands and Crewe is expected to open in 2027, with phase 2b, completing the full network to Manchester and Leeds, due to open in 2033. The Department for Transport (the Department) is the sponsor of the £55.7 billion programme (2015 prices) and HS2 Ltd is responsible for developing, building and maintaining the railway. The Department's objectives for High Speed 2 are to enable economic growth by increasing capacity to meet existing and future rail passenger demand and to improve connectivity between UK towns and cities. The Department also aims to encourage additional investment to drive regeneration, particularly in areas around stations.

Relevant reports

- NAO report: *Progress with preparations for High Speed 2* - Session 2016-17 (HC 235)
- PAC report: *Progress with preparations for High Speed 2* - Session 2016-17 (HC 486)
- Treasury Minutes: December 2016 (Cm 9389)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- *Treasury Minutes Progress Report*: March 2019 (CP 70)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP 70), 5 recommendations had been implemented and 1 remained work in progress, which is now implemented as set out below.

6: PAC conclusion: ***It is not clear how High Speed 2 will work with the rest of the transport system.***

6: PAC recommendation: ***The Department should publish its plan for how the entire rail network will operate once High Speed 2 has been built at the time of the phase 2 route announcement, in autumn 2016.***

6.1 The Government agreed with the Committee's recommendation.

Recommendation Implemented

6.2 At the point of writing, the Government is considering whether and how to proceed with HS2, which will be determined in the light of Doug Oakervee's final report.

6.3 Should HS2 proceed, the Government recognises the importance of effective integration of HS2 services and other rail services on the West Coast and East Coast main lines. HS2 also relies upon the effective use of released capacity HS2 delivers for other parts of the rail network. Learning from the past the Government believes that to achieve the right results for passengers a series of steps are required. The first of these is to appoint a private sector operator to act as the shadow operator. In this respect it is now confirmed that the winning joint venture, First Trenitalia, has been appointed as the West Coast Partner shadow operator and will commence working with the industry by the end of 2019 to achieve the best outcome for passengers and communities.

6.4 The Department has formed a One Railway Programme Board that involves Network Rail, HS2, and the Department to work together to ensure maximised benefits of HS2. This forum has to date, considered key areas of interface such as options relating to the re-development of Euston and Old Oak Common stations and future train services.

6.5 First Trainitalia have a number of contractual deliverables as part of their role as shadow operator. These include delivering to DfT a “market report” and a “train service options report”. These will be considered by a DfT West Coast Partner Board and ultimately by the Secretary of State.

Nineteenth Report of Session 2016-17

HM Treasury

Government Balance Sheet

Introduction from the Committee

HM Treasury published the 2014–15 Whole of Government Accounts (WGA) in May 2016. It is the sixth WGA to be published. It brings together the financial activities of over 6,000 organisations across the public sector, including central and local government as well as public corporations such as the Bank of England. There is no more complete record of what the Government owns, owes, spends and receives. In 2014–15, the WGA reported net expenditure (total expenditure less income) of £152 billion: an increase of £6.3 billion compared to the previous year. Net liabilities (the difference between assets and liabilities) increased to £2.1 trillion from £1.8 trillion, mainly due to increases in the net public sector pension liability of £190 billion and in government borrowing of £78 billion.

Relevant reports

- NAO report: *Whole of Government Accounts 2014-15* – Session 2016-17 (HC 28)
- NAO report: *Evaluating the Government balance sheet: provisions, contingent liabilities and guarantees* - Session 2016-17 (HC 462)
- NAO report: *Evaluating the Government balance sheet: financial assets and investments* Session 2016-17 (HC 463)
- NAO report: *Evaluating the Government balance sheet: pensions -* Session 2016-17 (HC 238)
- PAC report: *Government Balance Sheet –* Session 2016-17 (HC 485)
- Treasury Minutes: December 2016 (Cm 9389)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- Treasury Minutes Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (CP 70), 6 recommendations had been implemented with one recommendation work in progress which is now implemented as set out below.

1: PAC conclusion: *The Whole of Government Accounts is world-leading in terms of its scale and coverage of a nation's public sector finances.*

1: PAC recommendation: *HM Treasury needs an enforceable plan to produce WGA more quickly after the year-end, and to make it clearer and more useful to the reader; for example providing a better understanding of the regional distribution of public money and what is causing significant movements on the balance sheet.*

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

1.2 The Department is committed to quicker publication and improved disclosures. The Department published the 2017-18 WGA in May 2019. This allowed the Parliamentary Accounts Committee to hold a session on the account prior to the summer recess. The current target is to publish WGA within one year of the end date to which the accounts relate. However, WGA remains a highly complex undertaking, consolidating several thousand entities across the entire UK public sector.

1.3 The original proposal was to publish the 18-19 WGA by March 2020. Due to delays with obtaining Local Authority data and work designing the new IT system, this is unfortunately now no longer possible. The Department now aims to publish the 18-19 account before the end of May 2020.

1.4 To ensure we continue to make progress on timeliness, the Department is engaging with stakeholders to improve the timeliness of Local Authority data and undertaking significant investment in new IT systems to improve financial management across government with WGA integrated into these from inception. This will address the main cause of the delay to the 2018-19 WGA, and provide a buffer against delays in future years. The Department hopes to be able to publish the 2019-20 WGA in March 2021.

1.5 The longer-term aspiration is to publish WGA by the end of the calendar year. However, as set out in evidence to the Committee at its hearing in June 2019, this will require more fundamental changes to underlying processes. It will also require careful consideration of trade-offs between timeliness, depth of analysis, quality of information and costs of production.

1.6 The Department has improved disclosures in each WGA and continues to do so. For example, the 2017-18 WGA included information on the maturity profile of significant liabilities, and summary pages that provide a quick overview of the key messages. For 2018-19, the Department intends to include further information on pensions, EU exit and the process for preparing WGA. The Treasury will continue to look to include relevant information from other sources, including Country and Regional analysis, and Public Expenditure Statistics.

Twenty-Fourth Report of Session 2016-17

HM Treasury

Sale of former Northern Rock assets

Introduction from the Committee

In 2008 during the financial crisis Northern Rock was nationalised. The taxpayer took on all of the bank's assets and liabilities, including a special purpose securitisation vehicle called Granite. All of Northern Rock's legacy assets are managed by UKAR, which is owned by HM Treasury and supervised by UK Financial Investments (UKFI). Since 2014, following UKAR's reclassification as a public body, HM Treasury and UKFI's primary objective for UKAR has been to shrink the size of its balance sheet as swiftly as possible, while demonstrating value for money.

In March 2015, UKAR publicly launched a sale of £13 billion of former Northern Rock assets including Granite. In November 2015, following a competitive process UKAR announced that a consortium led by affiliates of Cerberus Capital Management LP (Cerberus) had purchased the assets. The sale, which achieved completion in May 2016, resulted in Cerberus paying a fraction more (0.6%) than the outstanding value of the loans. After discharging the liabilities and other adjustments the taxpayer received £5.5 billion in cash. Some 270,000 *mortgages* and loans were sold in the deal.

Relevant reports

- NAO report: *The £13 billion sale of former Northern Rock assets* - Session 2016-17 (HC 513)
- PAC report: *The sale of former Northern Rock assets* - Session 2016-17 (HC 632)
- Treasury Minute: February 2017 (Cm 9413)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- Treasury Minutes Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (CP 70), 4 recommendations have been implemented and the Department disagreed with 3 recommendations. 1 recommendation remained work in progress and is now implemented as set out below.

5: PAC conclusion: *Ex-Northern Rock customers whose mortgages were sold to Cerberus are paying more for their mortgages than those whose mortgages remain with UKAR.*

5: PAC recommendation: *The Financial Conduct Authority (FCA) should consider whether consumers would benefit from understanding how different types of mortgage lender set interest rates, and what this could mean for borrowers should the owner of their mortgage change.*

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

5.2 Under current FCA rules governing mortgages sales, lenders are required to provide consumers with information on the interest rate applicable to their mortgage. This information must be clear, fair and not misleading. In addition, where a lender sells a book of mortgages it is obliged to notify those consumers affected if it will no longer be responsible for setting interest rates and charges.

5.3 The FCA launched a market study to consider whether competition in the mortgage sector can be improved to benefit consumers; it focused on first charge residential mortgages and covered each stage of the consumer journey.

5.4 The market study explored a range of issues, some of which addressed the Committee's recommendation. For example, it examined whether there are any concerns that are more pronounced for different types of products and consumers with different circumstances. This work involved the consideration of consumers' understanding of mortgage products and the choices available to them - this includes rates, fees and charges and other product attributes more broadly. These considerations should be the same irrespective of whether the lender changes.

5.5 Consumers' ability to understand their mortgage product and shop around effectively is important regardless of who owns the mortgage, therefore the report covered all consumers, including those where the owner of their mortgage has changed.

5.6 The FCA *published an interim report in May 2018*, setting out the FCA's provisional view on the way competition works in the mortgages market and how they would like the market to develop. The FCA then consulted on a range of proposed remedies and released the final report in March 2019.

5.7 Following the final report, the FCA then changed their lending rules in October 2019 to remove the regulatory barriers that prevented some customers from switching to a cheaper mortgage product. Previous and current customers of UKAR may be able to benefit from this change.

5.8 A *policy statement* was released by the FCA providing further details of this change.

Thirtieth Report of Session 2016-17

Department for International Development

St Helena Airport

Introduction from the Committee

St Helena is a small self-governing UK overseas territory in the South Atlantic, previously only accessible by sea. The Department is funding a £285.5 million design, build and operate contract for an airport on St Helena to improve the island's accessibility and to support development of the tourism industry, with the ultimate aim of the island becoming self-sufficient. The airport is now built, and the St Helena Government had planned to start operating it in May 2016. However, test flights in April 2016 revealed dangerous wind conditions on the airport approach, an effect known as 'wind shear'. While the airport has since handled a small number of flights, the wind conditions have precluded operation of the planned commercial service.

Relevant reports

- NAO report: *Realising the benefits of St Helena Airport* - Session 2016-17 (HC 19)
- PAC report: *St Helena Airport* – Session 2016-17 (HC 767)
- Treasury Minutes: March 2017 (Cm 9429)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- Treasury Minutes Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute progress report (CP 70), 4 recommendations have been implemented. 1 recommendation below remains work in progress.

4: PAC conclusion: *The Committee is extremely sceptical about the Department's projected tourism figures and the island's ability to support such growth in the tourist industry.*

4: PAC recommendation: *The Department should re-calculate its projected tourism figures to provide an updated assessment of progress towards economic self-sufficiency and the consequent reduction in the Department's subsidy.*

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: February 2020

4.1 Commercial air services provided by SA Airlink have been operating between St Helena and South Africa since October 2017. Around 14,000 passengers have used the service and since it began the average number of tourists visiting St Helena each month has doubled.

4.2 The Department intends to commission work to recalculate the projected tourism figures based on real data from flight operations. The Department will commission this work by the end of February 2020. This will allow the use of travel figures from two comparable peak season periods (i.e. fully served by air access rather than the Royal Mail Ship which was decommissioned in February 2018).

Thirty-Fifth Report of Session 2016-17

Home Office

Upgrading Emergency Services Communication

Introduction from the Committee

The 107 police, fire and ambulance services in Great Britain currently communicate using the Airwave radio system. The system is currently provided by Airwave Solutions Limited, a company acquired by Motorola Solutions Inc in 2016, under contracts that now expire in 2019. In 2011, the Government set up the Emergency Services Mobile Communications Programme to look at options to replace Airwave.

The programme is run by the Home Office, but it is co-funded by the Department of Health, and the Scottish and Welsh Governments. The chosen option to replace Airwave is called the Emergency Services Network (ESN). ESN will provide emergency services with better mobile data capabilities and save money by sharing an existing and enhanced commercial 4G mobile data network instead of building a dedicated public service network. In 2015, the programme awarded contracts to Motorola Solutions Inc and Everything Everywhere (EE) to provide the core elements of the new system and the current plan is that all emergency services transition on to ESN by end-December 2019. By that time, £1.2 billion will have been spent developing the ESN and a further £1.4 billion on running down Airwave. The estimated cost once ESN is fully operational is a further £2.6 billion between 2020 and 2032.

Relevant reports

- NAO report: *Upgrading Emergency Services Communications: Emergency Services Network* Session 2016-17 (HC 627)
- PAC report: *Upgrading Emergency Services Communications* – Session 2016-17 (HC 770)
- Treasury Minute: March 2017 (Cm 9433)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- Treasury Minutes Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minutes Progress Report (CP 70), 4 recommendations were work in progress, and 1 was implemented. Updates on the 3 recommendations that remain work in progress are set out below.

1: PAC conclusion: ***It seems unlikely that the ambitious target date for delivering the Emergency Services Network will be met.***

1: PAC recommendation: ***The Department should reassess the business case timescales, update milestones for delivery and work with emergency services to update transition plans so all parties agree they are deliverable. It must take responsibility for convincing services to switch to ESN but also be clear at what point it will mandate the switchover. The Department should report to the Committee on progress by September 2017.***

1.1 The Government agreed with the Committee’s recommendation.

Target implementation date: Spring 2020
Original implementation date: Autumn 2017

1.2 The Department is finalising the plan that sets out the activities to revise and approve the ESN Full Business Case (FBC) in conjunction with senior users by Q2 2020. The revised implementation date for the FBC reflects the decision endorsed by the programme board to engage Senior User representatives to develop a joint Deployment Plan which will underpin the revised FBC. The Department has also maintained a regular dialogue with Funding Sponsoring Bodies to ensure their buy in, and consequently has included additional time to allow for FSB consultation and approvals aligned with their internal procedures. The revised FBC includes a value for money options analysis, including the option to stop ESN, extend Airwave and immediately start a different programme to deliver an Airwave replacement.

2: PAC conclusion: ***Despite the prospect of delay the Department has not budgeted for an extended transition period or put in place detailed contingency arrangements to manage this risk.***

2: PAC recommendation: ***The Department should budget for the cost of an extended timeframe and put in place arrangements for Airwave contract extensions as required. The Department should update the Committee on these provisions by September 2017.***

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: December 2017

2.2 In version 0.8 of the FBC considered by the Emergency Services Mobile Communication Programme (ESMCP) Programme Board in February 2019, the base case includes the Airwave contract extension for three years from December 2018, currently due to expire on 31 December 2022. The uncertainty around Airwave shutdown is dependent on several factors. First, the Airwave shutdown date is dependent upon the Deployment Plan, including both Prime availability and the length of deployment. There are also uncertainties about other elements of the plan, including completion of ESN in the Underground.

2.3 The contingency as currently modelled is not attributed to a specific risk, therefore it is not strictly possible to identify how much contingency has been allocated to the Airwave shutdown date. However, as a rough rule of thumb, at P50 the 0.8 version of the business case included a six-month contingency, and at P90 there is a 12-month contingency on top of the base case shutdown date of 31 December 2022.

2.4 A revised contingency approach for Airwave shutdown is under development, and stakeholders are being kept informed. The current contract provides for extension, but the price of such an extension will need to be negotiated and aligned with the finalised Deployment Plan, which is being developed in conjunction with user organisations. This is a planned activity and will align with the future operating strategy that is also currently under development. This action will remain open until the Deployment Plan and FBC have been finalised.

3: PAC conclusion: ***Good communications can make the difference between life and death for both emergency services personnel and the public but the technology ESN will rely on is not yet proven.***

3: PAC recommendation: ***The Department should put in place adequate and independent testing of the technology required for ESN to make sure it works under pressure in a live environment. The Department must also address the real security concerns about communications on the London Underground and other underground systems and update the Committee on the outcome.***

3.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: Summer 2018

3.2 The reset of the contract has clarified the roles of all parties in the testing process. This, combined with the rigour of the gate process, has improved the quality of testing generally across the supplier base. Technical problems with the Direct 1.0 product have highlighted the need for additional field testing, which will be built into the test strategy for future products, and the programme is looking at how to accelerate delivery of the performance and load testing equipment that is currently being constructed.

3.3 Progress has been made to deliver an Operational Assurance strategy and approach aligned to the technical testing strategy and user requirements, which includes the Operational Evaluation strategy. Significant progress is being made to define testing scenarios for Operational Assurance to include both validation and evaluation from an operational perspective. Excellent progress has been made in mapping the opportunities for early validation of operational readiness by identifying technical dependencies based on capability and functionally.

3.4 ESMCP continues to work with TfL and stakeholders are being kept informed. All accept the critical importance of ensuring that ESN will be delivered in London Underground in time for adoption of ESN by the Metropolitan, City and British Transport Police. TfL has installed over 80% of the new ESN radiating cable in tunnels and passive infrastructure in over 30% of the required stations. The Department has agreed to work with TfL and their Public Cellular Network (PCN) which will incorporate ESN delivery and allow the costs to be shared. The initial supplier PCN responses were reviewed in October 2019 with the contract award expected in May 2020. This reflects both the Mayoral political commitment to provide 4G services in the Underground and ensures best value for the public purse. This action will remain open until the TFL contract has been awarded and the Operational Assurance strategy has been approved by the Programme board.

Thirty-Ninth Report of Session 2016-17

Department for Business, Energy and Industrial Strategy

Consumer funded energy policies

Introduction from the Committee

Our electricity system is undergoing a radical transformation in response to two challenges: the need to maintain a secure energy supply and the need to reduce carbon emissions. These challenges arise because demand for electricity is expected to increase over the next two decades while many of the UK's existing coal and nuclear power stations will shut. At the same time, the Government wants a growing proportion of electricity to come from low-carbon sources like wind, solar energy and nuclear power to meet its climate change targets.

Most Government policies to promote and manage this transition involve placing obligations on energy suppliers with the resultant costs being funded by consumers through their energy bills. To help control these costs, in 2011 the Treasury and the Department for Business, Energy and Industrial Strategy (BEIS) created the Levy Control Framework (the Framework). The Framework sets yearly caps on the forecast costs of three Government schemes to support low-carbon generation that are funded by consumers: the Renewables Obligation, Feed in Tariffs, and Contracts for Difference. The Framework requires the Department to take early action to reduce costs if forecasts exceed the cap. The cap is £4.9 billion for 2016–17 rising to £7.6 billion for 2020–21. In 2016 Framework costs constituted £64 of the typical household's yearly energy bill.

Relevant reports

- NAO report: *Controlling the consumer-funded costs of energy policies: the Levy Control Framework* - Session 2016-17 (HC 725)
- PAC report: *Consumer-funded Energy Policies* - Session 2016-17 (HC 773)
- Treasury Minutes: March 2017 (Cm 9433)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- *Treasury Minutes Progress Report:* March 2019 (CP70)
-

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minutes (CP 70), 5 recommendations have been implemented. and 1 recommendation remains work in progress, as set out below.

4: PAC conclusion: ***The Department does not publish enough information on the Framework and has not produced, as promised, annual reports on consumer funded energy schemes.***

4: PAC recommendation: ***The Department should report much more openly and regularly on the Framework and also publish a consumer prices and bills report annually in an easily understandable format so that consumers can see clearly what they are paying. The next edition should be published before April 2017. It should also publish a clear account of the assumptions underpinning Framework forecasts each time those forecasts are published.***

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: Spring 2017

4.2 The Government publishes information on the Framework, such as details of the assumptions which underpin the Levy Control Framework Modelling twice per year in the Office for Budget Responsibility Updates alongside fiscal events and through the annual Renewables Obligation Setting process.

4.3 The Department was aiming to publish a report on the impact of energy policies on consumer bills in Spring 2019. However, following the change of Government and the need to update the Department's internal modelling to reflect updated electricity and gas statistics issued over the course of 2019, the Department is now assessing the options available to publish a report in Spring 2020.

Forty-Second Report of Session 2016-17

Department for Work and Pensions

Benefit sanctions

Introduction from the Committee

A benefit sanction is a reduction or suspension of benefit payments because a claimant has not met conditions for receiving benefit. For example, Jobseeker's Allowance claimants are required to attend jobcentre appointments and the Department for Work and Pensions may sanction people who fail to attend them. The Departments uses sanctions for two reasons: to encourage more people to comply with conditions and to penalise claimants for not meeting their responsibilities. The Department believes that complying with conditions helps some claimants find work. A typical sanction lasts four weeks and means a Jobseeker's Allowance claimant loses around £300. In 2015, the last year for which there is complete data, the Department imposed 400,000 sanctions on benefit claimants.

Relevant reports

- NAO report: Benefit sanctions - Session 2016-17 (HC 628)
- PAC report: Benefit sanctions - Session 2016-17 (HC 775)
- Treasury Minutes: October 2017 (Cm 9505)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- Treasury Minutes Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (CP 70), 1 recommendation had been implemented, 2 recommendations will not be implemented and 2 recommendations remained work in progress, one of which is now implemented as set out below.

2: PAC conclusion: *Sanctions are imposed inconsistently on claimants by different jobcentres and providers.*

2: PAC recommendation: *The Department should monitor variation in sanction referrals and assess reasons for the differences across jobcentres. It should monitor the use and take-up of protections for vulnerable groups, reporting back to the Committee by the end of 2017.*

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: January 2018

2.2 The Department continues to conduct analysis on geographical variations of sanctions rates and takes it to a senior operations board which is scheduled on a quarterly basis. As referenced in the Department's previous Treasury Minute response to the Committee, the Department intends to publish ad-hoc analysis on variation by Spring 2020.

2.3 The Department's previous Treasury Minute response addressed the subject of the use and take-up of protections for vulnerable groups and at a local level we continue to monitor that protections are applied appropriately.

3: PAC conclusion: ***The Department's data systems are not yet good enough for it to routinely understand what effect sanctions have on claimants' employment prospects.***

3: PAC recommendation: ***The Department should report back to the Committee by the end of 2017 on its progress in improving data systems, including on linking earnings outcomes to sanctions data, and addressing recommendations for better information made by the UK Statistics Authority and National Audit Office.***

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

3.2 The Department continues to correspond with the UK Statistics Authority (UKSA) and had fully met three of the *five recommendations*, meeting recommendation 1, 2 and 4 as confirmed in the latest response from UKSA. It has done this by publishing a fuller analysis of the statistics; clarifying their limitations through detailed background information and methodology; and improving their content and style.

3.3 With regards to UKSA recommendation 3, the Department publishes a rate of claimants that are experiencing a drop in payment due to a sanction for Universal Credit, Jobseeker's Allowance and Employment and Support Allowance within the Quarterly Benefit Sanctions Statistics bulletin. The Department considers this to be a practically achievable and helpful way to observe the proportion of claimants sanctioned and trends over time, a view supported by the UKSA. The Department continues to engage with the UKSA who agree the data does not facilitate production of robust or meaningful one-year and five-year sanction rates. Consultation has also begun with key stakeholders to gather and translate user needs into more meaningful measures.

3.4 The Department published additional information on repeat sanctions for JSA and ESA in May 2019, meeting UKSA recommendation 5.

3.5 The Department has continued to liaise with the NAO with regards to their recommendation in respect of better information, and the NAO has since confirmed that in their view the Department has fully implemented that recommendation.

Forty-Sixth Report of Session 2016-17

Department for Digital, Culture, Media and Sport

National Citizen Service

Introduction from the Committee

Since 2011, over 300,000[1] 16- to 17-years-old have participated in the National Citizen Service (NCS). The Government's stated ambition is for NCS to become a 'rite of passage' for young people and lead to a more cohesive, responsible and engaged society. NCS usually takes place over four consecutive weeks and involves groups of 12 to 15 young people undertaking together: an outdoor residential course to improve team building skills; a residential course to learn life skills and prepare for independent living; and a community project, such as planting a communal garden or arranging a family fun day.

In July 2016, the Department for Culture, Media and Sport took responsibility for the Office for Civil Society (OCS), and therefore NCS, from the Cabinet Office. NCS is managed by the NCS Trust, a community interest company funded by the OCS. The Trust currently contracts nine providers, across 18 regions, to deliver NCS. It delivers NCS directly in one region where it stepped in after the then provider failed to deliver. In February 2016, the OCS set an ambitious target to grow the number of NCS participation to 360,000 a year in 2020–21. In February 2017, the Department revised the target down to 247,000 in 2020–21. Between 2011–12 and 2016–17, OCS spent around £0.6 billion on NCS. Government has committed a further £0.9 billion, to NCS, to 2019–20.

Relevant reports

- NAO report: *National Citizen Service* - Session 2016-17 (HC 916)
- PAC report: *National Citizen Service* - Session 2016-17 (HC 955)
- Treasury Minutes: October 2017 (Cm 9505)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- Treasury Minutes Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 10 recommendations in this report. As of the last Treasury Minutes (CP 70), 8 recommendations have been implemented. the Department disagreed with 1 recommendation and 1 recommendation remained work in progress which is now implemented as set out below.

4: PAC conclusion: ***The Trust and Department cannot justify the seemingly high cost per participant of NCS.***

4b: PAC recommendation: ***The NCS Trust and Department need to publish benchmarking of its costs in advance of the next commissioning round in 2018.***

Recommendation implemented

4.2 The recommissioning round is a key opportunity to improve overall value for money and reduce cost. Ahead of the recommissioning process, information on NCS target unit costs (the unit cost the Trust aims to achieve) is commercially sensitive and cannot be shared publicly.

4.3 However the Department and the NCS Trust also explored what cost benchmarking could be conducted in advance of autumn 2019. The Department commissioned an independent analysis of

[1] This figure as of December 2019 is around 600,000 young people

NCS actual costs against industry and sector comparators. This report was can be found here**.** Given the unique nature of NCS, direct comparison with other youth programmes was not straightforward. Examples include, but are not limited to:

- differing levels of existing programme awareness;
- relative lengths of programmes;
- intensity;
- whether staff are voluntary or paid; and
- whether or not programmes are residential.

Fifty-Second Report of Session 2016-17

Home Office

Upgrading emergency services communications - recall

Introduction from the Committee

The Government is planning to replace the Airwave system currently used by police, fire and ambulance services in Great Britain (the emergency services) with a new Emergency Services Network (ESN). ESN is a high-risk programme that aims to roll out new technology, untried anywhere else in the world, to an ambitious timetable across all emergency services. The Committee published a report in January 2017 that concluded it was unlikely that the December 2019 target date for delivering ESN would be met and that the Department needed to reassess its timescales. It also concluded that the Department had not budgeted for delays, nor put in place detailed contingency plans to manage them.

Following the Committees evidence session in November 2016 the Department told the Committee that ESN will be delayed by 9 months until September 2020. It has also now come to light that extending the Airwave contracts, the Department's sole mitigation against delay in putting the new system in place, might not be possible. In January, Motorola informed the Committee that Vodafone, a key supplier to Airwave, will from March 2020 stop providing an important piece of infrastructure that airwave requires to function, essentially turning it off. This raised the possibility that emergency services may not be able to communicate with each other after March 2020 until transition to ESN is complete in September 2020. The Committee therefore recalled the Department to give further evidence in February 2017.

Relevant reports

- NAO report: *Upgrading emergency service communications: the Emergency Services Network* Session 2016-17 (HC 627)
  PAC report: *Upgrading emergency service communications* – Session 2016-17 (HC 770)
- PAC report: *Upgrading emergency service communications: recall* – Session 2016-17 (HC 997)
- *Treasury Minutes*: October 2017 (Cm 9505)
- *Treasury Minutes Progress Report*: January 2018 (Cm 9566)
- *Treasury Minutes Progress Report*: July 2018 (Cm 9668)
- *Treasury Minutes Progress Report*: March 2019 (CP 70)

Update to the Government response to the Committee

There were 4 recommendations in this report. As of the last Treasury Minute (CP 70), 2 recommendations were implemented and 2 remained work in progress, as set out below.

3: PAC conclusion: ***It is extremely disappointing that the Department's risk management and assurance arrangements did not pick up earlier the risk that emergency services communications could be unsupported from April to September 2020.***

3: PAC recommendation: ***Given the warning to the Department that it was underestimating the risks, it must review all the current risks to the programme and be realistic and open about these. The Department cannot afford to be caught off-guard again. The suppliers must accept their share of responsibility and ensure they are upfront about problems in delivering the network.***

3.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: January 2018

3.2 The Programme Board and Senior Responsible Owner (SRO) are ultimately accountable for risk and issue management across the programme. The Board receives reporting and analysis on risks and issues with specific focus on Level 1 risks and issues. Separately the Projects Review Board uses Level 1 and 2 risks and issues to drive the agenda at meetings. Other Level 2 governance boards also routinely review risks and issues as a standing agenda item and new risks and issues are routinely identified across all levels of governance.

3.3 The SRO has regular meetings with both the Home Office Chief Digital, Data and Technology Officer (who is also a member of the Programme Board) as well as with the PUS. During these meetings, key programme risks and issues are discussed and where appropriate, escalated. The Emergency Services Mobile Communication Programme (ESMCP) and Airwave strategic risks are also considered as part of the Department's Monthly Strategic Risk Meeting which is chaired by the Home Secretary.

3.4 The Programme operates a two-weekly risk and issue reporting cycle where suppliers and project teams submit their risks and issues to the central PMO who manage the risk and issue framework. Suppliers are members of the Projects Review Board where risks and issues are discussed and are held to account for their actions in addressing them.

3.5 Revised procedures for risks to be escalated across levels of programme governance were put in place in line with the original implementation date. Escalations are now agreed by the relevant Senior Leadership Team (SLT) member. As risk management and assurance arrangements are now regularly reviewed to keep them under continuous improvement during the lifetime of the programme, the target implementation date has been updated to provide further evidence and confidence that the procedures are sufficiently robust.

4: PAC conclusion: ***Providing emergency services communications underground is a significant and imminent risk to this programme but the Department has not yet finalised how ESN will work underground.***

4: PAC recommendation: ***TfL and the Department must, as a matter of urgency, work together to ensure that there will be coverage that enables the emergency services to contact each other underground. It needs to ensure that there are no delays to reaching an agreement with suppliers as this may have knock-on effects on the programme. The Committee expects regular updates on progress in resolving this issue. The Department should work with regions to review the existing transition roll-out plan so that those regions are best prepared to move first.***

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2020
Original implementation date: December 2018

4.2 The Department continues to work with Transport for London (TfL) and stakeholders are being kept informed. All accept the critical importance of ensuring that ESN will be delivered in London Underground in time for adoption of ESN by the Metropolitan, City and British Transport Police. TfL has installed over 80% of the new ESN radiating cable in tunnels and passive infrastructure in over 30% of the required stations. The Department has agreed to work with TfL and their Public Cellular Network (PCN) which will incorporate ESN delivery and allow the costs to be shared. The initial supplier PCN responses were received in October 2019 with the contract award expected in May 2020. This reflects both the Mayoral political commitment to provide 4G services in the Underground and ensures best value for the public purse. This action will remain open until the contract is awarded in 2020.

4.3 ESN capability will be assured at the earliest opportunity to de-risk the downstream delivery of Prime. The programme has worked with the User community to identify the criteria required from across the programme and within User Organisations (UOs) to support and host operational assurance activities. This criteria enables Services to nominate a small selection of UOs which are suitable candidates to support Operational Assurance. When Operational Assurance is successfully completed, a National Acceptance Decision will be made to commence mass transition of the remaining UOs from

Airwave to ESN. The programme and Users are working through a deployment planning approach which leads on the principle of standardisation to enable development of a National Deployment Plan. Such an approach allows us to understand the generic issues which will impact National Service for all Services and capture individual Service or UO-specific issues that must be factored into National Deployment, for example, interoperability, resilience, coverage and interworking. This approach will enable an initial National ESN Deployment Plan to be developed and subjected to programme governance before Service governance is commenced.

Sixty-First Report of Session 2016-17

Department of Health and Social Care

Access to General Practice: progress review

Introduction from the Committee

General practitioners (GPs) work with nurses and other staff to treat and advise on a range of illnesses, manage patients' conditions in the community and refer patients to hospital treatment or social care where appropriate. Most of the contact that people have with the NHS is with their general practice, and this is the first step for most patients in diagnosing and treating health conditions. There are around 42,000 doctors employed in some 7,600 general practices in England. In 2015–16, £9.5 billion was spent on general practice, once the costs of out-of-hours services and dispensing drugs are included.

The Department is ultimately accountable for securing value for money from spending on general practice. Until April 2015, NHS England commissioned general practice services directly, but it is now delegating more responsibility to local clinical commissioning groups, with 88% (194 of 209) now having a greater role. Practices are typically owned and managed by an individual GP or group of GPs. Core general practice services are commissioned through contracts with GP practices, with most practices holding either a General Medical Services (GMS) contract (64% of practices) or a Personal Medical Services (PMS) contract (32% of practices). The contract stipulates core services that practices must provide, and core hours when patients should be able to access services. The Department and NHS England have a number of key objectives relating to access to general practice, including evening and weekend access for all patients by 2020 and 5,000 additional doctors in general practice by 2020.

Relevant reports

- NAO Report: *Improving patient access to general practice* - Session 2016-17 (HC 913)
- PAC Report: *Access to General Practice: progress review* - Session 2016-17 (HC 892)
- Treasury Minutes: October 2017 (Cm 9505)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- Treasury Minutes Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP 70), 4 recommendations have been implemented, 2 recommendations remain work in progress, one of which is now implemented as set out below

5: PAC conclusion: ***Since the Committee's previous report a year ago, there has been no progress on increasing the number of GPs.***

5: PAC recommendation: ***NHS England and Health Education England should keep the Committee updated on progress against the targets to increase the number of GPs, including in rural and historically hard-to-recruit areas, as set out in the GP Forward View.***

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: December 2020

5.2 3,540 doctors were accepted into GP speciality training in 2019 against the General Practice Forward View (GPFV) target of 3,250. A further 3,500 places are being offered for 2020 recruitment.

5.3 The growth in trainees is helping to stabilise loss from the GP workforce. As at September 2019, 34,862 full time equivalent (FTE) doctors were working in general practice (45,625 headcount). This is an increase of 433 FTE (or 4,345 in headcount terms) since September 2015

5.4 Early retirement, an increase in GPs working as locums and a gradual reduction in participation rates remain key issues. Alongside the Government's review of the NHS Pension Scheme, operational planning requires local systems to have robust plans in place to support more GPs to remain in the workforce. A further investment of £24 million over two years was announced in July 2019 to help areas that are struggling most, alongside the piloting of new 'fellowships' to support newly qualified GPs.

5.6 The targeted enhanced recruitment scheme continues to offer a salary supplement to encourage GP trainees into hard-to-recruit locations. A further 265 places are being made available through 2020 recruitment.

6: PAC conclusion: ***There remains too much reliance on patients seeing GPs, rather than nurses, mental health professionals and other staff.***

6: PAC recommendation: ***NHS England, working with Health Education England, should explore how it can encourage GP practices to employ a wider mix of staff to improve access and capacity in an effective and efficient manner. This should include spreading examples of good practice.***

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

6.2 The GPFV target to ensure 5,000 additional other staff working alongside doctors in general practice was exceeded in September 2018. 98,090 FTE other staff were recorded as at September 2019 (139,674 headcount), representing an increase of 3,130 FTE staff compared to September 2018, and of 8,897 FTE compared to September 2015. There are 925 more FTE clinical pharmacists now working in general practice than in 2015.

6.3 In January 2019, the new GP contract introduced changes to further expand the primary care workforce. Practices forming into Primary Care Networks (PCNs) are guaranteed funding for up to 20,000 additional staff to work alongside GPs and nurses by 2023/24. The scheme went live in July 2019. Supporting guidance and processes are in place to support recruitment under the scheme.

6.4 As at September 2019, 16,573 FTE nurses were working in general practice (+1,332 FTE since September 2015) with the target to achieve a growth of 1,000 FTE achieved in 2018, alongside successful work to expand pre-registration placements. Work continues to support nurses to return to practice in parallel to an increasing focus on retention.

6.5 To support ongoing workforce transformation, training hubs are being developed to help co-ordinate and provide ongoing career support and development for all primary care staff.

6.6 Further detail will be set out in the NHS People Plan.

Sixty-Second Report of Session 2016-17

Department of Health and Social Care

NHS ambulance services

Introduction from the Committee

In England, 10 regionally-based ambulance trusts provide urgent and emergency healthcare, with separate arrangements for the Isle of Wight. In 2015–16, these services cost £1.78 billion. Ambulance services received 9.4 million urgent or emergency care calls and 1.3 million transfers from NHS 111, which together resulted in 6.6 million face-to-face attendances in 2015–16.

Since July 2012, ambulance responses have been split into Red and Green calls. Red calls are calls where the patient's condition is considered to be life-threatening. Red 1 calls are the most time-critical, and cover patients suffering cardiac arrest, who are not breathing and do not have a pulse, and other severe conditions such as airway obstruction. Red 2 calls are serious but less immediately time-critical, and cover conditions such as stroke and heart attack. For Red 1 and Red 2 calls, the ambulance service has a target requiring an emergency response arriving at the scene within 8 minutes in 75% of cases. If onward transport is required, a vehicle capable of conveying the patient should arrive at the scene within 19 minutes in 95% of cases. Green calls are calls where the patient's condition is considered not to be life-threatening. Locally agreed targets are in place for these calls.

The ambulance service has a pivotal role to play in the performance of the entire urgent and emergency care system, as a conduit to other services and helping patients access the facilities they need close to home. For ambulances, this means applying new models of care rather than taking all patients to hospital. The new models of care include: resolving calls over the phone by providing advice to callers; treating patients at the scene; and taking patients to non-hospital destinations.

Relevant reports

- NAO report: *NHS ambulance services* – Session 2016-17 (HC 972)
- PAC report: *NHS ambulance services* – Session 2016-17 (HC 1035)
- Treasury Minutes: October 2017 (Cm 9505)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- *Treasury Minutes Progress Report*: March 2019 (CP 70)

Update to the Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (CP 70), 4 recommendations have been implemented and the Department disagreed with 2 recommendations. 1 recommendation remained work in progress which is now implemented as set out below.

5: PAC conclusion: *Ambulance services have struggled to recruit and retain staff, and staff shortages are exacerbated by many trusts having high sickness absence rates.*

5: PAC recommendation: *NHS England and NHS Improvement should set out their plans for tackling ambulance workforce issues and report back to the Committee on progress by April 2018; including progress against recruiting additional staff, reducing staff turnover rates, and reducing staff sickness absence rates.*

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

5.2 The Urgent and Emergency Graduate manager scheme has completed the first cohort with an evaluation in development and discussions for a further cohort in February 2020. Conclusions from the 2016-19 Health Education England rotational working pilot highlighted benefits including improved service impact and recruitment, wellbeing and retention, access to training and development, and patient care.

5.3 The current strategic planning round will provide information on demand for paramedics up to 2024. This will allow a full rework of the supply and demand model and more consideration to be given in respect of those entering training for September 2020 and beyond. University of Sheffield is making progress with the evidence review and is on track for final delivery

5.4 All 10 Ambulance Trusts are currently involved in the Improving Health and Wellbeing Programme. Since the start of the Health and Wellbeing programme (March 2018) the Ambulance sector has seen a 0.2% improvement in sickness, from 5.7% in March 2018 to the most current data (May 2019) of 5.5%. The retention programme commenced September 2019. Following the success of the National Retention Programme for nursing, the programme was extended to all 10 ambulance trusts in England in the autumn of 2019.

5.5 Work to implement the re-banding of paramedics to band 6 of the NHS pay-scale continues. All ambulance trusts have achieved the milestones to March 2019 and are due to report on the September 2019 milestone imminently.

5.6 The NHS England is supporting #ProjectA, a staff-led engagement exercise with frontline staff across all 10 ambulance trusts in England. Teams of ambulance staff and patients identified six priorities to be implemented across the country, including how to reduce stress and isolation for frontline staff.

Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2017-19

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Third Report of Session 2017-19

Department for Business, Energy and Industrial Strategy

Hinkley Point C

Introduction from the Committee

The Government sees Hinkley Point C and other planned nuclear projects as central to its strategic aim of managing the energy 'trilemma' ensuring a secure supply of energy that is affordable for consumers while helping the UK meet its statutory target to reduce carbon dioxide emissions by 80% in 2050 compared with 1990 levels. The Department for Business, Energy & Industrial Strategy therefore agreed a deal to support construction of Hinkley Point C in September 2016.

The deal is with NNB Generation Company (HPC) Limited (NNBG), which is owned 66.5% by Electricite de France (EDF) and 33.5% by China General Nuclear Power Group (CGN). The deal guarantees that NNBG will receive £92.50 (2012 prices), linked to inflation, for each megawatt hour (MWh) of Hinkley Point C's electricity for 35 years, with electricity bill payers paying top ups if the market price is lower. The Department expects that the power station will be the first in a series of deals for new nuclear power stations and will generate around 7% of the UK's electricity from the mid-2020s. NNBG expects it will cost £19.6 billion to build Hinkley Point C; and the Department estimates that top-up payments will cost consumers around £30 billion over the 35-year contract. The Department estimates that between £10 and £15 of the average annual household electricity bill (in 2012 prices) will go towards supporting Hinkley Point C up to 2030.

Relevant reports

- NAO report: *Hinkley Point C* - Session 2017-18 (HC 40)
- PAC report: *Hinkley Point C* - Session 2017-19 (HC 393)
- Treasury Minutes: January 2018 (Cm 9565)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- *Treasury Minutes Progress Report*: March 2019 (CP 70)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute Progress Update (CP 70), 4 recommendations have been implemented. 2 recommendations remain work in progress, as set out below.

2: PAC conclusion: *No one was protecting the interests of energy consumers in doing the deal.*

2: PAC recommendation: *By March 2018, the Department should tell the Committee how it will ensure there is an independent and transparent assessment of the impacts on consumers, including the impacts on the poorest households, when agreeing future energy infrastructure deals that are paid for through consumers' bills.*

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2020
Original implementation date: Spring 2018

2.2 The Department was aiming to publish a report on the impact of energy policies on consumer bills in spring 2019. However, following the change of Government and the need to update the

Department's internal modelling to reflect updated electricity and gas statistics issued over the course of 2019, the Department is now assessing the options available to publish a report by Autumn 2020.

5: PAC conclusion: ***There is uncertainty over whether the project will be completed on time.***

5: PAC recommendation: ***The Department should ensure it publishes its 'Plan B' for achieving energy security, while at the same time delivering on its decarbonisation and affordability ambitions, before the end of this year and should review and revise it every year in light of the latest progress at Hinkley Point C.***

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2020

5.2 The Department agrees that ensuring homes and businesses have the certainty of secure energy supplies they can rely on now and in the future is a priority.

5.3 In summer 2020, the principal tool for managing risks to security of supply will be the Capacity Market. The Capacity Market targets already factor in a wide range of non-delivery risks, including delays to particular projects. The Capacity Market can take account of new or varied risks as they become apparent. There are two auctions for each delivery year – a four year ahead (T-4) auction which secures the bulk of capacity needed in a given year, and a one year ahead (T-1) 'top-up' auction.

5.4 National Grid provides annual advice on how much capacity is needed in the following year's auctions in its Electricity Capacity Report and this advice is reviewed by an independent Panel of Technical Experts. This informs the Department's decision on a final figure. National Grid's advice for Hinkley Point C's target delivery year (2025) will be published in 2020 (one year prior to the relevant T-4 auction) and will reflect Hinkley Point C delivery risks (informed by robust governance arrangements for monitoring progress with delivery).

5.5 The Department will therefore revisit plans in the run up to Hinkley Point C's delivery as better information becomes available, including whether and how to make adjustments to the amount of capacity it secures through the T-4 and T-1 auctions.

Fourth Report of Session 2017-19

Department of Health and Social Care

Clinical correspondence handling at NHS Shared Business Services

Introduction from the Committee

The Department of Health is ultimately responsible for securing value for money for spending on all health services. NHS England has responsibility for arranging the provision of health services in England and for commissioning their provision. This includes primary care support services, for example, updating patient registration lists, processing contractual payments to GPs and redirecting correspondence. Until April 2016, NHS England contracted NHS Shared Business Services (NHS SBS), a private company part owned by the Department, to make sure that misdirected clinical correspondence was sent on to the correct GP in the East Midlands, South West and North East London. In March 2016, NHS SBS informed NHS England and the Department that it had found a backlog of correspondence which had not been redirected, some of which dated back several years. A total of 709,000 items of correspondence were eventually found to have been mishandled. NHS SBS missed many opportunities over at least five years to identify and rectify the problem.

Relevant reports

- NAO Report: *Clinical correspondence handling at NHS Shared Business Services* - Session 2017-19 (HC 41)
- PAC Report: *Clinical correspondence handling at NHS Shared Business Services* – Session 2017-19 (HC 396)
- Treasury Minutes: March 2018 (Cm 9575)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- Treasury Minutes Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP 70), 4 recommendations had been implemented and the Department disagreed with 1 recommendation. 1 recommendation remained work in progress and is now implemented as set out below.

6: PAC conclusion: ***The Department's weak oversight of its joint venture with Sopra Steria, a private company, meant that opportunities to identify the issues at NHS SBS were repeatedly missed.***

6: PAC recommendation: ***The Department should set out for the Committee how the changes it has made to the governance of its six investments will ensure that it has adequate arrangements in place to oversee the services being delivered by these organisations.***

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

6.2 The Department reported in July 2018 that it had already increased its membership of the NHS Shared Business Services Board. In parallel, the company had therefore made organisational changes to ensure accurate assessment and reporting of risk is embedded in processes across the organisation, and made structural changes to the management of risk to ensure appropriate focus and timely reporting to the NHS SBS Management Team and the NHS SBS Main Board.

6.3 In November 2017, the Department established a new Governance Framework for DHSC Owned Companies. This includes a periodic review of all shareholdings and as part of this the Department's holding of shares in NHS Shared Business Services will be reviewed late 2018.
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6.4 The Department reported in March 2019 that it was working on the results of the review of NHS Shared Business Services, which was concluded by Summer 2019. Decisions on each of the DHSC owned companies are taken on a case by case basis and the Department will report to the Committee when the future of SBS has been agreed with a number of relevant stakeholders.

Fifth Report of Session 2017-19

Department of Health and Social Care / Ministry of Justice HM Treasury

Managing the costs of clinical negligence in hospital trusts

Introduction from the Committee

The NHS, including NHS trusts and foundation trusts are legally liable for any clinical negligence by their employees. Since 1995, NHS Resolution (the operating name of NHS Litigation Authority from April 2017) has provided indemnity cover for clinical negligence claims against trusts in England, through its Clinical Negligence Scheme for Trusts. The Department of Health oversees NHS Resolution and develops policy to manage the costs of clinical negligence. NHS Resolution is responsible for dealing with claims, including funding defence costs, and any legal costs or damages that become payable.

From 2006–07 to 2016–17, the number of clinical negligence claims registered with NHS Resolution each year doubled, from 5,300 to 10,600. Annual cash spending on the Scheme quadrupled over this period, from £0.4 billion to £1.6 billion. The estimated cost of settling future claims has risen from £51 billion in 2015–16 to £60 billion in 2016–17. There are two main factors contributing to the rising costs. First, increasing damages for a small but stable number of high-value, mostly maternity-related claims. These accounted for 8% of all claims in 2016–17, but 83% of all damages awarded. Second, increasing legal costs resulting from an increase in the number and average cost of low-value claims. Over 60% of successful claims resolved in 2016–17 had a value of less than £25,000.

Relevant reports

- NAO report: *Managing the costs of clinical negligence in trusts* - Session 2017-19 (HC 305)
- PAC report: *Managing the costs of clinical negligence in hospital trusts* – Session 2017-19 (HC 397)
- Treasury Minutes: March 2018 (Cm 9575)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- Treasury Minutes Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP 70), 3 recommendations have been implemented, 1 recommendation disagreed with and two recommendations remained work in progress, one of which is now implemented as set out below.

2: PAC conclusion: *The Government has been slow and complacent in its response to the rising costs of clinical negligence.*

2: PAC recommendation: *The Department, the Ministry of Justice, and NHS Resolution must take urgent and coordinated action to address the rising costs of clinical negligence. This includes reviewing whether current legislation remains adequate, and reporting back to the Committee by April 2018; continuing to focus on actions to reduce patient harm, in particular, harm to maternity patients; and appraising further measures to reduce the legal costs of claims, for example whether mediation should be mandated for certain types of claims.*

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: September 2018

2.2 The rising costs of clinical negligence claims, £2.36 billion paid in 2018-19 and forecast to continue rising, is unsustainable and Government is committed to tackling this. The Department has worked with the Ministry of Justice, HM Treasury, Cabinet Office and NHS Resolution (NHSR), and has made good progress in understanding cost drivers and exploring possible solutions. -

2.3 Government and the NHS have taken significant steps forward. The Department is considering the proposals of the Civil Justice Council working group for fixed recoverable costs and process improvements for clinical negligence claims up to £25,000 and will consult on next steps. The new Patient Safety Strategy sets out what the NHS will do to achieve its vision to continuously improve patient safety and, for the first time, includes a specific focus on clinical negligence. NHSR's report on its Early Notification scheme provides valuable insights and recommendations to improve the safety of NHS maternity services. In 2018-19 NHSR also increased the number of mediations to resolve claims by 110% to 380.

2.4 The Department has introduced a state indemnity scheme for General Practitioners in England for claims arising from 1 April 2019. Over time, the resulting greater insight from claims will allow safety issues to be addressed more quickly.

4: PAC conclusion: The NHS's culture when things go wrong appears to be predominantly defensive, rather than candid and transparent, which limits its ability to learn lessons.

4: PAC recommendation: ***Department and NHS Resolution should work with trusts to identify and spread best practice in handling harmful incidents and complaints. This should include how trusts say sorry and support patients when things go wrong.***

4. 1 The Government agreed with the Committee's recommendation.

Recommendation implemented

4.2 NHS Resolution (NHSR) has developed an educational programme to provide a single platform for a range of learning events, modules, best practice and learning products to support improvements in patient safety and improve access to 'point of incident' resolution when errors occur. Modules developed include consent, 'point of incident' resolution for staff, families and carers, and learning from inquests. Further modules will be released on an ongoing basis consistent with areas of need.

4.3 In addition, NHSR's *Report on the progress of its Early Notification scheme* for brain injuries at birth, published in September 2019, recommends that families are offered a full and open conversation about their care which should include an apology and provide them with options for their involvement in investigations.

4.4 The new *Patient Safety Strategy* was published by NHS Improvement in July 2019. The Strategy's actions focus on better insight into healthcare harm, education and training for staff, patient involvement and initiatives in areas that have the greatest impact. NHSR's guidance *Being Fair*, also published in July 2019, builds on the Strategy's focus on embedding a just and learning culture in the NHS.

4.5 The Health Service Safety Investigations Bill was presented to the House of Lords on 15 October 2019. The legislation was designed to establish, for the first time, an independent investigations body, that as a result of conducting high quality investigations, would be responsible for identifying the root-cause of incidents affecting the safety of patients and help to embed new practices across the NHS by making evidence-based recommendations.

Sixth Report of Session 2017-19

Home Office

Growing threat of online fraud

Introduction from the Committee

The growth of the internet and advances in digital technologies have created great opportunities for innovation and economic growth, but also more opportunities for online crime. Online criminals can target thousands of victims at the same time, causing financial and emotional harm to people and harm to businesses' finances and reputations. In the year to September 2016 there were an estimated 1.9 million incidents of cyber-related fraud in England and Wales. The true cost of online fraud is unknown, but is likely to be billions of pounds a year. The Home Office is responsible for preventing and reducing crime, including online fraud. Many other bodies also play a role, including the police, banks and Action Fraud (which is run by the City of London Police). In 2016 the Department set up the Joint Fraud Taskforce to improve collaboration between all bodies in tackling online fraud.

Relevant reports

- NAO report: *Online Fraud* - Session 2017-19 (HC 45)
- PAC report: *The Growing Threat of Online Fraud* – Session 2017-19 (HC 399)
- Treasury Minutes: March 2018 (Cm 9575)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- Treasury Minutes Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP 70), 4 recommendations remained work in progress, 3 of which have now been implemented, as set out below.

1: PAC conclusion: *Banks do not accept enough responsibility for preventing and reducing online fraud and there is no data available to assess how well individual banks are performing.*

1: PAC recommendation: *The Department should set out minimum standards for banks to follow on preventing online fraud and on protecting bank customers and require banks to report to the Government on their performance. The Department should press the banking industry to make relative online fraud vulnerability performance data publicly available. The Committee expects the Department to provide a plan for publication of this data by Spring 2018. The Committee encourages banks to develop a voluntary scheme in the meantime to be more open with customers about the extent of fraud and how they are tackling it.*

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: January 2020
Original implementation date: August 2018

1.2 The voluntary Contingent Reimbursement Model Code became effective on 28 May 2018. It sets new and uniform standards for anti-fraud measures and care of customers. All customers transferring money from Payment Service Providers (PSP) that are signatories to the Code will be reimbursed if they are the victim of an Authorised Push Payment (APP) fraud and have met the requisite level of care. The Code provides that PSPs sending money should take reasonable steps to protect their customers, including procedures to detect, prevent, and respond to APP frauds, and provide a greater level of protection to customers vulnerable to APP scams. Adoption by retail banks and banking groups is comprehensive, and accounts for around 95% of current APP scam cases reported to UK Finance, which represents 250 firms across the industry.

1.3 The Department is working with Her Majesty's Treasury, Cabinet Office, law enforcement partners, UK Finance, CIFAS, the Payment Systems Regulator, Financial Conduct Authority, and in consultation with a selection of consumer groups, to develop data that will enable banks to provide information to consumers about the fraud prevention measures they put in place. The approach taken is similar to the development and publication of the Service Quality Metrics for personal and Small and Medium Enterprise account rankings. Twenty banks covering over 96% of the retail banks are ready to provide and publish the data, while a further seventeen, making a much smaller impact on coverage, are working towards providing the data. The Department recognises that for the data to be easily comparable for consumers it will have to be maintained in a single place. The Department and stakeholders it has consulted concluded that the Financial Conduct Authority would be the most suitable place in which to hold and publish the data. The Financial Conduct Authority is considering the feasibility of this while UK Finance's Fraud Committee is confirming maintenance and funding arrangements for publication of the data.

2: PAC conclusion: ***Unless all banks start working together, including making better use of technology, there will be little progress on tackling card fraud and returning money to customers.***

2: PAC recommendation: ***Working with Joint Fraud Taskforce partners, the Department should make sure all banks make better use of technology and information to reduce card fraud and return money to customers. This should include establishing minimum technical standards for strong customer authentication for electronic payments.***

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

2.2 On 14 September new rules under the second Payment Services Directive, known as Strong Customer Authentication, came into effect. These rules set out how banks and payment services providers verify their customers' identity or validate specific payment instructions. These measures will strengthen the authentication of electronic payments and help to limit Card Not Present fraud.

2.3 The Financial Conduct Authority (FCA) have agreed to give firms up to 18 months to fully implement the Strong Customer Authentication rules. This phased approach will minimise disruption to customers and ensures the new rules are implemented in a way that works for all groups of people, including those who don't have, or don't want to have, a mobile phone.

2.4 The voluntary Contingent Reimbursement Model Code became effective on 28 May 2019. As outlined in the response to recommendation 1, this code provides assurances to customers of signatory PSPs that they will be reimbursed if they are the victim of an APP fraud, and where they have met the requisite level of care. The Joint Fraud Taskforce (JFT) is leading work to establish a framework that allows more money to be returned to victims, by tracking and tracing the fraudulent funds and repatriating it to victims. *Economic Crime Plan,* published in July 2019, commits the Department, working with the JFT and industry partners, to find a solution by December 2021.

2.5 The industry-led Confirmation of Payee scheme is due to be introduced in early 2020, delayed from its previous anticipated delivery of 2019. This scheme will make it harder for fraudsters to trick victims into sending money by impersonating a legitimate organisation. The scheme will check that names on accounts match those of the intended recipient and provide the customer with a warning where it does not.

4: PAC conclusion: ***The Department has not yet put in place effective arrangements for its oversight of a coordinated and effective response to online fraud and for reporting on its progress.***

4: PAC recommendation: ***The Department should develop specific plans for how it will measure progress in tackling online fraud and judge the success of the Joint Fraud Taskforce, and it should regularly publish information on progress and performance. It should update the Committee on progress by the end of March 2018.***

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

4.2 The Joint Fraud Taskforce (JFT) has reformed its structure so that it is better able to co-ordinate and lead activity across the public and private sectors to make it much harder for fraudsters to operate. This new structure includes Chair of the JFT's Management Board moving to Cifas (a not-for-profit fraud prevention organisation), and ownership for delivery shared between industry, government and law enforcement members. The JFT has also expanded its membership to other sectors, including the telecommunications and financial technology sectors, enabling a more co-ordinated response to fraud that harnesses the expertise across sectors to tackle the threat we all face from fraud.

4.3 The JFT will publish its delivery plans, and how it will monitor its progress and performance on a new, dedicated website. The website will outline the JFT's aims, objectives and structures and will include minutes from all JFT Board meetings as well as links to fraud prevention advice.

6: PAC conclusion: ***The response to tackling online fraud is variable across different police forces, and for some it is not a priority.***

6: PAC recommendation: ***The Department should, with the City of London Police, establish what more they can do to help all police forces tackle online fraud, including opportunities to identify, develop and share good practice in a more systematic way.***

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

6.2 The Department commissioned HM Inspectorate of Constabulary and Fire & Rescue Services' (HMICFRS's) to carry out a thematic inspection on the police response. HMICFRS published its inspection report, entitled *"Fraud: Time to choose – An inspection of the police response to fraud"*, on 2nd April 2019. The report contains sixteen recommendations on what more can be done to help all police forces tackle fraud, including a recommendation for the City of London Police to work with the College of Policing, to identify, evaluate and disseminate best practice advice on the police response to fraud. The Department is working with the City of London Police to ensure the report's recommendations are implemented.

Eighth Report of Session 2017-19

Ministry of Justice / Department of Health and Social Care

Mental health in prisons

Introduction from the Committee

There were 84,674 adults in prison in England and Wales in 2016–17, between 10% and 90% of whom are thought to have mental health issues. Rates of self-inflicted deaths and self-harm in prisons have risen significantly in the last five years, suggesting that mental health and overall well-being in prison has declined. There were 120 self-inflicted deaths in prison in 2016 and 40,161 incidents of self-harm, the highest on record. Prisoners with mental health issues face huge challenges in our prison system which witnesses told us that the current prison environment is often ill equipped to deal with.

HM Prison and Probation Service (HMPPS) is responsible for the management and operation of prisons in England and Wales and ensuring that the prison environment is safe, secure and decent. The Ministry of Justice is responsible for prison policy and commissioning services in prisons. NHS England is responsible for healthcare in prisons, both for physical and mental health. In 2016–17, NHS England spent an estimated £400 million providing healthcare in adult prisons in England, of which it estimates £150 million was spent on mental health services and substance misuse services, although it could not provide an exact figure.

Relevant reports

- NAO report: *Mental health in prisons* – Session 2017-19 (HC 42)
- PAC report: *Mental health in prisons* – Session 2017-19 (HC 400)
- Treasury Minutes: March 2018 (Cm 9575)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- Treasury Minutes Progress Report: March 2019 (CP70)
- Treasury Minutes Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 10 recommendations in this report. As of the last Treasury Minute Progress Report (CP 70), 7 recommendations had been implemented and the Department disagreed with 1 recommendation, 2 recommendations remained work in progress. Of those two recommendations 1 has now been implemented as set out below.

4: PAC conclusion: ***Poor co-ordination and a lack of sharing information means that prisoners are not receiving continuity of treatment as they move between prison and the community.***

4b: PAC recommendation: ***NHS England should, by the end of March 2018, establish and disseminate information sharing protocols between prison, healthcare and probation staff so that all parties are fully informed about the services and support that prisoners will require on their release.***

4.1 The Government agreed with the Committee's recommendation.

Recommendation Implemented

4.2 The Information Sharing Protocol is published and available for regional NHS England and NHS Improvement commissioners to use as a template for their own local agreements. At a national level this publication acknowledges the joint working and sign off by the National Prisons Healthcare

Partnership Board.

5: PAC conclusion: ***It is a disgrace that too many prisoners wait far too long to be transferred to hospital or secure units.***

5: PAC recommendation: ***HM Prison and Probation Service and NHS England should, by the end of January 2018, publish quarterly data on the number of prisoners transferred to hospital or secure units, how many prisoners are waiting at the time of publication, and how long both groups have waited.***

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2020

5.2 Following public consultation in the Summer, NHS England and NHS Improvement will shortly publish updated transfer and remissions guidance for prisons and immigration removal centres.

5.3 NHS England and NHS Improvement is continuing the development of its health and justice reporting requirements. It is now anticipated that data collection to include secure transfer wait times will commence in 20/21.

5.4 In November 2019 NHS England and NHS Improvement published a *transfer and remissions audit report* which provides a snapshot across all prisons as at 28th February 2019.

Ninth Report of Session 2017-19

Department for Transport

Sheffield to Rotherham tram-trains

Introduction from the Committee

Tram-trains are vehicles that can operate across both street tramways and the national rail network. The Department for Transport identified that tram-trains offer the potential to reduce the cost of transport services and create growth by improving access to city centres. In 2009, it announced a pilot project between Sheffield and Rotherham to test the new technology and assess the potential to extend it to other cities. Network Rail is responsible for modifying the national rail sections of the route, while other organisations are responsible for modifying the tram network and purchasing the tram-train vehicles. The Department has provided the bulk of the funding for Network Rail's work and for the project as a whole.

The original budget for Network Rail's work was £15 million, which was expected to be completed by the end of 2015. However, Network Rail identified significant cost increases and delays in November 2014 and July 2016. On the first occasion, the Department's Permanent Secretary allowed the project to proceed and agreed to fund the revised cost of £48.6 million. On the second occasion, the Rail Minister approved the project to continue despite the Permanent Secretary's recommendation to cancel, but asked Network Rail to meet the funding shortfall. Network Rail now expects the project to cost £75.1 million and to complete its works in May 2018. We pay credit to Clive Betts MP for pursuing this issue and alerting the National Audit Office to his concerns.

Relevant reports

- NAO report: *The Sheffield to Rotherham tram-train project: investigation into the modification of the national rail network* - Session 2017-19 (HC 238)
- PAC report: *Sheffield to Rotherham tram-trains* – Session 2017-19 (HC 453)
- Treasury Minutes: March 2018 (Cm 9575)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- Treasury Minutes Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (CP 70), 4 recommendations have been implemented, 1 recommendation remains work in progress and is set out below.

4: PAC conclusion: *The Department and Network Rail have not evaluated how the lessons learned during this pilot project could reduce the costs of future tram-train schemes.*

4b: PAC recommendation: *The Department should publish its formal evaluations of the project, including a full assessment of the project as a whole, not just the Network Rail elements.*

4.3 The Government agreed with the Committee's recommendation.

Target implementation date: October 2020

4.4 The Department intends to publish its evaluations of the project including a full assessment of the project as a whole by October 2020.

Thirteenth Report of Session 2017-19

Department of Health and Social Care

NHS continuing healthcare funding

Introduction from the Committee

NHS continuing healthcare (CHC) is a package of care provided outside of hospital that is arranged and funded solely by the NHS for individuals who have significant ongoing healthcare needs. Such individuals are eligible for NHS funding if their healthcare needs go beyond what can legally be provided by local authorities, but this is a highly complex and sensitive area, with potentially significant cost implications for the individual. If someone is assessed as eligible for CHC, the NHS is responsible for funding the full package of health and social care. However, if someone is not eligible for CHC, they may have to pay for all or part of their social care costs, depending on their financial circumstances.

The Department of Health and Social Care is responsible for the legal framework for CHC, including setting criteria for assessing eligibility for CHC through a national framework. Clinical Commissioning Groups (CCGs) are responsible for determining eligibility for CHC and for commissioning this care. NHS England is responsible for making sure CCGs comply with the national framework. People can access CHC funding through two processes: a standard CHC process and a fast-track process for people with rapidly deteriorating conditions who may be nearing the end of their life. The number of people assessed as eligible for CHC funding has grown by an average of 6.4% over the last four years. In 2015−16, almost 160,000 people received, or were assessed as eligible for, CHC funding.

Relevant reports

- NAO report: *Investigation into NHS continuing healthcare funding*- Session 2017-19 (HC 239)
- PAC Report: *NHS Continuing healthcare funding* – Session 2017-19 (HC 455)
- Treasury Minutes: March 2018 (Cm 9596)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- Treasury Minutes Progress Report: March 2019 (CP70)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (CP70), 3 recommendations had been implemented and two recommendations remained work in progress. These have now been implemented, as set out below.

1: PAC conclusion: *Too many people are waiting too long to find out if they are eligible for CHC, and to receive the essential care that they need.*

1: PAC recommendation: *NHS England needs to hold CCGs to account for delays in assessments, and needs to find out the extent of further delays by CCGs in providing care packages once funding is agreed, taking remedial action where needed.*

1.1 The Government agreed with the Committee's recommendation.

Recommendation Implemented

1.2 NHS England has addressed the delays in NHS CHC assessments using its assurance mechanisms. This was covered in previous Treasury Minute responses.

1.3 Several Clinical Commissioning Groups, via a Commissioning Support Unit, generated a study (2018-19) which indicated that commissioning and NHS contractual practices for CHC care packages could be used to effectively address delays in provision. This included opportunities for contractual monitoring and reporting.

1.4 The study supported the development of service specifications that include contractual key performance indicators, specific to the procurement or brokerage of NHS CHC, for use between the CCG and care provider. These indicators are in the final stages of testing and are due to be fully rolled out by April 2020.

1.5 The performance indicators define a time objective for care packages to be created with an approved provider and the admission date agreed within 3-4 days for Standard CHC (48 hours for CHC Fast Track).

4: PAC conclusion: ***NHS England is not adequately carrying out its responsibility to ensure CCGs are complying with the legal requirement to provide CHC to those that are eligible.***

4: PAC recommendation: ***NHS England needs to establish a consistent oversight process, using the new data available, to ensure eligibility decisions are being made consistently both within and across CCGs, including by setting out what criteria they will use to identify and investigate outliers, and undertaking an annual sample audit.***

4.1 The Government agreed with the Committee's recommendation.

Recommendation Implemented

4.2 NHS England and NHS Improvement developed a diagnostic tool to understand and explore eligibility rates across CCGs. This tool identified the CCGs with the highest and lowest eligibility rates, relative to demographically similar CCGs in their respective clusters. These seven clusters were identified by grouping together CCGs with similar demographic characteristics such as deprivation, ethnic diversity, proportion of population living in a rural environment, number of people over 65, and disease prevalence.

4.3 NHS England and NHS Improvement undertook a project to test the feasibility, cost and resource required to run a sample NHS CHC audit. Based on the findings from this pilot, and the results of the diagnostic tool described above, NHS England and NHS Improvement will undertake an independent audit of the CCGs identified as the most significant outliers within their cohorts, to provide assurance on the consistency of the eligibility decision-making process. In addition, auditing will be included as a component within existing CCG self-assessment frameworks, designed for CCGs to self-assess their maturity in delivering their specific NHS CHC service.

Fourteenth Report of Session 2017-19

Ministry of Defence

Delivering Carrier Strike

Introduction from the Committee

The Ministry of Defence is buying two new aircraft carriers, a fleet of new Lightning II jets and an airborne radar system called Crowsnest fitted to Merlin helicopters. Deploying a single carrier, a squadron of jets and Crowsnest is referred to as Carrier Strike. The Department expects to spend over £14 billion on this equipment up to 2021, when Carrier Strike is to be first used in military operations. Between 2021 and 2026, the Department will then introduce the second carrier and more jets, and complete trials and training to enable the carriers to undertake a range of roles such as acting as helicopter carriers or transporting troops. This represents the full Carrier Enabled Power Projection capability.

The Department is planning for the carriers and jets to be in use for 50 and 40 years respectively, and the Government considers they will form a significant part of its response to changes in global security. The previous Committee reported on Carrier Strike in 2013, concluding that the Department faced major challenges around the affordability of the programme. In November 2013, the Department re-baselined the contract, agreeing a price of £6.212 billion for both carriers with the manufacturing consortium, the Aircraft Carrier Alliance. The Carrier Strike programme is a very high priority for the Department and we expect to return to it as the programme progresses towards being operational in 2021.

Relevant reports

- NAO report: *Delivering Carrier Strike* – Session 2016-17 (HC 1057)
- PAC report: *Delivering Carrier Strike* – Session 2017-19 (HC 394)
- *Treasury Minutes* : March 2018 (Cm 9596)
- *Treasury Minutes Progress Report* July 2018 (Cm 9668)
- *Treasury Minutes Progress Report* : March 2019 (CP 70)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP 70), 2 recommendations have been implemented. and 4 recommendations remain work in progress, 1 of which is now implemented as set out below.

1: PAC conclusion: *Value for money will only be achieved if the carriers are flexibly and fully deployed.*

1: PAC recommendation: *In firming up its plans, the Department must ensure they are designed to use the carriers flexibly and to the fullest extent possible in order to secure value for money from the investment. The Committee will continue to monitor this.*

1.1 The Government agreed the Committee's recommendation.

Target implementation date: December 2020

1.2 In January 2018, the Department agreed a policy statement for Carrier Enabled Power Projection which articulated the flexible use of the Capability, within the constraints of available resource. This policy has been written in order to give the Front-Line Commands the ability to coherently plan the routine use of the capability, whilst acknowledging the requirement to use it in response to crises and significant global events. The Department will now continue to revise and refine its plans, using this policy as a benchmark.

1.3 The Department is continuing the detailed planning for the preparations and conduct of the first operational deployment of the Capability in 2021, which will be supported by US Marine Corps F-35B embarked in HMS QUEEN ELIZABETH. The Department has agreed to pursue a high level of interoperability with its allies, which will maximise the flexibility of the Carriers in line with the Strategic Defence Review 2015 stated objective of 'International by design'.

2: PAC conclusion: ***Changes in the naval fleet and the availability of other vessels at particular times may limit how the carriers can be used.***

2: PAC recommendation: ***In the event of unforeseen events in the manufacture of the Type 26 frigates creating a capability gap, the Department should write to the Committee setting out how it will manage the impacts.***

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: December 2027

2.2 If unforeseen events in the Type 26 programme create a capability gap, the Department will write to the Committee as requested. At all times, the availability of accompanying naval warships and support vessels are considered in the ambition and scope of planned deployments.

3: PAC conclusion: ***There are a number of technical issues with the jets, which may delay operation of Carrier Strike.***

3: PAC recommendation: ***The Department should set out how it plans to maintain its influence on the US Lightning II programme after 2019, for the purposes of ensuring that the jets purchased fully meet UK needs.***

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

3.2 Although the UK loses its status as the only level 1 Partner after the System Design and Development (SDD) phase (2019), the UK remains the non-US partner with the greatest demand for F-35 (currently planned at 138). Whilst the UK's official vote in F-35 negotiations will reduce in line with the Composite Share Ratio to approx. 4.6%, the UK has developed strong relationships with US Services and has many common requirements – close to 90%.

3.3 The embedding of UK personnel in key Joint Programme Office (JPO) positions is already ensuring that UK expertise and experience of Performance Based Logistics is being carried forward into solutions for the Global Support Solution. Equally, the embedding of an RAF officer in the USAF F-35 Integration Office ensures the UK has sight of USAF priorities and can align and influence requirements where necessary. Throughout SDD, the UK and US requirements have proven to be remarkably similar, except for the UK's need to integrate UK weapons. This is where the UK pays to be different. This will continue throughout Continuous Capability Development and Delivery (C2D2).

3.4 The first operational deployment for this capability in 2021 offers the opportunity for further integration with a key US Partner (USMC), thereby ensuring the UK's position as the partner of choice in future conflicts. In addition to this key influence can be maintained with timely and consistent appropriation of funds and investment in a strategically driven UK industrial base that can provide research and development with potential to support the broader F-35 programme.

4: PAC conclusion: ***There is uncertainty over some support and operational costs, which are not fully included within current budgets.***

4: PAC recommendation: ***The Department must develop its estimate of the costs of supporting and operating Carrier Strike and we will expect more detailed estimates when we undertake a follow-up inquiry.***

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: December 2020

4.2 The cost estimates for use of the whole Carrier Strike capability are maturing coincident with the increasing experience of running both the Carriers and the aircraft. Specifically, the costs of running HMS QUEEN ELIZABETH (based upon practical experience in 2018 and 2019) will inform the 2020 annual budget cycle, noting also that HMS PRINCE OF WALES is scheduled to enter service by 2020. However, these initial trials and operational test periods are not fully representative of routine running operations and so the Department will further refine the cost estimate model over the coming years. The same applies to maintenance and spares usage. The Department is in the process of gathering more data from practical experience, in addition to analysing data from United States F-35 deployments, in order to further refine the costs of supporting the Carriers.

4.3 The Department routinely updates cost estimates for supporting and operating F-35B Lightning aircraft, based upon the F-35 Joint Programme Office annual cost estimate. These costs are incrementally approved and budgeted for on an annual basis, looking 10 years into the future. As the Global Support Solution for F-35 reaches maturity in the coming years, the Department will develop its estimate for whole life costs for the aircraft.

Fifteenth Report of Session 2017-19

Ministry of Justice

Offender monitoring tags

Introduction from the Committee

Electronic monitoring allows the police, courts or probation services to monitor an offender's location and their compliance with home curfews. In 2011, the Ministry of Justice launched a programme to develop a new world-leading ankle tag, employing GPS technology to be used by all tagged offenders. The programme was intended to reduce the cost of tagging and provide wider operational benefits and more sentencing options for courts. The new tags were originally due to be rolled out from November 2013. Owing to a series of delays, the new tags are now expected to be rolled-out from early 2019, more than five years late. The Ministry has so far spent over £60 million on the programme, including £7.7 million (plus VAT) of losses which cannot be recovered, yet it still relies on the same form of tagging technology that was commercially available when the programme first started.

Relevant reports

- NAO report: The new generation electronic monitoring programme – Session 2017-19 (HC 242)
- PAC report: Offender monitoring tags - Session 2017-19 (HC 458)
- Treasury Minutes: March 2018 (Cm 9596)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- Treasury Minute Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP 70), 5 recommendations have been implemented, 1 recommendation remained work in progress which is now implemented as set out below.

3: PAC conclusion: ***The Committee is deeply concerned that, despite the programme already running five years late, further delays are now expected.***

3: PAC recommendation: ***The Ministry should, by the end of March 2018, write to the Committee with a full breakdown of the timetable for the programme, and write to us with details of any further slippage as the programme progresses.***

3.1 The Government agreed with the Committee's recommendation.

Recommendation Implemented

3.2 The Department advised the Committee in March 2018 that it would write in July 2018 and this was completed. At that time contracts with suppliers were in negotiation and were being reset, but had not been signed.

3.3 As the Department set out in its response in July, it intended to start rolling out location monitoring capability at the end of 2018, and can confirm that this happened to time with national rollout for post custody cohorts completed by April 2019. This capability was extended to all cohorts nationally by 29th September 2019. The Programme will keep HM Treasury and the Committee updated on progress with outstanding items.

Sixteenth Report of Session 2017-19

HM Treasury

Government borrowing and the Whole of Government Accounts

Introduction from the Committee

Government's annual spending has exceeded its income for the last 15 years. To fund the deficit, the Government borrows by issuing government bonds, known as gilts, through the UK Debt Management Office (DMO) to large investors in the capital markets, or by encouraging savers to invest in National Savings & Investment (NS&I) retail products such as Premium Bonds. The Government has a significant amount of debt outstanding from financing past annual deficits and it has targets to reduce levels of borrowing and debt by 2020−21. Public sector net debt (PSND), the Government's preferred measure for reporting on the public finances, was around £1.7 trillion at March 2017.

By comparison, the latest Whole of Government Accounts (WGA), which provides a financial reporting view of the public finances, reports that total debt from borrowing was £1.3 trillion at March 2016: around £47,000 for each UK household. Interest on debt cost government £222 billion in the period 2009−10 to 2015−16. As the Government's economic and finance ministry, HM Treasury has overall responsibility for government's financial strategy and fiscal policy. The Treasury published WGA 2015−16 in July 2017, 16 months after the financial year end.

Relevant reports

- NAO report: *Whole of Government Accounts 2015-16* - Session 2017-19 (HC 254)
- NAO report: *Evaluating the government balance sheet: borrowing* - Session 2017-19 (HC 526)
- PAC report: *Government borrowing and the Whole of Government Accounts* – Session 2017-19 (HC 463)
- Treasury Minutes: March 2018 (Cm 9596)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- Treasury Minutes Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP 70), 4 recommendations have been implemented and the Department disagreed with 1 recommendation. 1 recommendation remained work in progress and is now implemented as set out below.

4: PAC conclusion: *The Treasury has made progress in improving the WGA but the time it takes to produce, and the limited information included in some areas, continue to restrict its use as a tool for decision-making and accountability.*

4: PAC recommendation: *By March 2018, the Treasury needs to set out its plans and timetable for producing the WGA more quickly after the year end, and for improving the disclosures, as recommended by the previous Committee.*

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

4.2 The Department is committed to quicker publication and improved disclosures. The Department published the 2017-18 WGA in May 2019. This allowed the Parliamentary Accounts Committee to hold a session on the account prior to the summer recess. The current target is to publish WGA within one year of the end date to which the accounts relate. However, WGA remains a highly complex undertaking, consolidating several thousand entities across the entire UK public sector.

4.3 The original proposal was to publish the 18-19 WGA by March 2020. Due to delays with obtaining Local Authority data and work designing the new IT system, this is unfortunately now no longer possible. The Department now aims to publish the 18-19 account before the end of May 2020.

4.4 To ensure we continue to make progress on timeliness, the Department is engaging with stakeholders to improve the timeliness of Local Authority data and undertaking significant investment in new IT systems to improve financial management across government with WGA integrated into these from inception. This will address the main cause of the delay to the 2018-19 WGA and provide a buffer against delays in future years. The Department hopes to be able to publish the 2019-20 WGA in March 2021.

4.5 The longer-term aspiration is to publish WGA by the end of the calendar year. However, as set out in evidence to the Committee at its hearing in June 2019, this will require more fundamental changes to underlying processes. It will also require careful consideration of trade-offs between timeliness, depth of analysis, quality of information and costs of production.

4.6 The Department has improved disclosures in each WGA and continues to do so. For example, the 2017-18 WGA included information on the maturity profile of significant liabilities, and summary pages that provide a quick overview of the key messages. For 2018-19, the Department intends to include further information on pensions, EU exit and the process for preparing WGA. The Treasury will continue to look to include relevant information from other sources, including Country and Regional analysis, and Public Expenditure Statistics.

Seventeenth Report of Session 2017-19

Department for Education

Retaining and developing the teaching workforce

Introduction from the Committee

At November 2016, some 457,300 teachers worked in state-funded schools in England. During the preceding year, 43,830 teachers (10.1% of the workforce) joined the workforce, including 24,120 newly qualified teachers and 14,200 qualified teachers returning to the state-funded sector. Over the same period, 42,830 teachers (9.9% of the workforce) left the workforce, including 7,760 who retired and 34,910 who left for reasons other than retirement. The school-age population has been growing, increasing the need for teachers. The number of pupils of primary and nursery age in state-funded schools increased by 598,000 (14.6%) in the six years to January 2017, and this larger number is now moving into secondary education. After a reduction between 2011 and 2015, the number of pupils of secondary school age has since begun to increase and is forecast to rise by 540,000 (19.4%) between 2017 and 2025.

The Department for Education is accountable for securing value for money from spending on education services. Schools spend around £21 billion a year on teaching staff, more than half of their total spending. The Department has a range of initiatives aimed at improving the quality of teachers, supporting the retention of teachers and ensuring that teachers are deployed where they are needed most. The Department spent £35.7 million on these activities in 2016–17.

Relevant reports

- NAO report: *Retaining and developing the teaching workforce* – Session 2017-19 (HC 307)
- PAC report: *Retaining and developing the teaching workforce* – Session 2017-19 (HC 460)
- Treasury Minutes: March 2018 (Cm 9596)
- Treasury Minutes Progress Report: July 2018 (Cm 9668)
- Treasury Minutes Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 9 recommendations in this report. As of the last Treasury Minute (CP 70), 6 recommendations have been implemented. 3 recommendations remain work in progress, as set out below.

3: PAC conclusion: *Schools are struggling to recruit teachers of the right quality, particularly in some subjects and some parts of the country.*

3c: PAC recommendation: *The Department should help schools more to recruit teachers of the right quality. In particular, it should work with the school's sector to share good practice in implementing flexible working to help attract former teachers to return to the profession.*

3.1 The Government agreed with the Committee's recommendation.

Target implementation date: June 2020

3.2 The Department is committed to promoting flexible working in schools. It is developing a flexible working support package, including resources to support schools to implement flexible working. It has recently published the first set of resources, which includes a document illustrating the benefits of flexible working, case studies of schools that have embraced flexible working, and a video of a school sharing their experience of implementing a co-headship job share. Alongside this, the Department also plans to launch a group of Flexible Working Ambassador Schools, which will champion flexible working and share successful practice. The Department is also developing digital solutions to enable more teachers to access flexible teaching and leadership jobs, including through job sharing.

3.3 The Department is improving the evidence base through an independent research project. This has included a survey of teachers and leaders nationwide, which provided new information on the proportion and types of existing flexible working in schools, attitudes towards flexible working, and the reported benefits and challenges for schools and individuals. These findings are informing the design and development of support for schools. A subsequent phase of the research involved a pilot in which a small number of schools were supported to develop flexible working. This will provide practical evidence on how schools can be supported to address barriers successfully. The final report will be published in early 2020 and the findings communicated to other schools.

3.4 The *Education Technology (EdTech) strategy*, published in April 2019, announced a series of EdTech challenges that aim to support the development, testing and scaling of effective technology for the education sector. As part of this, the Department has launched an 'innovation fund competition' with its delivery partner, NESTA, to support industry to build timetabling products that empower leaders to support flexible working practices.

4: PAC conclusion: ***The Committee is concerned that the cost of living, in particular housing costs, is making it difficult to recruit and retain teachers in some parts of the country.***

4: PAC recommendation: ***The Department should set out how it will take account of the housing requirements for teachers, particularly in high-cost areas, in order to support recruitment and retention. It should take a more strategic role, particularly as this is an issue that goes across Whitehall, when considering initiatives to support teachers to ensure that funding for these has a real impact.***

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: September 2021
Original implementation date: September 2019

4.2 The Department knows that housing can be an issue for teachers in areas of short supply. The Department is exploring whether there is demand from teachers for new homes on surplus school land through an ongoing pilot being run through LocatED. Subject to the findings of the pilot, the Department will look to work with the Ministry of Housing, Communities and Local Government (MHCLG) to explore whether an extension of Permitted Development Rights is needed to speed up such developments.

4.3 Some teachers receive additional benefits from their employers, such as help with childcare, transport season ticket loans, and discounted gym membership. In the Teacher Recruitment and Retention Strategy, the Department said it wanted to see these benefits become more widespread, and to see greater innovation in how teachers are supported. The Department will be working with schools, multi-academy trusts, and local authorities in challenging areas, to explore options to develop attractive "local offer" packages to increase teacher recruitment and retention locally.

5: PAC conclusion: ***The Department could not explain why the quality of teaching varies so much across the country, and what action it would take to improve quality in the Midlands and the North of England in particular.***

5: PAC recommendation: ***The Department should conduct more work to understand why there are regional differences in teaching quality (for example by engaging more with school leaders in those regions where quality could be most improved) and, in light of its findings, set out how it proposes to improve the quality of teaching in the Midlands and the North of England specifically.***

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: September 2021
Original implementation date: December 2020

5.2 The Department delivers a range of activity to improve the quality of teaching in schools in the Midlands and North of England. Opportunity North East is a three year programme, with a £24 million investment, to support schools recruit, retain and develop great teachers and leaders. The Opportunity Area programme provides support and investment to 12 areas of the country to tackle regional inequalities – seven of these are in the North and the West Midlands.

5.3 The Early Career Framework (ECF) will underpin an entitlement to a funded, two year structured support package for early career teachers, linked to the best available research evidence. There will be an early roll-out of the ECF from September 2020 in Bradford, Doncaster, and Greater Manchester thanks to the £42 million Teacher Development Premium. It will be rolled out in the North East with an investment of up to £12 million as part of Opportunity North East. The early roll-out will mean delivering a funded, high-quality package of support to almost 2,500 early career teachers.

5.4 The Department is investing £20 million in scholarships to drive take-up of reformed National Professional Qualifications (NPQs) in the most challenging areas, including the North East, Bradford, Doncaster, and Greater Manchester.

5.5 The Strategic School Improvement Fund (SSIF), to improve school performance and pupil attainment (including professional development for teachers), is providing support and investment to schools. Over half of the fund's projects are in the Midlands or North of England, with a total value of £34 million.

5.6 The Maths Hubs programme, to raise the standard of maths education, provides significant support and investment, providing £8 million specifically for the North of England. The English Hubs programme, to raise the standard of English education, includes £6.6 million for ten hubs in the North of England and £5.5 million for eight hubs that cover the Midlands.

Twenty-First Report of Session 2017-19

Department for Business, Energy and Industrial Strategy

Nuclear Decommissioning Authority's Magnox contract

Introduction from the Committee

Between 2012 and 2014, the Nuclear Decommissioning Authority (NDA) ran a procurement exercise for services to decommission 12 sites: two nuclear research sites and 10 Magnox sites. The NDA awarded the 14-year contract to Cavendish Fluor Partnership (CFP). It was then taken to court after Energy Solutions, part of a consortium that bid for the contract but lost, lodged legal claims. After nearly two years of litigation, the High Court ruled that the NDA had wrongly decided the outcome of the procurement process, and the NDA settled legal claims of nearly £100 million.

While defending the legal claims, the NDA was going through a process of consolidation with CFP - a truing up between what the contractor was told to expect at the 12 sites and what it actually found on taking over responsibility for the sites. Under the contract consolidation had to be concluded within 12 months, but this timeline was extended by the parties and remained unresolved for over two and a half years. During this time, the expected costs of decommissioning the sites increased from £3.8 billion as per CFP's winning bid in 2014 to £6.0 billion in 2017. In March 2017, the NDA decided to terminate the contract with CFP nine years early because there was a "significant mismatch" between the work it specified in the contract and the actual work that needed to be carried out on the sites. The Government has commissioned an independent inquiry into these events which is expected to report its findings in early 2018.

Relevant reports

- NAO report: *The Nuclear Decommissioning Authority's Magnox Contract* – Session 2017-19 (HC 408)
- PAC report: *The Nuclear Decommissioning Authority's Magnox Contract* - Session 2017-19(HC 461)
- *Treasury Minutes: May 2018* (Cm 9618)
- *Treasury Minutes Progress Report: March 2019* (CP 70)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute Progress Report (CP 70) 1 of these had been implemented and 5 remained work in progress. One of these has been implemented, as set out below.

1: PAC conclusion: ***The Nuclear Decommissioning Authority designed, and HM Treasury and the Department for Business, Energy & Industrial Strategy approved, an overly complex and opaque procurement process.***

1: PAC recommendation: ***The Cabinet Office, NDA and the Department should each set out how they have changed advice and guidance, as a result of the lessons from the Magnox procurement, on how best to evaluate bids to ensure that future procurements are fair, transparent and open to effective scrutiny.***

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2020
Original implementation date: Spring 2019

1.2 At the time of writing, the independent inquiry into the Magnox contract has yet to publish its full findings and recommendations. The Magnox Inquiry was delayed by a judicial review process that only completed in Dec 2019 and has, therefore, not yet delivered its report.)–However, the Government will provide details to the Committee of the improvements made to advice and guidance for future procurement activity. These improvements are based on recommendations made in the *Magnox Inquiry Interim Report*, published in October 2017, which set out some immediate recommendations for the way in which any future NDA procurement should be run. These recommendations were fully accepted by the NDA and included ensuring less complexity in competition rules, making sure that information provided to bidders is as complete as possible, and to fully test competition rules before they go live.

1.3 As set out in the *April 2019 letter from the Department*, once the findings of the *Magnox Inquiry Final Report* have been published, the NDA and wider Government will ensure that future procurement methodology is improved further and advice is updated, to ensure the mistakes made in awarding the Magnox procurement failure are not repeated. Progress on changes to advice and guidance by the NDA and the Department will be included as part of the planned report on implementation of the findings of the independent Magnox Inquiry.

3: PAC conclusion: ***The NDA dramatically under-estimated the scale and cost of decommissioning the Magnox sites, which ultimately led to the early termination of the contract.***

3: PAC recommendation: ***To address the Committee's concerns about NDA's oversight of taxpayer's money on existing and future contracts, the NDA should set out clearly to the Committee how it will develop and maintain the right information on the state of its sites. It should do so within 6 months of the publication of the Government's Independent Inquiry.***

3.1 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2020
Original implementation date: Spring 2019

3.2 As noted above, the independent inquiry into the Magnox Contract has yet to publish its findings as of the time of writing (the Magnox Inquiry is currently delayed by judicial review and has not delivered its report) –To be able to account for the recommendations within it, the target implementation date for this recommendation has been amended to Summer 2020, in anticipation of publication of the report in Autumn 2019. This will be reviewed in line with the actual publication date.

4: PAC conclusion: ***The NDA did not have sufficient capability to manage the procurement or the complex process of resolving differences between what the contractor was told to expect on the sites and what it actually found.***

4: PAC recommendation: ***In 12 months, the NDA should report back to the Committee on its work to improve the skills and expertise of its executive team and operational staff; and, in conjunction with the Department, work to ensure the NDA Board has the right combination of expertise.***

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

4.2 The NDA reported to the Committee in March 2019 to inform them of the progress that has been made to increase the skill level and expertise of the NDA executive team and operational staff.

4.3 The NDA has created four new executive roles to strengthen commercial, legal, nuclear operations and business integration expertise. The new roles and changes to executive responsibilities are removing overlaps, providing clarity and bringing additional nuclear industry and safety performance expertise into the NDA Executive team. The Department has also authorised an increase in the NDA's administrative budget to allow an increase of approximately 30 staff to enhance the NDA's capability and capacity.

4.4 Magnox sites will be decommissioned in a different way, with the NDA directly owning the Magnox subsidiary and without a single overarching contract with a single contractor. The Magnox subsidiary's management will be strengthened and have better aligned incentives. In particular, the process of resolving differences between planned decommissioning and what is actually found on the ground will be simplified with the removal of a complex contractual interface.

4.5 In addition to appointing a non-executive UKGI member to the board, which has strengthened governance and performance oversight, independent advisers with relevant skills have been recruited onto NDA Board Committees. Additional work to strengthen the NDA Board is ongoing and updates will be provided to the committee.

5: PAC conclusion: ***The Department's oversight, through UKGI, failed to challenge and escalate issues as they emerged or to ensure that appropriate governance was in place at the NDA.***

5: PAC recommendation: ***The Department should report back to the Committee by July 2018 on its work to review and strengthen its oversight of the NDA, ensuring it addresses the issue of having appropriate procurement and contracting expertise.***

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2020
Original implementation date: Spring 2019

5.2 The Department wrote to the Committee in August 2018 and again in May 2019, setting out the actions it has taken thus far to review and strengthen the oversight of the NDA by the Department. Further actions may be taken following the conclusion of the Tailored Review.

6: PAC conclusion: ***The catalogue of failures throughout the Magnox contract highlights key lessons to be learned by both the NDA and central Government.***

6: PAC recommendation: ***Within 6 months of its publication, the NDA and the Department should submit a report to the Committee on what progress they have made on implementing the recommendations of the Independent Inquiry.***

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2020
Original implementation date: Spring 2019

6.2 The NDA and the Department will fully embed any new learning and recommendations from the Magnox Inquiry Final Report and the Committee's report into the Department and NDA's wider improvement programme. The Department and the NDA will submit a report to the Committee, detailing the progress they have made on implementing the recommendations from the Magnox Inquiry Final Report within six months of its publication. As the report has not yet been published, the target implementation date has been amended.

Twenty-Second Report of Session 2017-19

Department for Education

Monitoring, inspection and funding of Learndirect Ltd.

Introduction from the Committee

Learndirect Ltd is the UK's largest commercial further education provider, engaging with around 75,000 learners each year. Most of its funding comes from the Education and Skills Funding Agency (ESFA), but it also has contracts with several other Government bodies, for which it is sometimes the sole supplier. In the 2016–17 academic year, the company received £121 million from all of its central Government contracts, of which £106 million (88%) was from ESFA. Ofsted planned to inspect Learndirect Ltd in November 2016, but agreed to defer the inspection because the company was negotiating the sale of its apprenticeships business, a sale which did not ultimately take place, despite there being widespread concern about Learndirect Ltd's performance.

Ofsted finally carried out its inspection in March 2017, the same time that ESFA issued the company with a notice of serious breach of contract for falling below expected levels of service, and rated the company's overall effectiveness as 'inadequate'. Learndirect Ltd made a formal complaint about the timing and conduct of the inspection, followed by a legal challenge. These steps were unsuccessful, but they delayed the publication of Ofsted's report until mid-August 2017. The Government bodies contracting with Learndirect Ltd have since had to make decisions about their ongoing dealings with the company. ESFA decided to continue funding Learndirect Ltd through to July 2018, and it is possible that the company may retain some Government contracts beyond that date.

Relevant reports

- NAO report: *Investigation into the monitoring, inspection and funding of Learndirect Ltd* - Session 2017-19 (HC 646)
- PAC report: *The monitoring, inspection and funding of Learndirect* - Session 2017-19 (HC 875)
- Treasury Minutes: May 2018 (Cm 9618)
- Treasury Minute Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (CP 70) 2 recommendations had been implemented and 3 recommendations remained work in progress, 1 of which has now been implemented, as set out below.

1: PAC conclusion: *Learndirect Ltd has received hundreds of millions of pounds of public money, while neglecting its learners in pursuit of profit and frustrating the Ofsted inspection regime with delaying tactics and spurious legal action.*

1: PAC recommendation: *The Government should learn the lessons from the failure of Learndirect Ltd, in particular concerning the need to understand how many Government contracts a company holds at a given time and how well it is performing against each of those contracts.*

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2020

1.2 The Government recognises the need to understand better its contractual relationship with suppliers and is taking a number of steps to improve this information. This is being led by the

Government Commercial Function (GCF), the cross-Government network of commercial professionals. The GCF is developing a tool which will provide departments with spend and contract data on suppliers across central Government.

1.3 Furthermore, the GCF is focused on increasing the commercial capabilities of the civil service, making significant savings for the taxpayer and delivering improved public services. The GCF has assessed over 1,000 senior commercial professionals across central Government to analyse skill gaps and upskill staff where necessary through its Assessment and Development Centre. Assessment is against the People Standards for Commercials Professionals with focus on Leader and Judgement, Commercial Acumen and technical expertise. This initiative is currently being expanded to contract managers and rolled out to Arm's Length Bodies (ALBs). Improved commercial capability will enable the Government to have a better understanding of Government contracts and supplier relationships. This assessment leads to an accreditation status for commercial people.

1.4 The Department continues to introduce a number of changes to its commercial operating model to improve visibility and commercial oversight of contracts and suppliers with all commercial activity being delivered by professionally skilled Commercial Category Teams. It has worked with the GCF to develop a Contract Management Model detailing the activities required for effective contract management and the role of the commercial function to provide oversight of "Gold" and "Silver" contracts with accredited individuals at the GCF. In addition, a Contract Management Centre of Excellence is being established to provide best-practice guidance, tools and advice to contract managers. The Department is collating supplier and contract information on a central database, so that suppliers with multiple contracts can be targeted for regular review.

1.5 The Department will introduce a performance management module to its contract management system in March 2020 to enable performance information for "Gold" and "Silver" contracts to be recorded directly by contract managers and aggregated at supplier level.

2: PAC conclusion: ***Having awarded Learndirect Ltd several vital contracts for a variety of public services, the Government was then restricted in its ability to take decisive action when the company's apprenticeships provision began to fail.***

2: PAC recommendation: ***The Department for Education and other Government bodies should develop a framework for identifying any risk that a commercial provider becomes so large and essential to the delivery of public services that it cannot be allowed to fail, or requires special treatment if it begins to do so. The Cabinet Office should report back to the Committee on progress with developing that framework by the end of December 2018, and the Department for Education should do so separately by the start of the next academic year.***

2.1 The Government agreed with the Committee's recommendation

Target implementation date: April 2020
Original implementation date: September 2019

2.2 The Government has taken steps to identify and monitor large and essential suppliers across Government. The Cabinet Office monitors strategic suppliers through a network of Crown Representatives and the Strategic Partnering Programme.

2.3 The Cabinet Office is working with central government departments to improve capability in the management of critical and strategic suppliers. It has developed, with departments and a number of industry experts, a best practice guide and toolkit for departmental Strategic Supplier Relationship Management (SSRM). The Cabinet Office recognises the need to develop a comprehensive risk framework for large and essential suppliers and in its letter to the Committee of 21 December 2018 explained the framework that was in place and the steps being taken to bolster it.

2.4 The Department is developing the necessary tools to identify and manage supplier performance. This includes a pipeline of procurement activity and a central data repository of all contracts and grants held with third parties. The central data repository went live in June 2019 and additional functionality will be added to maximise its capability by March 2020.

2.5 The Commercial Assurance team in the Department is now in place and currently developing an assurance programme. The programme will be based on the commercial risk profile of the Department as well as the requirements driven by legislative and policy compliance. The SSRM programme is being rolled out, focussing on six strategic suppliers to the Department with support from Government Commercial Function and dedicated skilled consultancy. Lessons learned from this will be taken forward to roll out our SSRM programme in 2020.

2.6 The Department's work to monitor the financial health of capital suppliers (construction firms delivering school building works for the Department) has been recognised as an exemplar by Cabinet Office. This work will be expanded to include other high risk/high impact suppliers. The Department will utilise *Outsourcing Playbook* guidance and implement resolution planning within complex, outsourcing contracts for critical services.

3: PAC conclusion: ***Learndirect Ltd charges unusually high management fees to its subcontractors, which means that a large amount of funding is not available to be spent on teaching and learning.***

3: PAC recommendation: ***ESFA should formally publish, in time for the next academic year, its expectations about the services that should be offered to subcontractors, and the associated management fees that are reasonable.***

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

3.2 ESFA published a statement of expectations – *Subcontracting: using funds to offer education and training* in July 2019. It also published updated Funding Rules for the 2019 to 2020 funding year. Providers are contractually required to comply with these new Rules, enhancing the extensive subcontracting controls already in place, and ESFA will continue to monitor compliance through existing audit and assurance arrangements. These changes require providers to provide full transparency about the services they carry out when subcontracting, and the associated costs of each service they provide.

Twenty-Fourth Report of Session 2017-19

Department of Health and Social Care

Care Quality Commission: regulating health and social care

Introduction from the Committee

The Care Quality Commission (the Commission) is the independent regulator of health and adult social care in England and has two main purposes: to make sure health and social care services provide people with safe, effective, compassionate, high-quality care; and to encourage providers to improve the quality of care. It is accountable to Parliament and sponsored by the Department of Health and Social Care (the Department). The Commission regulates providers across three sectors: hospitals, adult social care, and primary medical services. It registers, monitors and inspects providers, and publishes its assessments and provider ratings. The Commission can also take enforcement action when care falls below fundamental standards.

The Committee of Public Accounts has reported twice before on the Commission, in 2012 and 2015. In 2012, the Committee raised serious concerns about the Commission's governance, leadership and culture. In 2015, it reported that the Commission had made substantial progress since 2012, but there remained issues with: staffing levels; the accuracy and timeliness of inspection reports; its capacity to take on new responsibilities; and how it measured its own performance. The Commission has since introduced a new five-year strategy, which includes a move to a more intelligence-driven regulatory approach. The Commission's funding is set to reduce by 13% between 2015-16 and 2019-20.

Relevant reports

- NAO report: *Care Quality Commission regulating health and social care* - Session 2017-19 (HC 409)
- PAC report: *Care Quality Commission: regulating health and social care*– Session 2017-19 (HC 465)
- Treasury Minutes: May 2018 (Cm 9618)
- Treasury Minutes Progress Review (CP 70)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP 70), 1 recommendation had been implemented and 5 remained work in progress. Four of these are now implemented and 1 remains work in progress as set out below.

2: PAC conclusion: *The Commission's hospital inspection reports are not published quickly enough after an inspection to allow the public to make informed and timely choices about their care.*

2: PAC recommendation: *The Commission should make sure findings from hospital inspections are available to the public as soon as possible. It should write to the Committee in April 2019 with an update on its performance. This should include whether it has achieved the commitment it made on publishing at least 50% of hospital reports within its timeliness target by 2018–19 and how it has balanced this with maintaining the quality of reports. The Commission should also work with NHS England and NHS Improvement to ensure that trusts routinely publish the post-inspection letter from the Commission, thus ensuring the public has access to this information.*

2.1. The Government agreed with the Committee's recommendation.

Recommendation implemented

2.2. The CQC wrote to the committee in April 2019 highlighting the "significant progress" on the timeliness of publishing CQC reports.

2.3. The CQC have made significant progress on timeliness of their reports through an on-going quality improvement programme. Publication timeliness for Hospitals continues to show a vast improvement, with performance for inspections with two core services or less improving from 32% in May to 67% for November. At larger services, i.e. those looking at three or more core services performance has improved from 44% in April through to 75% in October. Year to date (December 2018), 54% of all reports have been published within their respective timescales. The CQC prioritise responding to risk based inspections over routine inspection, and as an organisation are making make more use of unannounced inspections focused on the areas where their insight suggests risk is greatest.

2.4. Post inspection letters have been reintroduced for hospitals inspections and have been implemented from January 2019. The CQC encourage and expect trust Boards to discuss the findings of their inspection at their next public board meeting. While the CQC cannot force trusts to publish their post-inspection letters, in cases where their final report is not available, the CQC would expect trusts to use the post inspection feedback letter to facilitate these discussions at their next public board meeting.

3: PAC conclusion: ***The Commission's regulation of GP practices is vital in highlighting poor care, although GPs continue to have concerns about the value provided by the Commission's regulation.***

3: PAC recommendation: ***Without compromising the robustness of its regulation, the Commission should set out in its Treasury Minute response how it will ensure the regulatory burden on GPs is proportionate and that patients can be well informed about GP performance.***

3.1. The Government agreed with the Committee's recommendation.

Recommendation implemented

3.2. The CQC have set out a strategy to introduce a more targeted and proportionate approach to the regulation of general practice. This will include a maximum five-year interval for the inspection of good and outstanding practices, using intelligence in a more proactive way to identify potential change in the quality of care.

3.3. On 1 April 2019 the CQC streamlined the approach to collecting information from practices rated good or outstanding in order to target its inspection activity on services where the quality of care is changing. The CQC has commenced a formal process of evaluating these approaches, gathering feedback from providers until April 2020 to allow for a full year comparison. So far, feedback has been positive.

3.4. In December 2018, the CQC introduced a shorter inspection report focusing on a summary of key findings with a supporting table of the evidence to backs up the judgement or rating, reducing time practices have to spend on reviewing their draft reports. It will also provide the public with a simple summary of the performance of the practice and the rating. During the CQC's testing of the draft report it received overwhelming support from the profession, public and inspectors.

3.5. The CQC have committed to ensuring their approach to registration is appropriately risk-based and have developed and tested a set of risk-based registration criteria. The CQC have streamlined the registration process and testing has demonstrated a reduction in the time taken to process the change from a week to days.

4: PAC conclusion: The Committee is concerned that the Commission will not have enough inspection staff if its key planning assumptions do not hold, including that the quality of care services does not deteriorate.

4: PAC recommendation: ***When the Commission writes to the Committee in April 2019, it should include an update on whether changes in the external environment are affecting its staffing assumptions and how it is managing these changes. The update should include the impact of any changes on its planned cost reductions and on its ability to meet its inspection programme.***

4.1. The Government agreed with the Committees recommendation.

Recommendation implemented

4.2. The CQC wrote to the committee in April 2019 including an update on the CQC's staffing assumptions.

4.3. Since the evidence session in December 2017, the CQC undertook stress testing of assumptions as part of their business planning for 2018-19, it stress tested plans for 2019-20 in January 2019. To support its planning the CQC developed a forecasting tool that uses activity data to test its commitments and resources. This will be used to support decision making about how the CQC prioritise resources to respond to specific risks.

4.4. CQC has commenced business planning for 20-21 and will stress test the plan to ensure it is achievable within the current resource envelope and where it isn't, ensure they have appropriate mitigations in place.

4.5. The CQC have commenced pilot projects exploring resource efficiencies in local areas and teams, gathering evidence on what works.

4.6. In September 2019 at the CQC Board meeting, it was presented that PMS and Hospitals Directorates continue to achieve over 90% of inspections undertaken in line with CQC commitments, with PMS achieving 100% against all return to ratings. There has been a notable improvement in ASC performance against the return to rating KPI. Inadequate and Requires Improvement inspections continue to be delivered within KPI and return to good show 85% being inspected within KPI. Vacancy rates in CQC Inspection Directorates remain below the target rate of 5%, and for inspectors this was 0.8% in September 2019.

5: PAC conclusion: ***The Commission's ambition for a more intelligence-driven regulatory approach, including reducing the frequency and depth of its inspections, is heavily dependent on improving its information systems.***

5: PAC recommendation: ***The Commission should ensure that its digital and information collection infrastructure is in place and working as expected before fully extending the inspection periods in its frequency-based inspection regime planned for 2019–20.***

5.1. The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: Spring 2019

5.2. CQC have reviewed their programme for digital development and will improve the existing systems for Adult Social Care (ASC). They changed the ASC Provider Information Return (PIR) from a pre-inspection information request to an annual one in August 2019. In the future this will support decisions on whether the CQC need to inspect in addition to supporting the planning of inspections already scheduled, as it does today, improving their understanding of provider risk. This includes improved questions, making them simpler and more intuitive for providers, based on user research that CQC undertook.

5.3. They introduced an interim approach to capture consistent information from GP's in April 2019 which they are now evaluating to determine how this should develop.

5.4. CQC are launching a new digital service in November 2019 to receive feedback about experiences of health and care services. The Government Digital Service approved this approach. Feedback about care through the new service is expected before the end of the year. Early testing has been successful.

5.5. CQC are exploring using data in a decision-support system to support inspector's decision-making. The testing will complete in November 2019.

5.6. CQC's data strategy was completed in September 2019 and it is now planning a data audit to determine where they need to focus on improving data quality. They are also planning an assessment of their existing data architecture. This work will enable more effective data sharing externally. The data strategy will be tested through Q3 2019.

6: PAC conclusion: ***The Commission has more work to do to ensure it has the wide range of intelligence it needs to identify early warning signs of poor care.***

6: PAC recommendation: ***The Commission should set out in its Treasury Minute response how it intends to strengthen local relationships and the information it collects including how it will: work with NHS England to ensure clinical commissioning groups are sharing intelligence on local services; reduce the variation in relationships with local Healthwatch organisations; and ensure that whistle blowers feel confident to contact the Commission with any concerns they have.***

6.1. The Government agreed with the Committee's recommendation.

Recommendation implemented

6.2. The CQC updated the NHS Trust and Mental Health handbooks for providers and inspectors reflecting tools and guidance to support engagement. The Independent healthcare inspector's handbook and provider handbook were updated to reflect Trust revisions. CQC updated its GP handbook and primary care dental services handbook in April 2019 to include tools and guidance to support engagement.

6.3. In December 2018, the CQC updated whistleblowing policies and procedures, reflecting best practice.

6.4. In 2018, there was a total number of 8,698 Qualified Whistleblowing Enquiries, and 584 of these either triggered a responsive review or bought forward a review that was planned. Additionally, in 1,917 of the cases, the enquiry was referred to another body (the CQC are not always the right organisation to take forward an enquiry).

6.5. CQC built a new digital platform to be used to raise concerns with CQC. This has passed its Government Digital Service beta assessment and the completion rate has improved from 10% (with the previous 'share your experience' form) to 40% (with the new 'give feedback on your care' form).

6.6. CQC participates in Quality Surveillance Groups, including Clinical Commissioning Groups, local authorities, local Healthwatch, NHS England, NHS Improvement, Public Health England and Health Education England, at a local and regional level to ensure information is shared about services. At a regional level, they also include the GMC and NMC. This is a continuation of CQC approach to manage relationships, particularly at a local level, improving consistency with local stakeholders.

Twenty-Fifth Report of Session 2017-19

Department Business, Energy and Industrial Strategy / UK Government Investments

The sale of the Green Investment Bank

Introduction from the Committee

The UK is committed to moving to a greener economy. As part of this, in 2012, the Government established the UK Green Investment Bank plc (GIB) to help address a lack of private investment in the green economy needed to meet the UK's climate change obligations. GIB was designed to provide public money to, and encourage private investment in, green infrastructure projects such as windfarms and waste and bioenergy projects. The Government set up GIB as a public company, with the Department for Business, Innovation and Skills – now the Department for Business, Energy and Industrial Strategy – as the sole shareholder.

In June 2015, the Government decided that it could not afford further public investment in GIB, and announced it was considering a sale and other means of bringing private capital into GIB. In March 2016, it launched a process to sell GIB. UK Government Investments (UKGI) ran the sale process. The Government sold GIB in August 2017 to a consortium led by the Australian banking group, Macquarie, for £1.6 billion.

Relevant reports

- NAO report: *The Green Investment Bank* - Session 2017-19 (HC 619)
- PAC report: *The sale of the Green Investment Bank* – Session 2017-19 (HC 468)
- Treasury Minutes: May 2018 (Cm 9618)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9618), 4 recommendations have been implemented and the Department disagreed with 1 recommendation. 1 recommendation remained work in progress, as set out below.

5: PAC conclusion: ***Without any legally binding commitments, Green Investment Group's (GIG) future impact on the UK's climate change goals is uncertain.***

5: PAC recommendation: ***The Department should, by 31 December 2020, write to the Committee with a detailed explanation of GIG's activities and performance in the UK, including: against the intentions Macquarie made to the Secretary of State in April 2017; its impact on the UK's climate change goals; and the effectiveness of the special share arrangements.***

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: December 2020

5.2 The Department will write to the Committee with its assessment of GIG's activities and performance in the UK by December 2020.

Twenty-Sixth Report of Session 2017-19

Ministry of Housing, Communities and Local Government

Governance and Departmental oversight of the Greater Cambridge Greater Peterborough Local Enterprise Partnership

Introduction from the Committee

Local Enterprise Partnerships (LEPs) are partnerships between local authorities and local businesses to support local economic growth, established in 2010. They have a key role to play in assisting in the delivery of many important government policies to support local economic growth. There are 38 LEPs in England, each intended to cover a functional economic area. Through the Local Growth Fund, the government has committed £12 billion to local areas between 2015 and 2021; £9.1 billion of this is through Growth Deals with LEPs. The Department relies on their National Assurance Framework for LEPs to ensure that money is spent appropriately. The Government also sees LEPs as key to its new industrial strategy.

Greater Cambridge Greater Peterborough Local Enterprise Partnership (GCGP LEP) consists of 15 separate local authorities and covers all of Cambridgeshire along with districts in Norfolk, Suffolk, Essex, Hertfordshire and Lincolnshire, plus the unitary authorities of Rutland and Peterborough. Concerns about the governance of GCGP LEP were raised locally in January 2017, and in March 2017 Mr Stephen Barclay MP raised these again in correspondence with the Comptroller and Auditor General. Foremost among Mr Barclay's concerns was that the Chair of GCGP LEP might have benefited from investment of public funds in GCGP LEP's area of operation.

After receiving Mr Barclay's concerns, the Department conducted a review of GCGP LEP. While this did not find evidence of misuse of public funds, the review did find that GCGP LEP's assurance framework did not comply with national standards and that GCGP LEP was unable to respond effectively to Mr Barclay's concerns. In March 2017, the Department withheld the release of money to GCGP LEP and then, in December 2017, GCGP LEP went into voluntary liquidation, following the Chair's resignation the previous month.

Relevant reports

- NAO report: *Investigation into the governance of Greater Cambridge Greater Peterborough Local Enterprise Partnership* – Session 2017-2019 (HC410)
- PAC report: *Governance and departmental oversight of Greater Cambridge Greater Peterborough Local Enterprise Partnership* – Session 2017-19 (HC 896)
- Treasury Minutes: May 2018 (Cm 9618)
- Treasury Minutes Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (CP 70), 4 were implemented and one remained work in progress and is now implemented as set out below.

1: PAC conclusion: ***Greater Cambridge Greater Peterborough Local Enterprise Partnership (GCGP LEP) did not comply with expected standards in public life, particularly in terms of accountability and transparency.***

1: PAC recommendation: ***The Department should implement the Mary Ney review recommendations in full with all possible speed. It should reiterate the obligations of LEP board members under the Nolan principles; set out ways by which LEPs can enhance their openness and be clear on the training in corporate governance that Chairs and Chief Executives of LEPs should receive.***

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

1.2 The Government accepted in full the findings of the *Non-Executive Director Review into Local Enterprise Partnership (LEP) governance and transparency* (the Mary Ney Review). The majority of the recommendations were implemented through the *LEP Governance and Transparency Best Practice Guidance,* published in January 2018, and the 'Annual Conversation' performance review guidance for 2017-18, which was provided to LEPs in December 2017.

1.3 The revised *National Local Growth Assurance Framework* (NLGAF), published in January 2019, incorporated all but one of the Mary Ney review recommendations. The revised NLGAF set out the obligations on LEP board members under the Nolan principles and clear standards for the ways in which LEPs can improve their openness. LEPs were required to be compliant with this Framework before the 2019-20 financial year.

1.4 The Government also responded to the remaining Mary Ney review recommendation to *'give some thought to what flexibility might be available to smooth funding allocations to LEPs over a longer period'*, through the confirmation to LEPs of the availability of core funding for two financial years (2018-19 and 2019-20), providing greater certainty over the longer term. The Government will continue to review the most appropriate way to fund LEPs in future.

1.5 In addition, the Government recognises the importance of ensuring that every person involved in a LEP is aware of good governance and transparency best practice. The NLGAF requires all LEPs to ensure that all Board Members and LEP Officers can access an induction and training programme.

1.6 In the Ministerial review of LEPs, *Strengthened Local Enterprise Partnerships,* the Government committed to offer an induction and training programme for LEP Board Members and Officers on working with Government. The Government commissioned the LEP Network to develop and manage the training and induction programme and invested £200,000 into the programme. A Memorandum of Understanding was signed in February 2019 between Government and the LEP Network to govern the programme, which is underpinned by quarterly checkpoint meetings. Furthermore, Government has worked with the LEP Network to refresh materials for LEP board members and officers which set out the Nolan Principles of Public Life, alongside board members' statutory and contractual responsibilities for financial and risk management.

1.7 The LEP Network has since piloted induction workshops aimed at increasing the level of understanding and skill of new board members and has engaged external experts including the Centre for Public Scrutiny. Following piloting and feedback from LEP Chairs, they are now moving to roll out a series of regionally based workshops so that induction is easily accessible to board members in all parts of the country.

Twenty-Seventh Report of Session 2017-19

Ministry of Justice

Government contracts for community rehabilitation companies

Introduction from the Committee

Probation services are designed to protect the public, reduce reoffending, supervise offenders in the community, oversee their rehabilitation and ensure that offenders understand the impact of their crimes on victims. In June 2014, the Ministry of Justice introduced its Transforming Rehabilitation reforms. It dissolved 35 self-governing probation trusts and created a public sector National Probation Service and 21 Community Rehabilitation Companies (CRCs). CRCs supervise offenders who present a low or medium risk of harm, while the National Probation Service manages offenders who present higher risks. In February 2015, the CRCs were transferred to eight, mainly private sector, suppliers working under contracts managed by HM Prison and Probation Service (HMPPS). But since then activity volumes types of rehabilitation work which CRCs are paid for under the contracts have been far lower than expected and are forecast to continue to fall.

Relevant reports

- NAO report: *Investigation into changes to Community Rehabilitation Company contracts* - Session 2017-19 (HC 676)
- PAC report: *Government contracts for Community Rehabilitation Companies* – Session 2017-19 (HC 897)
- Treasury Minutes: May 2018 (Cm 9618)
- Treasury Minute Progress Report: March 2019 (CP70)
- *Treasury Minutes*: July 2019 (CP 151)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP 151), 5 recommendations had been implemented and 1 recommendation remained work in progress. This has now been implemented as set out below.

3: PAC conclusion: *The Ministry has still not delivered on its commitment to ensure that the third sector can help improve rehabilitation services.*

3: PAC recommendation: *The Ministry should, by April 2018, publish a comprehensive analysis of the gaps in provision of rehabilitation services across all CRCs that could be addressed through greater involvement of the third sector. It should use future negotiations to seek commitments from CRCs to make greater use of the third sector.*

3.1 The Government agreed with the Committee's recommendation.

Recommendation Implemented

3.2 As stated in the last update, the Department does not intend to publish a gap analysis. The Department has, however, set out in detail to the Committee how it intends to better involve the voluntary sector in probation services in the Treasury Minute response to the *94 Report of Session 2017-19* published in July 2019.

Twenty-Eighth Report of Session 2017-19

Ministry of Defence

Ministry of Defence: acquisition and support of defence equipment

Introduction from the Committee

Non-competitive procurement of defence equipment
There can be valid reasons for the Department using a non-competitive approach to procurement, including national security considerations and because there is only one suitable supplier. However, in the absence of competition it is more difficult for the Department to be sure that it is paying the best possible price. In 2014, the Single Source Contract Regulations were introduced to increase transparency around contract costs. The Single Source Regulations Office was also established to make recommendations to the Secretary of State on the contract profit rates and to issue guidance on costs that can be claimed by suppliers.

Support arrangements and cannibalisation of navy equipment
The Royal Navy operates ships, submarines and helicopters to meet the United Kingdom's defence requirements. They are complex systems with many parts, requiring the Navy to have spares to be used either during scheduled maintenance or if the original parts break unexpectedly. DE&S puts in place support arrangements for equipment, but when parts are unavailable, the Department can authorise that parts are taken from other vessels, a longstanding process known as 'cannibalisation'.

Contingent liabilities
In negotiating contracts, the Department needs to identify any potential contingent liabilities. These are potential uncertain obligations that may arise if certain events happen. They are frequently indemnities built into contracts during negotiations that limit the liability of private sector firms, and require HM Government to cover the remaining costs. Because of the possible cost implications for the taxpayer, contingent liabilities require scrutiny by HM Treasury and Parliament. Departments must comply with long established procedures for notifying the Treasury and Parliament before entering into contracts containing contingent liabilities.

Relevant reports

- NAO report: *Improving value for money in non-competitive procurement of defence equipment* - Session 2017-19 (HC 412)
- NAO report: *Investigation into equipment cannibalisation in the Royal Navy* – Session 2017-19 (HC 525)
- PAC report: *Ministry of Defence: acquisition and support of defence equipment* Session 2017-19 (HC 724)
- *Treasury Minutes* : May 2018 (Cm 9618)
- *Treasury Minutes Progress Report* : March 2019 (CP 70)

Update to the Government response to the Committee

There were 12 recommendations in this report. As of the last Treasury Minute (CP 70), 6 recommendations have been implemented and the Department disagreed with 3 recommendations. 3 recommendations remained work in progress, as set out below.

1: PAC conclusion: ***The Department lacks a coherent approach to increasing competition in its equipment procurement and, as a consequence, is struggling to make progress in reducing the level of single source procurement.***

1: PAC recommendation: ***The Department needs to have a clear strategy for increasing competition which will see real savings materialise. The Committee is not pushing for competitive procurement on every occasion as it recognises that there can be valid reasons sometimes for why single source procurement may be appropriate. Nevertheless, the Committee look to the Department, frontline Commands and project teams to take a competitive approach where it is best, and to seek strategic opportunities to stimulate the market in order to reduce the number of occasions when it uses single source procurement.***

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2020
Original implementation date: October 2018

1.2 The Department's default procurement policy is to compete its requirements. There may however be valid reasons why single source procurement may sometimes be appropriate. Notwithstanding this the Department is taking initiatives which may impact favorably on the proportion of competitive procurement achieved in future.

1.3 As part of the current reform of the Approach to Investment Decisions (MAID) and Acquisition Transformation, the Department is aligning with the cross-government 3-stage approvals model, i.e. a Strategic Outline Case, an Outline Business Case and a Full Business Case.

1.4 The 3-stage approval process was launched in the summer of 2019. The Department is currently in a transitional period to ensure the effective and efficient procurement of investments already started, hence (here possible) the 3-stage process is currently being used. From April 2020, all investments choices (where appropriate) will follow the 3-stage model as a standard.

1.5 This new process is facilitating earlier engagement of senior officials between Department and HMT officials in all significant investment proposals, enabling earlier scrutiny and challenge to procurement strategies, including ensuring there is a rigorous justification of any proposal to pursue a single source procurement route.

2. PAC conclusion: ***There are still too many contracts outside the Single Source Contract Regulations and some suppliers are still failing to cooperate.***

2a: PAC recommendation: ***The Committee expects to see the Department meet its target of 100% of all eligible contracts brought within the regulations by 2019–20.***

2.1 The Government agrees the Committee's recommendation.

Target implementation date: March 2020

2.2 All new single source contracts are covered by the regulations unless they meet one of the criteria for exclusion or are specifically exempted by Secretary of State. Existing contracts can be eligible to come under the regulations on amendment with the agreement of the supplier. The Department is therefore on track to meet this target. There have been a small number of such exemptions to date, and the Department is committed to keeping the number low. The Department recently decided to set an ambition for the proportion of single source contracts, whether eligible or not, to come under the regulations. This is important in the Department's understanding of the totality of single source work.

2c: PAC recommendation*: In defence procurement, where public scrutiny is often limited because of security concerns, it is particularly important that the Single Source Regulations Office has effective oversight.*

2.3 The Government agrees the Committee's recommendation.

Target implementation date: March 2020

2.4 The Department has already introduced changes to the legislation through three Statutory Instruments, which both improve the operation of the regime and extend its reach. The Department has also brought forward the next review of the legislation which will provide further opportunities to extend the regime.

Thirtieth Report of Session 2017-19

Department for Education

Academy schools' finances

Introduction from the Committee

The academy sector in England is responsible for the education of over 2 million pupils across nearly 6,000 academies. In October 2017, the Department for Education published the Academy Sector Annual Report and Accounts for the first time. Previously, the Department included academies in its own accounts, which created a number of difficulties as academies have a different year-end (31 August) from central government (31 March). Parliament and HM Treasury agreed that the Department could remove academies from its accounts and produce a separate set of accounts covering the academy sector with an August year-end. This enabled the Department to publish its accounts in July 2017 with an unqualified audit opinion.

The Comptroller & Auditor General qualified his audit opinion on the 2015–16 Academy Sector Annual Report and Accounts due to ongoing issues relating to how the Department accounted for the land and buildings used by academies. The Department plans to address these issues for the next set of accounts in order to achieve an unqualified opinion, and in future years will look to publish the accounts earlier. Achieving these objectives would mean that the account would be more useful to stakeholders and provide greater transparency on the standards of governance and accountability in the sector, as the information would be presented on a more timely basis.

Relevant reports

- DFE Report: *Academy Schools Sector in England Consolidated annual report and accounts for the year ended 31 August 2016* - Session 2017–19 (HC 425)
- PAC report: *Academy schools' finances* – Session 2017-19 (HC 736)
- Treasury Minutes: May 2018 (Cm 9618)
- Treasury Minute Progress Report (CP 70)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP70), 4 recommendations had been implemented. 2 recommendations remained work in progress which have now been implemented, as set out below.

1: PAC conclusion: ***The Department for Education's rules around related party transactions are too weak to prevent abuse.***

1: PAC recommendation: ***To prevent abuse, the Department should tighten the rules in the next version of the Academies Financial Handbook, expected in July 2018, to prevent academies from entering into related party transactions without approval from ESFA.***

The Government agreed with the Committee's recommendation.

Recommendation implemented

1.2 The Education and Skills Funding Agency (ESFA) agreed with the principle of increasing scrutiny and transparency over related party transactions (RPTs) and implemented new requirements during the 2018-19 academic year (September 2018 to August 2019) to that effect.

1.3 From April 2019, all academy trusts are required to declare all new or renewing RPTs and to seek the ESFA's approval for any worth over £20,000 (including cumulatively). These requirements are the most robust process for RPTs in any sector in the country. The ESFA is not aware of any other sectors that require RPTs to be ‘at cost’ or require an independent regulator or equivalent third party to approve them in advance.

1.4 The ESFA is working with the sector and absorbing feedback from external stakeholders in order to further review and refine our approach over time.

6: PAC conclusion: ***The Department does not have enough information about the extent of asbestos in schools to ensure that the risks are being properly managed.***

6: PAC recommendation: ***The Department should publish the results of its ongoing exercise to collect data on asbestos; and make clear to Local Authorities and academy trusts that information should be made available by the end of June 2018.***

6.1 The Department agreed with the Committee’s recommendation.

Recommendation implemented

6.2 The Department published the *Asbestos Management Assurance Process (AMAP)* report on 16 July 2019 alongside the lists of schools and responsible bodies that participated in the AMAP.

6.3 At the time of publication the achieved response rate was 88.4%, which represents a very high response to a voluntary survey and a considerable improvement on the previous survey which yielded a response rate of 25%. 14,840 schools (67.2%) had their responses assured by the appropriate responsible body. The Department is continuing to work to increase the participation rate, and the Permanent Secretary wrote to all non-participating schools and responsible bodies on 4 November 2019, encouraging them to take part.

6.4 The AMAP remains open so schools and responsible bodies can continue to participate or update their information. The Department continues to receive additional responses and updates from schools and responsible bodies and will update the list of institutions that have responded to the AMAP every six months to ensure this provides an up-to-date picture of participation.

Thirty-Second Report of Session 2017-19

Department of Health and Social Care

Cyber-attack on the NHS

Introduction from the Committee

On Friday 12 May 2017, a global ransomware attack, known as WannaCry, affected more than 200,000 computers in at least 100 countries. Those affected by the cyber-attack faced a ransom demand to unlock their devices. In the UK, the NHS was particularly affected with about 80 of 236 NHS trusts across England suffering disruption, because they were either infected by the ransomware or had turned off their devices or systems as a precaution. WannaCry also infected another 603 NHS organisations including 595 GP practices. The NHS had to cancel almost 20,000 hospital appointments and operations, and five accident and emergency departments unable to treat some patients had to divert them to other hospitals. At 4pm on 12 May, NHS England declared the cyber-attack a major incident and implemented its emergency arrangements to maintain health and patient care. On the evening of 12 May, a cyber-security researcher activated a kill-switch so that WannaCry stopped locking devices.

Relevant reports

- NAO report: *Investigation – WannaCry cyber-attack and the NHS* - Session 2017-19 (HC 414)
- PAC report: *Cyber-attack on the NHS* – Session 2017-19 (HC 787)
- Treasury Minutes: June 2018 (Cm 9643)
- Treasury Minutes Progress Report - March 2019 (CP 70)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP 70), 5 recommendations have been implemented. 1 recommendation remains work in progress, as set out below.

5: PAC conclusion: ***Not all local bodies have the means to update and protect systems without disrupting the ongoing delivery of patient care.***

5: PAC recommendation: ***The Department and its arm's-length bodies should set out how local systems can be updated whilst minimising disruption to services, and provide guidance and support to do this; ensure that all IT suppliers and suppliers of medical equipment to the NHS are accredited and that local and national contracts include standard terms to maintain and protect NHS devices and systems from cyber-attack; and ensure that local and national workforce plans include a focus on IT and cyber skills.***

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: May 2020

5.2 NHS Digital has aligned its advice and guidance on updating local systems with that of the National Cyber Security Centre (NCSC), including guidance on implementing the EU Directive on the security of *Network and Information Systems*.

5.3 NHS Trusts now benefit from access to Microsoft Defender Advanced Threat Protection (ATP), which provides real time detection and protection against potential threats by identifying suspicious behaviour on devices indicative of a cyber-attack. Rollout of Windows 10 is currently underway.

5.4 The Data Security and Protection Toolkit (DSPT) requires local organisations to ensure that information technology system providers have appropriate accreditation. *NHSX* will review cyber security requirements in national contracts and procurement frameworks, working with NHS Digital to issue guidance for local contracts. In respect of connected medical devices, NHSX is conscious of the future use of robotics and wider artificial intelligence and will work with the Department and Medicines and Healthcare products Regulatory Agency to ensure that cyber security is appropriately reflected in the approach to the future regulation of medical devices as these develop, subject to our regulatory relationship with the EU.

5.5 New data security e-learning launched in 2018. Staff in each organisation are expected to complete the training annually with compliance monitored through the DSPT. Sharing data is critical to good patient care but data must be shared safely. NHS Digital recently launched a campaign, *Keep I.T. Confidential*, to educate all NHS staff on steps they can personally take to reduce the risks of cyber incidents.

Thirty-Third Report of Session 2017-19

Department for Business, Energy and Industrial Strategy

Research and development funding across Government

Introduction from the Committee

Expenditure on research and development includes exploratory research to acquire new scientific knowledge, applied research to solve specific problems, and translational research to develop new products or processes. In 2015, the UK spent £31.6 billion on research and development, including £8.75 billion of public funding and £15.5 billion of spending by business. The Government has announced plans to increase research funding and aims to spend an extra £7 billion over the five years to 2021–22. The Department for Business, Energy and Industrial Strategy (BEIS) is responsible for the majority of Government investment in research, which it funds principally through its research councils, Innovate UK and the Higher Education Funding Council for England (HEFCE). Around a third of public funding for research comes from other Departments. From April 2018, a new body, UK Research and Innovation (UKRI) will bring together the research councils, Innovate UK and the research functions of HEFCE. UKRI will be accountable to BEIS.

Relevant reports

- NAO report: *Cross Government funding of research and development* - Session 2017-19 (HC 564)
- PAC report: *Research and development funding across Government* – Session 2017-19 (HC 668)
- Treasury Minutes: June 2018 (Cm 9643)
- Treasury Minutes Progress Report March 2019 (CP70)

Update to the Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute Progress Report (CP 70), 5 recommendations have been implemented. 2 recommendations remained work in progress, as set out below.

1: PAC conclusion: ***BEIS does not know how it will achieve the target of increasing total UK investment in research and development, while at the same time compensating for any potential loss of research funding following EU exit.***

1: PAC recommendation: ***To avoid the Government having to make a disproportionately high contribution to future UK research funding, BEIS should develop a clear strategy for increasing total UK investment to 2.4% of GDP, which addresses issues such as under-funding by business and the potential loss of EU funding.***

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: Summer 2019

1.2 The Government's approach will focus on public investment and the policies that will drive business demand for research and development and incentivise investment in it. The Department continues to work closely with other Government departments and UK Research and Innovation (UKRI) to develop our wider policy response for raising R&D investment across the economy.

1.3 Sir Adrian Smith and Graeme Reid were commissioned to provide *independent advice* on the potential design of the future UK funding landscape, in the context of the UK's future ambitions for international collaboration on research and innovation. This includes exploring how international collaboration could best support the Government's Industrial Strategy and 2.4% target. Their report was published in November 2019. The Government's response to this report will be developed in coordination with Government plans to deliver on its 2.4% ambitions.

1.4 UKRI's infrastructure report, "*UK's research and innovation infrastructure: opportunities to grow our capability*" published November 2019, is a strategic guide to inform future investment decisions and identification of priorities for the next generation of R&D infrastructure to 2030. It will identify long term future research and innovation infrastructure capability themes and opportunities to guide funding decisions.

7: PAC conclusion: ***Government lacks a complete picture of who is funding what, and the results of government-funded research, meaning it risks missing gaps and overlaps in research programmes or a shared understanding of outcomes.***

7: PAC recommendation: ***UKRI should work with other Departments to determine options for developing a cross-Government database of research projects and write to the Committee with a progress update by September 2018.***

7.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: October 2018

7.2 Improving the tracking of research was an identified priority when launching UKRI. UKRI continues to make good progress and has developed a Data Hub that brings together internal and external data, enabling consistent reporting across the research portfolio, and systematic data linking to better understand the impact of funding. UKRI continues to develop and add to the Data Hub with additional data sets including companies, patents, and open access information.

7.3 The Data Hub will also host a suite of analytical tools supporting data linking, reporting, and analysis. An early priority is to agree classifications across UKRI's grant portfolio, enabling consistent analysis of funding by discipline or theme. Such work has already been trialled with cross Whitehall energy research for the Energy Innovation Board. UKRI has also collaborated with external data science experts to understand the possibilities of data science.

7.4 Government Office for Science (GO-Science) has continued working with Departments to clarify their research requirements though the *Areas of Research Interest* (ARI) statements. These have been published for fourteen Whitehall departments and three non-ministerial departments. Cabinet Office, Department for Transport and Department for Work and Pensions have recently published updated ARIs. ARI statements have been used to establish greater co-ordination between departments, including by informing the priorities of the Strategic Priorities Fund and by increasing academic engagement with departmental research priorities. GO-Science is considering how to build upon this to increase cross-government coherence. GO-Science and the Economic and Social Research Council (ESRC) have appointed two 'ARI Fellows', funded by the ESRC, allowing government to improve the dialogue between academia and policy officials in answering research needs.

7.5 UKRI are finalising their written progress update to the Committee.

Thirty-Sixth Report of Session 2017-19

Home Office

Reducing modern slavery

Introduction from the Committee

Modern slavery encompasses slavery, servitude and compulsory labour and human trafficking. In 2014 the Home Office estimated that there were between 10,000 and 13,000 potential victims of modern slavery in the UK in 2013, and in 2013 it estimated that the overall social and economic cost to the UK of human trafficking for sexual exploitation alone was £890 million. The Department introduced the Modern Slavery Strategy in 2014 with the aim of significantly reducing the prevalence of modern slavery. This was followed by the Modern Slavery Act in 2015. While the Department is the policy lead for managing the UK's response to modern slavery, a range of public sector organisations are involved in delivering the strategy, alongside businesses and non-governmental organisations (NGOs). The Department funds and manages the process for identifying victims, known as the National Referral Mechanism. It also manages a contract for support services for potential victims of modern slavery in England and Wales, currently run by the Salvation Army.

Relevant reports

- NAO report: *Reducing Modern Slavery* - Session 2017-19 (HC 630)
- PAC report: *Reducing Modern Slavery* - Session 2017-19 (HC 866)
- Treasury Minutes: June 2018 (Cm 9643)
- Treasury Minutes: Progress Report (CP 70)

Update to the Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (CP 70), 7 recommendations remained work in progress, as set out below.

1: PAC conclusion: ***The Home Office has no means of monitoring progress or knowing if its Modern Slavery Strategy is working and achieving value for money.***

1: PAC recommendation: ***In order to effectively track whether its Modern Slavery Strategy is working and prioritise funding and activities, the Department should set targets, actions, a means of tracking resources, and clear roles and responsibilities within the programme and report back to the Committee by December 2018.***

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: Summer 2020
Original implementation date: December 2018

1.2 The Government is determined to lead global efforts to eradicate modern slavery. In July 2018 the Home Office commissioned an Independent Review of the Modern Slavery Act. The *final report* was published in May 2019 . The Government published its *response* in July 2019, accepting the majority of the 80 recommendations and beginning to implement them.

1.3 The Department has undertaken a review of First Responders to the National Referral Mechanism (NRM). This examined which organisations are best placed to identify victims and how First Responders should be trained to ensure staff are confident in recognising indicators and referring potential victims into support. The findings are due to be published in due course. Also, in April 2019, the Department implemented Multi-Agency Assurance Panels (MAAPs) to consider all negative Conclusive Grounds decisions referred to the Single Competent Authority (SCA). The panels review decisions and make recommendations, providing assurance, scrutiny and transparency. The department will evaluate the MAAPs in spring 2020.

1.4 The Department will continue to work with other government departments (OGDs) to develop an enhanced performance framework for the modern slavery strategy, which will include setting targets and milestones. The Government published the direct spend on modern slavery in the *2018 UK Annual Report on Modern Slavery*. The Department will work with OGDs to map out roles and responsibilities for delivering the strategy and in relation to victim identification and support, through regulations and statutory guidance under Sections 50 and 49 of the Modern Slavery Act 2015.

2: PAC conclusion: ***There are gaps in Department's understanding of modern slavery in the UK which could impact on prevention work.***

2: PAC recommendation: ***The Department should continue its work to gain a better understanding of the crime, the victims and the perpetrators, in order to target its prevention work effectively. It must take account of the potential impact of other factors such as the exit from the EU.***

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: Spring 2019

2.2 In July 2019 announced it would invest £10 million to establish a new *Modern Slavery Policy and Evidence Centre*. The centre will bring together and commission new research to enhance the evidence base and improve understanding. The Centre will pool expertise and accelerate progress, working closely with policy makers to target resources to key risks and vulnerabilities.

2.3 The Modern Slavery Police Transformation Unit (MSPTU) continues to facilitate increased information exchange between NGOs and police. The Joint Slavery and Trafficking Analysis Centre (JSTAC) has improved the intelligence picture and the National Crime Agency (NCA) has committed to resource JSTAC for at least three years commencing April 2019. JSTAC's analysis, bringing together intelligence from Border Force, Gangmasters and Labour Abuse Authority, Her Majesty's Revenue and Customs, Immigration Enforcement, NCA and policing, has contributed to closing several of the UK's highest priority intelligence requirements. The Department's grant to MSPTU is due to end in March 2020 and the Department is working with the National Police Chiefs' Council (NPCC) Lead for modern slavery to identify potential funding streams. The Department will build on progress made by MSPTU as part of the refreshed Serious and Organised Crime (SOC) Strategy.

2.4 Tackling modern slavery remains a priority for the UK. We are continuing to engage closely with the EU though Europol. We are working in partnership with member states and will continue to work with European and other international partners in the future against this transnational threat.

3: PAC conclusion: ***The Department's hands-off approach to businesses' compliance with its transparency in supply chains legislation is not working.***

3: PAC recommendation: ***The Department should take immediate action to ensure that its Transparency in Supply Chains legislation is more effective. It needs to drive up compliance, by actively administering and monitoring compliance and should write to the Committee by April 2019 setting out what progress it has made and its latest estimate of compliance and demonstrating how this is improving transparency. The Department should consider publishing itself a list of companies who have complied and not complied with the legislation, rather than relying on NGOs to police the system.***

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: Spring 2019

3.2 The Department has significantly stepped up activity to increase compliance and the quality of reporting under the Modern Slavery Act. The Department has written twice to the CEOs of c.17,000 businesses identified as in scope of the legislation with instructions on how to comply and notification of the Department's plan to carry out a compliance audit at the end of the financial year. The audit is underway and following this the Department intends to carry out further direct engagement with organisations identified as non-compliant. Persistently non-compliant organisations may be publicly named. To support effective reporting, the Department has developed new resources including an email newsletter (which more than 4,000 businesses signed up for) and guidance on GOV.UK. Based on the number of statements uploaded to two independent websites which collate modern slavery statements, the Government estimates that approximately 75% of in-scope organisations now have a statement.

3.3 In the longer term, following the Independent Review of the Modern Slavery Act, the Government has committed to create a centralised registry for Modern Slavery statements, enabling more effective monitoring of compliance and increased scrutiny of activities underpinning statements. The Government also launched a public consultation on proposed measures to strengthen the transparency in supply chains legislation, including extending the reporting requirement to the public sector, requiring reporting on specific topics and introducing new enforcement measures. The consultation, relating to a mixture of reserved and devolved issues, ran from 9 July until 17 September and the Government is now considering its response.

4: PAC conclusion: ***Reform of the National Referral Mechanism has taken too long and the current system does not allow the Government to understand and deal with modern slavery effectively.***

4: PAC recommendation: ***By January 2019 the Department should ensure that the reformed NRM system enables it to collect and analyse data to understand the crime, the businesses and the sectors where prevalence is highest, and, where victims consent, to understand what happens to victims after they leave the NRM.***

4.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: Summer 2019

4.2 In August 2019, Government launched a new digital referral form for all First Responders. This form enables a single streamlined portal for First Responders to refer victims form across the UK, regardless of whether they are an adult or a child, into the NRM. The priority for implementation of the digital system has been ensuring that it works for users. The system will also enable data to be captured and analysed.

4.3 The Department is continuing to develop the digital casework system by working closely with the supplier, stakeholders and key users, including the caseworkers at the Single Competent Authority, to ensure that the system design and functionality provides an efficient casework system that enables better data analysis. The casework system will be rolled out in a phased way, to reduce any impact on potential victims and to allow the Department to test and refine the new digital system as it beds in.

4.4 The Department intends to have the casework system operable by January 2020, following an extended period of testing and approvals.

5: PAC recommendation: ***Within six months, the Department should write to the Committee setting out what actions the competent authorities are taking to reduce the time potential victims wait for a decision, and how the reformed NRM will reduce decision making times further, including what the target time for a conclusive decision will be.***

5: PAC conclusion: ***The Committee is very concerned that victims are waiting far too long to receive National Referral Mechanism decisions, causing distress and anxiety to vulnerable people, and increasing the costs of the victim care contract.***

5.1 The Government agrees with the Committee's recommendation

Target implementation date: Spring 2020
Original implementation date: Spring 2019

5.2 The introduction of a digital case-working system to support the NRM process and the creation of a Single Competent Authority (SCA) in 2019 is anticipated to reduce decision making times by reducing duplication of information, improving data sharing and supporting a more streamlined decision-making process. Continuous Improvement experts have also analysed, recommended and implemented improvements to the current NRM processes to create efficiencies within the system.

5.3 Ahead of the creation of the SCA, the Department invested resource to reduce the current cohort of NRM cases where individuals are awaiting a conclusive grounds decision. Through the recruitment of additional permanent staff, temporary agency workers and the use of internal contingency resource, the Department successfully reduced the number of cases awaiting a decision.

5.4 However, the increasing number of NRM referrals remains a challenge for the operation. The Department acknowledges the importance of giving individuals more certainty of when a decision can be expected and continues to review its processes for identification and support of victims. The Department aims to give victims realistic timescales of when their cases will be considered, whilst ensuring that quality of decision-making is not affected at the expense of speedy decisions. Whilst individuals await a conclusive grounds decision they can access support, including accommodation if it is required.

6: PAC conclusion: ***In the absence of clear care standards and an inspection regime, the Department has no way of knowing that victims are receiving adequate care.***

6: PAC recommendation: ***The Department should, as a matter of urgency, put in place care standards for the current victim care contract. It should also contract for, or put in place itself, an inspection regime to ensure that all care reaches these standards.***

6.1 The Government agrees with the Committee's recommendation.

Target implementation date: Autumn 2020
Original implementation date: Spring 2019

6.2 The Department recognises the importance of clear care standards and an inspection regime to oversee the victim care contract. That is why as part of NRM reforms, the Department announced a minimum standard of support in all future contracts would be introduced providing support to adult victims of modern slavery in England and Wales, and an inspection regime to provide assurance that those minimum standards were being met.

6.3 The Home Office has worked with the Care Quality Commission (CQC) to develop a framework based on CQC's five key lines of enquiry to assess the quality of support provided to victims in England and Wales who are supported through the Victim Care Contract. This framework has been developed with the input of stakeholders and support providers in the current Victim Care Contract and support providers interested in bidding for future contracts. In September 2019, the Department and CQC piloted inspections based on this framework within the current Victim Care Contract.

6.4 The Department expects to continue to work with CQC to analyse and refine the framework based on the results of these pilots and continue to move towards the implementation of a steady state inspection regime ready for the new Victim Care Contract which we expect to be in place from Autumn 2020.

7: PAC conclusion: ***The extreme variation between police forces' referral rates suggests that some forces are not treating modern slavery as seriously as others.***

7: PAC recommendation: ***The Department needs to work with the National Crime Agency, the Crown Prosecution Service, the Independent Anti-Slavery Commissioner, Police and Crime Commissioners, local police forces and local authorities to urgently develop a set of clear, practical steps and good practice guidance to understand why there are regional variations in tackling the issue and how these can be reduced.***

7.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: Spring 2019

7.2 The Department continues to work with the NCA and NPCC Lead for modern slavery to encourage a consistent approach across all police force areas. Crown Prosecution Service (CPS) Area leads have been tasked with working more closely with local police forces to identify methods to drive referrals, including through review of performance data to pinpoint where support may be required. Liaison meetings with force leads will identify blockers to referrals and provide clear structures for CPS to support investigations. Bi-monthly data on modern slavery crime types continues to be produced.

7.3 The MSPTU has continued to support police forces and Police and Crime Commissioners and share good practice. This included utilising Modern Slavery Coordinators based in Regional Organised Crime Units to provide specialist expertise in investigations and prosecutions. An aide memoire on initial actions that should be taken has been distributed to over 55,000 frontline officers. Twenty forces now have dedicated resource to respond or coordinate the response to modern slavery.

7.4 Extensive work has been undertaken with forces to standardise crime recording, resulting in the introduction of a standardised form to remove local variation in interpretation of crime recording standards. This will ensure greater confidence in crime statistics in the future.

7.5 The SOC Strategy 2018 ensures a consistent approach to tackling modern slavery. This includes forces working with local authorities to help communities build resistance. A new Independent Anti-Slavery Commissioner was appointed in May 2019 and published a *strategic plan for 2019-2021* which includes supporting law enforcement and prosecutions as a priority.

Thirty-Eighth Report of Session 2017-19

Department of Health and Social Care / Ministry of Housing, Communities and Local Government

Adult Social Care Workforce in England

Introduction from the Committee

The adult social care workforce in England comprises around 1.5 million workers across more than 20,000 organisations. In 2016–17, local authorities spent around £15 billion commissioning care, mostly from independent providers. Between 2010–11 and 2016–17, spending on care by local authorities reduced by 5.3% in real terms. Turnover and vacancy rates across the care workforce are high. Care providers have difficulty recruiting and retaining workers, particularly to the roles of care worker, registered manager and nurse. In December 2017, the Department of Health and Social Care began consulting on a new strategy for the care and health workforce. Its previous strategy for the care workforce has not been updated since 2009. The Government has promised a Green Paper by July 2018 on the future funding of adult social care for older adults.

Relevant reports

- NAO report: *Adult Social Care Workforce in England* – Session 2017-19 (HC 714)
- PAC report: *Adult Social Care Workforce in England* – Session 2017-19 (HC 690)
- Treasury Minutes: July 2018 (Cm 9667)
- Treasury Minutes Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP 70), one recommendation was implemented and 5 recommendations remained work in progress, one of which is now implemented as set out below.

1: PAC conclusion: ***Although the Department of Health and Social Care recognises that the adult social care sector is under financial pressure and has been for some years, it currently has no credible plans for how care could be sustainably funded.***

1: PAC recommendation: ***The forthcoming Green Paper must not be the start of yet another protracted debate about the future funding of care. The Department should establish quickly the funding local authorities need to commission care at fair prices, to support a workforce of the right size and shape to deliver a sustainable care sector in the long-term. It should publish a credible plan, by the end of 2018, and implement it swiftly.***

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: Winter 2020
Original implementation date: Autumn 2019

1.2 The Conservative manifesto said that "We will commit to urgently seek a cross-party consensus in order to bring forward the necessary proposal and legislation for long-term reform. The prerequisite of any solution will be a guarantee that no one needing care has to sell their home to pay for it." Work is ongoing across Government to deliver on this commitment.

1.3 This Government has been clear that Adult Social Care is one of its top priorities and will set out its plans to fix the crisis in social care once and for all, to give everyone the dignity and security that they deserve. Ensuring that social care is on a fair and sustainable footing is one of the biggest challenges we face, and the Government wants to ensure that no one will have to sell their home to pay for care.

1.4 The 2019 Spending Round provides local government with an additional £1 billion worth of grant funding for adult and children's social care, on top of the continuation of existing social care grants, worth £2.5 billion. The government is also consulting on proposals that would allow councils to increase council tax by an additional 2% specifically to fund adult social care. These proposals would give councils access to an estimated £500 million. Additional funding provided through the Improved Better Care Fund for 2018-19 helped enable councils to increase fees paid to social care providers for home care, residential care and nursing care in 90% of Health and Wellbeing Board areas. Home care fee rates increased by 4.7%, residential rates increased by 4% and nursing home fee rates increased by 4.1% compared to 2017-18.

2: PAC conclusion: ***The Department is not delivering on its overarching responsibility for the care market, despite most providers being dependent on public funds.***

2: PAC recommendation: ***Within two months, the Department should write to the Committee to explain how it intends to respond to the findings of the CQC local system reviews; understand how well all local authorities are commissioning care; and develop and improve its role overseeing and engaging with the social care market, with the CQC adequately resourced to carry out any further work.***

2.1 The Government agreed with the Committee's recommendation

Recommendation implemented

2.2 The Government has acted on its regulatory powers with the Secretary of State, through Section 48 of the Health and Social Care Act (2008), requesting the Care Quality Commission (CQC) undertake a special review of a council's delivery and commissioning of its adult social care services. In 2017 the CQC was asked to carry out a programme of local system reviews.

2.3 The information provided by the CQC local system reviews has helped the Department to identify issues and drive improvements to ensure reliable high-quality care and spread best practice.

2.4 In summer 2018 the Department, along with the Ministry for Housing, Communities and Local Government reviewed the CQC's independent findings of the local health and care system reviewed. The findings were published in July 2018 in the CQC's Beyond Barriers report. The Department has built on the findings, asking the CQC to undertake further follow up reviews in 2018-19.

2.5 In addition to the CQC local system reviews the Department has delivered on its overarching responsibility for the care market in other ways namely developing statutory guidance to support local authorities to meet their duties for market shaping set out in the Care Act which includes the commissioning of care.

2.6 The Government responded to the report by the Competition and Markets Authority, which provides an important evidence base and recommendations for improvement on 5 March 2018.

3: PAC conclusion: ***Future immigration policy after leaving the EU will potentially affect the care sector.***

3: PAC recommendation: ***The Department needs to understand fully the impact that the UK's departure from the EU and future immigration policy*****, could have on the care workforce at both the national and local levels. It should put plans in place to address any shortfalls that might arise, to ensure that there is sustainable workforce to meet the populations' future care needs.**

3.1 The Government agreed with the Committee's recommendation.

Target implementation date: March 2020
Original implementation date: December 2019

3.2 In July 2019 the Prime Minister announced plans to introduce an Australian-Style Points-Based System from January 2021, which will apply to migrants from the EU as well as the rest of the world. The Home Secretary has asked the independent Migration Advisory Committee (MAC) to advise on how such a system could operate in the UK and it will report back in January 2020.

3.3 In previous reports, the MAC highlighted concerns about the social care workforce but was also clear that migration should not be seen as the solution to the challenges facing the sector. The Department acknowledges both the need to improve the status of jobs in social care and attract more domestic workers.

3.4 Clearly, it is also essential to retain existing EU staff and give them the certainty they need to be able to stay in the UK once we have left the EU. The Department has worked closely with the Home Office to promote the EU Settlement Scheme for this purpose, including giving social care staff early access to the scheme through a pilot in December 2018. The Department is continuing to communicate to social care providers that they should support care workers to apply for the EU settlement scheme.

3.5 The Department is tracking the potential impact of EU exit on the workforce using monthly monitoring data provided by Skills for Care. This currently shows no discernible impact on the social care workforce, but the Department is not complacent and will continue to monitor this data.

4: PAC conclusion: ***Most people working in care are unregulated, which limits the development of a well-trained and professionalised workforce.***

4: PAC recommendation: ***The Department should set out in the forthcoming workforce strategy how it intends to professionalise the care workforce further and consider a mandatory minimum standard for training as part of this.***

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2020
Original implementation date: Autumn 2018

4.2 The delivery of quality care depends on a growing and valued workforce, equipped with the right values and skills.

4.3 Many care professionals, including social workers, occupational therapists, and registered nurses, are professionally regulated. While the wider workforce of care workers is not statutorily regulated in England, there are proportionate safeguards for care recipients and staff: including employer checks and controls and managerial registration with CQC. All care workers are expected to achieve a Care Certificate, based on a voluntary set of 15 standards, before working without direct supervision. Working with the sector, the government will introduce new specialist Certificate modules, starting in 2020 with dementia, lone working, mental health, and autism.

4.4 The Government is committed to developing and raising the profile of the workforce. In 2019 we launched our national recruitment campaign for adult social care, showcasing the range of opportunities available in the sector. During the first wave of activity in 2018-19, there was a 23% increase in social care vacancies advertised on DWP Find a Job, and over 20,000 (14%) more 'apply' clicks for relevant jobs.

4.5 The Department funds Skills for Care to distribute the £12 million a year Workforce Development Fund and encourage employers to look into this fund, which they can bid for to support staff training and qualifications at all levels.

4.6 Looking ahead to this year's multi-year Spending Review, the Department will continue to work with the sector to look at ways to upskill the workforce and improve access to learning and development.

5: PAC conclusion: ***The low amount of funding given to Skills for Care limits the scope and reach of the workforce development initiatives it runs and the extent of its strategic support to the care sector.***

5: PAC recommendation: ***The Department should establish and secure the funding Skills for Care needs both to support the training and development of the care workforce fully and to implement the forthcoming workforce strategy.***

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2020
Original implementation date: April 2019

5.2 The Department is working alongside all partners in the adult social care sector, to ensure the workforce has the right number of people to meet increasing demands, with the right skills, knowledge and behaviours to deliver quality, compassionate care.

5.3 In preparing for the upcoming multi-year Spending Review, the Department will continue to review the potential impacts of increased funding for training and development for the social care workforce. The Department funds Skills for Care to support recruitment, retention, and workforce development for the workforce. This includes funding the £12 million Workforce Development Fund to support training and development at all levels and supporting employers to access the right training and qualifications for their staff. We continue to support apprenticeships in the social care sector as they offer an excellent opportunity for employers to develop existing staff and train new staff as part of high-quality training programmes.

5.4 A key part of developing the social care workforce is tackling the barriers to closer working with NHS staff and training and career pathways that enable care staff to work across both settings. The interim People Plan (launched in June 2019) sets out a vision for how people working in the NHS will be supported to deliver high quality care. Whilst the Plan is primarily engaged in addressing NHS staff, we are working with the NHS and social care stakeholders on key areas where the Plan impacts on social care and the wider health system.

Thirty-Ninth Report of Session 2017-19

Ministry of Defence

The Defence Equipment Plan 2017-2027

Introduction from the Committee

Since 2012, the Department has published an annual Statement on the affordability of its 10-year Equipment Plan (the Plan). It began to report this after a period of poor financial management, during which a significant gap had developed between its forecast funding and the cost of the defence programme as a whole. The Department's Plan forecasts spend for 10 years and is updated annually. For the 10-year period 1 April 2017 to 31 March 2027, the Department has set an equipment budget of £179.7 billion made up of equipment procurement (£84.8 billion), and support (£88.9 billion) budgets, and a central contingency provision (£6 billion). Managing the equipment and support budget effectively is critical to maintaining the stability of the wider defence budget and ensuring that the Armed Forces have the equipment they need to meet their objectives. The Plan accounts for over 40% of the entire Defence budget.

Relevant reports

- NAO report: *The Equipment Plan 2017-2027* - Session 2017-19 (HC 717)
  PAC report: *The Defence Equipment Plan 2017 - 2027* - Session 2017-19 (HC 880)
- *Treasury Minutes* : July 2018 (CM 9667)
- *Treasury Minutes Progress Report* : March 2019 (CP 70)

Update to the Government response to the Committee

There were six recommendations in this report. As of the last Treasury Minute (CP70), five recommendations had been implemented. One recommendation remained work in progress, which has now been implemented, as set out below.

4: PAC conclusion: ***The biggest risk to the Equipment Plan is the cost of the nuclear programme.***

4: PAC recommendation: ***The Department needs to improve its control of the costs of its nuclear projects and to report more transparently, including reporting the impact of cost increases and the interdependencies of projects.***

4.1 The Government agreed with the Committee's recommendation

Recommendation Implemented

4.2 The Department has implemented a range of organisational, structural and process changes to strengthen its ability to control costs in the nuclear programme. The Defence Nuclear Organisation stood up to lead the nuclear enterprise and has developed a more coherent approach to governance, risk management and programme delivery. Supported by the Submarine Delivery Agency, which was established in April 2018, the Department is better able to manage industry to schedule and cost. In addition to these structural changes, the Department has introduced improved financial processes to cost the nuclear programme, and report management information against milestone delivery.

4.3 The Cost Assurance and Analysis Service (CAAS) has responsibility for cost management pan Department but is working closely with the Defence Nuclear Organisation (DNO) in particular. CAAS is providing targeted support for specific areas of the portfolio such as nuclear infrastructure and the Atomic Weapons Establishment (AWE) Programme. It is working closely with DNO and the Submarine Delivery Agency (SDA) to improve transparency of the cost of major projects and is giving Senior Responsible Owners (SROs) greater visibility of its Independent Cost Estimates, enabling them to better challenge delivery agency costings.

4.4 The Department remains committed to transparency on the nuclear enterprise, updates Parliament annually on the future nuclear deterrent and will continue to report progress through the Infrastructure and Projects Authority publication.

Fortieth Report of Session 2017-19

Department for Business, Energy and Industrial Strategy

Renewable Heat Incentive in Great Britain

Introduction from the Committee

The Department for Business, Energy and Industrial Strategy (BEIS) launched the Non-domestic and Domestic Renewable Heat Incentive (RHI) schemes in Great Britain in 2011 and 2014 respectively. Their objectives are to increase the production of renewable heat and reduce carbon emissions in Great Britain, and to develop domestic supply-chains of renewable and low-carbon heat. These objectives are designed to help the UK meet its ambitious targets for producing renewable energy (sourcing 15% of energy demand from renewables by 2020) and reducing carbon emissions (reduce greenhouse gas emissions by at least 80% by 2050 compared to levels in 1990). The independent Committee on Climate Change advise that meeting long-term carbon targets may be impossible without a near complete elimination of carbon emissions produced by heating homes and businesses, the majority of which currently use fossil fuels.

The Renewable Heat Incentive is designed to encourage households and businesses to switch from fossil fuel heating systems to renewable and low-carbon alternatives. It provides funding to participants to invest in a range of technologies including biomass boilers, heat pumps and anaerobic digestion plants, which produce biomethane injected into the natural gas grid. The costs of the RHI are met by the UK taxpayer from general taxation, unlike most other schemes to support low carbon sources of energy which are funded through people's energy bills.

The RHI is a demand-led scheme which, although it can be accessed by anyone, is targeted at those households and businesses which are not connected to the gas grid. Of the 26 million homes and 5.6 million businesses in Great Britain, the majority are on the gas grid. Around 1.1 million homes and 62,000 business premises are off the gas grid and use oil and liquefied petroleum gas for heating. The RHI is open to new applications until March 2021. Final payments to participants in the current scheme will run to at least 2040–41, by which time the scheme is expected to have cost the taxpayer £23 billion.

Relevant reports

- NAO report: *Low carbon heating of homes and businesses and the Renewable Heat Incentive* - Session 2017-19 (HC 779)
- PAC report: *Renewable Heat Incentive in Great Britain* – Session 2017-19 (HC 696)
- Treasury Minutes: July 2018 (Cm 9667)
- *Treasury Minutes Progress Report:* March 2019 (CP 70)

Update to the Government response to the Committee

There were ten recommendations in this report. As of the last Treasury Minute (CP 70), seven recommendations have been implemented with three remaining work in progress. 2 of these are now implemented, with just 1 remaining work in progress as set out below.

2: PAC conclusion: *Take-up of the RHI was woefully low in large part because the Department failed to understand what consumers want and the barriers to participation in the scheme.*

2a: PAC recommendation: *As part of its new framework to support heat policy, the Department should address the issues of affordability for people less able to pay upfront costs, and how best to inform and influence the homeowners being targeted.*

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2020
Original implementation date: Spring 2019

2.2 The Department understands that a barrier to uptake under the Renewable Heat Incentive ('RHI') has, in part, been the high up-front cost of purchase and installation of renewable heating technologies. To better understand this, the Department has carried out qualitative research with consumers to understand key barriers to the take-up of heat pumps under the Domestic RHI. BEIS also publishes evidence from an ongoing RHI consumer survey measuring progress of the scheme and providing information on reasons for consumer take up. The Department is also carrying out wider social research using quantitative survey methods to explore current public awareness, attitudes, understanding and preferences for different low-carbon heat transition options and technologies. This project is aimed at supporting the possible elements of a future heat decarbonisation public engagement strategy.

2.3 To address the issue of affordability for people less able to pay, the Government introduced a policy on the Domestic RHI scheme called Assignment of Rights, which came into effect in June 2018. This is designed to overcome the upfront cost barrier by allowing third party investors to fund the purchase and installation of renewable heating systems and receive the rights to RHI payments.

2.4 The Department is also carrying out further work to understand different policy mechanisms that could be used to deliver support for low-carbon heat under any future scheme. This includes considering how to overcome the high upfront cost of purchase and installation of low carbon heating technologies, as well as improve access for consumers who are less able to pay. Further information will be included within the Heat Policy Roadmap which is expected to be published in Summer 2020.

4: PAC conclusion: ***Despite the scheme having a clear objective to develop Great Britain's supply-chain for renewable and low-carbon heat, the Department has no specific goals, measures or milestones to assess progress.***

4: PAC recommendation: ***The Department should, by the end of 2018, or as part of its published response to its call for evidence on a Future Framework for Heat in Buildings (whichever is earlier), set and publish clear and specific goals, measures and milestones for developing the low-carbon heating supply-chain within the RHI, any successor policies and its parallel project on heat networks.***

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

4.2 The Government accepts that supply chain development will be essential for the successful delivery of a future heat strategy and agrees more can be done to improve the current assessment of the low carbon heat supply chain.

4.3 There are a range of factors that influence renewable heat supply chains, for instance oil prices, Government policy and consumer demand. Therefore, the Department uses a basket of measures to assess supply chain health. It also uses a range of qualitative information to draw conclusions, as well as market intelligence from engagement with stakeholders within the renewable heating industry.

4.4 The Department has developed targeted metrics which cover additional parts of the supply chain; suppliers, manufacturers, distributers, installers, innovation and finance, and track progress over time. These additional metrics will also be able to provide measures for successor policies and parallel projects, such as the Department's work to encourage the uptake of heat networks.

4.5 These *Low carbon heating metrics* were published in December 2019.

6: PAC conclusion: ***Rates of non-compliance are too high and the Department has no estimate of the potential cost of participants gaming the RHI.***

6a: PAC recommendation: ***The Department should publish its estimates of the impact of fraud and non-compliance across the whole RHI population in 2017–18 no later than by the end of 2018, and continue to do so annually over the remaining life of the RHI.***

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

6.2 The Department and Ofgem are working closely together to ensure scrutiny of the RHI's fraud and non-compliance processes.

6.3 This has resulted in the Department's statistics team carrying out a review into 2017 to 2018 non-compliance figures, and with independent advice obtained by Ofgem, has resulted in improvements to the methodology in place for 2018-19, which has been agreed by Ofgem and the Department's RHI Project Board.

6.4 Enhanced oversight arrangements have also been implemented, consolidating previous arrangements into a formal quarterly meeting, to discuss fraud, non-compliance and gaming. Recent cases and audit findings are reviewed and discussed, to identify the root causes of fraud and ensure effective management of those issues. Data is also fed back, which will provide quantifiable improvement information.

6.5 The Department published the first of its annual estimates of the value of error across the whole of the RHI scheme in the *BEIS Annual Report and Accounts 2018-19* in July 2019.

Forty-Second Report of Session 2017-19

Home Office

Modernising the Disclosure Barring Service

Introduction from the Committee

The Home Office helps safeguard children and vulnerable adults by providing employers with a service that lets them see safeguarding information, such as details of criminal records, about people who want to work with children or vulnerable adults. Employers use this service to help them decide who to employ. The safeguarding service is run by the Disclosure and Barring Service (DBS), an arm's length body set up by the Home Office in 2012. When DBS was created, the Home Office wanted to modernise what was previously a paper-based service and launch a new product, the update service, that it assumed people would choose to use in large numbers. Together, these were intended to make DBS cheaper to run for both government and DBS's customers and to provide a better service for employers and the individuals whose records are checked.

Relevant reports

- NAO report: *Investigation in to the Disclosure and Barring Service* - Session 2017-19 (HC 715)
- PAC report: *Modernising the Disclosure and Barring Service* - Session 2017-19 (HC 695)
- Treasury Minutes: July 2018 (Cm 9667)
- Treasury Minutes Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP 70), the Department disagreed with 1 recommendation, 1 was implemented and 4 remained work in progress. Of these 4 recommendations, 3 are now implemented as set out below.

1: PAC conclusion: *The modernisation of DBS is currently over four years late and £229 million over its original budget, with no agreed date for completion.*

1a: PAC recommendation: *The Home Office should write to the Committee before Parliament's summer recess, setting out the outcome of the negotiations with TCS, a clear and realistic timetable for when modernisation will be completed, and details of the cost implications for DBS and the Home Office.*

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: September 2020
Original implementation date: Autumn 2018

1.2 DBS extended the contract with Tata Consultancy Services (TCS) to 31 March 2020 to protect existing services whilst procurement for new suppliers took place.

1.3 In September 2019, notice of the transition of services and contract closure for the 31 March 2020 was issued to TCS.

1.4 Service transition commenced at the end of August 2019 and baseline transition plans with the new suppliers have been approved by DBS. DBS will transfer services from TCS to the new suppliers by 31 March 2020.

2: PAC conclusion: ***This is another example where the Home Office has failed to deliver a major project.***

2: PAC recommendation: ***The Home Office urgently needs to conduct a full lessons learnt exercise, setting out what it has learnt from the issues arising from its two biggest projects and how these lessons will be applied to its other major projects.***

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

2.2 The Department sponsored an independent review of lessons learnt from the DBS Programme. Terms of reference for the review were agreed between the Home Office, DBS and the Infrastructure and Projects Authority (IPA). The independent review was completed in September 2019. The review produced a number of recommendations.

2.3 The lessons learnt were categorised into the following key areas:

- Business case and transformation vision
- Commercial Setup
- Programme Mobilisation
- Programme Delivery and Business Change
- Internal Skills and Capability
- Supplier Relationship Management
- HO/ALB Relationship

2.4 The final report produced eighteen recommendations, all of which have been incorporated into the new supplier procurement phase. Thirteen recommendations have been applied and the remaining five will be applied within the programme lifecycle.

4: PAC conclusion: ***The programme has not delivered the safeguarding and financial benefits promised in 2012.***

4: PAC recommendation: ***DBS should write to the Committee before Parliament's summer recess setting out precisely what, if any, benefits the programme will achieve by March 2019, how these will be tracked and measured, and how much of what was promised in the original business case will no longer be delivered before the contract ends.***

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

4.2 There were benefits realised from the original 2012 business case, although the performance of the new IT platform, R1, did not meet operational requirements and led to the modernisation programme for Disclosure Standard and Enhanced Certificates being discontinued and the switch to the update service did not produce the volumes anticipated.

The benefits realised below were endorsed by the Home Office Portfolio Investment Committee:

4.3 Improved safeguarding and public protection - DBS achieved this in the period to March 19 issuing 28 million Disclosure Certificates (15.5 million more than originally forecast). At the present date, (17 October 2019) there are 75,857 individuals on the barred lists. Update service subscribers have grown from 132,000 in 2013-14 to 1.5 million in 2018-19.

4.4 Reduced service costs - DBS has absorbed a 78% increase in Disclosure transactions and over a 50% increase in Barring referrals with a less than 3% increase in the cost base, which includes the planned reduction in supplier contract costs.

4.5 Improved service - DBS has reduced the performance indicator to dispatch Enhanced Certificates from the 60 days reported under the Criminal Records Bureau to 42 days.

4.6 Reduced employer administration costs – the Update Service has enabled subscribers and employing organisations to save money because they are not required to pay for multiple 'in-year' checks.

6: PAC conclusion: ***DBS has failed to deliver promised savings to customers while building up a £114 million surplus at their expense.***

6: PAC recommendation: ***As a matter of urgency, DBS should review the fee structure for all its products to consider how it can provide the same level of service at a lower cost for customers.***

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

6.2 As part of the annual fee review pricing strategy for the financial year 2019-20, DBS proposed that Disclosure Certificate fees should be reduced. The statutory instrument for the fee reductions was laid on 15 July 2019 and came into force on 1 October 2019.

6.3 The certificate fees were reduced as follows:

- Enhanced check: from £44 to £40;
- Standard check: from £26 to £23;
- Basic check: from £25 to £23

Forty-Third Report of Session 2017-19

Department of Health and Social Care

Clinical correspondence handling in the NHS

Introduction from the Committee

Up to 31 May 2015, NHS Shared Business Services (NHS SBS) was one of a number of NHS and private providers responsible for redirecting correspondence about patients that was sent to the wrong GP. In March 2016 NHS SBS informed NHS England and the Department of Health that it had discovered a backlog of approximately 435,000 items of unprocessed clinical correspondence. The Committee took evidence on this issue in October 2017 and issued a report on 29 November 2017.

During the course of that inquiry NHS England informed the Committee that it had discovered a new backlog of 162,000 items of clinical correspondence that had not been redirected. NHS England stated that a small proportion of GPs had not been complying with guidance and had erroneously been sending clinical correspondence and other material to Capita, the current provider of primary care support services. NHS England is responsible for arranging primary care support services in England and for the process for redirecting clinical correspondence.

In May 2015, NHS England introduced new arrangements and since that date GPs are to return misdirected correspondence to the sender. At the Committee's March 2018 evidence session, the Committee examined how NHS England had allowed another backlog of unprocessed clinical correspondence to accumulate.

Relevant reports

- NAO report: *Investigation into clinical correspondence handling in the NHS* - Session 2017-18 (HC 778)
- PAC report: *Clinical correspondence handling in the NHS* – Session 2017-19 (HC 929)
- Treasury Minutes: October 2018 (Cm 9702)
- *Treasury Minutes Progress Report*: March 2019 (CP70)

Update to the Government response to the Committee

There were 4 recommendations in this report. The Government agreed with all four and as of the last Treasury Minute Progress Update (CP70), 3 recommendations had been implemented and 1 remained work in progress. The final recommendation has now been implemented as set out below.

1: PAC conclusion: *NHS England understated the problem at our evidence session in October 2017 by not disclosing the full extent of the new backlog of clinical correspondence.*

1: PAC recommendation: *NHS England should write to the Committee in November 2018 and again in May 2019 with an update on the total number of items of misdirected correspondence identified to date; the size of the current backlog of unprocessed correspondence; any new backlogs of misdirected correspondence that have been identified since our March 2018 evidence session; and an update of its assessment of whether there has been harm to patients.*

1.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

1.2 NHS England wrote to the Committee in March 2019 to provide an update on the misdirected correspondence.

1.3 1,139,494 documents (708,259 SBS incident, 423,784 PCS incident and 7,451 additional SBS related items) of misdirected correspondence were identified.

1.4 All correspondence has been returned to the relevant patient's GP and the appropriate reviews have been completed. No further cases of patient harm have been identified since the one case reported in March 2018.

1.5 There is no backlog of misdirected correspondence. NHS England now has contractual measures in place to ensure appropriate management of clinical correspondence received into the primary care support service delivered by Capita. This helps prevents the development of new backlogs of correspondence.

1.6 NHS England also continues to work closely with Capita to ensure any further service incidents are managed appropriately and systems are improved to prevent reoccurrence.

Forty-Fourth Report of Session 2017-19

Department for Health and Social care

Reducing emergency admissions

Introduction from the Committee

NHS England defines an emergency admission to be "*when admission is unpredictable and at short notice because of clinical need*". In 2016–17, there were 5.8 million emergency admissions, up by 2.1% on the previous year. The growth in emergency admissions is mostly made up of older people. NHS England and partners have developed a number of national programmes that aim, among other objectives, to reduce the impact of emergency admissions. These programmes include the urgent and emergency care programme, the new care models, and the Better Care Fund. There has also been an increase in the number of people being readmitted in an emergency shortly after an initial inpatient stay. Readmission rates can indicate the success of the NHS in helping people to recover effectively from illnesses or injuries. One study estimates that emergency readmissions have risen by 22.8% between 2012–13 and 2016–17 but NHS England does not itself record readmission rates.

Relevant reports

- NAO report: Reducing emergency admissions - Session 2017-19 (HC 833)
- PAC report: Reducing emergency admissions - Session 2017-19 (HC 795)
- Treasury Minutes: October 2018 (Cm 9702)
- Treasury Minutes Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (CP 70), 3 recommendations have been implemented. 2 recommendations remained work in progress as set out below.

1: PAC conclusion: ***Nearly one and a half million emergency admissions could be avoided with better preventive care outside hospitals.***

1: PAC recommendation: ***NHS England should identify gaps in capacity in primary and community health care and set out how it intends to fill those gaps. It should also consider the impact of pressures on social care provision on emergency admissions and use this understanding to inform discussions with the Ministry of Housing, Communities and Local Government and HM Treasury about the Green Paper on future funding of social care.***

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2020

1.2 The priorities in the NHS Long Term Plan reflect the areas of pressure in the NHS and has funded programmes of work focused on preventative care. The Community Health and Ageing Well programme includes:

i. improvements in healthcare into care homes;
ii. developing Anticipatory Care models with Primary Care Networks, by introducing multidisciplinary team (MDT) working and proactive care targeted at people living with complex needs; and
iii. the development of Urgent Community Responses within 2 hours of the needs being identified. This programme will support preventative care outside of hospital and is a 5-year programme.

1.3 The interdependency between health and social care is reflected in the Ageing Well programme with key stakeholders from the independent, third and social care sectors and local government represented.

1.4 NHS England has asked NHS Digital to upgrade the Community Services Data Set to record more specific community health data. The Community Services Data Set can be linked to hospital data to track patients between community and hospital care. Over the coming year, all publicly funded community service providers will be submitting data to national system, which will allow a fuller understanding of NHS activity throughout England.

1.5 The Government intends that over time there will be 50 million more appointments in general practice every year, supported by additional funding for more healthcare professionals and for 6000 more doctors in general practice. That will enable more people to see their primary care professional, who can help manage and reduce the risk of emergency admissions. The NHS Long Term Plan commits at least £4.5 billion a year in additional real terms funding for primary and community healthcare by 2023-24.

1.6 The government has also previously established the Better Care Fund (BCF) to enable the pooling of budgets across health and social care, which encourages joint working and drives integrated care.

1.7 In 2018-19, 93% of local areas agreed that delivery of the BCF has improved joint working between health and social care in their locality, whilst 90% agreed that delivery of BCF plans had a positive impact on the integration of health and social care.[2] Local areas have also consistently pooled more than the mandatory minimum contributions since 2015. To provide certainty for local areas so that they can plan ahead, the government confirmed in the 2019 spending round that the BCF and the improved Better Care Fund will continue in 2020-21.

1.8 The Department is currently reviewing how the BCF can best support the closer integration of health and care.

5: PAC conclusion: ***Poor data on day case emergency care and readmissions stops NHS England knowing if its efforts to reduce emergency admissions are helping or potentially harming patients.***

5: PAC recommendation: ***NHS England and NHS Improvement should improve data they collect and that hospitals record so that by the end of 2018 care can be tracked and publicly reported, together with a clear statement of what is a harmful level of readmissions for people's care.***

5.1 The Government agreed with the Committee's recommendation.

Target implementation: April 2020

5.2 While the Government agrees with the Committee's recommendation that NHS England and NHS Improvement should improve data they collect and that hospitals record, it does not agree with the timeline.

5.3 The Government does not believe there can be a meaningful definition of what a harmful level of readmission is. Factors which may influence readmission include age, complexity of condition, comorbidities etc – meaning that it is difficult to establish what an acceptable level of readmission across all condition is. Improvements in NHS care means that more people with complex conditions survive to be discharged so a rise in emergency readmissions should not be interpreted is a decline in the quality of care. Furthermore, the rise in same day emergency care has further complicated assessing a meaningful rate of readmission. NHS Digital has made good recent progress in the development of a

[2] 'A system level evaluation of the Better Care Fund: Final Report', Quality and outcomes of person-centred care policy research unit (QORU), 2018; https://www.pssru.ac.uk/pub/5424.pdf

standard set of readmission indicators Readmission for zero day length of stay should be viewed distinctly from longer term admission; and any unintended consequences need to be identified – for example: some patients having longer lengths of stay than necessary in seeking to avoid readmission.

5.4 Emergency Care Dataset (ECDS) submissions have increased frequency through 2019, most sites now submit daily data with the proposal that all providers are required to submit daily data in the standard consultation for 2020/21. NHS England and NHS Improvement are working with NHS Digital to enhance current data collections and introduce ECDS to the majority of clinical services that deliver Same Day Emergency Care by March 2021, enabling consistent measurement. Work has also now commenced on a three year programme to develop the Ambulance Data Set which will be fully interoperable with the ECDS. This will enable clearer identification of planned versus unplanned reattendances and admissions.

5.5 Readmission rates within 48 hours and 7 days are also part of routine data reports made available to all trusts via NHS Improvement's Get it Right First Time Programme (Emergency Medicine).

Forty-Sixth Report of Session 2017-19

HM Treasury and Infrastructure and Projects Authority

Private Finance Initiatives

Introduction from the Committee

The Government has been using the Private Finance Initiative (PFI) for over 25 years to build public infrastructure assets (particularly schools, hospitals and roads) and deliver services linked to the asset. In PFI deals the public sector enters into a contract with a private company specifically created to deliver the asset. The private company raises the finance needed to fund the asset from debt and equity investors. Once the asset is constructed and available for use, the taxpayer makes annual payments to the private company over the length of the contract, typically 25 to 30 years. These annual payments cover debt and interest repayments, shareholder dividends, asset maintenance, and in some cases other services like cleaning.

There are currently over 700 PFI and PF2 contracts in operation, with around £60 billion of assets built using them. Public bodies paid £10.3 billion to private companies under these contracts in 2016–17. Even if the Government does not enter into any new PFI-type deals it will pay private companies a further £199 billion between April 2017 until the 2040s for existing deals, in addition to some £110 billion already paid. In 2012, the Treasury replaced the PFI model with PF2 to address some of the previous Committee's criticisms of PFI, including inflexibility and lack of transparency. So far only six PF2 projects have been commissioned, with another two projects in the pipeline

Relevant reports

- NAO report: *PFI and PF2* - Session 2017-19 (HC 718)
- PAC report: *Private Finance Initiatives* – Session 2017-19 (HC 894)
- Treasury Minutes: October 2018 (Cm 9702)
- Treasury Minutes Progress Report March 2019 (CP 70)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP 70), 2 recommendations have been implemented and the Department disagreed with 3 recommendations. 1 recommendation remains work in progress, as set out below.

1: PAC conclusion: ***It is unacceptable that after more than 25 years the Treasury still has no data on benefits to show whether the PFI model provides value for money.***

1a: PAC recommendation: ***The Treasury and IPA should, by April 2019, publish the results of their work in collecting data on the benefits of PFI, and set out what they will do to evaluate the value for money of PFI projects currently in operation in the absence of benefits data.***

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: Summer 2019

1.2 The Treasury and IPA agree that value for money is of primary importance and apply a strict scrutiny process to projects. Treasury and IPA also recognise the Committee's concerns about the absence of data on the performance of PFI or PF2. In response to the Committee's recommendation, the IPA have collated data from across a large number of private finance contracts. This is a complex and cross-cutting process, involving multiple government departments and different data sets. The IPA are currently preparing a report which will be shared with the Committee and published in Spring 2020.

Forty-Seventh Report of Session 2017-19

Department for Education

Delivering STEM skills for the economy

Introduction from the Committee

STEM stands for science, technology, engineering and mathematics. In education, it means the study of these subjects, either exclusively or in combination. In employment, it refers to work that involves the application of STEM knowledge and skills, an appropriate qualification in a STEM subject, or a particular industry or sector, such as pharmaceuticals, construction or aerospace. Since the early 2000s, there have been growing concerns about the supply of STEM skills in the workforce, focusing on achieving increased productivity and economic growth in an era of rapid technological change. Exit from the European Union could also affect the availability in the workforce of people with the requisite STEM skills.

Responsibility in Government is spread across a number of Departments. The Department for Education (DFE) is responsible for the main learning routes - schools, colleges, apprenticeships and higher education institutions - and is also responsible for generating research on skills needs. The Department for Business, Energy and Industrial Strategy (BEIS) develops insights into key business sectors, and leads a STEM inspiration programme, encouraging young people to consider STEM careers. Other Departments also play an important role. Between them, Government Departments spent almost £1 billion between 2007 and 2017 on initiatives to encourage more take-up of STEM subjects.

Relevant reports

- NAO report: *Delivering STEM (science, technology, engineering and mathematics) skills for the economy* – Session 2017-19 (HC 716)
- PAC report: *Delivering STEM skills for the economy* – Session 2017-19 (HC 691)
- Treasury Minutes: October 2018 (Cm 9702)
- Treasury Minute Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (CP 70), 4 recommendations have been implemented and the Department disagreed with 1 recommendation. 3 recommendations remained work in progress, one of which is now implemented, as set out below.

1: PAC conclusion: *BEIS and DFE do not currently have sufficient understanding of what specific skills businesses really need or how Brexit will affect the already difficult task of ensuring the supply of STEM skills in the workforce.*

1: PAC recommendation: *Following publication of the Migration Advisory Committee report in September 2018, BEIS and DFE should, within six months, set out the further steps they will take to ensure that STEM skills shortages are addressed.*

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: July 2021
Original implementation date: April 2019

1.2 The Government remains committed to supporting STEM sectors and tackling particular shortages of STEM skills as set out in the Industrial Strategy. The Government provided evidence to the independent Migration Advisory Committee's (MAC) review of the Shortage Occupation List (SOL) in January 2019; a number of STEM technical occupations were added to the SOL in spring 2019 as a result. These were implemented through amendments to the Immigration Rules on 6 October 2019.

1.3 On 8 August 2019 the Prime Minister announced reforms to our existing Exceptional Talent route which will enable a wider pool of top scientific talent and selected individuals with specialist STEM skills to apply to come to the UK. This will provide greater opportunities for talented individuals to make an important contribution to our leading science and research sectors, significantly enhancing the intellectual and knowledge base of the UK. The route will be uncapped, ensuring that those with the required skills-set would be able to secure places.

1.4 The Government also announced the introduction of the Graduate route, which will provide an opportunity for international students who have been awarded their degree to stay and work in the UK at any skill level for two years. This represents a significant improvement in our offer to international students, and will help to support the UK's STEM pipeline, ensuring that our world leading higher education sector remains competitive internationally.

1.5 On 6 September 2019 the Home Secretary commissioned the MAC to carry out an in depth analysis of potential future salary thresholds and the range at which they could be set and to inform the options under consideration by the Home Office for moving towards a points-based visa system, similar to the one used in Australia. The MAC is due to report in January 2020. DFE and BEIS have spoken to a number of stakeholders, including those in the STEM and research sectors, who have confirmed they plan to respond.

1.6 In October 2019, the Industrial Strategy Council published research on the *UK Skills Mismatch in 2030*. This analysis of the challenging UK skills landscape suggests that 7.0 million additional workers could be under-skilled for their job requirements by 2030 and an additional 0.9 million workers could be over-skilled. Particular severe shortages are predicted in the basic digital, core management, and STEM skills. With 80 per cent of the 2030 workforce already in work today, reskilling will be the major challenge. Employers, government, trades unions and individuals will need to work together to understand and deliver the combination of retraining, upskilling and lifelong learning that is required.

1.7 The Government's response to the MAC's report will set out any further steps the Government intends to take to tackle STEM skills shortages through the immigration system.

2: PAC conclusion: ***The Committee remains to be convinced that the proposed Skills Advisory Panels will properly understand national and global skills issues.***

2: PAC recommendation: ***DFE should set out what specific steps it will take to ensure that SAPs are sufficiently aware of national and global skills supply issues to be fully effective.***

2.1 The Government agreed with the Committee's recommendation.

2.2 **Recommendation implemented**

2.3 Since December 2018, the Department has supported the set-up of 36 Skills Advisory Panels with £75,000 capability funding and a comprehensive analytical toolkit to make sure each Panel develops a robust evidence base of how local and national issues are affecting skills needs. The summer 2019 Review concluded that most of the Panels are on track to embed the analytical standards by October 2019.

2.4 To strengthen their evidence bases further, the Department worked with other government departments, including the Cities and Local Growth Unit of BEIS, to provide the Panels with a compendium of national and global skills issues, which places have found useful. In collaboration with the Department for Work and Pensions and the Department for Digital, Culture, Media and Sport, the Department is developing a prototype for a data service that brings together skills supply and demand data. In October 2019 the Department announced the creation of the *Skills and Productivity Board* and will make sure that its analysis is shared with the Panels so key insights are reflected into their local action plans to plug key skills gaps strategically.

6: PAC conclusion: ***The Committee is concerned about the quality of careers advice in schools and colleges.***

6: PAC recommendation: ***DFE should make better use of data on career destinations and salaries to incentivise young people to work towards careers in particular STEM sectors where there is higher need. As part of its plans to improve the quality of careers advice, DFE should work with Ofsted to consider rating the quality of advice provided in schools.***

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: December 2020

6.2 Good careers education and guidance should give people access to the information and data they need to make informed decisions that are right for them. Government already publishes information and data, but it is keen to do more and it has substantial work underway.

6.3 As part of its careers strategy commitment, the Department is exploring options for making data on destinations and outcomes more accessible and relevant. Gatsby Benchmark 4 states that all teachers should link curriculum learning with careers. STEM subject teachers should highlight the relevance of STEM subjects for a wide range of future career paths.

6.4 Students' ability to make informed choices is at the heart of the Higher Education (HE) reform agenda. Government is taking steps to improve the quality and how information is provided, especially around graduate outcomes. Information must support all students' needs and aspirations, including those from under-represented groups.

6.5 The Office for Students website *Discover Uni and Discover Unistats* was launched on 12 September 2019. It contains information to support prospective students in deciding whether, where and what to study, as well as information on the employment outcomes and earning from the Destinations of Leavers from Higher Education (DLHE) survey and the Longitudinal Education Outcomes (LEO) dataset.

6.6 From September 2019, Ofsted introduced new arrangements for school inspections. Inspections make four graded judgements including personal development, which includes career guidance. This includes an expectation that schools will use the Gatsby Benchmarks to develop and improve their provision and ensure all pupils receive unbiased careers information.

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Forty-Eighth Report of Session 2017-19

HM Treasury

Exiting the EU: the financial settlement

Introduction from the Committee

The Government is negotiating the terms of the UK's withdrawal with the European Union (EU). As part of this, the Government intends to agree what the UK will pay towards the financial commitments and liabilities the EU entered into when the UK was a member state, known as the financial settlement. This will be part of the withdrawal agreement, alongside citizens' rights and the impact on the Northern Ireland border. The government has stated that it aims for the settlement to be fair and in accordance with the law and spirit of a continuing partnership with the EU.

HM Treasury, on behalf of the UK Government, has been leading negotiations with the European Commission (the Commission) on the financial settlement. In December 2017, the government and the Commission published a joint report on the progress of negotiations on the UK's withdrawal. This set out the principles they had agreed would underpin the financial settlement. In January 2018, the Treasury estimated that the value of the financial settlement would be between £35 billion and £39 billion. In March 2018, the Government and the Commission set out further details on how the settlement will be calculated and paid, in a draft of the withdrawal agreement. Parliament will vote on the finalised withdrawal agreement, including the terms of the financial settlement, and a framework for the UK's future relationship with the EU, in late 2018. The UK will then leave the EU on 29 March 2019. This is the Committee's first examination of the financial settlement, which we will continue to watch closely.

Relevant reports

- NAO report: *Exiting the EU: The financial settlement* – Session 2017-19 (HC 946)
- PAC report: *Exiting the EU; the financial settlement*– Session 2017-19 (HC 312)
- Treasury Minutes: October 2018 (Cm 9702)
- Treasury Minutes: March 2019 (CP70)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP70), four had been implemented, and two remained work in progress, one of which has now implemented as set out below,

4: PAC conclusion: *The Treasury's estimate of the cost of the financial settlement does not include at least £10 billion of costs to the government associated with the UK's withdrawal from the EU.*

4: PAC recommendation: *When providing its updated estimate of the settlement's value to Parliament, the Treasury must be clear what the total potential cost of the settlement is to the government, including how much of EU receipts factored into the settlement will not come into the government's accounts, and setting out payments to the European Development Fund.*

4.1 The Government agreed with the Committee's recommendation.

Recommendation Implemented

4.2 Payment of EU receipts is treated in national and Government accounts in different ways, depending on whether a Government body administers those receipts. Many 'public sector' receipts are in fact destined for the private sector (such as CAP, paid by managing authorities to the private sector). The Government therefore considers this distinction unhelpful in understanding the cost of the settlement. Moreover, were the UK not to receive receipts from EU programmes, whether 'public' or 'private', the Exchequer would meet the cost of these as set out in the Government's announcements on the *guarantee for EU programmes*.[3]

4.3 In respect of the European Development Fund (EDF), the Government considers this commitment to be outside the financial settlement. It does not expect to meet the cost through powers taken under the EU (Withdrawal Agreement) Bill.

4.4 Nevertheless, in the interests of transparency, future Treasury updates will set out expected future receipts from EU programmes, how these are administered and treated in national accounts, and expected future payments to the EDF.

4.5 The Treasury provides an annual update to Parliament on EU finances in the European Union Finances Statement. The *European Union Finances Statement for 2018* was published in June 2019. The document included the additional information requested here: an update to the assessment of the cost of the financial settlement, as well as information on expected future receipts from EU programmes, and expected future payments to the EDF.

5: PAC conclusion: ***The Committee is concerned that the Treasury has not set out how it will assure Parliament and the taxpayer that future settlement payments will be made accurately.***

5: PAC recommendation: ***The Treasury should, within four months of our report, set out the assurance arrangements that it has put in place to ensure that the UK does not pay more than it owes, including how and when it will appoint its auditors. The Treasury should ensure that the UK continues to have sufficient input into the key EU institutions responsible for ensuring the accuracy of the EU's financial information, particularly the European Court of Auditors, until the transition period finishes.***

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: Autumn 2018

5.2 The draft withdrawal agreement published in October 2019 gives the UK audit rights with respect to the implementation of the financial provisions of the withdrawal agreement. The application of these rights will be a significant source of assurance for Parliament in respect of payments under the financial settlement. The Government has developed detailed proposals to give effect to these rights in the implementation period, and these will be finalised with the EU once Parliament has approved the withdrawal agreement. The Treasury will provide details of the finalised arrangements to Parliament in the course of reporting on the settlement.

5.3 In its March 2019 update (CP70) the Treasury reported that discussions with the EU would be concluded once Parliament had approved the withdrawal agreement. Since then the Article 50 period has been extended to 31st January 2020. The target implementation date has therefore been updated to Spring 2020.

[3] The Guarantee was introduced in 2016 to provide UK organisations in receipt of EU funding with the certainty that they would continue to receive funding in a no deal scenario. See:https://www.gov.uk/government/publications/the-governments-guarantee-for-eu-funded-programmes-if-theres-no-brexit-deal/the-governments-guarantee-for-eu-funded-programmes-if-theres-no-brexit-deal

Forty-Ninth Report of Session 2017-19

HM Revenue and Customs

Progress in tackling online VAT fraud

Introduction from the Committee

Internet shopping, particularly through online marketplaces like Amazon and eBay, is now commonplace. Online traders on those marketplaces should charge VAT on their sales in the same way that they would on goods bought over the counter. The VAT rules require that all traders based outside the European Union (EU), selling goods online to customers in the UK, should charge VAT if their goods are already in the UK at the point of sale. But too many are not still doing so. HM Revenue and Customs' latest estimate is that online VAT fraud and error cost between £1 billion and £1.5 billion in lost tax revenue in 2016–17. VAT fraud has a wider impact on the market, and creates unfair competition; sellers who do not charge the VAT that they should are able to undercut the prices offered by law-abiding UK businesses by up to 20%, forcing many to lay off staff or even go out of business.

The Committee has raised concerns several times before about how slowly HMRC has responded to this problem, most recently in the Committee's report in October 2017. Since then, several new HMRC compliance measures have come into effect: extended powers to hold online marketplaces jointly and severally liable for unpaid VAT of a business, arising from sales via that online marketplace; a requirement for online marketplaces to display a valid VAT number for their traders, when they are provided with one; a scheme to register fulfilment houses; and a Memorandum of Understanding to promote collaboration between HMRC and online marketplaces and greater sharing of information.

Relevant reports

- NAO report: *Investigation into overseas sellers failing to charge VAT on online sales* - Session 2016-17 (HC 1129)
- PAC report: *Progress in Tackling online VAT fraud* – Session 2017-19 (HC 1304)
- Treasury Minutes: October 2018 (Cm 9702)
- Treasury Minute Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 2 recommendations in this report. As of the last Treasury Minute (CP 70), the 2 recommendations remained work in progress, both of which are now implemented, as set out below.

1: PAC conclusion: *HMRC has taken some positive steps to tackle online VAT fraud.*

1: PAC recommendation: *HMRC should update the Committee by March 2019 on progress in securing the additional forecast £1 billion VAT revenue through to 2023, including progress and outcomes on investigating non-compliant overseas traders, auditing the compliance of newly registered traders and their repayment of previously unpaid VAT.*

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

1.2 In the last Treasury Minutes Progress Report, the department reported that the evidence continues to suggest that the measures are effective in tackling online VAT fraud and error and are on track to secure the additional forecast £1 billion. The department continues to review and develop the processes it has in place in order to monitor performance results from its activity and the impact this is having on tackling online VAT fraud and error.

2: PAC conclusion: ***Despite the new measures to tackle online VAT fraud, there are still limitations in HMRC's approach which hinder its ability to tackle non-compliant businesses.***

2: PAC recommendation: ***HMRC should assess the key constraints and challenges it faces in tackling online VAT fraud and identify any further measures necessary to overcome them, including any further legislative powers. HMRC should update the Committee by March 2019.***

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

2.2 The Department continues to engage in work internationally to explore new ways to tackle this problem. The Department continues to review its compliance approach to make use of all available tools and also continues to explore the most effective use of debt, customs and data-gathering powers.

Fiftieth Report of Session 2017-19

Ministry of Housing, Communities and Local Government

Financial Sustainability of Local Authorities

Introduction from the Committee

Since 2010–11 successive governments have reduced funding to English local authorities as part of their efforts to reduce the fiscal deficit. By 2017–18 government funding to authorities had fallen by 49.1% in real terms. Over the same period, local authorities have faced growing demand for key services such as adult and children's social care, and housing services, alongside new cost pressures such as the National Living Wage. While local authorities have coped well in absorbing these costs, there is now growing evidence of pressure in the system. Local authorities are increasingly reliant on unsustainable measures such as reducing debt costs or drawing down their reserves. Local authorities with social care responsibilities overspent their service budgets by over £1 billion in 2016–17, and there is evidence of service reductions across a number of areas such as waste collection, libraries and bus services.

The Department is responsible for the financial framework for local government which covers the distribution of government funding alongside other factors such as arrangements for business rates retention, council tax, and commercial investment. The Department also takes the lead on assessing the funding requirements of local authorities as part of Spending Reviews and supporting the financial sustainability of the sector by changing the overall financial framework if required. A number of other government departments are responsible for policies and services that are delivered by local authorities. For instance, the Department for Education has policy responsibility for children's social care services delivered by local authorities.

Relevant reports

- NAO report: *Financial sustainability of local authorities* - Session 2017-19 (HC 834)
- PAC report: *Financial sustainability of local authorities* - Session 2017-19 (HC 970)
- *Treasury Minutes: October 2018* (Cm 9702)
- *Treasury Minute Progress Report* – March 2019 (CP70)

Update to the Government response to the Committee

There were 11 recommendations in this report. As of the last Treasury Minute (CP 70), the Government disagreed with 3 recommendations, 3 were implemented and five remained work in progress, four of which are now implemented as set out below.

3: PAC conclusion: ***The Department does not have a consistent and transparent method to assess financial risk in local authorities.***

3b: PAC recommendation: ***The Department should take a more transparent approach to the next spending review and publish its projections for demand and spending by service area once the spending review has concluded, together with its monitoring of outcomes against these projections.***

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: January 2020

3.2 In the Government's response to the Committee, the Department agreed to publish data in relation to projections for demand and spending following the spending review. The Department will publish this information in a forthcoming letter to the committee.

5: PAC conclusion: ***The lack of a long-term funding plan for local authorities is a risk to value for taxpayers' money.***

5a: PAC recommendation: ***In order to support authorities' financial planning the Department should publish a timetable as soon as possible showing when it will have to take key decisions, and when worked examples will be available relating to the Fair Funding Review, the introduction of 75% local retention of business rates and the 2019 Spending Review. The timetable should ensure that the outcomes of the Fair Funding Review and the design of the 75% local business rates retention are known to the sector as early as possible in 2019.***

5.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The Government is committed to working with the sector on developing and delivering reforms to the local government finance system. Ensuring that local authorities can plan effectively for any change is a key part of this close collaboration. For example, the Department is developing a revised timetable for implementation of the Review of Relative Needs and Resources and will share this timetable with the steering group that it co-chairs with the Local Government Association.

5.3 The Department recognises that local authorities want more certainty about the potential outcomes of the Review, and will continue to explore ways to give this certainty. Final proposed allocations will be confirmed in the provisional local government finance settlement for 2021-22.

6: PAC conclusion: ***Arrangements covering accountability for, and scrutiny of, local authority spending may not be sufficiently robust given the level of financial pressure local authorities face.***

6a: PAC recommendation: ***The Department should, by May 2019, review the way audit committees operate in examining and challenging local risks to financial sustainability.***

6.1 The Government agrees with the Committee's recommendation

Recommendation implemented

6.2 In July 2019, Sir Tony Redmond was invited by the former Secretary of State, the Right Honourable James Brokenshire MP, to conduct a review into the arrangements in place to support the transparency and quality of local authority financial reporting and external audit in England. Sir Tony has been asked to make his recommendations to the Secretary of State in Spring 2020.

6.3 The Redmond Review published a *Call for Views* on 17 September 2019. The Call for Views includes a chapter on the framework for responding to audit findings, which specifically covers the role of audit committees in responding to governance weaknesses including those relating to financial resilience issues.

6b: PAC recommendation: ***The Department should, by May 2019, review the way scrutiny functions operate in examining and challenging local risks to financial sustainability.***

6.4 The Government agrees with the Committee's recommendation

Recommendation implemented

6.5 The Department published *updated guidance* on overview and scrutiny for councils and combined authorities on 7th May 2019. This guidance seeks to ensure local authorities and combined authorities are aware of the purpose of overview and scrutiny, what effective scrutiny looks like, how to conduct it effectively and the benefits it can bring.

6.6 In writing this guidance, the department took close note of the Committee's report of December 2017, *Effectiveness of local authority overview and scrutiny committees*, as well as the written and oral evidence supplied to that Committee. The Department has also engaged with the local government sector, and consulted individuals and organisations with practical involvement in conducting, researching and supporting scrutiny.

7: PAC conclusion: ***The introduction of IFRS nine poses a risk to good financial management and planning in local authorities, including council tax levels.***

7: PAC recommendation: ***The Department should introduce a statutory override for the requirement under IFRS 9 for local authorities to account for gains and losses from investments in their general funds, in order to prevent any distorting effects on local government financial management.***

7.1 The Government agrees with the recommendation.

Recommendation implemented

7.2 The regulations that implement the statutory override were laid in Parliament and came into force on 19 December 2018. Therefore, the statutory override to normal accounting practices was in force when local authorities prepared their 18-19 financial accounts. The Department has decided to implement a statutory override for a period of 5 years up to 31st March 2023. This is 2 years longer than was proposed in the consultation.

Fifty-Second Report of Session 2017-19

Department for Education

Converting schools to academies

Introduction from the Committee

As of January 2018, the Department for Education had converted around 7,000 maintained schools to academies; 72% of secondary schools are now academies and 27% of primary schools. Academies are publicly funded but, unlike maintained schools, they are independent of local authorities. They have more freedoms, for example in setting staff pay and conditions and determining their own curriculum. Academy schools are part of academy trusts, which are charitable companies directly funded by, and accountable to, the Department. The Department's underlying objective for academies is that they should improve educational standards in schools. Any school is able to apply for academy status, but the Department has a statutory duty to direct schools that Ofsted has rated as inadequate to become academies with the support of a sponsor. A sponsor is an organisation the Department has approved to support an academy. Most sponsors are groups of schools that have formed multi-academy trusts.

The Department is accountable for securing value for money from spending on the conversion process and the academies programme in general. In 2016–17, it spent £81 million on converting schools to academies, and has spent £745 million in total since 2010–11. The Department works through eight regional teams, each led by a regional school's commissioner, which coordinate the process of approving applications from maintained schools to become academies.

Relevant reports

- NAO report: *Converting maintained schools to academies* – Session 2017-19 (HC 720)
- PAC report: *Converting schools to academies* – Session 2017-19 (HC 697)
- Treasury Minutes: October 2018 (Cm 9702)
- Treasury Minute Progress Report: March 2019 (CP 70)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP 70), 5 recommendations had been implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

5: PAC conclusion: ***The Department's arrangements for oversight of schools are fragmented and incoherent, leading to inefficiency for Government and confusion for schools.***

5: PAC recommendation: ***The Department should set out, as part of its consultation on school accountability in autumn 2018, how the Education and Skills Funding Agency and regional schools commissioners will work together more effectively. Its proposals should identify and address unnecessary burdens on schools, and ensure that oversight of schools is made more coordinated and effective.***

5.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

5.2 In its scrutiny of specific trusts, the Department considers three key functions of the trust: educational performance, financial management and governance. To be able to identify risks, and take decisions about whether action is required, the Department systematically collects a range of information about trusts and shares this within the Department, including the Regional Schools

Commissioners (RSCs) and the ESFA. The RSCs and ESFA work closely together, utilising this information, to reach a collective view of a trust.

5.3 Operational reforms are now being embedded in the Department’s teams located at a regional level to serve schools. The objective of these reforms has been to align more of its service delivery to provide schools, local authorities and other local partners a more co-ordinated service under single lines of management.

5.4 A detailed plan was set out to the Committee in the *letter from Jonathan Slater*, Permanent Secretary for the Department on 7 November 2018.

Fifty-Third Report of Session 2017-19

Ministry of Defence

Ministry of Defence's contract with Annington Property Limited

Introduction from the Committee

The Ministry of Defence offers subsidised housing for its service personnel and their families as part of the overall remuneration package. In 1996, the Ministry of Defence sold 999-year head leases on 55,000 houses to Annington Property Limited (Annington) and then rented them back on 200-year underleases. The main purpose of the deal was to transfer ownership of the bulk of the married quarters estate to the private sector; secure funds for upgrading work and improve the management of the estate. Initially, the Department has received a 58% adjustment to open market rents for the first 25 years of the contract, which reflected among other things that it continued to have responsibility for maintaining the properties. However, the Department is between £2.2 billion and £4.2 billion worse off over the first 21 years of the contract than if it had retained ownership. This is largely because it has missed out on house price rises, which have been substantially higher than it predicted.

Relevant reports

- NAO report: *Ministry of Defence's arrangement with Annington Property Limited* Session 2017-19 (HC 762)
- PAC report: *Ministry of Defence's contract with Annington Property Limited* Session 2017-19 (HC 974)
- *Treasury Minutes* October 2018 (Cm 9702)
- *Treasury Minutes Progress Report* (CP 70)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP 70), 4 recommendations had been implemented and 2 recommendations remained work in progress, as set out below.

1: PAC conclusion: ***The Department's 1996 deal with Annington Property Limited provided little protection for taxpayers, who have lost billions of pounds, while enabling Annington to make excessive returns.***

1: PAC recommendation: ***In its response to this report, the Government should confirm that all its future deals will contain effective protections for the taxpayer that were noticeably absent in this sale. In respect of the Annington deal, the Department must make the most of a bad situation. As well as securing the best possible outcome from the rent negotiations, it should work with Annington to extract the maximum value from the estate, including via estate development opportunities, options to release sites, and agreements around the use of utilities.***

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: November 2018

1.2 The Department provided a *written response to the Committee on 30 November 2018* outlining plans to improve commercial capability and relations with Annington.

1.3 As part of that commitment, the Government agreed an accelerated Site Rent Review process with Annington Property Ltd in March 2019. The accelerated review process is more time and cost efficient and is due to conclude in 2021. The outcome will determine the site by site rent adjustment the Department receives and will replace the blanket 58% abatement currently in receipt. The revised agreement also provides financial benefits to the Department through savings on dilapidation costs, a receipt of up to £24m is possible over a 7-year period in return for handing back a minimum of 500 properties per annum. This will support the Department's commitment to reducing the number of void properties, and in addition Annington can sell or let the properties that the Department no longer needs.

1.4 The on-site inspection of more than 1,000 properties across 27 Defence sites, is complete and both parties are now working on an assessment of the rental value of the representative sites. If an agreement cannot be reached on any of the representative sites, a decision will be sought via independent arbitration. The Department aims to have concluded the process within the next 12-24 months.

1.5 In addition, the Department and Annington have also committed to work more closely together in other areas of mutual benefit including:

- Bulk lettings
- Redevelopments
- Utilities agreements
- Sub-letting
- Estate planning

1.6 The Department will of course use its enhanced commercial capacity, strengthened guidance in documents such as Managing Public Money and assurance processes to ensure that any deals include adequate protection for taxpayers over the lifetime of any such deal.

5: PAC conclusion: ***It is scandalous that the Department still holds so many empty properties at a time of a national housing shortage and has made almost no progress in 20 years in reducing the number.***

5: PAC recommendation: ***The Department should develop a plan and timetable for reducing the number of empty properties to a more acceptable level, with a target of getting down to, at most, 10% voids in three years' time. It should write to the Committee with details of its plan by 30 November 2018.***

5.1 The Government agreed the Committee's recommendation.

Target implementation date: March 2022

5.2 The Department *wrote to the Committee on 30 November 2018* outlining plans to reduce the number of void properties, as part of its wider Defence Accommodation Strategy.

5.3 *At a Committee hearing in May 2019*, the Department committed to accelerate the reduction in the number of empty properties to 10% by Autumn 2021. A management margin of 10% voids is required to allow the annual churn of c16,000 house moves, and to support major maintenance and upgrade works. At 1 October 2019, the void rate had reduced to 21% from 23%. The Department has implemented a Void Reduction Plan to reduce the number of vacant properties in a phased way:

- Continue short-term sub-letting of empty properties to the general public; 1,539 properties have been sub-let to date across 50 sites. The sub-let programme helps to alleviate the UK's housing shortage, while allowing the Department to use the properties when the need arises.
- Handing back a minimum of 500 properties per year over the next 7 years to Annington Homes.
- Demolishing 400 properties in Northern Ireland as part of the Good Friday Agreement; these properties are unable to be used by other institutions.
- Housing c750 Services families who have returned from Germany in 2019.
- Meeting the new demand from cohabitating couples eligible for SFA; more than 500 have been housed or allocated since April 2019.

5.4 With these additional steps, assuming current demand levels are maintained, the Department is confident of meeting the accelerated target by Autumn 2021.

Fifty-Fifth Report of Session 2017-19

Department for Work and Pensions

Employment and Support Allowance

Introduction from the Committee

Employment and Support Allowance (ESA) is a benefit that the Department for Work and Pensions (the Department) pays to people who have limited capability to work owing to disability or illness. In 2016–17, the Department paid out around £15 billion in ESA to approximately 2.4 million people. In 2011, the Department began reassessing people who were claiming older-style benefits such as Incapacity Benefit and transferring those eligible to ESA. In November 2017, the media reported that around 70,000 people who had been transferred to ESA had been underpaid because they had been awarded ESA based on their National Insurance contributions only, when they might also have been entitled to ESA on income grounds and extra premium payments. The Department announced on 14 December 2017 that it had established a special team to contact the people affected and pay back the money they are owed. It expects to pay around £340 million in arrears by April 2019.

Relevant reports

- NAO report: Errors in Employment and Support Allowance Session 2016-17 (HC 837)
- PAC report: Employment and Support Allowance – Session 2017-19 (HC 975)
- Treasury Minutes: October 2018 – Session 2017-2019 (Cm9702*)*
- Treasury Minutes Progress Report: March 2019 (Cm 9700)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9700), 4 recommendations had been implemented, the Department disagreed with 2 recommendations and 2 recommendations remained work in progress one of which is now implemented as set out below.

5: PAC conclusion: ***The Department's abysmal communication with claimants exacerbated the scale and impact of its error.***

5: PAC recommendation: ***The Department should review urgently: the clarity; accessibility; simplicity; and ease of reading of all its letters to claimants and report back to the Committee by the end of November 2018 on the results and what steps it has taken to improve them.***

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

5.2 The Department is committed to making its claimant communications clear, accurate, easy-to-understand and accessible. Since Winter 2018, the Department has made improvements to around 3000 existing letters and forms, in addition to developing new products. The Department works to high standards for plain English and accessibility.

5.3 In January 2019 the Department launched a revised style guide for written communications, including letters, correspondence and digital content. This set outs comprehensive guidance for making communications clear, helpful, respectful and positive, consistent with standards used by Government Digital Service for citizen content. The guide also includes new accessibility standards. The guide is updated monthly to reflect findings from user research, claimant feedback and accessibility good practice.

5.4 In June 2019 the Department moved to a new template for non-system 'clerical' letters, which RNIB and Mencap have endorsed as more accessible. The upgraded template includes simpler wording for important information, including our policies on equality and diversity, call charges, obtaining communications in alternative formats and requesting a mandatory reconsideration of a decision. Since June, we have upgraded 650 existing letters onto the new template. The Department continues to review its clerical letters – around 12,000 – and to upgrade these on an ongoing basis.

5.5 The Department is currently reviewing its oldest system-generated letters in readiness for making improvements from May 2020 following migration to a new IT platform that enables editing. This will be a long-term project owing to the volume and complexity. The Department recognises many system letters have not been revised for several years and do not meet our current standards, so reviewing and upgrading them on an ongoing basis is a priority.

5.6 The Department published an Easy Read guide to Access to Work in January 2019, followed by Easy Read and BSL video guides Support for Mortgage Interest in June 2019. Further accessible guides will be published on an ongoing basis.

6: PAC conclusion: ***The Committee is still not convinced that the Department is serious about reducing the £1.7 billion underpayments claimants miss out on each year.***

6a: PAC recommendation: ***The Department should, by the end of November 2018 publish statistics on how many claimants are affected by over and under payments.***

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: 2023
Original implementation date: December 2018

6.2 The Department gave an overview in the response of 21 December 2018 of the work that has been carried out with regards to publishing statistics on claimants affected by over and under payments. Once Universal Credit is fully rolled out (expected 2023), the Department will consider whether it would be feasible to publish these figures. Please note that the Department published Fraud and Error statistics on the 6 December 2018 in its publication '*Fraud and Error in the Benefit System*'.

Fifty-Eighth Report of Session 2017-19

Cabinet Office

Strategic Suppliers

Introduction from the Committee

Carillion, a major supplier to the public sector, collapsed on 15 January 2018. Nine days later, the House of Commons debated and agreed a Resolution that required the Government to release confidential risk assessments of its main suppliers to this Committee. The risk assessments relate to companies with contracts across several Government Departments worth more than £100 million per year or deemed significant to a sector - designated as Strategic Suppliers by Government. There are currently 27 Strategic Suppliers providing services across the public sector. The risk assessments, compiled every six weeks by Crown Representatives in the Cabinet Office, highlight significant concerns about performance against contracts; summarise financial and market information; and assign a Red-Amber-Green (RAG) risk rating.

The risk assessments provided to this Committee offer an assessment of each company's financial status and performance against contracts, which are encapsulated in a Red-Amber-Green (RAG) rating, augmented by a Black 'High Risk' or exemplary Platinum rating. The documents are compiled by each company's Crown Representative. The Cabinet Office considers publication of the documents could affect market confidence and harm companies. The Committee published a report on the Government risk assessments relating to Carillion on 23 May 2018.

Relevant reports

- PAC report: *Government risk assessments relating to Carillion* – Session 2017-19 (HC 1045)
- PAC report: *Strategic Suppliers* – Session 2017-19 (HC 1031)
- Treasury Minutes: October 2018 (Cm 9702)
- *Treasury Minutes Progress Report:* March 2019 (CP 70)

Update to the Government response to the Committee

There were 18 recommendations in this report. As of the last Treasury Minute (CP 70), 5 recommendations have been implemented and the Department disagreed with 1 recommendation. 12 recommendations remained work in progress, of which 10 have now been implemented, as set out below.

Competition in the market / Encouraging and managing competition

1: PAC conclusion: ***The Government has allowed a culture to develop in which a small number of large companies believe that they are too big to fail pursued new business with little apparent consideration of their ability to deliver the right service at the right price.***

2: PAC conclusion: ***The Committee welcomes the Minister's announcement that the Government will be issuing a 'playbook' to encourage new entrants and look forward to seeing the details of the proposal. However, the language used in the announcement suggests that the Cabinet Office does not intend to take the opportunity to equip itself with powers to enforce its 'playbook'.***

1-2: PAC recommendation: ***The Committee recommends that the Cabinet Office upgrade its 'playbook' and other guidance to the status of mandatory requirements.***

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

1.2 The Outsourcing Playbook was published in February 2019 as mandatory guidance, applicable to all central government departments and arm's-length bodies. The Outsourcing Playbook applies to all outsourcing projects and sets additional requirements that apply to complex outsourcing projects.

Information about the market

3: PAC conclusion: ***The Government has created a merry-go-round procurement culture that encouraged a small number of companies to bid for contracts that they knew they would be unable to deliver for the agreed price.***

The Government's procurement process incentivised both Government and companies to focus more on the process of tendering and winning bids than on ensuring the right supplier could provide the right service at the right price.

The Government has failed to use its unique position in the market to encourage competition in the market; and appears to have no plan or targets for the development of the markets in which it operates; nor does it have the underlying data necessary to develop such a plan.

The Government is a uniquely powerful player in these markets but has failed to understand or manage the market. Public sector contracts cover a wide range of activities and are provided by a wide range of companies. Government has little understanding about how it influences the market and displays little strategic thinking into how it could, or should, be examining or influencing those markets.

3: PAC recommendation: ***The Committee recommends that the Cabinet Office develop an approach to examining the market to provide it with better intelligence on the motivations and intentions of companies currently bidding for central Government work.***

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

3.2 The Outsourcing Playbook and associated guidance note sets out a requirement for all outsourcing projects to include an assessment of the market early during the preparation and planning stage. It includes guidance on how to assess markets including monitoring market health, and guidance on how commercial strategies and contracts can be adapted to respond to market weaknesses and promote healthy markets.

3.3 In addition, a new central Cabinet Office team focused on examining the market has been established within the Markets & Suppliers team. The team has been developing an approach to examine key markets and sectors. This includes sector insight and market intelligence on the issues and challenges. Good progress is being made to better understand the motivations and intentions of companies bidding for work across government.

Outsourcing / Improving contracts

6: PAC conclusion: ***The Committee's*** **evidence has** ***highlighted a concern that contracting bodies do not always have a sufficiently clear understanding of the service that they are outsourcing. Public bodies can consider outsourcing to be an opportunity to transfer problems to a private company. Transferring risk is illusory in most cases as the Government retains the ultimate risk of failure to deliver certain services.***

7: PAC conclusion: ***Poor contract specification leads to uncertainty, which can cause cost increases, delay and failures to deliver. Imprecise scoping and poor information at the tendering phase can also lead to an adversarial environment that makes it more difficult to reach resolution. The Government needs to ensure that contracting bodies balance front line understanding of a service, project management skills and commercial and financial considerations when designing contracts. The Cabinet Office has a role in ensuring that this balance is achieved.***

Poor-quality Government data is a perennial concern for the Committee. The Government needs to be clearer about the problem it is outsourcing and clear when its own data is flawed or incomplete.

6-7: PAC recommendation: ***The Committee recommends that Government set out how it will improve the reciprocal due diligence between the Government and its suppliers. Government has a right to assure itself that a company is competent and capable of delivering the contracted service. The company also has a right to expect the Government to specify accurately what service it is contracting.***

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

6.2 The Cabinet Office has developed detailed guidance on the assessment of the economic and financial standing of suppliers, to support contracting authorities in understanding the financial capacity of suppliers to perform a contract in order to safeguard the delivery of public services.

6.3 The guidance provides support on assessing the economic and financial standing (EFS) of bidders during a procurement; mitigating financial risks arising from the EFS of a bidder or changes to such standing; and monitoring the ongoing EFS of suppliers during the life of a contract.

6.4 The Cabinet Office has also provided contracting authorities with the Financial Viability Assessment Tool to support proportional due diligence of a supplier's financial health.

6.5 The Outsourcing Playbook now requires that contracting authorities carry out a thorough 'make or buy' decision in order to decide if and how a service should be outsourced; within this, the importance of understanding the service is central. The Outsourcing Playbook also contains sections focusing on providing quality data and clear specifications to suppliers early in the process following good market engagement.

8: PAC conclusion: ***The introduction of a standard contract is welcome and appropriate for the majority of typical procurements. When the Government procurements are more complex, a more flexible and intelligent approach to contracting is required.***

8b: PAC recommendation: ***The Government must ensure that the procurement process for more complicated projects includes a comprehensive sensitivity analysis and scenario planning.***

8.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

8.2 In addition to the guidance set out in the Outsourcing Playbook for all outsourced service procurements, complex projects are required to do the following:

- Go through a Project Validation Review (PVR)
- Produce a should-cost model

- Run a pilot prior to full procurement (when outsourcing a service for the first time)

8.3 Where appropriate, should-cost models will include sensitivity analysis and scenario planning.

8.4 Further to this, where a critical service is being procured, the successful bidder is expected to provide the contracting authority with Corporate Resolution Planning Information.

> **8c: PAC recommendation:** ***Government should look at the lifetime cost and value of a contract, not just the bottom line at the point the contract is commissioned. Government needs to get better at managing contracts through their life. To do this it needs to facilitate significant uplift in skills.***

8.5 The Government agreed with the Committee's recommendation.

Target implementation date: March 2020
Original implementation date: December 2019

8.6 Good progress has been made in upskilling staff who manage contracts. As of September 2019, just over 6,000 people have registered for training with just over a 1,000 having achieved accreditation at various levels. For all gold and silver contracts (those deemed most significant and critical) departments are being asked to provide a named individual by January 2020 who can then start or continue training.

> **8d: PAC recommendation:** ***Government should consider using a partnering model, as used in construction to create co-dependent relationships, for major, risky contracts to incentivise suppliers to deliver effectively alongside Government, and to ensure Government has proper oversight and skin in the game on vital public services.***

8.7 The Government agreed with the Committee's recommendation.

Recommendation implemented

8.8 The Outsourcing Playbook requires contracting authorities to carry out a thorough 'make or buy' assessment in order to decide on an appropriate service delivery model upon the introduction of public services, identification of a new development to an existing service, or a need to re-evaluate the delivery model of existing services.

8.9 The outcome of a 'make or buy' assessment may be for a hybrid model including a joint venture however this is not a requirement. The assessment is expected to take place early enough to inform the Strategic Outline Case.

Price, quality and value

> **10: PAC conclusion:** ***The current procurement environment encourages Government and suppliers to place too much emphasis on price at the expense of quality. Tendering exercises must have an appropriate quality threshold and contracting bodies need to have sufficient understanding of the market to identify bids that are too low to enable the supplier to sustainably deliver to the required standard.***
>
> ***The Committee's evidence suggests that some companies have bid at a price that provides little or no margin with the expectation that subsequent variations will enable them to make a reasonable return.***
>
> ***The Committee has real concerns about a race to the bottom in pricing. A number of suppliers are now going through corporate cleansing and refusing to bid for contracts where the profit margins are low. Such cleansing has not stopped them doing this in the past. Too often suppliers will also pass cost-cutting down the supplier chain without due regard for long-term implications. Government has to be an intelligent customer and be clearer about the impact of pricing models on the long-term delivery of a project. A saving today can simply shunt costs into the future.***

Social Value Act

11: PAC conclusion: ***Cabinet Office is obliged to consider wider social benefits of procurements under Section 3 of the Public Services (Social Value) Act. The underuse of the Act could be taken as further evidence that cost overrides any other consideration Government makes in awarding contracts. The enthusiasm of suppliers to see the Act better used gives Government an open goal to achieve more social value.***

10-11: PAC recommendation: ***The Committee recommends that there be an expectation of including a social value evaluation in Government procurements and that contracting bodies provide the Cabinet Office with an explanation if they wish to remove the provisions. Government should, as part of every procurement tender, require plans to add social value and ensure social value is a weighted criterion for contract awards. Government should enshrine winning bidders' social value commitments into contracts and agree appropriate KPIs for monitoring delivery. The Committee recommends the Government include terms in their standard contracts that provide assurance that the company has appropriate corporate governance and corporate social responsibility policies in place.***

10.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2020
Original implementation date: Summer 2019

10.2 The Cabinet Office has launched a consultation on how social value should be taken into account in the award of central government contracts. This consultation closed in June 2019 and the government response will be published shortly.

Skills and oversight

12a: PAC recommendation: ***Government needs to step up its skill development within Departments so that contracts are specified better from the outset.***

12.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

12.2 A robust mechanism is in place to evaluate commercial professionals against published people standards. The Commercial Assessment and Development Centre identifies the expertise, acumen and leadership capabilities of individuals and sets out where development should focus.

Crown representatives and risk assessments

14: PAC conclusion: ***The Government's RAG rating system is not working, either as a carrot, or as a stick. The RAG rating system is a management tool that provides civil servants with a shorthand assessment of a supplier's performance. A decline in a company's RAG status appears to have no material impact, other than to trigger closer scrutiny from the Cabinet Office as set out in the Strategic Supplier Risk Management Policy.***

The Committee does not accept Cabinet Office's rationale for failing to give Carillion a High-Risk rating. Given the caution with which Government treats risk assessments the Committee believe it is highly improbable that a High-Risk rating would become public. The Cabinet Office's decision not to do this undermines its own Strategic Supplier Risk Management policy.

14: PAC recommendation: ***The Committee recommends that the Cabinet Office review the Strategic Supplier Management Policy and its application. If RAG ratings are to be of use they need to be applied consistently and based on objective assessment. The Cabinet Office should consider whether it is appropriate that a supplier can appeal against a rating.***

14.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

14.2 The Cabinet Office completed its review of the Strategic Supplier Management Policy in January 2019. In February 2019, the then Minister for Implementation announced a new approach through the introduction of a Memorandum of Understanding with the government's Strategic Suppliers. The new approach provides more flexibility, and the improvement of current tools for the government to manage risk across its supplier base with the full cooperation of industry. To date 94% of Strategic Suppliers have signed up to the MOU terms, with the remaining 6% in governance. There are no plans to introduce a ratings appeal system for Strategic Suppliers.

15: PAC conclusion: ***The Committee considers that the Cabinet Office overstated the potential impact of publishing the past risk assessments relating to the Government's remaining Strategic Suppliers. However, the Committee accepts that some material risk of damage exists and particularly to smaller supply chain businesses and their employees, and have therefore decided not to publish the documents in full at this time.***

15: PAC recommendation: ***The Crown Representative system is at risk of under-resource and high staff turnover. The Cabinet Office should consider how to make the role sufficiently attractive to attract and keep individuals of an appropriate calibre.***

15.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

15.2 The Cabinet Office frequently reviews Crown Representative and supplier allocations and make changes as appropriate to ensure that the role attracts and retains top talent. The Cabinet Office continues to review a possible raise of the Crown Representative day rate.

15.3 In order to facilitate effective communication amongst the Crown Representatives, the Cabinet Office organises 6-weekly lunch meetings in addition to 6-weekly CRB meetings. An annual internal survey of Crown Representatives is being introduced to track engagement and retention.

15.4 The average length of service for Crown Representatives is currently 2.6 years.

17: PAC conclusion: ***The Joint Report from the Business, Enterprise and Industrial Strategy and Work and Pensions Select Committees sets out the key facts about Carillion's business approach, corporate governance and financial performance and reporting. The Committees' conclusions and recommendations are a damning litany of incompetence and self-delusion at the top of the company. Several aspects of the company's, and its advisers', activities continue to be investigated by outside regulators, including The Pensions Regulator and the Financial Reporting Council.***

The net loss to Government of carrying out the liquidation is currently estimated at £148 million, but the final sum is uncertain. The wider costs to former Carillion workers, pensioners, investors, the supply chain, and other creditors remain unclear. Carillion's shareholders and lenders bore the brunt of much of financial penalty for the company's failure. Many of Carillion's subcontractors and suppliers took a very large penalty as Carillion had accrued significant credit through late payments which, even if the contract had been taken over, were unlikely to be paid.

The Committee welcomes the Government's intention to introduce a requirement for suppliers to produce 'Living Will' contingency documents.

17a: PAC recommendation: ***In response to this report, the Committee expects the Government to provide more detail about how the policy will be implemented; what the documents would contain; and how their contents would be scrutinised, assured and kept up to date.***

17.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

17.2 The Outsourcing Playbook introduced the requirement for 'Corporate Resolution Planning Information' for new providers of critical services to government and public sector dependent suppliers. This information will need to be provided within sixty days of the contract being effective, and all Strategic Suppliers have been requested to provide corporate resolution planning information as part of the Cabinet Office's annual reviews of these suppliers. The information will detail group structure information, as well as information on other public sector/CNI contracts the group holds. This information will be assured by the markets and suppliers team and updated annually.

17b: PAC recommendation: ***More complex contracts are more likely to go wrong. The Committee would expect the Cabinet Office to consider the burden of creating and maintaining the living wills and balancing that burden with the complexity of the project and the risk and impact of contract failure.***

17.3 The Government agrees with the Committee's recommendation.

Recommendation implemented

17.4 The Outsourcing Playbook outlines that all new critical service contracts require corporate resolution planning information from suppliers, recognising the need for proportionality.

17.5 All strategic suppliers have been requested to provide corporate resolution planning information as part of our annual reviews of these suppliers. This follows a pilot with a small group of strategic suppliers which informed the way we have structured the corporate resolution planning information requirement and confirmed the feasibility of our approach. This information will be assured by the markets and suppliers team and updated annually.

Fifty-Ninth Report of Session 2017-19

Ministry of Defence

Skills shortages in the Armed Forces

Introduction from the Committee

The Armed Forces need sufficient skilled personnel to meet the Government's defence objectives and respond to the rapidly changing threats to the UK. The Ministry of Defence (the Department) is considering the capabilities and skills needed within the Armed Forces to meet these threats. However, in January 2018 it had 137,300 trained regulars, 8,200 (or 5.7%) fewer than it needed, and it will increasingly need more regulars with technical and digital skills. It faces external competition to recruit and retain the specialist skills that it needs at a time when it is already managing significant financial pressures. In 2016–17, the Department spent £9.6 billion on military personnel, which is 27% of the overall defence budget. Economic, social, cultural and demographic changes within the United Kingdom also mean that the Department must think differently about how it recruits and retains personnel. It therefore faces significant challenges in developing the skilled personnel it needs to meet the future ambitions for the Armed Forces and exploit its investment in new equipment.

Relevant reports

- NAO report*: Ensuring sufficient skilled military personnel* - Session 2017-19 (HC 947)
- PAC report: *Skills shortages in the Armed Forces* – Session 2017-19 (HC 1027)
- *Treasury Minutes* December 2018 (CM 9740)

Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (CM 9740), 1 recommendation was disagreed, 1 recommendation was implemented, and 6 recommendations remained work in progress. Five of these recommendations are now implemented as set out below.

1: PAC conclusion: ***The Department does not have a clear view on how it will secure and retain the skills it needs in the future.***

1: PAC recommendation: ***Following publication of the Modernising Defence Programme in Summer 2018, the Department should develop and implement a workforce strategy to close existing skill gaps and secure the new skills that it needs. This should include an assessment of its ability to compete in recruitment markets for more specialist skills, particularly in the light of the UK's exit from the European Union.***

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: Autumn 2019

1.2 As part of the new Defence People Strategy, a federated Programme of People Transformation has started that will improve the Department's ability to respond to the changing demands for skills more quickly. The Department is strengthening its ability to undertake future workforce planning, improving its ability to bring skills in through lateral entry and re-joiners, and making more effective use of the talent, including reskilling the existing workforce. This programme of work and identification of the activities to deliver the Strategy will be in place by Spring 2020 and implementation will commence thereafter.

1.3 Closing capability gaps remains one of the Department's highest priorities. Securing Skills in Defence (SSID) is an initiative that aims to accelerate the rate of recovery of skills shortages and explore new ways of recruiting and retaining talent. It will draw together new and existing approaches in tackling the critical skills challenge, including an Enterprise Approach; delivery of the Critical Skills Campaign Plan and improving Career and Talent management processes.

1.4 The Enterprise Approach draws on existing industry relationships and establishing new ones. This allows the Department to collaborate with industry and across Defence in tackling shared skills challenges, exploring ways to access the skilled people needed through examining demand and finding ways to share skills. This makes it easier for people to move around sectors, public and private. Talent and Career Management trials are underway that will take a pan-Defence view of the workforce. This identifies where scarce skills can be used and needed most effectively, irrespective of their point of origin.

1.5 The Department continues to explore innovative ways to improve the 'lived experience' of Defence People, retention and sustain skill levels. Skills shortages that impact on the ability to deliver Operational outputs and the impact on specific "Pinch Point" cadres are closely monitored. The current number of Pinch Points remains stable and a rolling programme to review single Service 'Recovery' plans has started.

2: PAC conclusion: ***The Department has an inadequate understanding of how Commands use their workforce budgets and whether they make informed investment decisions.***

2: PAC recommendation: ***The Department's Head Office should look closely at Commands' use of workforce-related funding, including expenditure on marketing, recruitment and training. It should establish a bi-annual process to review—with Commands—how workforce funding is being used, learn from best practice and ensure Commands are making informed investment decisions to develop the skills they need in the future.***

2.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

2.2 Formal scrutiny of spending by Top Level Budgets (TLBs), including investment in the workforce, is done through the Command spending plans and quarterly holding to account meetings. The Chief of Defence People (CDP) is now a standing member of the Performance and Risk Review reporting process. It is also reviewed informally through various quarterly meetings that take place between the Department and TLBs. People Transformation and the development of functional leadership in the People area will be used to identify, develop and promote best practice in the People area and better connect People planning with other parts of the Head Office involved in the planning process.

2.3 A key part of the People Transformation is building on this work, developing better data, analysis and insights, including on how the workforce budget is spent. These leverages other work in the Department, to strengthen the Analysis Function through improved Functional Leadership. The Data and Analysis work will strengthen further a detailed understanding of the workforce and allow the Head Office to support People balance of investment decisions and better hold the Services to account for how they use the funding allocated to them.

3: PAC conclusion: ***The Department has not done enough to understand fully the causes or impacts of skills gaps in critical trades.***

3a: PAC recommendation: ***The Department should write to the Committee by December 2018 to explain how it is systematically exploiting its data to analyse the causes of shortfalls in pinch-point trades and better understand the strain its demands are placing on regulars.***

3.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The Department wrote to the Committee on 20 December 2018 and has continued to implement the action plan. A thorough review of the pinch points has been conducted and resulted in new definitions that better reflect the impact of the shortfalls. The People Committee now undertakes detailed reviews of the pinch points on a rolling basis each quarter. These reviews consider the robustness of the recovery plan, the contribution individual measures are intended to make and provide a maturity of assessment of each individual measure. This has driven work on response plans, including deep dives into specific shortfalls and driving the pilot programmes for unified career management. The rolling programme allows for all critical pinch points to be reviewed annually. Performance in addressing the pinch points is also considered as part of the quarterly Departmental Performance and Risk Review process.

3.3 In addition, the improvements under the People Transformation Programme data and insight work is improving the capabilities and capacity in this area. A community of practice and working group have been established under CDP's Head of People Strategy with colleagues from across the single Services, Analytic Community, Defence Science and Technology Laboratory (DSTL) and other stakeholders to improve People analytics. Implementation of new arrangements for People Analytics is linked to the overall Transformation programme but "no regret" changes are being implemented now.

3b: PAC recommendation: ***It should develop a more structured approach to exit interviews, which should be mandatory, including proper analysis of the data collected.***

3.4 The Government agrees with the Committee's recommendation.

Recommendation implemented

3.5 The single Services have strengthened their understanding of why people choose to leave the military and developed new methods for both data collection and analysis. Specific, but not exhaustive, examples of this are as follows.

3.6 The RAF use a research survey that is issued to all personnel who voluntarily exit the service, with the findings reported annually to the RAF Retention Working Group and shared with the Defence People Research Group for pan-defence awareness. The Royal Navy now produce a 'Voluntary Outflow Intelligence Report' (Volume 2 will be published in December), which is distributed across the Department for pan-defence awareness. The Royal Navy are also trialling on behalf of Defence, a machine learning tool called 'DUChESS', which automatically analyses interviews to generate text summaries, and representations of the themes and sentiments. This has been funded centrally through the Defence People Innovation Challenge. The Army runs research interviews and focus groups. They are hoping that the study will be finished by the end of the calendar year, and a new feedback process will be trialled in the Spring based on the study's findings.

4: PAC conclusion: ***The Department's Head Office lacks the powers it needs to drive a strategic approach to workforce planning and tackle cross-Command shortfalls***

4: PAC recommendation: ***The Department should write to the Committee by December 2018 to explain what it has done to increase the authority and powers of the Chief of Defence People, and develop a more strategic approach to workforce planning between the Department's Head Office and the Commands.***

4.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The Department wrote to the Committee on 20 December 2018 and is implementing changes. The new Functional Leadership model in which CDP leads a Defence People Function covering civilian and military HR is at the heart of this work. Improved data and insight are a critical enabler, that will underpin a new Defence People Portfolio that oversees the multiple change activities in the People area and allow more effective holding to account. CDP is now a standing member of the Performance and Risk Review reporting process. In addition, work is developing on Head Office's capacity to operate as a Strategic Business Partner and provide modern Human Resource (HR) services that effectively and efficiently deliver the agile and increasingly bespoke approaches the Defence People Portfolio describes.

4.3 Work is underway in developing a new 'operating model' to ensure a stronger voice for people in Defence planning, as a core component of wider capability. The Department will also improve its ability to act as a strategic Whole Force Business Partner for Defence; the way it identifies future workforce demands, reconciles demand and supply though strategic workforce planning, making decisions within the Function and provides assurance to actively manage risks. It also seeks to drive down the costs of the People enterprise by exploiting the use of new technologies.

6: PAC conclusion: ***In a rapidly changing world, the Department has not sufficiently adapted its recruitment processes to engage effectively with different groups in society.***

6: PAC conclusion: ***The Department should ensure that its skills strategy sets out a credible approach to increasing interest in a career in the Armed Forces from among a broader base of society. This should also include a communications plan—based on research—to generate interest from more diverse groups in society and from among those who have previously served in the Armed Forces.***

6.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

6.2 The Department has numerous Centre and single Service initiatives in place to ensure a broad reach across society and a wide range of skills. These initiatives also target under-represented groups, both directly and working through opinion formers and community leaders. The Department continues to engage with the Careers and Enterprise Company to improve awareness and knowledge of the Armed Forces within the schools' Careers Advice system. The Department engages with the Department for Work and Pensions to ensure that Job Centre career coaches are fully aware of the opportunities that may be available to their clients. The Department is also forging closer working relationships with other Government departments, including Devolved Administrations, to set strategic goals and strengthen strategic partnerships. One such goal is to: '*Improve ethnic and gender diversity and social mobility in Defence STEM through specific engagement with previously untapped social groups, rural areas and lower socio-economic backgrounds*. The Department has already formed a strategic partnership with Women in Science and Engineering (WISE) to tackle gender diversity issues faced in engineering.

6.3 The Defence Science Technology, Engineering and Mathematics (STEM) Youth Engagement Strategy (Issue 2) was launched in September 2019 to drive a coherent Defence approach to inspire the next generation in STEM subjects. This seeks to widen the talent pool as well as addressing shortages in specific skills. A recent initiative was the STEM Science Careers Fair held at Royal Military Academy Sandhurst in September 2019. This included a female-only day, specialist engagement teams focusing on under-represented sections of society and dedicated 'Re-joiner' programmes. The Defence Engineering Champion and dedicated Cyber Skills Initiatives are other examples of Centre-led initiatives focusing on specific skills.

6.4 Each Service runs its own marketing operation, reflecting the different 'brands' that they represent. Campaigns are long-term, multi-channel operations that are very closely monitored. The resulting 'econometrics' record the success of different elements of each campaign, including in terms of demographics of the target audience and the performance of different channels that are used. This allows the single Services to reinforce success and adjust marketing plans as performance changes and new channels emerge. The RAF recently ran a successful campaign to encourage re-joiners, and the lessons of this have been shared with the Royal Navy and Army who are considering similar schemes.

Sixtieth Report of Session 2017-19

Department for Education / Ofsted

Ofsted's inspection of schools

Introduction from the Committee

The Office for Standards in Education, Children's Services and Skills (Ofsted) plays a vital role in making sure that children in schools across England receive the quality of education that they deserve. We recognise that Ofsted's budget has been cut significantly in recent years, and the amount it spent on inspecting the schools sector fell by 52% in real terms between 1999–2000 and 2017–18. However, this has led Ofsted and the Department for Education to focus narrowly on the cost of inspection, rather the value of getting independent assurance about schools' effectiveness. There have been clear shortcomings in Ofsted's performance—it has completed fewer inspections than planned, it has failed to meet its targets for how often schools should be inspected, and schools are being left for longer between inspections. Ofsted now inspects good schools through just a short one-day inspection, and, under legislation, outstanding schools are exempt from routine re-inspection altogether. Ofsted is therefore not providing the level of independent assurance about the quality of education that schools and parents need.

As well as reporting on individual schools, HM Chief Inspector's role includes advising ministers about the quality of schools. Championing standards is an important part of any independent inspector's remit, and we were disappointed that HM Chief Inspector seemed reluctant to offer her views about wider issues affecting the school system. For its part, the Department needs to be clearer about what the purpose of inspection is and where responsibility for improving underperforming schools lies.

Relevant reports

- NAO report: Ofsted's inspection of schools – Session 2017-19 (HC 1004)
- PAC report: Ofsted's inspection of schools – Session 2017-19 (HC 1029)
- Treasury Minutes: December 2018 (Cm 9740)

Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9740), 3 recommendations were implemented and 5 recommendations remained work in progress of which 3 recommendations have now been implemented, as set out below.

2: PAC conclusion: ***It is unacceptable that so many schools are exempt from re-inspection and so have not been inspected for six or more years.***

2: PAC recommendation: ***The Department should re-examine the rationale for exempting schools graded outstanding from routine re-inspection, and report back to us on its assessment in December 2018.***

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: September 2020
Original implementation date: December 2018

2.2 On 1 September 2019, the Government announced its intention to remove the exemption from routine inspection that applies to schools judged 'outstanding' by Ofsted. A consultation on this matter was published on 10 January 2020. Subject to the consultation and parliamentary approval, routine inspections for these schools will resume from September 2020.

3: PAC conclusion: ***Ofsted's short inspections do not allow inspectors enough time to make a meaningful assessment of a school's performance or to help schools to improve.***

3: PAC recommendation: ***Ofsted and the Department should review whether the short inspection model provides sufficient, meaningful assurance about schools' effectiveness, and evaluate the costs and benefits of alternative approaches, including carrying out more full inspections. They should report back to us on the findings in December 2018.***

3.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

3.2 Ofsted introduced short inspections in September 2015 for schools judged good at their previous inspection. These inspections were introduced to reduce the burden of inspection on schools that are performing well, while still providing assurance. A short inspection will confirm that the previous grade for overall effectiveness is accurate and the setting remains good, and that safeguarding is effective. If inspectors believe that a change of grade may be necessary, they will trigger a full inspection, which will make the full set of graded judgements using the four-point grading scale.

3.3 Ofsted *wrote to the Committee in December 2018* providing information on the review of short inspections. Ofsted published a new education inspection framework (EIF) in May 2019 and announced that it would replace the one-day short inspections with section 8 inspections of good and non-exempt outstanding schools to allow inspectors to gather sufficient evidence within the new framework. These inspections will focus on aspects of the school's provision – principally the quality of education and safeguarding – as a subset of the full EIF criteria. In nearly all schools these inspections will be the same length as Ofsted's 'full' section 5 inspections – two days. However, inspectors will continue to be on site for only one day for section 8 inspections of the smallest (150 pupils or fewer) schools. Many respondents to the consultation expressed their concerns that a two-day section 8 inspection for the smallest schools would be disproportionate.

4: PAC conclusion: ***Ofsted does not give parents enough opportunity to contribute their views as part of school inspections.***

4: PAC recommendation: ***In the report to us in December 2018, Ofsted should set out its plans, with specific actions and target dates, for collecting more and better evidence from parents about schools.***

4.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

4.2 Ofsted has reformed its Parent View website so that it links more closely to Ofsted's new framework. The survey continues to ask parents how strongly they agree or disagree with statements about their child's school, though the focus of what Ofsted ask parents has changed. To reflect the new framework, Ofsted has included statements for parents to say whether they agree or disagree that their child is offered a good range of subjects, can take part in clubs and activities and is supported in their wider personal development – beyond what they learn in the classroom. It has also added a statement for parents of children with special education needs and/or disabilities (SEND).

4.3 Ofsted has also updated its toolkit for schools which takes them through the process of using Ofsted Parent View.

4.4 Ofsted places importance on gathering parents' views outside of inspection. It has established a virtual parents' panel with over 1,000 members who have contributed to several areas of policy development. It also runs an annual parents' attitude survey and the findings help to inform policy.

4.5 Ofsted wants parents to get the most out of inspection reports. To this end, several focus groups with parents were held to understand how best to reform inspection reports. When the new framework was introduced, Ofsted launched shorter, clearer inspection reports. These reports were rigorously tested by parents and have been well received.

5: PAC conclusion: ***Ofsted has struggled to employ enough school inspectors, meaning that it has failed to complete its inspection programme.***

5a: PAC recommendation: ***Ofsted should write to us in April 2019 with an update on the gap between the numbers of HM inspectors employed and budgeted for, and the turnover rate.***

5.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

5.2 Ofsted regional directors can vary the mix of full time Her Majesty's Inspectors (HMIs) and contracted inspectors as best meets the varying needs of their regions. In some cases, regional directors have therefore intentionally recruited fewer HMIs than had been budgeted and have managed their inspection requirements with a higher proportion of contracted inspectors.

5.3 Ofsted provided an *update to the Committee in April 2019* where it confirmed that in the 2018-19 financial year, it budgeted for 185.8 HMI. As at 31 March 2019, Ofsted had 158.9 full time HMI. Ofsted confirmed its turnover rate had improved, falling from 19.8% in 2017-18 to 11.9% 2018-19.

7: PAC conclusion: ***The system for school accountability and improvement is muddled, leading to confusion for schools and parents, and inefficiency where roles overlap.***

7: PAC recommendation: ***As part of its review of accountability, the Department should make clear where responsibility for school improvement lies. The Department, working with Ofsted, should also assess whether the balance of spending is right between different parts of the system for school accountability and improvement, including between Ofsted and the regional schools commissioners.***

7.1 The Government agrees with the Committee's recommendation.

Target implementation date: September 2020
Original implementation date: September 2019

7.2 On 3 May 2019, the Secretary of State announced the outcome of the consultation on identifying schools for support. He confirmed that from September 2019, the Department will no longer publish or use the floor or coasting standards, and instead will use a new single, transparent method for identifying schools eligible for improvement support – an Ofsted grade of 'Requires Improvement'. This is an important step in creating a clearer, simpler accountability system that will help to reduce undue pressure on school leaders, which can lead to excessive workload that distracts teachers from teaching.

7.3 The Department also announced in September 2019 plans to work with Ofsted so that it can provide more detailed analysis on areas for improvement in some of the most challenging requires improvement schools. The Department will continue to work closely with Ofsted, including through Ofsted's regional teams working together with the Regional School Commissioners to share and assess strategic priorities.

Sixty-First Report of Session 2017-19

Ministry of Defence

The Nuclear Programme

Introduction from the Committee

The 'Nuclear Enterprise' is the network of equipment, people and infrastructure which must work together to provide the United Kingdom's continuous at sea deterrent. Currently, the Ministry of Defence (the Department) has at least one of its four nuclear-armed deterrent submarines, the Vanguard class, on patrol at any given time. In 2016, the Department began construction of a new class of deterrent submarines, the Dreadnought class, to come into operation in the early 2030s. The Department forecasts it will spend £5.2 billion across the Enterprise in 2018–19, of which £1.8 billion is on procuring and supporting submarines, £1.4 billion on the missiles and warheads, and £220 million on managing the Enterprise.

In 2017, the newly created Defence Nuclear Organisation (DNO), a top-level budget within the Department, took on oversight of the Enterprise. In 2018, the Department also formally established the Submarine Delivery Agency (SDA) as an executive agency to manage 51 nuclear procurement and support programmes. Initial feedback on these newly established governance arrangements has been broadly positive, but this has taken some years to put in place given the organisational weaknesses that the Committee identified as long ago as 2009. The Department uses four main contractors, which between them have 97% (by value) of the Enterprise-related contracts, and which in turn use an estimated 1,500 sub-contractors.

Relevant reports

- NAO report: *The Defence Nuclear Enterprise* - Session 2017-19 (HC 1003).
- PAC report: *Ministry of Defence nuclear programme* – Session 2017-19 (HC 1028).
- *Treasury Minutes:* December 2018 (Cm 9740)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CM 9740), 1 recommendation was disagreed, 1 recommendation was implemented, and 4 recommendations remained work in progress all of which are now implemented, as set out below.

3: PAC conclusion: *In providing the Enterprise, the Department relies on four main contractors, whose past performance has been poor, and around 1,500 sub-contractors, many of which are small and specialist.*

3: PAC recommendation: *The Department should continue to push for high performance across contractors by using more joint incentives and closer working in future contracts, and ensuring a common approach to the supply-chain across contractors. It should update the Committee by March 2019 on ongoing work to understand the supply-chain and its fragility, explaining any contingency plans it will put in place.*

3.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The Department provided an *update to the Committee on 26 March 2019* on the work being conducted to better understand the supply chain and its fragility across the Nuclear Enterprise.

3.3 The Submarine Delivery Agency recognises the potential fragility of its main contractors' supply chains and is now working to understand them better, develop continuity plans if necessary, and to consider common standards across sub-contracts.

3.4 The Department is working closely with its Tier 1 suppliers to manage the extended supply chain, improve its health and evolve it towards the requirements of the future. The Submarine Delivery Agency has established a new Supply Chain Team responsible for the analysis of the supplier base and the strategy to support the complex and highly specialist supply chain, taking forward initiatives that deliver improvement.

4: PAC conclusion: *Wider political arrangements, such as international trade arrangements, could impact on the Enterprise.*

4: PAC recommendation: *As we get clarity on future international arrangements, the Department should set out for the Committee, by the end of the year, how it will manage the uncertainties arising from political developments and in particular how it will ensure the ongoing prosperity of its supply chain.*

4.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

4.2 Information on the supply chain was provided in [the *2018 annual update to Parliament on the future of the UK nuclear deterrent*,] and in the update to the Committee on 26 March 2019.

4.3 The Department has well established arrangements such as the Teutates Treaty with the French and Mutual Defence Agreement and the Polaris Sales Agreement with the United States which allows for international cooperation on nuclear issues.

4.4 The wider Department acknowledges that the UK's departure from the European Union and the yet to be agreed terms of the future partnership could affect its supply chain, alongside potentially impacting on availability and regulatory arrangements. The Department is fully engaged in preparations across HMG for negotiations with the EU on the future relationship. In the event of departure on No Deal, the Department has been working, and continues to work closely with key suppliers, to ensure there are contingency plans in place to mitigate potential supply chain issues.

5: PAC conclusion: *The Department's infrastructure, including its facilities to maintain and decommission submarines, does not effectively support the Enterprise.*

5: PAC recommendation: *As a priority, the Department should review and determine its future infrastructure requirements to enable it to better plan and control the costs of these projects, and end the practice of delaying disposal of out of service submarines. Its annual report to Parliament on Dreadnought should also include a progress update on the decommissioning of submarines and key infrastructure programmes.*

5.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

5.2 In December 2018, the Department published the *Annual Update to Parliament on the United Kingdom's future nuclear deterrent*, which included an update on infrastructure and submarine decommissioning.

5.3 The Department is committed to addressing the challenges presented by the infrastructure that supports the Enterprise, including sites owned and operated by industry partners. A review of the roles and responsibilities of infrastructure delivery and through-life management resulted in organisational and budget authority changes that will improve the definition, development and delivery of the facilities needed.

5.4 The Department has a programme of work to manage the storage and disposal of its decommissioned nuclear submarines, with all decommissioned submarines located in Rosyth and Devonport continuing to be maintained to meet the required standards of safety, security and environmental protection. The requirements for the management of Vanguard and Astute Class submarines, once decommissioned on completion of their operational lives, are currently being considered by the Department. The Submarine Dismantling Project is making good progress as illustrated by the recent success in completing initial dismantling of the submarine SWIFTSURE to scheduled time and cost, which has been followed immediately by the initial dismantling of RESOLUTION.

6: PAC conclusion: ***Decisions over the next few years will affect, and potentially increase, costs across an Enterprise that is already unaffordable.***

6: PAC conclusion: ***Given the identified affordability gap, the Department should write to the Committee, following the outcome of the Modernising Defence Programme review and decisions on infrastructure programmes and refuelling, setting out how it will ensure that the funds it needs for the Enterprise are available.***

6.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The Department, has a process in place that assesses the nuclear enterprise portfolio at intervals and ensures that programmes or projects are appropriately funded, and that every investment of public money is properly inspected for Propriety, Regularity, Value for Money and Feasibility. Where gaps and issues arise, these are considered by the appropriate senior boards, including the Defence Nuclear Executive Board, to ensure they are resolved, and spending is prioritised in line with strategic priorities.

6.3 Further information on our plans to fund the nuclear enterprise will be detailed in the 2019 Defence Equipment Plan which will be published early in a new Parliamentary session. Further details of progress on this recommendation will be available once this has been completed.

Sixty-Second Report of Session 2017-19

Department of Health and Social Care

Spending on generic medicines in primary care

Introduction from the Committee

Medicines can be 'branded' or 'generic'. New medicines are generally marketed under their brand name and their patents are protected for around 20 years. During that time, no other company can manufacture or market the medicine. After this, other companies can manufacture and market the same medicine under its generic name, usually at a lower price. Generic medicines are commonly prescribed to patients in the community: of the £4.3 billion that the NHS spent on generic medicines in 2016–17, 81% was in primary care. Community pharmacies buy medicines on behalf of the NHS, for which they are then reimbursed. For generic medicines, the Department's policy is to rely on competition in the market between suppliers of generic medicines to control their price.

The Department does not set the price of generic medicines but does set the amount that community pharmacies will be reimbursed by the NHS (the 'reimbursement price'). Clinical commissioning groups pay for these medicines out of the funding they receive from NHS England. Despite being the main purchaser of these medicines in the UK, the NHS has relatively limited influence over how much they cost in what is a global market.

During 2017–18, the costs of certain generic medicines increased substantially partly as a result of two large medicine manufacturers having their production suspended because of quality issues. One example of price rises was for a mental health medicine called Quetiapine: its reimbursement price for 100mg tablets peaked at £113.10, 70 times higher than the previous reimbursement price of £1.59.

Relevant reports

- NAO report: *Investigation into NHS spending on generic medicines in primary care* - Session 2017-2019 (HC 1122)
- PAC report: *Price increases for generic medications* - Session 2017-19 (HC 1184)
- Treasury Minutes: *Government response to the Committee of Public Accounts on the Fifty-Ninth to the Sixty-Third reports* - Session 2017-19 (Cm 9740)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9740), the 5 recommendations remained work in progress, all of which are now implemented below.

1: PAC conclusion: ***The NHS had to spend additional money, time and effort, for those generic medicines affected by the price rises in 2017, to make sure patients got the medicines they needed.***

1: PAC recommendation: ***The Department should, by December 2018, share with the Committee its plan for maintaining the supply of medicines pre- and post- the UK's exit from the European Union, and confirm how it will ensure that patients will be able to obtain the medicines they need.***

1.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Department has a dedicated medicines supply team that works closely with the NHS, the Medicines and Healthcare products Regulatory Agency (MHRA), the pharmaceutical industry and others in the supply chain to manage ongoing supply issues and mitigate the impact on patients.

1.3 In December the Department wrote to the Committee setting out its plan for maintaining the supply of medicines in case the UK leaves the European Union without a deal.

2: PAC conclusion: ***There were clear signs that prices of certain medicines were increasing from June 2017, but the Department failed to take any action to manage costs until November.***

2: PAC recommendation: ***The Department and NHS England should, by December 2018, establish clear and timely information flows between each other and local bodies to identify and inform about generic medicine supply and/or pricing issues, and write to the Committee to explain what they have done to ensure this. These information flows should include how clinicians can obtain greater transparency of the price of the generic medicines they prescribe.***

2.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The Government has, and continues to, improve the information flows between the Department and the NHS on medicines supply issues, pricing and reimbursement, including concessionary prices. The Department wrote to the Committee in December to explain these information flows as well as how medical practitioners are supported with information about prices to support diagnosis and care of their patients.

3: PAC conclusion: ***The price rises for certain generic medicines during 2017 contributed substantially to clinical commissioning groups' end-of-year overspend.***

3: PAC recommendation: ***The Department and NHS England should, by December 2018, release updated guidance to clinical commissioning groups that sets out their contingency plans to mitigate the financial impact on clinical commissioning groups if there is a repeat of these unforeseen price increases.***

3.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

3.2 The immediate cost pressure of concessionary prices on CCG budgets has been lower since the DHSC introduced a new methodology for setting concessionary prices, and from November 2018 CCGs have also been benefiting from reductions in prices to recover excess margins earned by pharmacies in previous years. NHS England expects CCGs to manage medicines price changes within existing budgets but will provide updated guidance in the event of material unforeseen net price increases.

3.3 With effect from December 2018, and prior to the start of each financial year, NHS England and NHS Improvement issues planning guidance which provides advice to CCGs on all the material issues they are required to take account of as part of their annual budget setting cycle. The guidance currently in place, as circulated to CCGs, provides a specific steer in relation to medicine price changes and any additional cost pressures that may result during the 12-month period.

3.4 To date, there has been no material unforeseen net price increases in medicine prices as those experienced in 2017-18. However, NHS England and NHS Improvement continues to closely monitor the position and will act accordingly and provide guidance to CCGs as and when appropriate.

4: PAC conclusion: ***The Department has not yet set out how it will use its new powers, should similar prices rises happen again.***

4: PAC recommendation: ***The Department should, by December 2018, write to the Committee to set out the full range of actions it can take to address rises in the price of generic medicines, and what skills and capacity it has put in place to use its new powers.***

4.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

4.2 For unbranded generic medicines the Department relies on a competitive market to drive prices down. This generally works well and has led to some of the lowest prices in Europe. However, there are situations where we see price rises, sometimes significant. One of these scenarios is that described in the NAO report where, for example, there might be a supply problem which in turn leads to an increased price as a result of decreased supply or availability of the costlier branded medicines only. This is what would be expected from a general competitive market.

4.3 In these cases, the Department sets a concessionary price for an unbranded generic medicine, as a temporary measure, to ensure that patients continue to get their medicines and that community pharmacies are reimbursed fairly for the products they dispense. Typically, supply increases again, and prices are driven down again. Another scenario is when there is only one supplier of the medicine so therefore no competition to drive the price down so suppliers charge prices that appear unreasonable.

4.4 The Department wrote to the Committee in December setting out its work to address the rise in the prices of generic medicines and how use of the data has helped in the setting of concessionary prices.

5: PAC conclusion: ***We are yet to be convinced that the Department's new powers, and accompanying regulations, are sufficient to enable it to act effectively should similar price rises happen again.***

5: PAC recommendation: ***The Department should, by September 2019, ensure that the first annual review of the regulations includes an assessment of how well the provisions for companies providing estimates and notifying the Department of an impending shortage are working, as well as the application of new information collection powers to 'specials' medicines.***

5.1 The Government agrees with the Committee's recommendation.

Recommendation Implemented

5.2 The first *Annual review of the Regulations* was published on 30 July 2019 and covers the areas recommended by the Committee.

Sixty-Third Report of Session 2017-19

Department of Health and Social Care / Ministry of Housing, Communities and Local Government

Interface between health and adult social care

Introduction from the Committee

People with social care needs also have healthcare needs; good social care can prevent ill health and speed up hospital discharge. The health and social care sectors need to work closely to provide people with joined up, efficient care. However, the sectors differ markedly in their structure, funding and culture. The NHS commissions and provides healthcare services that are largely free at the point of use. Local authorities commission social care from a range of mainly private providers. Social care services are means-tested, with many people funding some or all their care. The NHS and social care operate under different legislation, and therefore different financial decision-making and accountability regimes. The Department of Health and Social Care (the Department) is responsible for policy relating to health and adult social care in England, while the Ministry of Housing, Communities and Local Government (Ministry) is responsible for the local government finance and accountability systems. The accountability for the NHS at a national level lies with NHS England and the Department.

Relevant reports

- NAO report: *The Health and Social Care Interface* – Session 2017-19 (HC 950)
- NAO report: *Developing New Care Models Through NHS Vanguards* – Session 2017-19 (HC 1129)
- PAC report: *Interface Between Health and Adult Social Care* – Session 2017-19 (HC 1376)
- *Treasury Minute* Session 2017-19 (CM 9740)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CM 9740), 1 recommendation was disagreed with and 5 recommendations remained work in progress, three of which are now implemented as set out below.

2: PAC conclusion: ***The current legislative framework makes it unnecessarily difficult for local areas to pool funds and work together, causing additional cost and wasted resources.***

2: PAC recommendation: ***The Department of Health and Social Care and the Ministry of Housing, Communities and Local Government should ensure that their 10-year plans and the social care green paper address the challenges to integration presented by fragmented funding and separate means testing affecting people who receive adult social care, including consideration of any legislative change needed.***

2.1 The Government agrees with the Committee's recommendation

Target implementation date: April 2020 *(dependent on BCF Policy Framework publication)*
Original implementation date: December 2018

2.2 Integration is at the heart of the NHS Long Term Plan and the government has been clear that Adult Social Care is one of its top priorities and that it will set out its plans to fix the crisis in social care once and for all.

2.3 The government established the Better Care Fund (BCF) to enable the pooling of budgets across health and social care, which encourages joint working and drives integrated care.

2.4 In 2018-19, 93% of local areas agreed that delivery of the BCF has improved joint working between health and social care in their locality, whilst 90% agreed that delivery of BCF plans had a positive impact on the integration of health and social care.[4] Local areas have also consistently pooled more than the mandatory minimum contributions since 2015. To provide certainty for local areas so that they can plan ahead, the government confirmed in the 2019 spending round that the BCF and the improved Better Care Fund will continue in 2020-21.

2.5 The Department is currently reviewing how the BCF can best support the closer integration of health and care.

2.6 NHS England and NHS Improvement considered the legislative barriers to integrated care in their recommendations to government and Parliament on NHS primary legislation, published in September 2019. The government is considering this.

3: PAC conclusion: ***NHS vanguards have shown early promise but they risk becoming yet another short-lived initiative, supported at the start but then not adopted as widely as intended.***

3: PAC recommendation: ***In its 10-year plan, NHS England should set out how it will support the national rollout of new care models, including how it will accelerate take-up in local areas showing the slowest progress.***

3.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

3.2 Sustainability and Transformation Partnerships (STPs) and Integrated Care Systems (ICSs) build on learning from the vanguard programme and are the primary means for spreading new models of care. Vanguards made a positive impact on emergency admissions and provided examples of good practice which places are adopting through the Long-Term Plan (LTP). A five-year framework for GP contract reform (January 2019) takes forward the LTP for general practice. A key feature includes the establishment of Primary Care Networks (PCNs), enabling join up of primary and community care.1259 have been established to date. This work flowed out of the New Care Models programme.

3.3 The LTP sets out how the NHS will reduce pressure on emergency services through the implementation of new models of care, including implementation of the Urgent Treatment Centre model by autumn 2020 along with the Enhanced Health in Care Homes model. The model will be developed into a PCN service specification as part of the 2020/21 GP contract. A further service specification building on learning from the vanguard programme, Anticipatory Care, will be delivered through the Network Directed Enhanced Service from 2020-21.

3.4 Building on the learning from integrated primary and acute care systems, and multispecialty community providers, NHSE/I are supporting STP/ICSs to develop population health management capabilities. The LTP commits £4.5 billion of new real terms investment in primary medical and community health services. This includes funding for expanded community multidisciplinary teams aligned with new PCNs.

4: PAC conclusion: ***There is a profound lack of transparency and accountability in local health and social care systems.***

4: PAC recommendation: ***By December 2018, the Department, Ministry and NHS England should set out how accountability will work both locally and nationally under new integrated care system arrangements, and how the public can find out about progress on integration and the performance of the health and social care system in their local area.***

4.1 The Government agrees with the Committee's recommendation.

[4] 'A system level evaluation of the Better Care Fund: Final Report', Quality and outcomes of person-centred care policy research unit (QORU), 2018; https://www.pssru.ac.uk/pub/5424.pdf

Recommendation implemented

4.2 Organising accountability arrangements for Integrated Care Systems (ICS') is the responsibility of NHS England and NHS Improvement. The LTP sets out national expectations for the governance and accountability arrangements of ICSs. While we are keen that Local Authorities should be involved in ICSs, we do not intend to alter these existing accountability arrangements.

4.3 NHSE published 'Designing integrated care systems (ICSs) in England' setting out the different levels of management that make up an ICS, describing their core functions and how they will work together.

4.4 The LTP confirmed that every ICS will need streamlined commissioning arrangements to enable a single set of commissioning decisions at system level, typically involving a single Clinical Commissioning Group (CCG) for each ICS.

4.5 Each ICS should have a partnership board, drawn from and representing commissioners, trusts, primary care networks, and – with the expectation that they will wish to participate - local authorities, the voluntary and community sector and other partners. Boards should also have a non-executive chair.

4.6 A new ICS accountability and performance framework will consolidate current accountability arrangements and provide a consistent and comparable set of performance measures.

4.7 Members of the public can already find out about the progress of integration in their local area through a range of publicly available information including NHS performance metrics, minutes from organisational board meetings, attendance at local Health and wellbeing board meetings or through Healthwatch who hold organisations to account as the independent voice of the public.

5: PAC conclusion: ***The quality and effectiveness of local health and social care leaders is variable, which makes it difficult for them to drive system-wide improvements in commissioning and service delivery.***

5: PAC recommendation: ***The Department, Ministry and NHS England should write to the Committee by December 2018 to set out how they will develop and support local leadership consistently.***

5.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The government has taken steps to boost leadership capacity, representation and improve the effectiveness of leadership across the health and care system.

5.3 NHSE/I have developed a system leadership support offer, available to all systems.

5.4 In 2018-19 the NHS provided £1.775 million (non-recurrent) seed funding to 23 systems to support a place-based leadership programme. This has enabled approximately 2,500 leaders across 23 ICSs and STPs, to access system leadership development. The NHS have offered funding of £55,000 (non-recurrent) to the remaining systems for 2019-20 to develop a place-based leadership programme (£1.4 million in total).

5.5 The NHS are also launching a national system leadership programme for multi-professional leaders, in Autumn 2019.

5.6 The NHS provided £43.5m Primary Care Network (PCN) support funding to ICSs and STPs to support PCNs development in 2019-20. Part of this funding is earmarked for local leadership development.

5.7 The Department funds Skills for Care to deliver programmes for social care leaders, including their graduate programme and the Lead to Succeed and Well-Led programmes, and the Think Ahead fast-track graduate programme for community mental health services. Local health and care systems also support leadership in social care, for example the New and Aspiring Directors programme developed in the North West. The government has also invested an additional £3 million to support Registered Managers through the Workforce Development Fund, recognising their crucial role in leading staff and driving quality improvement.

6: PAC conclusion: ***There is a wide gap in pay and career structure between people who work in the NHS compared with social care.***

6: PAC recommendation: ***The Department should ensure its workforce plan addresses the previous criticisms made by the Committee and make sure it tackles the longstanding barriers between health and social care, particularly disparity in pay and conditions and the transfer of pension arrangements.***

6.1 The Government agrees with the Committee's recommendation

Target implementation date: March 2020 *(Subject to Publication of final NHS People Plan)*
Original implementation date: December 2018

6.2 The Government agrees that it is important to tackle the barriers between the health and social care sectors and help maximise opportunities for integration of health and social care, including a more joined up workforce. The interim People Plan (launched in June 2019) sets out a vision for how people working in the NHS will be supported to deliver high quality care. Whilst the Plan is primarily engaged in addressing NHS staff, there are key areas where the Plan impacts on social care and the wider health system. The Department and the social care sector are working with the NHS on these touch points for the final NHS People Plan, including joint workforce planning to provide positive outcomes for the integrated health and care system and the populations they serve.

6.3 The care sector is predominantly a private market with providers free to set their wage structures and employee benefits. Therefore, Government does not mandate a particular level of pay, other than that already set by Government across all sectors by the National Minimum Wage and the National Living Wage (NLW). Since 2016, the NLW has increased by 14% (from £7.20 to £8.21). In September 2019, the Chancellor pledged to raise the NLW to match two thirds of median earnings. On current forecasts, this would mean a rate of £10.50 by 2024, an increase of 28% compared with the current rate.

6.4 The Department does, however, work with representatives of the sector and its commissioners to support delivery of the best package of conditions for the workforce. Transfers of pension benefits between the Local Government Pension Scheme and NHS Pension Scheme are permitted and are governed by the public-sector club transfer scheme.

Sixty-Fourth Report of Session 2017-19

Department for Work and Pensions

Universal Credit

Introduction from the Committee

The Department for Work & Pensions (the Department) is introducing Universal Credit to replace six means-tested benefits. The Department started work on Universal Credit in 2010 with an original completion date of October 2017. However, the government 'reset' the programme in 2013, following a series of problems managing the programme and developing the necessary technology. The Department introduced a twin-track approach in November 2013. It started to develop its long-term digital solution, known as 'full service', alongside making use of the systems it had built before the reset for its 'live service' (available mainly to single unemployed claimants with straightforward claims).

Since the Department began rolling out full service in May 2016 there have been several further delays to the programme, which is now unlikely to complete before 2023. By the end of March 2018 the Department had spent £1.3 billion of the £2 billion it expects to invest in the programme by 2024–25, and by June 2018, 980,000 people (around 12% of the expected caseload) were claiming Universal Credit. A further 7.5 million people are still to come onto the new benefit before the programme completes.

Relevant reports

- NAO report: *Rolling out Universal Credit* – Session 2017-19 (HC 1123)
- PAC report: *Universal Credit* – Session 2017-19 (HC 1183)
- Treasury Minute: *Universal Credit* – Session 2017-19 (CP18)

Government responses to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (CP18), 4 recommendations have been implemented, 4 remained in progress. 2 of these recommendations have now been implemented and two remain in progress.

3: PAC conclusion: The Department is failing vulnerable claimants because it places too much reliance on the discretion of its work coaches to identify and manage the needs of people requiring extra support.

3: PAC recommendation: ***In its response to this report, the Department must set out, what more it will do to ensure that work coaches are well equipped to provide the right support packages for claimants including those with health needs and other vulnerabilities, and how it will measure and ensure this is happening in practice.***

3.1 The Government agrees with the Committee's recommendation.

Recommendation Implemented

3.2 The Department *wrote to the Committee in June 2019* outlining the work undertaken to ensure Work Coaches are suitably trained and equipped to provide the right support packages for claimants including those with health needs and other vulnerabilities.

4: PAC conclusion: The package of support to help claimants adjust to Universal Credit is not fit for purpose.

4: PAC recommendation: ***The Department must work with others to reassess precisely what support claimants need, and how this can be best provided. It should demonstrate what impact this support is having. The Department must update us in six months on what has been done and learnt and how it will measure whether there is sufficient support in future.***

Recommendation Implemented

4.1 The Citizens Advice 'Help to Claim' service commenced as planned on 1 April 2019. It offers tailored, practical support to help people make a Universal Credit claim up to receiving their first full correct payment on time and is available online, through web-chat, through a Freephone number and face to face through local Citizens Advice services. As stated in our earlier update, a full evaluation started in the Autumn, with a view to completion by Spring 2020. The evaluation will measure the efficacy of the support and help to identify what works to inform the future design of the service.

5: PAC conclusion: Universal Credit is pushing costs onto the local organisations that support claimants - including local authorities, housing associations, and foodbanks.

5: PAC recommendation: ***The Department should set out what it will do to understand and measure the additional costs and burdens for local organisations and what it will do to ensure organisations can cope as the number of claimants on Universal Credit increase*****.**

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: Autumn 2020

5.2 Where costs can be established the Government will meet them, such as under the New Burdens arrangements which set out the agreed framework between central and local government for establishing costs of new policies.

5.3 As part of the work to prepare for managed migration, the Government is exploring the scope for organisations, such as housing associations, to deliver certain aspects of the managed migration process. Where those increase costs, of those delivery partners, the Government will work to establish those and reimburse accordingly. Implementation date is autumn 2020 after a period of piloting and evaluation.

7: PAC conclusion: We are seriously concerned about the Department's ability to transfer around 4 million people from existing welfare benefits to Universal Credit without causing further hardship to claimants.

7: PAC recommendation: We will be challenging the Department again on its preparedness for managed migration. It is more important that the Department gets migration right than it unthinkingly sticks to its timetable. Before it goes ahead it must be transparent about:

- **the criteria it must meet before going ahead;**
- **how it will demonstrate that this will not result in a deterioration of service quality or the creation of further hardship for claimants;**
- **what metrics it will use to assess whether the migration is working; and**
- **how it will maintain quality throughout migration and have clear criteria to slowdown.**

7.1 The Government agrees with the Committee's recommendation.

Target implementation date: Autumn 2020

7.2 The Government agrees with the Committee's recommendations and welcomes the Committee's on-going interest. These recommendations are in line with existing thinking around managed migration. The Government will ensure that the processes do not result in deterioration of service quality and that the conditions for success are in place. The Government will set criteria for success following the pilot phase and report on them publicly before proceeding beyond the pilot phase.

7.3 The Government is working closely with stakeholders and partners to design and assure these processes before migration activity begins, and a pilot phase migrating not more than 10,000 claimants will allow the approach to be modified in the light of feedback and evaluation. An update will be provided in autumn 2020 in line with migration timetable and the commitment to Social Security Advisory Committee and Parliament.

Sixty-Fifth Report of Session 2017-19

Department for Business, Energy & Industrial Strategy

Nuclear Decommissioning Authority: risk reduction at Sellafield

Introduction from the Committee

Sellafield is the Nuclear Decommissioning Authority's largest and most hazardous site, home to a number of ageing facilities that store radioactive materials that pose a hazard to people and the environment. Decommissioning these facilities is challenging: the NDA estimates it will cost £91 billion and take around 100 years to decommission and clean up the Sellafield site. Sellafield also stores 40% of the global stock of plutonium. The Department for Business, Energy & Industrial Strategy funds and is accountable, with the NDA, for reducing risks and delivering value for money at Sellafield. The Department has delegated its oversight of the NDA to UK Government Investment (UKGI).

The Committee last examined progress at Sellafield in March 2015 and found that major programmes and projects to reduce risk at Sellafield were significantly behind schedule and over budget. We also questioned whether the NDA's contract with Nuclear Management Partners (NMP), the private consortium responsible for managing the Sellafield site was delivering value for money. In 2016, the NDA cancelled its contract with NMP and turned Sellafield Limited, the company that runs the site, into a direct subsidiary. We welcome the news that Sellafield Limited and the NDA have since started to make changes to improve the way they run the Sellafield Site.

Relevant reports

- PAC report: *The Nuclear Decommissioning Authority: risk reduction at Sellafield* – Session 2017-19 (HC 1375)
- PAC report: *The Nuclear Decommissioning Authority's Magnox contract -* Session 2017–19 (HC 461)
- NAO report: *The Nuclear Decommissioning Authority: Progress with reducing risk at Sellafield* – Session 2017-19 (HC 1126)
- *Treasury Minutes:* January 2019 (CP 18)

Update to the Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (CP 18), 7 recommendations remained work in progress, 3 of which have now been implemented and 4 remain work in progress, as set out below.

1: PAC conclusion: *The NDA has recently made progress with reducing risk at Sellafield, but most major projects are still delayed and are expected to cost more than originally planned.*

1: PAC recommendation: *Within three months, the NDA should write to the Committee explaining its plan for completing its work on mission reporting and the Department should commit to publishing a comprehensive assessment of the NDA's performance every three years.*

1.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

1.2 *The May 2019 letter* from the NDA Chief Executive letter sets out that the NDA has published the first mission report for the organisation publicly, they are currently reviewing the impacts and lessons learned of this publication.

1.3 The Department agrees with the principle of producing a public assessment of the NDA's medium and long-term performance. The manner in which this is best implemented in order to, will be considered as part of the 'tailored review' (which is expected to commence in Spring 2020 recommended by the NAO in their June 2018 report.[4] The final arrangements for publishing performance reporting will then be included within the wider conclusions of that work and reported on following completion of that review.

2: PAC conclusion: ***The NDA and Sellafield Limited have not analysed the constraints they say prevent faster risk reduction at Sellafield.***

2: PAC recommendation: ***The NDA should, with Sellafield Limited, analyse the impact these perceived constraints have on further progress at the site. It should write to the committee within six months and explain how it is going to use this new understanding in preparation for the next spending review, the upcoming revision of the Sellafield Performance Plan and the NDA's new strategy.***

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: April 2020
Original implementation date: Autumn 2019

2.2 The NDA, with Sellafield Limited, is carrying out work to further identify and to articulate the constraints to additional and faster progress on the Sellafield site. The NDA will write to the Committee in due course identifying how and where this work will be used to inform future plans, including the 2020 Spending Review and NDA strategy.

3: PAC conclusion: ***The NDA has not identified the lessons from project cancellations and past mistakes.***

3: PAC recommendation: ***The NDA should write to the Committee within three months to explain how it will evaluate whether its new approach will generate savings to the taxpayer, and how it is learning the lessons from past mistakes.***

3.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The *May 2019 letter from the NDA* to explain how this analysis will assess the whole-life impacts of these changes and how the learning will be used to inform future plans, and committed to write again in 2020 following a benefits verification exercise on the Sellafield site.

4: PAC conclusion: ***Given the complexity, cost and long-term nature of the work at the site, the NDA's and the Department's assurance is not providing appropriate oversight of, and challenge to Sellafield Limited's performance.***

4: PAC recommendation: ***The NDA and the Department should write to the Committee to set out clearly how assurance and oversight will be strengthened. They should do this within six months of the publication of the government's independent inquiry into the failed Magnox Contract.***

4.1 The Government agrees with the Committee's recommendation.

Target implementation date: Summer 2020
Original implementation date: Summer 2019

4.2 The NDA is reviewing the recommendations provided by the Committee, in conjunction with the most recent NAO report and the *interim Magnox Inquiry report* to enhance oversight and assurance. Upon release of the final report from the Magnox Inquiry the NDA in conjunction with the

Department, will update the Committee on the progress that has been made on implementing its recommendations, as recommended in the *Committee's Twenty First report of the 2017-19 Session, NDA's Magnox Contract, recommendation 6*, within six months of the report's publication.

4.3 The Department wrote to the Committee in August 2018 and again in *May 2019*, setting out the actions it has taken thus far to review and strengthen the oversight of the NDA by the Department. Further actions may be taken following the conclusion of the Tailored Review. The NDA reported to the Committee in March 2019 to inform them of the progress that has been made to increase the skill level and expertise of the NDA executive team and operational staff.

4.4 The NDA has created four new executive roles to strengthen commercial, legal, nuclear operations and business integration expertise. The new roles and changes to executive responsibilities are removing overlaps, providing clarity and bringing additional nuclear industry and safety performance expertise into the NDA Executive team. The Department has also authorised an increase in the NDA's administrative budget to allow an increase of approximately 30 staff to enhance the NDA's capability and capacity. In addition to appointing a non-executive UKGI member to the board, which has strengthened governance and performance oversight, independent advisers with relevant skills have been recruited onto NDA Board Committees. Additional work to strengthen the NDA Board is ongoing and updates will be provided to the committee.

4.5 The Department and the NDA understand the Committee's position, but also believe that the conclusions from *the NAO's most recent report* be taken into account. These recommendations indicate that an appropriate balance must be struck between effective oversight and allowing the NDA and Sellafield Limited to deliver and suggest that the balance is weighted too heavily in favour of government oversight at present. Further changes required to additionally strengthen oversight may be identified from the final report from the Magnox Inquiry and the conclusions of the Tailored Review. The objective of any such change will be to ensure that the NDA has the most effective arrangement in place, and the roles and responsibilities of each organisation are clearly stated.

5: PAC conclusion: ***Central government's oversight of the NDA is not holding the NDA to account effectively.***

5: PAC recommendation: ***Once the tailored review is complete, the Department should write to the Committee setting out the findings and recommendations of the review, and its plan for implementing them. In particular, in conjunction with the Cabinet Office, they should consider whether UKGI is playing any useful role. In its response, the Department must set out in detail how it intends to solve the problem.***

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: Summer 2020
Original implementation date: January 2020

5.2 The Department is preparing to undertake a 'tailored review' of the NDA, as recommended by the NAO. The review is expected to commence in the early part of 2020 and will take a minimum of six months to deliver. As with all tailored reviews, the findings and recommendations of the review will be made publicly available on the Gov.uk website, and we will write to the Committee with our implementation plan.

5.3 The Department wrote to the Committee in August 2018 and again in *May 2019*, setting out the actions it has taken thus far to review and strengthen the oversight of the NDA by the Department. Further actions may be taken following the conclusion of the Tailored Review.

5.4 The Department will consider - in conjunction with Cabinet Office - the role of UKGI but does not support the Committee's view that UKGI is an unnecessary extra layer. Acting as the government's shareholder, UKGI is uniquely able to draw on its extensive expertise in corporate governance and corporate finance to hold NDA's performance to account against the policy requirements of the Department. The Department also does not support the assertion that it lacks nuclear operational expertise; officials working within the Department's Energy and Security Directorate bring skills from many areas of the nuclear and other industry sectors. A key part of the NDA's role as the UK's strategic nuclear decommissioning authority is to assure the work of its site licence companies; duplicating NDA's expertise in BEIS would be more likely to hamper than improve arrangements. The Department agrees that the roles of the Department, UKGI and NDA can be better defined, but considers that nuclear expertise should primarily be concentrated within the NDA in support of its role as the UK's primary expert body.

6: PAC conclusion: ***We are not convinced that the NDA is achieving the wider economic benefits that would help justify the vast amounts of public investment at Sellafield.***

6: PAC recommendation: ***The NDA should, within 12 months, strengthen and publish its socio-economic strategy, outlining the opportunities for the wider economy and how it will realise those opportunities.***

6.1 The Government agrees with the Committee's recommendation.

Target implementation date: January 2020

6.2 The NDA's current strategy considers the positive opportunities of decommissioning for the wider economy. For example, almost one-third of its supply chain spend is with small and medium enterprises (SMEs). Analysis carried out on this expenditure shows that it benefits firms throughout the UK.

6.3 The NDA has a legal duty to give encouragement and support to activities that benefit the social and economic life of the communities near its sites. The NDA has commissioned and *published three studies* on the impact of its activities on the economies near its sites, covering Sellafield, Magnox and Dounreay. These provide robust data on the specific social and economic impacts that are likely as the NDA's sites continue through their lifecycle. Data obtained from these assessments will be used to ensure investment decisions are made based on clear evidence of need or opportunity. The NDA will publish its updated socio-economic strategy by January 2020, outlining the opportunities for the wider economy and plans for their realisation.

7: PAC conclusion: ***The NDA's programme to deal with the plutonium stockpile in the near term is late and its costs are increasing.***

7: PAC recommendation: ***Within six months, the Department should write to the Committee, setting out its plan for deciding on the long-term use of plutonium. The NDA should also write to the Committee explaining fully its contingency arrangements to manage plutonium at the site, and the reasons behind cost escalations and delays.***

7.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

7.2 The NDA *has* *written to the Committee* on the management of plutonium at Sellafield. This information provided a description and analysis of the overall cost and schedule position for the programme of work, including any increases in project estimates and timescales. However, the Department does not agree that the way in which cost escalation is represented in the report is accurate. When the NDA seeks approval for the Final Business Case on plutonium retreatment in 2020, many of the current uncertainties from low maturity will be retired, and this should result in a significantly narrower cost and schedule range.

7.3 The Department, supported by the NDA, is developing a strategic framework for the long-term disposition of the UK's inventory of separated civil plutonium. Due to the varying degree of maturity of the technologies being considered, further work is required in order to enable the UK to select, and subsequently implement a disposition solution. The NDA have been tasked to carry out further research and will report its findings to the government in 2020. A decision on the long-term disposition solution can only be made when the government is confident that a solution can be implemented safely and securely and that it is affordable, deliverable and offers value for money.

Sixty-Sixth Report of Session 2017-19

HM Revenue & Customs

HMRC's Performance in 2017-18

Introduction from the Committee

HM Revenue & Customs (HMRC) is the UK's tax authority, responsible for collecting tax from individuals and businesses, and providing support to families and individuals through Personal Tax Credits (Tax Credits) and Child Benefit. In 2017–18, HMRC raised £605.8 billion of tax revenues, an increase of £30.9 billion (5.4%) on 2016–17. It estimates the value of its activities to collect and protect tax revenue in 2017–18 was £30.3 billion, 8.2% above its target (£28.0 billion). In 2017–18, HMRC paid out £38.0 billion in Tax Credits and Child Benefit, approximately one-fifth of the government's total benefit expenditure. HMRC estimates that error and fraud resulted in overpayments of Tax Credits of £1.3 billion, and underpayments of £0.2 billion, in 2016–17 (the most recent year available). HMRC's total forecast of the costs of tax reliefs – which reduce tax for particular groups, individuals or things - for 2017–18 is £416.8 billion, an increase of £13.1 billion (3.2%) on 2016–17, but this reflects the costs of 185 of the 424 tax reliefs it administers. In 2017–18, HMRC achieved its six customer service targets for processing post, for processing Tax Credits and Child Benefit claims and changes of circumstances, and for answering calls to its helplines. HMRC narrowly missed its other two customer service targets, for customer satisfaction with its digital services and the time to process online forms submitted by customers

Relevant reports

- NAO report: *Her Majesty's Revenue & Customs annual accounts 2017-18* – Session 2017-19 (HC 1222)
- PAC report: *HMRC's Performance in 2017-18* – Session 2017-19 (HC 1526)
- Treasury Minute January 2019 - *HMRC's Performance in 2017-18* (CP 18)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (CP 18), 1 recommendation was disagreed, 4 recommendation remained work in progress, all of which are now implemented as set out below.

1: PAC conclusion: ***HMRC expects the rate of error and fraud in Tax Credits to rise and exceed its target, but it has de-prioritised improvements to reduce these losses.***

1: PAC recommendation: ***HMRC should, in its next annual error and fraud statistics, include an explanation of the impacts of terminating the Concentrix contract and de-prioritising improvements to the Tax Credits system, and an explanation of the different causes of error and fraud. By April 2019, HMRC should report to the Committee on what actions it is taking to help claimants avoid errors and what impact these actions are expected to have on overpayments and underpayments.***

1.1 The Government agrees with the Committee's recommendation.

Recommendation Implemented

1.2 The Department has addressed all the actions under the Committee's recommendation.

1.3 The Department published its latest error and fraud statistical release in June 2019 to cover the 2017-18 year. This publication included an explanation of the impacts of terminating the Concentrix contract and also included further information on the different risk categories into which tax credits error and fraud fall.

1.4 Separately, Sir Jonathan Thompson *wrote to the Committee on 30 April 2019* with an explanation of the impact of the Department's reprioritisation of planned IT changes on the tax credits system, as well as other systems.

1.5 In that letter, he also outlined the activity HMRC has been undertaking to help tax credits claimants avoid errors and the impact those actions are expected to have.

3: PAC conclusion*: HMRC does not know whether a large number of tax reliefs deliver value for money.*

3: PAC recommendation: *HMRC should take more responsibility for ensuring tax reliefs provide value for money. In particular, HMRC should set out, by April 2019, an approach for improving its understanding of the cost for those tax reliefs where it does not already have that information.*

3.1 The Government agrees with the Committee's recommendation.

Recommendation Implemented

3.2 Our update of 30 April 2019 set out our approach. HMRC continue to work on improving the effectiveness of the management of tax reliefs and making information about tax reliefs publicly available.

3.3 This recommendation is therefore closed.

4: PAC conclusion: *HMRC's management of taxes and Tax Credits is hindered by the poor administration of PAYE by some employers and pension providers.*

4: PAC recommendation: *HMRC should report back to the Committee by the end of 2018 on how it will improve the quality of PAYE administration by employers and pension providers. In subsequent years, HMRC should report publicly on changes in the quality of PAYE administration and how this is affecting taxpayers, Tax Credits and Universal Credit.*

4.1 The Government agrees with the Committee's recommendation.

Recommendation Implemented

4.2 In reporting back the Department is able to advise the Committee that there are a number of initiatives currently in progress or under development which aim to improve the quality of Pay As You Earn (PAYE) data these include:

- Jointly Managed Engagement Team
  The Department continues to work with employers through the Jointly Managed Engagement Team with the Department for Work and Pensions (DWP), to identify areas where there are common mistakes and issues. In particular, work continues with employers to correct mistakes in Real Time Information (RTI) submissions. The proportion of late individual payment summaries has reduced from 4.7% in 2016-17 to 4.3% in 2018-19

- Earlier Year Update (EYU)
  Changes to allow an Employer to update earlier year submissions by the submission of an Full Payment Submission (FPS) rather than an EYU was successfully implemented in April 2019. The use of the FPS is not yet mandatory so HMRC continue to accept updates on FPS or EYU. It was originally anticipated that this dual running would only run for 1 year and from April 2020 the FPS would be mandated. However, with EU Exit legislation taking priority this has not yet been put before ministers so we will continue to allow an EYU or FPS during 20-21.

- As with the EYU, enhancements to the Department's matching rules were successfully introduced in April 2019. The Department does not yet have data on the effect of the enhancements

- System Enhancements to improve employee matching
  System changes prevented 423k fractured employments in Month1 of this tax year.

- Some Spending Review 19 proposals have been put on hold but HMRC is working on allowing in-year pay rolling of benefits subject to costings.

The Department will continue to routinely monitor the accuracy of PAYE data as part of current business assurance processes and, although these will not be published, updates will be available to the Committee.

5: PAC conclusion: *HMRC's customer service targets are too narrow and do not provide a full picture of performance, limiting their value to the Department in identifying future risks to customer service.*

5a: PAC recommendation: *HMRC should, by the start of 2019–20, develop and report a scorecard of performance measures which provides a broader overview of the customer experience of both businesses and individuals.*

5.1 The Government agrees with the Committee's recommendation.

Recommendation Implemented

5.2 The Department accepts the recommendation to report a scorecard of performance measures which provides a broader overview of the customer experience. Using the principles of a balanced scorecard, it developed the measures during 2018-19 and has begun the process of shadow running during 2019-20 to test and evaluate. In July 2019 they published results of three of the new measures:

- **Use of Using our Digital Services (Net Easy)** - A Net Easy survey conducted in the main on digital channels. As the customer may not always consider the outcome of their contact with HMRC a positive, this survey does not ask how 'satisfied' they were, but 'how easy was it to deal with us today?' The figures represent the total of positive responses minus the total of negative responses. The score that can be achieved therefore ranges from 100 to -100. Current CSG scores signify more responders find it easy to digitally interact with HMRC

- **Digital Contact Resolution** -. A Net Easy survey conducted on digital channels, the exit survey asks "Were you able to do what you needed to today?", the result is the percentage of people who said 'yes'.

- **Telephony contact resolution** - The percentage of callers to our helplines who don't call back again within 7 days after speaking to an adviser (This is an experimental measure for once and done, based on whether the customer calls again in the following seven days, as we don't yet track actual once and done via an exit survey)

5.3 The Framework looks at the organisation based on four equal 'perspectives', to understand Learning and Growth, Internal Business Processes, Customer and Finance. The Performance Framework will bring more depth to some of their traditional targets like Average Speed of Answer (ASA). Adopting a range of measures enables them to better understand their customers with the aim of resolving customer queries at the first point of contact, whilst still providing a consistent ASA which they know is also important to their customers. Via the Performance Framework they are also developing their performance insight capability to identify areas or levers for improvement, or sharing best practice in order to present a richer performance story around the new measures.

Sixty-Seventh Report of Session 2017-19

The Home Office

Financial sustainability of police forces in England and Wales

Introduction from the Committee

There are 43 territorial police forces in England and Wales. Each force is headed by a Chief Constable, with authority over all operational policing decisions and staff. Chief Constables report to an elected Police and Crime Commissioner. In consultation with their Chief Constables, Commissioners set objectives for forces in an annual police and crime plan, and allocate the funds needed to achieve these objectives.

The Department is responsible for assessing how much funding forces need; deciding how much the policing system receives as a whole; allocating grants to Police and Crime Commissioners (who decide how much goes to police forces and how much to other initiatives to reduce crime); and maintaining a system of local accountability that assures Parliament that forces spend their resources with regularity, propriety and achieve value for money.

The Department estimates that total police funding in 2018–19 will be £12.3 billion, of which central government is funding £8.6 billion and local government (through the police precept collected alongside council tax) £3.6 billion. Total funding to police forces has fallen by 19% in real terms since 2010–11, with central government funding dropping by 30%. While most spending decisions are made locally, the Department must have enough information to make good decisions about the level and nature of funding it provides and be in a position where it can get assurance that forces are not at risk of becoming financially unsustainable.

Relevant reports

- NAO report: *Financial sustainability of police forces in England and Wales 2018* - Session 2017–19 (HC 1501)
- PAC report: *Financial sustainability of police forces in England and Wales* - Session 2015–16 (HC 288)
- PAC report: *Financial Sustainability of police forces* – Session 2017-19 (HC 1513)
- Treasury Minute: *Sixty-Seventh Report of Session 2017-19 (CP 79)*

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (CP 79), 1 recommendation was disagreed with, 1 was implemented and 3 recommendations remained work in progress, one of which is now implemented as set out below.

1: PAC conclusion: ***The Department's lack of a comprehensive picture of all the demands forces face undermines its ability to know what resources forces need.***

1: PAC recommendation: ***The Department should develop better measurements of both crime and non-crime demand for police services and use these to inform their bid for funding in the next Spending Review. HMICFRS should write to the Committee setting out insights of the demands on police services drawn from the first set of Force Management Statements within three months.***

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: February 2020
Original implementation date: December 2019

1.2 The Government considers that improved demand data and analysis is critical for more effective policing as demand changes. Improvements must be adopted at force level and nationally and can be used for local operational decisions, as well as to inform broader national priorities.

1.3 To support this work, the Department intends in part to draw on the work of Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), including Force Management Statements (FMSs), that were introduced in 2018 for the first time. The Department will continue to work closely with HMICFRS towards FMSs eventually becoming a nationally-consistent and rich source of demand data.

1.4 The first set of FMSs were an initial step, which inevitably included a degree of inconsistency. The second tranche of FMSs was returned by forces over the summer, with the review from these returns due from HMICFRS soon. To maximise the value of the insights to be shared with the Committee, the Department has agreed with HMICFRS that it will commit to writing jointly to the Committee once the second set of FMSs have been completed and reviewed.

1.5 The Department will therefore write further to the Committee once the second set of FMSs has been reviewed by the Inspectorate to provide further detail as to how this is informing our continuing work on demand.

2: PAC conclusion: ***Forces are finding it harder to deliver an effective service and there is a risk that problems with forces' financial sustainability may not be spotted soon enough.***

2: PAC recommendation: ***Following on from its 2017 assessment of financial resilience, the Department should immediately establish a regular review process for assessing forces' financial sustainability. It should set out how it will use information and data collected by HMICFRS to inform its assessment.***

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

2.2 The Government agrees with the importance the Committee has placed on financial resilience and sustainability. Following the Department's 2017 review into demand, performance and financial pressure, the Department worked more closely than ever with the police sector on understanding and analysing force financial resilience. It established regular senior level meetings with leaders from across the police sector to coordinate work with the police to develop the evidence base for longer term police resourcing and capability decisions. As part of this process, the Department undertook an analysis of police demand and financial sustainability of forces with technical experts in policing, including chief finance officers. The first stages of this work are focused on developing a suitable process for reviewing force resilience, including a diagnostic tool, which was tested with chief finance officers. This work is additionally being informed by data collected by HMICFRS, as well as work by the Chartered Institute of Public Finance and Accountancy (CIPFA), the Ministry of Housing, Communities and Local Government, and published reserves strategies.

2.3 This process is now part of the core work of the department and will be refreshed and updated on a routine basis.

2.4 The Department has written separately to the Committee to set out its progress on the resilience review.

3: PAC conclusion: ***Even though the Department's approach to allocating funding to Commissioners has been out-of-date and ineffective for several years, the Department still has no firm plan to change it.***

3: PAC recommendation: ***The Department must urgently commit to reviewing the funding formula, and after consultation, deploy a new funding formula as soon as practicable.***

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: December 2022
Original implementation date: March 2022

3.2 The Government undertook substantial work with police stakeholders in 2016 and 2017 to develop the technical aspects of a potential new funding formula. Good levels of technical progress were made by early 2017. This work was paused in summer 2017 due to the General Election. Ministers then decided to focus the department's work on overall changes in demand on the police and looking at whether the overall quantum of funding for policing was adequate ahead of the 2018-19 police funding settlement. As a result, the funding formula work was not resumed.

3.3 The Government has acknowledged that the current funding formula is out of date and has already committed that any new formula would be subject to a full public consultation. The Department does not assume that changing the funding formula is a silver bullet for improving force financial resilience. Police and Crime Commissioners and their predecessors have made long-term choices in areas like precept based on the current model. It is essential that any change in the funding formula is well planned, with proper transition arrangements to ensure that the Department does not implement changes which could leave a force financially unsustainable.

3.4 The Department's priority this year was to create an evidence base with the sector to determine the overall size of funding to be provided to the police service. This resulted in the commitment to deliver an additional 20,000 police officers and the Chancellor set out the government's plans for funding this uplift for 2020-21 in his statement of 4 September on the Spending Round. To ensure forces were quickly informed of their recruitment targets for year 1, the police funding formula was used to allocate the first 6,000 officers. Options for revisiting funding distribution to forces will be considered in the context of the 2019 Spending Round envelope as well as the incoming administration's budget and spending plans following the General Election.

Sixty–Eighth Report of Session 2017-19

Department for Environment Food and Rural Affairs

Defra's Progress towards Brexit

Introduction from the Committee

A full six months after our previous report and, as negotiations continue, the department must still address a range of scenarios, including Exit without a deal in March 2019, and a negotiated Exit with an implementation period lasting until the end of 2020, or possibly longer. In all its policy areas it must plan to have in place systems that will be appropriate for each scenario.

Some of the Department's plans rely on the EU to grant concessions to allow continuity of trade in the event of a no – deal Exit. For example the UK is seeking continued participation in the European Chemicals agency. Without this, exporters of chemical products would need to re-register their products with the Agency. Without this exporters of chemical products would need to re-register their products with the Agency and may face a long wait while their registrations are processed. Exports to the EU of animals and animal products would require export health certificates that have to be signed off by vets that are not yet in place. The Department plans that food imports from the EU will be waved through into the UK without checks and hopes that the EU will reciprocate for UK food exports.

On its engagement with stakeholders, we reported in May 2018 that the scope of the Departments EU Exit programme remains uncertain and dependent on decisions yet to be taken. This uncertainty is making it difficult for the Department to engage and communicate effectively with businesses and stakeholders.

The Department needs to lay 86 Statutory Instruments by the end of January in order to ensure legislation is in place when the UK leaves the EU.

Relevant reports

- NAO report: *Progress in Implementing EU Exit* - Session 2017-19 (HC 1498)
- PAC report: *Defra's Progress towards Brexit* - Session 2017-19 (HC 1514)
- Treasury Minutes: January 2019 (CP 18)

Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minutes (CP 18), 2 recommendations have been implemented and the Department disagreed with 4 recommendations and 2 recommendations remained work in progress. One recommendation is now implemented and 1 remains work in progress, as set out below.

5: PAC conclusion: ***The Department has very little time left to get necessary statutory instruments (SI's) on to the statue book in time for EU Exit, putting quality and parliamentary scrutiny at risk.***

5: PAC recommendation: ***The Cabinet Office should prioritise EU statutory instruments across government to ensure that drafting those of highest priority is completed to the proper quality standard, and that there is time for proper parliamentary scrutiny ahead of EU Exit.***

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: January 2020
Original implementation date: Spring 2019

5.2 The Government is committed to providing time for Parliament to consider the statutory instruments that are needed to secure a functioning statute book by Exit Day.

5.3 There has been a great deal of work within Government to improve the management of secondary legislation:

- **Central oversight** - The Parliamentary Business and Legislation Cabinet Committee (PBL) supported by the PBL Secretariat now oversees all secondary legislation. This centrally run process ensures better planning and monitors each department's progress on SIs including the drafting of them.

- **Better management in departments** - every department has a minister responsible for secondary legislation and a Senior Civil Servant responsible (SRO) for secondary legislation. They are accountable for their department's SI programme, ensuring it is stress-tested, prioritised and drafted properly to meet the necessary timescales.

5.4 PBL Secretariat and DEXEU work closely with Departments to ensure that they prioritise only the essential secondary legislation to be laid in Parliament.

5.5 The Government has always said that the objective is to ensure a functioning statute book. To do this, SIs necessary for exit day have been prioritised, and other SIs with less of a time pressure, such as those relating to arrangements that can be put in place administratively without a legal basis or can be laid during the Implementation Period, will be laid later in the year after exit day to allow the necessary scrutiny by Parliament of the most critical pieces of secondary legislation.

7: PAC conclusion: ***The Department still has an enormous task leading up to EU Exit, including completing six critical IT systems that have not yet been tested.***

7: PAC recommendation: ***The Department should provide us with an update by end of December 2018 on whether the key IT projects are on track for testing in the new year and a further update in January on results of the testing.***

7.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

7.2 Clare Moriarty, Defra Permanent Secretary, wrote to the committee on 31 January 2019 with an update on key IT projects. The second update letter due in February was superseded by Claire Moriarty's invite to the PAC to a "show and tell" session on 7 February to review Defra's IT systems preparations. The Committee were subsequently unable to attend on this proposed date.

7.3 The Department continues to test and improve its services ahead of EU Exit, including performance testing and testing interoperability with other systems. The Department is now running trials to test its incident reporting, response and recovery processes for all priority tasks and services to ensure early identification of any issues for swift resolution prior to Day 1.

Sixty-Ninth Report of Session 2017-19

Department for Education / HM Treasury / UK Government Investments

Sale of student loans

Introduction from the Committee

Government's student loan portfolio is growing rapidly. The total outstanding face value of English loans—considering accrued interest, deducting cancellations and repayments already made—rose from £89 billion in March 2017 to £102 billion in March 2018. The Department forecasts it to reach around £465 billion, 2018-19 prices, in the late 2040s. Government expects only 55–60% of the value of the loans to be repaid: some borrowers will not reach the threshold level of income for repayment and others will not have fully repaid the loan by the time it matures. The Treasury is concerned about the growth in the loan book and the resulting exposure of public finances to the risks within the portfolio. As government has a wider policy not to hold assets unless there is a policy reason for continued public ownership, in 2013 it announced a programme to sell-off a portion of its student loan book and to raise about £12 billion by 2022. In December 2017 the Government completed its first sale of loans to private investors, achieving £1.7 billion from 1.2 million loans held by over 410,000 borrowers. HM Revenue & Customs and the Student Loans Company will continue to administer the loans and collect repayments leaving the borrowers unaffected by the sale.

On 10 October 2018, the Government announced the second sale under the programme.

Relevant reports

- NAO report: *The sale of student loans* – Session 2017-19 (HC 1385)
- PAC report: *The sale of student loans* – Session 2017-19 (HC 1527)
- *Treasury Minute*: March 2019 (CP 56)

Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (CP 56), 2 recommendations were disagreed, 2 recommendations were implemented, and 4 recommendations remain work in progress.

It will be necessary to consult Ministers further about the sale programme response and a full reply will be provided to the Committee following the Budget on 11 March.

1: PAC conclusion: *The Treasury and the Department for Education have not made clear how this transaction decreases the long-term risk to the public finances.*

1b: PAC recommendation: *Once the education funding review is complete, the Department and the Treasury should review how the disposal strategy can most effectively decrease the long-term risk to the public finances.*

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: to be decided after consultation with Ministers.
Original implementation date: within 6 months of the completion of the Post-18 Education and Funding Review.

1.2 It will be necessary to consult Ministers further about the sale programme response and a full reply will be provided to the Committee following the Budget on 11 March.

3: PAC conclusion: ***The uncertainty over future repayments undermines the government's ability to accurately value the loan book.***

3a: PAC recommendation: ***Within six months, the Department should provide the Committee with updates on: how it has tested and, if necessary, refined the model to improve its accuracy; how this affects the timing of the sale programme; and specifically whether future sales would be better deferred until the model's accuracy is tested further.***

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: to be decided after consultation with Ministers.
Original implementation date: May 2019

3.2 It will be necessary to consult Ministers further about the sale programme response and a full reply will be provided to the Committee following the Budget on 11 March.

5: PAC conclusion: ***We are concerned about the lack of transparency to the public and Parliament surrounding this sale.***

5a: PAC recommendation: ***UKGI should review how it balances transparency with any perceived risks to value for money. It should write to us within six months with the outcome of its review and include an assessment of the impact of non-disclosure of investors.***

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: to be decided after consultation with Ministers.
Original implementation date: May 2019

5.2 It will be necessary to consult Ministers further about the sale programme response and a full reply will be provided to the Committee following the Budget on 11 March.

5b: PAC recommendation: ***For this first sale the Department should at a minimum disclose publicly the number and type of investors. It should seek permission from all investors to release their names, and do so where possible. For future sales there must be a presumption to release investor names, unless there is an evidenced and quantified risk to value for money in doing so.***

5.3 The Government agrees with the Committee's recommendation.

Target implementation date: to be decided after consultation with Ministers.
Original implementation date: May 2019

5.4 It will be necessary to consult Ministers further about the sale programme response and a full reply will be provided to the Committee following the Budget on 11 March.

Seventieth Report of Session 2017-19

Department for Transport/ Cabinet Office

Department for Transport's implementation of Brexit

Introduction from the Committee

The Department is responsible for preparing the transport system for when the UK leaves the EU (including maintaining transport connectivity between the UK and the EU). The Department's responsibilities cover areas of vital importance to citizens and business spanning, for example, road, rail, maritime and air access routes to Europe. The Department reports on 17 EU Exit work streams (which largely overlap with 28 internal Departmental projects), out of more than 300 being delivered across government. The 17 work streams involve projects to deliver the changes required to the transport system to enable the UK's exit from the EU. They range, for example, from managing the transport consequences of potential disruption at ports, the permit and licensing regimes that will be in force once the UK leaves the EU through to making plans for setting new car emissions targets.

The Department spent £1.6 million on EU Exit work in 2016–17 and £5 million in 2017–18. It has an allocation of £75.8 million in 2018–19 and plans to spend an additional £30-£35 million on Project Brock. The Department aims to pass 66 Statutory Instruments (SIs) through Parliament by 29 March 2019, of which it regards 61 as essential. At the time the Committee took evidence on 24 October 2018, 19 had been laid in the House.

Relevant Reports

- NAO report: *Implementing the UK's Exit from the European Union: Department for Transport* – Session 2017-19 (HC 1125)
- PAC report: *Department for Transport's implementation of Brexit* – Session 2017-19 (HC 1657)
- *Treasury Minutes*: March 2019 (CP 56)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minutes (CP 56), 5 recommendations have been implemented. 1 recommendation remains work in progress set out below.

3: PAC conclusion: *There is danger that the required legislation will neither be subject to proper scrutiny, nor passed in time for EU exit.*

3: PAC recommendation: *As recommended in the Committee's recent report on DEFRA's preparations, the Cabinet Office should prioritise EU statutory instruments across Government to ensure the drafting of those of highest priority is completed to the proper quality standard, and that there is time for proper Parliamentary scrutiny ahead of EU Exit.*

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: January 2020
Original implementation date: Spring 2019

3.2 The Government is committed to providing time for Parliament to consider the statutory instruments that are needed to secure a functioning statute book by Exit Day.

3.3 There has been a great deal of work within Government to improve the management of secondary legislation:

- **Central oversight** - The Parliamentary Business and Legislation Cabinet Committee (PBL) supported by the PBL Secretariat now oversees all secondary legislation. This centrally run process ensures better planning and monitors each department's progress on SIs including the drafting of them.

- **Better management in departments** - every department has a minister responsible for secondary legislation and a Senior Civil Servant responsible (SRO) for secondary legislation. They are accountable for their department's SI programme, ensuring it is stress-tested, prioritised and drafted properly to meet the necessary timescales.

3.4 PBL Secretariat and DEXEU work closely with Departments to ensure that they prioritise only the essential secondary legislation to be laid in Parliament.

3.5 The Government has always said that the objective is to ensure a functioning statute book. To do this, SIs necessary for exit day have been prioritised, and other SIs with less of a time pressure, such as those relating to arrangements that can be put in place administratively without a legal basis or can be laid during the Implementation Period, will be laid later in the year after exit day to allow the necessary scrutiny by Parliament of the most critical pieces of secondary legislation.

Seventy-Second Report of Session 2017-19

Department of Health and Social Care

Mental health Services for children and young people

Introduction from the Committee

One in eight five to 19 year olds are thought to have a diagnosable mental health condition. According to a recent NHS survey, the number of five to 15 year olds with a mental disorder has increased over time: rising from 9.7% in 1999 and 10.1% in 2004 to 11.2% in 2017. Mental health issues affect the life chances of individuals in many ways, including their physical health, education and work prospects. The Department of Health & Social Care (the Department) is responsible for mental health policy. NHS England oversees the commissioning of NHS-funded services, either directly or through local clinical commissioning groups. In 2017–18 NHS England and local groups spent around £1 billion on children and young people's mental health services. A range of other bodies—including in schools, public health, local authorities, social care and youth justice services—also have an important role to play in supporting children and young people's mental health. Launched in March 2015, Future in Mind is the government's cross-departmental vision for children and young people's mental health services and support. Currently, a number of programmes take forward these ambitions, including: the NHS's Five Year Forward View for Mental Health (the Forward View); the accompanying workforce development programme Stepping Forward to 2020/21 (Stepping Forward), led by Health Education England; and joint work by the Department and the Department for Education in response to Transforming Children and Young People's Mental Health Provision: a Green Paper (the Green Paper).

Relevant reports

- NAO report: *Improving children and young people's mental health services* – Session 2017-19 (HC 1618)
- PAC report: *Mental health services for children and young people* – Session 2017-19 (HC 1593)
- Treasury Minutes: April 2019 (CP 79)

Update to the Government response to the Committee

There were 10 recommendations in this report. As of the last Treasury Minute (CP 79), 1 recommendation was disagreed, 6 recommendation were implemented and 3 recommendations remained work in progress, one of which is now implemented as set out below.

1: PAC conclusion: *Most young people with a mental health condition do not get the treatment they need, and under current NHS plans this will still be true for years to come, while many face unacceptably long waits for treatment.*

1b PAC recommendation: *From April 2019 to April 2022, the Department and NHS England should provide annual updates to the Committee on:*
• progress in implementing and evaluating the pilot schemes for the Mental Health Support Teams in schools.

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: April 2020

1.2 The annual update on progress in this area will be provided in April 2020, as stated in the Government response in April 2019.

2: PAC conclusion: ***Getting the right workforce in place is the biggest barrier to the government's ambitions for children and young people's mental health services.***

2: PAC recommendation: ***As part of the annual update to the Committee, the Department, NHS England and Health Education England should report on its progress in expanding the children and young people's mental health workforce, setting out any changes they may have made to plans or targets and knock-on effects to other parts of the Five Year Forward View. It should also include an update on recruitment and retention rates for the mental health workforce and make an assessment on any knock-on effect on other professions e.g. nursing and midwifery.***

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: April 2020

2.2 The annual update on progress in this area will be provided in April 2020, as stated in the Government response in April 2019.

4: PAC conclusion: ***Action to improve prevention and early intervention, which are vital in tackling mental health problems among children and young people, have been slower than work to improve NHS treatment.***

4: PAC recommendation: ***As part of its cross-government planning, the government, led by the Department, should prioritise specific improvements in prevention and early intervention, including, and in addition to, the work currently being undertaken on the outcomes of the Green Paper, taking an evidence-based approach. They should also monitor changes in other departments policies (for example, the Ministry of Housing, Communities and Local Government and the Department for Work and Pensions) to anticipate their impact on children's mental health.***

4.1 The Government agrees with the Committee's recommendation.

Recommendation Implemented

4.2 Since the Government responded to the Committee's report in April 2019, we have now published our Green Paper *Advancing our health: prevention in the 2020s* on 22 July 2019. The consultation ran from 22 July to 14 October. The Government will respond in due course.

4.3 The Government has set out its approach to mental health prevention within the Green Paper. The Government wants to create a society where people have high mental health literacy and the skills to improve their own mental health.

The Government has already announced several actions to support this agenda, including:

- launching the Every Mind Matters campaign in October 2019, which aims to support everyone to feel more confident in taking action to look after their mental health and wellbeing by promoting a range of self-care actions;
- providing £1 million to the Office for Students to run a competition to provide mental health support for university students;
- investing up to £600,000 to support local authorities to strengthen their suicide prevention plans; and
- a range of improvements in schools, including a requirement for all schools to teach about mental health and revising statutory guidance to ensure staff can identify and support children with mental health issues better.

4.4 The Government is making good progress on the aims of *Transforming Children and Young People's Mental Health Provision: a Green Paper.* Since the Government's response to the Committee in April 2019, on 12 July, NHS England announced that more mental health support teams (MHSTs) are to be set up in 57 areas during 2019-20. The Government will roll out MHSTs to at least a fifth to a quarter of the country by the end of 2022-23. A full update on MHSTs will be provided in April 2020 as agreed at recommendation 1b above.

4.5 On 27 June 2019, NHS England published the *NHS Long Term Plan Implementation Framework*, setting out the approach that NHS organisations should take to create, by November 2019, their strategic plans to 2023-24.

4.6 *The NHS Mental Health Implementation Plan 2019/20 – 2023/24*, published on 23 July, provides a framework to ensure that commitments made in *the NHS Long Term Plan* are delivered at a local level. This includes year-by-year steps to ensure that an additional 345,000 children and young people aged 0-25 can access NHS-funded services by 2023-24.

Seventy-Third Report of Session 2017-19

Department for Education

Academy accounts and performance for year ended 31 August 2017

Introduction from the Committee

There are now around 7,500 academy schools in England, educating about 3.8 million pupils. Academy schools are part of charitable bodies called academy trusts. Most academy schools are in trusts that manage more than one school. Academy trusts have more freedoms and responsibilities than local authority maintained schools. They can, for example, set staff pay and conditions, and determine their own curriculum, and they are directly responsible for financial as well as educational performance. Academy trusts are directly funded by, and accountable to, the Department via the ESFA. The Department provided funding of £20 billion to academy trusts in 2017–18.

In November 2018, the Department published the second academy sector annual report and accounts. This consolidated the accounts of all 3,054 academy trusts and set out the financial position and performance of the academy school sector for the academic year from 1 September 2016 to 31 August 2017. Because of additional evidence provided by the Department to support the recognition and valuation of land and buildings, the Comptroller & Auditor General reduced the extent to which his audit opinion was qualified on the 2016/17 academy sector annual report and accounts. The Department has committed to publish the accounts for 2017/18 before the summer Parliamentary recess in 2019 and to address the remaining issues in order to achieve an unqualified audit opinion.

Relevant reports

- DFE Report: Academy Schools Sector in England: consolidated annual report and accounts - year ended 31 August 2017- Session 2017-19 (HC 1701)
- PAC report: Academy accounts and performance – Session 2017-19 (HC 1597)
- *Treasury Minutes*: April 2019 (CP79)

Government Response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (CP79), 5 recommendations had been implemented. 2 recommendations remained work in progress, 1 of which has now been implemented, as set out below.

2: PAC conclusion: *The Department is not adequately meeting the needs of users in presenting financial information about academy trusts.*

2: PAC recommendation: *The Department should:*

- ***write to us by March 2019 setting out the work it has done to understand better who the users of the academy sector annual report and accounts are and what information they need.***
- ***include in the annual report for the academy schools sector for 2017/18 an analysis of the financial performance of academy trusts of different sizes and geographical locations, and an analysis of trends in trusts' in-year deficits as well as cumulative deficits.***

2.1 The Government agrees with the Committee's recommendation.

Target Implementation date: July 2020

2.2 *The 2017-18 Academy school sector annual report and accounts (SARA)* was published in July 2019 and additional financial analysis were incorporated in response to the Committee's recommendations – this included more detailed analysis of cumulative deficits in the Sector by size of trust. The Department is preparing to undertake a stakeholder engagement survey to better understand what readers of the account would like to see in more detail in future SARA Accounts. The Department is continuing to investigate options for the inclusion of further financial analysis in the 2018-19 SARA (due for publication June 2020).

2.3 With respect to a geographic analysis of the sector, the Department intends to include additional analysis in the same document. The Department is also working to understand what existing standing data can be used to provide more of this detail without further requests for information from the sector. Where this is not possible, the Department will look to improve signposting to where similar information can be found. The Department would welcome the opportunity to meet the new Committee to discuss this further if required.

7: PAC conclusion: ***Nearly a quarter of schools have still not provided the information that the Department needs to understand fully the extent of asbestos in school buildings and how the risks are being managed.***

7: PAC recommendation: ***In March 2019, the Department should name and shame those schools which did not meet the February 2019 deadline and which have therefore repeatedly failed to respond to its asbestos management survey.***

7.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

7.2 The Department published a *list of all schools and responsible bodies* that participated in the Asbestos Management Assurance Process (AMAP) on 16 July 2019. The AMAP was a voluntary survey and, whilst the Department has made it clear that all responsible bodies and their respective schools are expected to participate, and continues to work with non-participants to encourage them to take part, responsible bodies and schools were not obliged to respond. The Department's view is that 'naming and shaming' schools and responsible bodies would be likely to discourage future participation in data collections on asbestos or other subjects. This could undermine our ability to collect information to support the effective management of asbestos in schools in the future.

7.3 The AMAP remains open so schools and responsible bodies can continue to participate or update their information. The Department continues to receive additional responses and updates from schools and responsible bodies and will update the list of institutions that have responded to the AMAP every six months to ensure this provides an up-to-date picture of participation.

Seventy-Fourth Report of Session 2017–19

HM Treasury

Whole of Government Accounts for year ended 31 March 2017

Introduction from the Committee

The WGA is a unique document which provides the most complete and accurate picture available of the UK public sector finances. The WGA is a set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS), which brings together information on the financial performance and position of over 7,000 organisations across the UK public sector. In 2016–17, the WGA included net expenditure (total expenditure less income) of £98 billion and net liabilities (the difference between assets and liabilities) of £2.4 trillion. The Treasury published WGA 2016–17 on 28 June 2018, 15 months after the end of the financial year. The Comptroller & Auditor General again qualified his opinion on the 2016–17 accounts. The reasons for this included: the omission of some significant bodies from the accounts, including the Royal Bank of Scotland; inconsistent accounting policies across the organisations included in the WGA; qualifications owing to issues in the underlying accounts of organisations included in the WGA, including the Ministry of Defence and the academy school sector; and the impact of academy schools having a different financial year to the rest of government. The Committee has previously recommended that the Treasury: produce the WGA more quickly; make the accounts more useful and transparent; make the most of the value of government's assets; and be proactive in reducing the cost of its liabilities, such as those relating to clinical negligence.

Relevant reports

- HM Treasury report*: Whole of Government Accounts for year ended 31 March 2017 Session 2017-19* (HC 1091)
- *Report of the Comptroller and Auditor General on the Whole of Government Accounts 2016-17*
- PAC report: *Whole of Government Accounts* – Session 2017-19 (HC 464)
- *Treasury Minutes report* April 2019 (CP 79)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (CP 79), 4 recommendations were implemented, and 1 recommendation remained work in progress which has now been implemented.

4: PAC conclusion: ***Government is not yet making the most of its assets, and it remains to be seen whether Treasury's review of the public sector balance sheet will have a lasting impact on the public finances.***

4: PAC recommendation: ***The Treasury should ensure that its balance sheet review has a long-term impact on the cost-effective management of government assets and liabilities. It should report to us how the benefits of the review will be monitored and reported; with the first update on progress by June 2019.***

4.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

4.2 This recommendation has been implemented. The Treasury *updated the Committee* in June 2019 on the Balance Sheet Review's progress and next steps.

Seventy-Sixth Report of Session 2017-19

Local Government Spending

Ministry of Housing, Communities and Local Government

Introduction from the Committee

Local authorities provide a wide range of services; for example, parks, libraries, waste collection and temporary accommodation for homeless people. English local authorities spent £39.7 billion on providing services in 2016-17. Spending on social care is taking up an increasing proportion of this spend, leaving less for other services. Spending on services other than social care fell by 32.6% between 2010-11 and 2016-17. The overall levels of funding available to local authorities and the methodology for distributing funding is set by government. The Ministry of Housing, Communities and Local Government (the Department) has overall responsibility within central government for local authorities' funding. This includes bringing together information about the impact of funding reductions on financial and service sustainability, assessing the funding requirements of local authorities as part of spending reviews and supporting the financial sustainability of the sector by changing the overall funding framework if required. The Department supports HM Treasury on decisions about funding for local government, both long-term decisions at spending reviews and shorter-term decisions in between. We and previous Committees have scrutinised how the Department has fulfilled this role on several occasions since 2010, seeking assurance about service levels, service quality and financial sustainability. While the Department asserts that it has improved its understanding of the sector and its insight into the pressures it is under, it has not been open enough to demonstrate to us that this is the case and has rejected some of our recommendations for improvement.

Relevant reports

- NAO report: *Financial sustainability of local authorities 2018* – Session 2017-19 (HC 834)
- PAC report: *Local Government Spending* – Session 2017-19 (HC 1775)
- *Treasury Minute* – April 2019 (CP 79)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP 79), 1 recommendation was disagreed, 4 recommendation were implemented and 1 recommmendation remains work in progress.

1: PAC conclusion: ***Central government financial support for local government continues to be characterised by one-off, short-term initiatives, which do not provide value for money, rather than a meaningful long-term financial plan for the sector.***

1: PAC recommendation: ***The Department should work with local authorities to collect and analyse evidence on the impacts on value for money and the implications for service users of providing funding through one-off funding streams announced late in the budgetary cycle rather than through long-term funding arrangements.***

The Department should, within 12 months, write to the Committee detailing the findings from this work and how it will use this evidence base to ensure that both its own funding schemes and those of other departments are structured and announced in a way that delivers maximum value for money.

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: April 2020

1.2 Decisions taken by ministers at a Spending Review will always be risk-based – balancing the case for investment in services and upfront certainty, with the need to be as efficient as possible with limited resources, in recognition of the wider fiscal environment and other public service priorities. Following the last Spending Review, Department introduced the first four-year settlement (2016-17 to 2019-20), providing funding certainty for councils to plan with confidence. Within each spending period, ministers will then respond to new and evolving pressures to ensure that local government remains sustainable. For example, the Chancellor announced £240 million in funding at Budget 2018 for adult social care for 2018-19, to help local authorities alleviate winter pressures on the NHS, and a further £240 million for winter pressures in 2019-20. In such cases, ministers will look to maximise value for money by considering the timing, value and conditions attached to such funding.

1.3 The Department agrees with the Committee that greater evidence to understand the impact of one-off, immediate funding streams on local authorities will be helpful in structuring future support to the sector. While MHCLG is responsible for the overall funding framework, Government departments that rely on local authorities to deliver policy objectives or services are responsible for understanding demand, costs and the scope for efficiency in those policy areas for which they are accountable. This includes considering the value for money of additional funding provided through grants.

1.4 The Department will, consider the commissioning of a targeted piece of research into local authorities' use of recent social care grants, paid by the Department, to inform future policy development, working with other relevant departments and will write to the Committee in due course setting out the details of this and a projected timescale. Alongside this, the Department will engage with other departments on the possibility of their undertaking research into the grants for which they are wholly responsible.

Seventy-Seventh Report of Session 2017-19

Ministry of Defence

The Defence Equipment Plan 2018 - 2028

Introduction from the Committee

Since 2012, the Department has published an annual Statement on the affordability of its 10-year Equipment Plan (the Plan). This followed a period of poor financial management, when a significant gap developed between forecast funding and costs across defence. In its 2018 Plan, the Department forecasts £193.3 billion of equipment and support costs between 1 April 2018 and 31 March 2028. This exceeds its £186.4 billion budget, which includes a £6.2 billion contingency, by £7.0 billion. The Department estimates that, should all identified risks materialise, the budget and cost difference for the Plan would widen to £14.8 billion, although this could still be optimistic. The Plan accounts for over 40% of the entire defence budget and the Department needs to manage it effectively to ensure the Armed Forces have the equipment they need to meet their objectives. In January 2018, the government announced the Modernising Defence Programme (MDP), a review of defence capabilities, aimed at making the Equipment Plan affordable. However, the MDP has been slow to conclude, with the Department now delaying financial decisions until the Spending Review 2019. If the Spending Review is delayed until 2020, the risks to capability and the transformation agenda become critical.

Relevant reports

- Ministry of Defence report: *The Defence Equipment Plan 2018*
- NAO report: *The Equipment Plan 2018-28* – Session 2017-19 (HC 1621)
- PAC report: *Defence Equipment Plan 2018-28* – Session 2017–19 (HC 1519)
- Ministry of Defence report: *Refreshing Defence Industrial Policy*
- Ministry of Defence report: *Annual Report and Accounts 2018 - 2019*
- *Treasury Minutes* April 2019 (CP 79)

Update to the Government response to the Committee

There were ten recommendations in this is report. As of the last Treasury Minute (CP 79), 10 recommendations remained work in progress, 7 of which are now implemented as set out below.

1: PAC conclusion***: The Department's Equipment Plan remains unaffordable as government continues to delay decisions on its priorities, and on whether to increase funding or stop, delay or scale back programmes.***

1a: PAC recommendation***: As soon as possible, government must produce an affordable Equipment Plan by: Providing clarity on its priorities and the subsequent decisions made to stop, delay, and scale back areas of the defence programme to make the Equipment Plan affordable.***

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: January 2021
Original implementation date: January 2020

1.2 The Modernising Defence Programme (MDP) set the policy direction and work is ongoing to develop an affordable plan for delivering against this ambition over the longer term. As part of this, the Department is improving its financial management, to understand where it can be more efficient and enable more robust planning.

1.3 Since the last update to Parliament on this recommendation, the Department secured £2.2 billion additional investment in Spending Round 2019. While the additional funding is much needed, the challenges Defence faces are ever more complex, placing significant pressures on resources. The implications for the Equipment Plan are being considered through the Department's planning process this winter and will be reported in the 2020 publication of the Defence Equipment Plan financial summary.

1.4 The next opportunity for longer-term spending decisions will be the next Spending Review, which is currently anticipated in 2020. The implication of the delay to a multi-year spending review is that the Department does not now expect to be able to report an affordable Equipment Plan until after the Spending Review concludes

1.5 The Department is confident that the programme can be delivered within budget in 2019-20, following the additional funding allocated in the 2018 budget settlement.

1b: PAC recommendation: ***As soon as possible, government must produce an affordable Equipment Plan by: Clarifying what it considers to be a prudent level of over-programming across the 10-years and why.***

1.6 The Government agrees with the Committee's recommendation.

Recommendation implemented

1.7 Over-programming is not a formal part of the Department's financial planning process and cannot therefore specify a prudent level of over-programming. The Department believes the committee's intent is to understand the department's tolerance for forecast costs above budget in the Plan and confidence in its forecasts.

1.8 The Department presented revised forecast of costs in the Equipment Plan financial summary published in November, which is judge as more realistic based on past spending trends. As the Department continues to improve forecasting accuracy, the tolerance for forecasts above budget will reduce. The Department recognises that the shortfall between forecast costs and available budget reported in the 2019 Equipment Plan report will require intervention to manage.

2: PAC conclusion: ***The Department's inability to provide certainty on its equipment and support plans, risks reducing the confidence industry needs to invest in the equipment and support required by our Armed Forces.***

2a: PAC recommendation: ***The Department should report back to us by July 2019 on how it has engaged with industry, and whether the Department and industry are signed up to a coherent plan to maintain the UK-based capability to develop and deliver the equipment required in the future.***

2.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The Department wrote to the Committee in 25 July 2019 to provide an update on the implementation of these recommendations. This letter explained how the Department is developing a stronger dialogue with industry through the Defence Suppliers Forum (DSF) and its sub-groups to improve alignment on programmes and challenges. It also set out the Department's new approach to Strategic Supplier Management, which is being delivered in wave to 19 suppliers in order to drive improvements in performance and mitigate supply chain risk. This work continues to be delivered across the Department.

2.3 The Department already engages with industry on a number of fronts on its industrial strategy, such as through the National Ship Building Strategy and the Combat Air Strategy. The Department is also reviewing its future sector strategies including Radar and Rotary Wing. This is to ensure that the Department works with an industry that can deliver future and current capabilities, whilst assuring freedom of action and operational advantage.

2.4 At the Defence and Security Equipment International conference (DSEI) in September 2019, the Department launched the Defence Technology Framework and Defence Innovation Priorities. The launch set out the strategic assessment of technologies that will be critical to Defence Modernisation, the areas of the greatest opportunity to work with industry and addressing the most pressing challenges. These publications together with other documents such as the National Ship Building Strategy, the Combat Air Strategy – are part of a broader effort to provide greater clarity to industry on defence's requirements and priorities to enable us to collectively plan for the future. At DSEI, the Department launched the Army Industrial Engagement Framework which sets out the principles of the Army's relationship with industry, focusing on continual, closer engagement to achieve battle-winning equipment programmes with the best value for money

2.5 The Acquisition Review is recommending much earlier engagement with industry as one of its key themes as part of the Strategic Outline Business Case (SOBC) and the Department starting to do this on a supplier by supplier basis as part of the Strategic Partnering Programme, setting the Department's medium-term commercial pipeline. Nine suppliers are currently engaged on the programme with the next wave of five suppliers to be imminently deployed, coordinating joint priorities and strategic alignment. DIO have set out an annual procurement plan to industry which gives an additional market dimension to our engagement.

2.6 Two of the Department's Defence Suppliers Forum sub working groups also specifically aim to meet this challenge – Future Capability Opportunities & Risks (Under the Capability Management International & Innovation working group) aims to anticipate the challenges of bringing into service new technologies and capabilities in order to undertake mitigating actions ahead of associated equipment programmes. Capability Management & Markets assesses the alignment of Defence requirements, investment plans and industry capabilities to maximise benefits to the Department and national prosperity.

2b: PAC recommendation: ***The Department should report back on how it is working with industry to purchase off the shelf equipment rather than pursue unnecessarily complex kit, to maximise value and drive the transformation agenda*.**

2.7 The Government agrees with the Committee's recommendation.

Recommendation implemented

2.8 The Department wrote to the Committee in 25 July 2019 and explained how, as part of a wider Transformation programme, is developing more agile and adaptable acquisition approaches to bring in new and emerging technology at pace to meet current and future threats.

2.9 Between July and September, a number of 'pathfinder' projects were established to test and refine thinking. These have showed that combined with an enhanced approach to investment decision making, covering both approvals and scrutiny, programmes and projects can be defined and tailored to take account of risk and complexity. This has simplified the approach and is speeding up acquisition. Transformation has now moved to scaled roll-out of the approaches that have been developed including offering targeted support to 'early adopter' programmes through October and December. The Defence Suppliers Forum (DSF) is kept abreast of developments, including through the DSF Commercial Enterprise and Acquisition Steering Group and the Executive Group.

2: PAC conclusion: ***The Department still lacks the capability to accurately cost programmes within its Equipment Plan, making it more difficult to plan effectively.***

3: PAC recommendation: ***By July 2019, and each year after, the Department should provide the Committee with a progress report on the development of financial skills and performance against the metrics that the Department will be using to measure success.***

3.1 The Government agrees with the Committee's recommendation

Recommendation implemented

3.2 *The Department wrote to the Committee on 9 August 2019* with a progress report.

3.3 A progress report was provided in the Department's *2018-19 Annual Report and Accounts* which was published on 25 July 2019 and the intent is that the performance metrics will be published each year in the Annual Report and Accounts. The update in the Annual Report and Accounts explained the current position and future plans including that performance will be monitored on forecasting, costings, finance staff capability, assurance and financial accounting. Metrics would be refined as part of the implementation of the Finance Functional Leadership Programme and the Department's aim is to measure performance against established best practice, for example the cross-Government Finance Global Design Principles.

4: PAC conclusion: *The Department is assuming it will achieve significant efficiency savings, despite not having a coherent and credible plan for monitoring and delivering them.*

4: PAC recommendation*: In compiling its Equipment Plan 2019 position, the Department must ensure that it only includes efficiencies that it can realistically expect to deliver.*

4.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The Department continues work to improve the consistency and rigour of financial benefits reporting for efficiency initiatives. As part of a programme to transform Defence, the Department has developed a new benefits realisation framework to assess the maturity of initiatives and their likely benefits. This framework is now being used to improve the consistency of efficiency benefits forecasts in financial planning.

4.3 These changes build on progress in recent years to improve management of efficiencies in the Department. In 2016-17, Defence Equipment and Support introduced a new process to improve how it identifies, achieves and then tracks its efficiency measures. This process has enhanced transparency and control of the management of savings targets in the Equipment Plan, and informs the forecasts reported in the Equipment Plan financial summary report.

4.4 Ultimately these changes will allow rigorous monitoring of benefits – both from new transformation programmes and current efficiency initiatives, backed up by relevant and robust management information. These changes will improve the reporting of efficiencies in future Equipment Plan publications.

5: PAC conclusion: *The Equipment Plan still does not fully outline the level of risks and uncertainties within the Plan.*

5: PAC recommendation: *The Department's future Equipment Plans should include more information on the cost, maturity and risks of the largest projects (including, in particular, the F-35 and Type 31e frigate), as well as being more transparent about its costing approach.*

5.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The Department is committed to comprehensive and transparent reporting. The 2019 Equipment Plan financial summary report built on the progress made in the 2018 publication and included additional reporting on the progress delivering some of the Department's most significant projects. The report now includes information on cost, maturity and risks of its largest projects in the Sector Analysis and The Project Performance Summary Table section, with further commentary on these projects in the Project Summary sheets.

5.3 The Department continues to review the project-level detail it can include in future Equipment Plans, noting that publishing details of individual projects is not always appropriate due to commercial sensitivities or security considerations.

6: PAC conclusion: ***HM Treasury's requirement for departments to live annually within their means hinders the Department's ability to plan for the long-term.***

6a: PAC recommendation: ***The Department should use the Spending Review 2019 as an opportunity to explore longer-term budgeting arrangements in certain areas such as nuclear programmes and shipbuilding maintenance and improvements planning.***

6.1 The Government agrees with the Committee's recommendation.

Target implementation date: January 2021
Original implementation date: January 2020

6.2 The Department recognises the challenge of managing complex programmes within annual spending limits and continues to work with the Treasury to explore opportunities for more flexible budget arrangements. The Department expects discussions to continue in the context of the next spending review scheduled for 2020.

6b: PAC Recommendation: ***The Department should report back to the Committee on how the extra funding settlement for nuclear and anti-submarine warfare in October 2018 was allocated and spent.***

6.3 The Government agrees with the Committee's recommendation.

Target implementation date: Summer 2020
Original implementation date: Summer 2019

6.4 The Department wrote to the Committee in 25 July 2019 on plans for allocating the additional funding for nuclear and anti-submarine warfare capabilities provided in Budget 2018. The Department will write to the committee to confirm how the money was spent after the end of financial year 2019-20, by Summer 2020.

6c: PAC Recommendation: ***We expect the Department to report to the Committee on substantial progress within 12 months.***

6.5 The Government agrees with the Committee's recommendation.

Recommendation implemented

6.6 The Department will publish the Equipment Plan 2019-29 which will demonstrate how the Department is continuing to improve the management of future Equipment Plans and explains the changes made since Equipment Plan 2018. The Spending Review will provide the opportunity for any programme related spending decisions. Any changes to the Equipment Plan resulting from the Review will be reflected in the Equipment Plan 2020-2030 onwards, which will be published.

Seventy-Eighth Report of Session 2017-19

Cabinet Office and HM Treasury

Improving government planning and spending

Introduction from the Committee

Through spending reviews, HM Treasury (the Treasury) sets spending limits for departments over approximately three to five years, by reference to fiscal forecasts from the independent Office for Budget Responsibility (OBR). The last spending review, in 2015, allocated £4 trillion for total public spending for the five years to 2020–21 and the next review is due in 2019. The Treasury controls spending through its 20 spending teams, which make up around one fifth of the Treasury's total workforce. Departments, led by accounting officers, plan and deliver their objectives and are accountable for their delegated budgets. The Cabinet Office monitors the delivery of departments' objectives and government policy. It oversees departmental planning and since 2015 has required departments to prepare an annual internal business plan, known as a single departmental plan (SDP). SDPs set out how departments will carry out their objectives, deliver services and track performance. In 2016, the previous Committee recommended that the Treasury and Cabinet Office work together on an approach that would ensure value for money across government, in time for the next spending review.

Relevant reports

- NAO report: *Improving government's planning and spending framework* – Session 2017-19 (HC 1679)
- PAC report: *Improving government planning and spending* – Session 2017-19 (HC 1596)
- *Treasury Minutes May* – Session 2017-19 (CP 97)

Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP 97), recommendations 1 and 6 had been implemented, and recommendations 2, 3, 4 and 5 remained work in progress. Recommendation 5 has now been implemented as set out below.

2: PAC conclusion: ***The Treasury and the Cabinet Office's overall approach to planning and spending can encourage short-term decisions rather than long-term sustainability, which risks value for money.***

2: PAC recommendation: ***When issuing guidance for the next spending review and future SDPs, the Treasury and the Cabinet Office should require departments to show how their plans and funding bids deliver long-term, sustainable value for money. They should report back to the Committee on this, demonstrating how they ensured SDPs were central to spending review decision-making for each department.***

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: Winter 2020
Original implementation date: Winter 2019

2.2 The Spending Round in 2019 was an accelerated exercise to give departments and devolved administrations the financial certainty they need for 2020-21 to deliver public services ahead of existing the European Union. A full Spending Review will be conducted in 2020 to set multi-year budgets hence the change to the target implementation date.

2.3 Despite being an accelerated exercise, Spending Round 2019 marked a new focus on the medium to long-term outcomes the government is seeking to deliver to ensure that the increase in spending announced deliver the greatest possible value to the public and leads to improved public services. We expect these outcomes to form a central part of future Spending Reviews.

2.4 At Spending Round 2019, the Treasury announced that the government is developing real-world priority outcomes for public services and metrics for driving progress in them. In the Spending Round document, we set out examples of the medium to long-term outcomes the government aims to deliver in some of the people's priority areas such as: *Reducing crime* (Example performance measures: *Overall crime levels, Progress to additional 20,000 warranted officers, Serious Violence*). This is part of the Public Value Framework that is being embedded across government to maximise the value the government delivers with the money it spends, based on the recommendations of Sir Michael Barber's report '*Delivering better outcomes for citizens*.'

2.5 The Treasury and Cabinet Office plan to continue to work with Departments to improve the planning and performance framework. These reforms will mean future spending decisions will be shaped by a greater focus on outcomes and informed by better evidence on performance and impact. This departmental planning will be central to the guidance and execution of the 2020 Spending Review.

3: PAC conclusion: ***We are frustrated that the Treasury and the Cabinet Office's lack of action to prevent departments working in silos has, in some cases, led to cost-shunting and poorer services for the public.***

3: PAC recommendation: ***In advance of the 2019 Spending Review, the Treasury and the Cabinet Office should write to us to explain what they will do to incentivise joint departmental plans and delivery, clearly stating how this is different from their previous approach. Given the importance of SDPs to the 2019 Spending Review and the commitment to joined-up working, the Cabinet Office should share SDPs across departments.***

3.1 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2020
Original implementation date: Autumn 2019

3.2 The Treasury is committed to further incentivising joint departmental plans and bids at the next Spending Review and made progress on this at the 2019 Spending Round through:

- Looking at spending issues across departmental boundaries. For example, in addition to understanding the impact on the Home Office of the government's commitment to recruit 20,000 additional police officers by 2023, cross-departmental analysis supported the upstream impacts with £80 million funding was provided to the Crown Prosecution Service and £50 million to the Ministry of Justice to fund the increased pressure this commitment would place on their services.

- HM Treasury announced a £200 million Shared Outcomes Fund. This will fund pilot projects designed by two or more public sector organisations to test innovative approaches to working across these organisations on challenging policy areas. The aim is to build a better evidence base on joint working and test how these new approaches can improve outcomes and deliver better value for money. HMT is currently receiving and assessing applications for funding

3.3 The Treasury and Cabinet Office are working together to support policy making on cross-cutting areas in the run up to the Spending Review in 2020, and considering different ways to deliver across organisational boundaries. The Treasury will continue to engage the Government finance community on how to further support and incentivise cross-departmental working ahead of the SR and will reflect this in its guidance.

3.4 As part of the planning process, the Cabinet Office and Treasury continue to encourage join-up and facilitate the sharing of best practice across Departments.

4: PAC conclusion: ***We are concerned that, unless management of planning and spending are brought together more effectively, the next spending review will not fully address the problems surrounding the financial sustainability of the public sector.***

4: PAC recommendation: ***In advance of the next spending review, the Treasury and the Cabinet Office should write to us to explain how they will work together, along with functions and departments, to better challenge the realism of departments' plans and the wider effect on sustainable public services.***

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2020
Original implementation date: Autumn 2019

4.2 The Government remains committed to ensuring that departments' spending plans are based on realistic assumptions with a real focus on deliverability.

4.3 In terms of sustainability, Spending Round 2019 delivered within the current fiscal rules but also set out the fastest planned growth in day-today departmental spending in 15 years alongside a new focus on outcomes. For the first time since Spending Review 2002, no departments faced a cut to its day to day spending.

4.4 The Treasury and Cabinet Office continue to work with Departments to improve the planning process to improve the affordability and deliverability of Departments' plans. This includes embedding the Public Value Framework, to help Departments assess how effectively funding is turned into delivery; and embedding Functional Standards to drive capability improvement and consistent practices and ways of working. The Infrastructure Project Authority expressly challenges the deliverability and realism of major projects across departments and will be stepping up its role in advance of the next Spending Review.

4.5 Cabinet Office and HM Treasury will continue to work with the functions ahead of SR20 to ensure: deliverability assessments are in place for key programmes, and ongoing evaluation of costs and benefits are embedded; and robust functional support and challenge is built in to SR negotiations.

5: PAC conclusion: ***Despite our previous recommendation, the Cabinet Office has failed to ensure that public SDPs provide Parliament and the public with the information they need to hold departments to account.***

5: PAC recommendation: ***To help taxpayers see what they are getting for their money, the Cabinet Office should ensure that the public single departmental plans for 2019–20 include, for each objective: how departments will deliver it; with what money and people; and how success will be measured, by when.***

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The latest versions of the public Single Departmental Plans were published on 27th June 2019. As per the committee's recommendation, in line with the guidance issued to Departments by the Cabinet Office and the Treasury, these plans set out how Departments will deliver their objectives, what resource they plan to use and how success will be measured. Progress against these plans will be reflected in Departments' Annual Reports and Accounts.

5.3 The Government continues to support the Committee's desire to further increase transparency, and to provide Parliament and the public with the information they need to hold departments to account. The Treasury and the Cabinet Office continue to work with Departments to support them to improve the public plans to achieve this.

Eightieth Report of Session 2017-19

Ministry of Defence

Capita's contracts with the Ministry of Defence

Introduction from the Committee

In 2012, the Army sought to reform its approach to recruitment. It established the Recruiting Partnering Project and committed £1.3 billion over ten years. The Project's aim is to recruit the quantity and quality of soldiers that the Army requires each year (including officers and other ranks, regulars and reserves) and save money. As part of this, it entered into a ten-year, £495 million contract with Capita Business Services Ltd (Capita) to bring in its expertise in recruitment and marketing. However, Capita has missed the Army's annual targets for recruiting regulars and reserves every year since 2013 – with a shortfall that ranged from 21% to 45% of the Army's recruitment requirement. The size of the shortfall has increased over the last three years and in 2017–18 Capita recruited 7,000 fewer regular and reserve soldiers and officers than was required. It expects to be 40% below target in 2018–19. The Army originally forecast the Programme would achieve savings of £267 million by 2022 but has now reduced this to £180 million.

Relevant reports

- NAO report: Investigation into the *British Army's Recruiting Partnering Project* Session 2017-19 (HC 1781)
- PAC report: *Capita's contracts with the Ministry of Defence* Session 2017-19 (HC 1736)
- Ministry of Defence report: *The Defence Diversity and Inclusion Strategy 2018 to 2030: A Force for Inclusion*
- *Treasury Minutes* : May 2019 (CP 97)

Update to the Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (CP 97), 6 recommendations were implemented and 1 recommendation remained work in progress – this is now implemented as set out as below.

2: PAC conclusion: ***It has taken Capita and the Army far too long to address under-performance.***

2: PAC recommendation: ***The Department should report by the end of September 2019 on the specific actions it is taking to simplify and streamline the recruitment process, explaining how it is piloting these changes and demonstrating how they are helping to reduce recruitment times***

2.1 The Government agrees with the Committee's recommendation.

Recommendation Implemented.

2.2 *The Department wrote to the Committee on 23 September 2019* giving an update on the progress made with simplifying the recruitment process. This included a trial which was piloting the way concurrent activity could be utilised to reduce the average length of time it takes to go through the recruitment pipeline. This pilot was successful, and over the summer has been rolled out across the whole of the UK. The average length of time it takes a candidate to be offered a training start date has reduced from 205 to 153 days between June 2018 and June 2019, with a candidate recently being allocated a training start date in as little as 16 days.

2.3 Joining the Army represents a substantial change in lifestyle for most and, as such, there remains an ability for the recruitment pipeline to be flexible enough to allow candidates to pass through at a pace they are comfortable with. Much focus is being placed on improving the candidate experience through better support, including through access to military personnel.

2.4 The medical assessment process is also currently under review. This review includes, in part, looking at ways of making the process less frustrating for candidates by potentially moving some of the responsibility to prove medical suitability from candidates to the recruiting teams.

Eighty-First Report of Session 2017–19

Department for Transport / HMT

Rail management and timetabling

Introduction from the Committee

The Department for Transport (the Department) is responsible for setting the strategic direction for the rail industry in England and Wales, including improving access to the railway for people with disabilities. It funds Network Rail to maintain and enhance rail infrastructure (£47.9 billion between 2019 and 2024). The Department also funds and oversees significant rail improvement programmes led by organisations created to manage these programmes, including High Speed Two (High Speed Two Limited) and Crossrail (Crossrail Limited; a wholly owned subsidiary of Transport for London). The Department contracts private sector companies to run train services through a system of franchising and, along with the Office of Rail and Road, holds these companies to account for their performance. The Department currently oversees 14 franchises. If franchises fail or are terminated, the Department can bring these back under government control until a new franchise can be let. In May 2018, timetable changes were introduced affecting 46% of train times across the rail network. The Department's management of the rail industry led to unacceptable disruption lasting for many weeks across the south-east and north of England. The Department is also responsible for overseeing and funding investment in the strategic road network, primarily through its Road Investment Strategy which is expected to cost £12.8 billion between 2015 and 2020.

Relevant reports

- PAC report: Rail management and timetabling – Session 2017-19 (HC 1793)
- Department for Transport report: The Inclusive Transport Strategy – July 2018
- Treasury Minutes: May 2019 (CP 97)

Update to the Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (CP 97), 1 recommendation was disagreed and 6 recommendations remained work in progress, 4 of which are now implemented as set out below.

1: PAC conclusion: ***The Department did not ensure, as it should have done, that those responsible for the railway are clear about their roles and that they work together effectively. This has contributed to major disruption and misery for passengers.***

1: PAC recommendation: ***As part of its response to the ongoing rail review, the Department must set out once and for all a clear governance and accountability structure for the railway, including what the Department retains responsibility for and how it will gain assurance that the wider system is functioning as it intends.***

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: Autumn 2019

1.2 The Williams Rail Review will recommend the most appropriate organisational and commercial frameworks to improve performance on the railway for passengers and freight, whilst protecting the interests of taxpayers.

1.3 In line with the recommendations of the Office of Rail and Road's independent inquiry into the timetable disruption in May 2018, the Review will ensure its proposals enable major infrastructure and service change programmes to be delivered effectively and assured on a system-wide basis, providing increasing certainty for passengers, freight customers and funders.

1.4 Earlier last year, the Department anticipated updating the terms of reference of its programme boards by the summer of 2019. The Department has now drafted and agreed a set of core principles for inclusion in all its Programme Board Terms of Reference and these were approved at the joint Network Rail and DfT Network Portfolio Board on 24 October 2019. All the Programme Board Secretariats are now implementing the changes to their Terms of Reference.

2b: PAC recommendation*: Within three months of this report, the Department must set out: how the £15 million passenger improvement fund will be spent, including the tangible improvements from it that passengers can expect.*

2.1 The Government agrees with the Committee's recommendation.

Recommendation Implemented

2.2 Govia Thameslink Railway (GTR) is putting £15million into a passenger benefit fund, with improvements – requested by passengers and other local stakeholders – being delivered across their network.

2.3 GTR carried out an extensive consultation this summer, with over 4,000 responses to the online survey, and around 30 events and 40 stakeholder meetings held across their route. Since this consultation period ended, the operator has been assessing the requested schemes for their feasibility and has recently presented the first tranche of these schemes to the Department for approval.

2.4 The Department has approved the first tranche of schemes and is in the process of assessing the remaining proposals. GTR is now working on the design and delivery of these schemes. This includes improvements to footpaths and toilets, the installation of murals and community artwork, as well as landscaping works and redecoration. GTR will publish the full details shortly.

3: PAC conclusion: *The Department's failure to learn the lessons from previous programmes means that its strategic management of the railways is not evolving quickly enough to be able to procure and execute complicated projects such as Crossrail so that they do not face cost increases and delays.*

3: PAC recommendation: *The Department should, within three months of this report, set out how it plans to systematically capture and learn lessons from programme delivery so that it avoids repeating the same mistakes experienced on some programmes again.*

3.1 The Government agrees with the Committee's recommendation.

Recommendation Implemented

3.2 The '*Lessons from transport for the sponsorship of major projects'* report was published on 25 April 2019; a joint report from the DfT and Infrastructure Projects Authority. This report identified 24 practical lessons to increase confidence that future transport, infrastructure and wider government projects are delivered with confidence, predictability and control. These lessons included a number of ideas to strengthen transparency and to capture and learn lessons from programme delivery.

3.3 The Department is now implementing the recommendations from this report in relation to its portfolio of major projects and delivery bodies. It is also considering what further steps can be taken to strengthen all aspects of project delivery through the Project Delivery Improvement Programme, led by the Department's lead Non-Executive-Director, and reporting to an Infrastructure Steering Group chaired by John Manzoni, the Chief Executive of the Civil Service. This work includes working with the Department's ALBs including Crossrail, Highways England, HS2 Ltd, and Network Rail to improve delivery of its major transport projects.

4: PAC conclusion: *It is unacceptable that passengers still do not know when the improvements to services that the Department promised them from the failed East Coast franchise will be delivered.*

4: PAC recommendation: ***By summer recess, the Department should write to the Committee setting out in detail when the new direct services to towns and cities such as Huddersfield, Sunderland and Middlesbrough, promised on the east coast railway when the VTEC franchise was awarded will begin, reflecting the latest plans for necessary infrastructure enhancements.***

4.1 The Government agrees with the Committee's recommendation.

Recommendation Implemented

4.2 In the Department's response to the Committee earlier last year, it committed to provide an update on the anticipated delivery of services announced at the start of the Virgin Trains East Coast (VTEC) franchise which have not yet been delivered.

4.3 The Department wrote to the Chair of the Committee on 24 July 2019. The letter set out the background to the train service improvements committed under the previous Virgin Trains East Coast franchise, and the current work to improve LNER services, including the introduction of new Azuma trains. The letter confirmed that train service improvements to Lincoln, Edinburgh and Harrogate would be made by the end of 2019, and updated the Chair on progress towards implementation of committed train service improvements to Bradford, Huddersfield, Sunderland, Middlesbrough, Leeds and York. The letter also informed the Chair of DfT's intention to enter into a new Direct Award contract with LNER from June 2020, and stated that once key Network Rail infrastructure improvement works are complete a major timetable change in December 2021 will occur to make best use of the improved infrastructure and new trains.

5: PAC conclusion: ***The Department and rail industry have been too slow to act to make the railway more accessible for passengers with disabilities.***

5: PAC recommendation: ***The Department should write to the Committee by the summer recess setting out how it will ensure that train operating companies and station operators make sure that passengers with disabilities can use the railway, and to set out an enhanced monitoring regime to make sure that the companies are complying with the plan.***

5.1 The Government agrees with the Committee's recommendation.

Recommendation Implemented

5.2 In the Department's response to the Committee earlier last year, it committed to writing jointly with ORR providing an update on monitoring performance with regards to accessibility and setting out the progress that the Department has made to improve rail accessibility since the publication of the Inclusive Transport Strategy.

5.3 The Permanent Secretary *wrote to the Chair of the Committee* on 4th September 2019, providing an update on the progress made on improving the accessibility of the railways for disabled people including:

- The announcement of the successful stations that would benefit from Access for All funding from 2019-2024.
- The launch of RDG's "Access Map".
- The improvements being made to the Passenger Assist scheme.
- The Disabled People's Railcard eligibility criteria review.

5.4 The ORR will be writing separately to the Committee to provide an update on how it will monitor and enforce train and station operators' performance in relation to their licence obligation to have in place and implement an Accessible Travel Policy.

Eighty-Second Report of Session 2017–19

The Home Office

Windrush generation and the Home Office

The Home Office (The Department) and its agencies (UK Visas and Immigration, Immigration Enforcement and Border Force) manage the UK immigration system: setting immigration policy; deciding who has the right to stay; and encouraging and enforcing the removal of illegal migrants. Between 1948 and 1973, nearly 600,000 Commonwealth citizens came to live and work in the UK with the right to remain indefinitely. But many were not given any documentation to confirm their immigration status, and the Home Office kept no records. In the last ten years, successive governments have introduced the "compliant environment" where the right to live, work and access services including benefits and bank accounts in the UK is only available to people who can demonstrate their eligibility to do so. Towards the end of 2017 the media began to report stories of members of the Windrush generation being denied access to public services, being detained in the UK or at the border, or being removed from, or refused re-entry to, the UK. This has been referred to as the Windrush scandal.

Relevant reports

- NAO report: *Handling of the Windrush situation, Session 2017–19* (HC 1622)
- PAC report: *Windrush generation and the Home Office, - Session 2017–19* (HC 518)
- Treasury Minute: *Government response to the Committee of Public Accounts on the Eighty-Second and the Eighty-Sixth to the Ninety-Second reports from Session* 2017-19 (CP 113)

Update to the Government response to the Committee

There were 9 recommendations in the report. As of the last Treasury Minute (CP 113) 2 recommendations were disagreed, 1 recommendation was implemented, and 6 recommendations remained work in progress two of which are now implemented as set out below.

1: PAC conclusion: ***For many years, the Home Office has failed to protect people's legal rights to live, work and access services and benefits in the UK.***

1: PAC recommendation: ***The Department must protect and prioritise people's rights to residency or citizenship when designing, delivering and monitoring its immigration policies and systems. It should report back to us in 6 months on how it is putting impact assessments and external consultations at the core of its policy making to identify how new immigration policies could affect people and how to mitigate against the risk of unintended consequences. It should also report back to us on how it is addressing the findings of Wendy Williams's lessons learned review.***

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: April 2020
Original implementation date: Autumn 2019

1.2 Consultation documents and impact assessments have been produced for major policies within the Borders, Immigration and Citizenship System in recent times, including, our recent White Paper on the UK's future skills-based immigration system. In addition, the Department has made use of an extensive array of impact assessment and external consultation measures, including the use of panels, mystery shoppers, NGO and local authority consultations and business roundtables.

1.3 The EU Settlement Scheme (EUSS) provides a recent example of where core activities have been supplemented by more extensive external consultation. In designing EUSS, the Department utilised independent advisory groups formed of employers and vulnerable persons. EUSS was also thoroughly tested in a pilot-phase. This has been replicated for the future immigration system. Alongside this, we have asked the independent Migration Advisory Committee (MAC) to conduct a review of the Australian system, and other international comparators and the MAC are taking evidence from the public and stakeholders.

1.4 The BICS Policy Assurance Framework was launched in April 2019 and we are reviewing its early impact. We are considering lessons learned with a view to improve and further embed the framework to ensure it meets its objectives of improving the design, development and implementation of policy changes. We will write to the committee in April 2020 with a further update on progress.

1.5 Once the Windrush Lessons Learned Review has concluded, and we have received the final report, we will consider the recommendations and set out our response to any recommendations.

1a: PAC recommendation: ***It should redesign and test its application processes and systems with applicants and staff to ensure they are accessible and easy to use. It should report back to the Committee in 12 months on the progress it has made, including a description of the testing it has done and how it is identifying and managing risks.***

1.6 The Government agrees with the Committee's recommendation.

Target implementation date: March 2020
Original implementation date: May 2019

1.7 The Department's new immigration application platform Access UK, which is being rolled out across all application routes, is built using the patterns and standards of the *Government Digital Service*, which in turn ensures compliance with standards on usability and *accessibility*.

1.8 As part of the development of the platform, extensive testing has taken place with users of the service, observing how they interact with the new online application forms and adapting the design and questions in accordance with feedback uncovered during those testing sessions.

1.9 The service is being developed based on a deep understanding of customer needs and preferences defined through user research. As a result, Access UK has driven positive customer satisfaction ratings, with over 75% of customer rating Access UK 8 out of 10 or higher.

1.10 The online application process is still relatively new, and the customer insight team are monitoring the customer experience. The forms will continue to iterate on an ongoing basis based on customer feedback. The Department will report to the committee, as requested, in March 2020 on further progress with this work.

2: PAC conclusion: ***The Department is making life-changing decisions on people's rights, based on incorrect data from systems that are not fit for purpose.***

2: PAC recommendation: ***In its design and roll-out of Atlas, the Department should prioritise improving the quality of its data. Alongside its Treasury Minute response, the Department should write to us setting out specific plans for data cleansing, migration of the existing case files and controls around the input of new data.***

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: March 2020

2.2 The Department agrees with the Committee's recommendation to write to the Committee; *this response was issued to the Committee on 9 July 2019*.

2.3 While continuing to increase the proportion of digital applications and digitising supporting material provided by applicants, we have also stood up a data cleansing team that are working across

BICS to clean up data sets where we have identified issues that could be problematic. The types of activities that the data cleansing team have undertaken include the removal of duplicate records and ensuring updates to a given record are repeated on other systems across the organisation where the information may be accessed.

2.4 The combination of cleansing historic data sets, while digitising more routes - removing the requirement for manual data entry onto our new caseworking system, Atlas, and thus reducing the opportunity for the introduction of errors in the data - means that we continue to improve the quality of data held by the department on immigration cases.

2a: PAC recommendation: ***In 6 months' time, the Department should write to us with an update on how its system for EU citizens to confirm their status is working, to ensure they do not face the same issues as the Windrush generation.***

2.5 The Government agrees with the Committee's recommendation.

Recommendation implemented

2.6 The EU Settlement Scheme continues to learn lessons from Windrush by ensuring that all EU citizens eligible and granted under the Scheme will have an immigration status enshrined in UK law which they can use to demonstrate their right to work, study and access housing and benefits. The application process is streamlined, user-friendly and accessible to all prospective applicants.

2.7 The scheme has been fully open since 30 March 2019. It is a free Scheme which enables EEA and Swiss citizens resident in the UK, and their family members, to obtain the status they will require in order to live and work in the UK after 30 June 2021 (or after 31 December 2020 if there is a no deal exit). The Department's published statistics to 31 October 2019 show that more than 2.4 million applications had been received and more than 1.9 million had been granted status. Of applications concluded by 31 October 2019, 60% were granted settled status, 40% were granted pre-settled status. The Department has continued to update Parliament throughout the process and has committed to provide wider more substantive data sets at agreed intervals in line with its wider transparency agenda.

2.8 The Department removed the application fee for the scheme so that there is no financial barrier to any EU citizen who wishes to stay. At the end of March 2019, the Department launched a new, highly visible national marketing campaign to encourage EU citizens to apply. The £3.75 million campaign covered the whole of the UK and aimed to reach 95% of the UK population through billboards, catch-up TV, radio, web banners, paid search, social media and press adverts. The advertising campaign complements extensive engagement already undertaken by the Department, including online toolkits for employers, community organisations and local authorities to help them support EU citizens to apply.

3: PAC conclusion: ***It was a dereliction of duty for the Department not to monitor the impact of its compliant environment policy on vulnerable members of our society.***

3: PAC recommendation: ***In its Treasury Minute response to this report the Department should explain its monitoring and evaluation regime for compliant environment measures. It must set out how it intends to incorporate information collected from people affected by the system, not just from those administering it.***

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: December 2020

3.2 The Department routinely collects management information for the proactive Compliant Environment sanctions which are underpinned by data-sharing and our civil penalty regimes. In part, this information is made public, the Department publishes Transparency Data and the non-compliant employers list and engages regularly at official level with Other Government Departments and public partners to monitor and support the delivery of the measures.

3.3 The Department is preparing advice for Home Office Ministers on an evaluation programme for measures regulating migrant access to work, benefits and services. The Department is taking forward further evaluation activity in this area on a phased basis, prioritising the work now underway to further evaluate the impact of the right to rent scheme in operation across England. This activity includes a range of methodologies, including a call for evidence, literature review and mystery shopping exercise to test for impact on discrimination by landlords and lettings agents.

6: PAC conclusion*: The Department is not doing enough to raise awareness of the help available from the Windrush Scheme to the people who so desperately need it.*

6: PAC recommendation: *The Department should immediately promote the Windrush scheme more proactively, particularly outside of the UK and the Caribbean. It should also clearly communicate the need for people to formalise their immigration status more generally so undocumented residents do not get caught out again. The Department should write to us by the end of March outlining the immediate action it has taken and include an update on the number of people who have engaged with the scheme.*

6.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The Department continues to focus efforts on outreach and engagement activity, including delivering and attending a number of public engagement events across the UK to promote the Compensation Scheme.

6.3 To raise awareness of the events, the Department worked with local authorities, community and religious organisations, as well as local MPs offices. Press notices were issued, articles were offered to key diaspora publications and social media activity undertaken.

6.4 The Department completed analysis into who may have been affected by Windrush issues and where they might reside. This led to us refreshing the Windrush communications and engagement strategy and producing a new programme of activities for 2019 and early 2020. At least another 35 events were planned, in addition to the 17 already taken place. The Home Secretary launched a quarterly Windrush Strategic Advisory Group with key stakeholders enabling feedback to the engagement and communications strategy at a roundtable event in September. The Department also continues to work closely with the Foreign and Commonwealth Office to reach audiences globally.

6.4 The UK's departure from the EU provides an opportunity to encourage residents to formalise their immigration status. The Department has already launched a national awareness campaign and is planning a range of support for vulnerable groups. Published staff guidance for the EU Settlement Scheme signposts staff to the Windrush taskforce where an applicant may be eligible.

6.5 The Department *has written to the Committee* separately on this matter

Eighty-Third Report of Session 2017-19

Department of Health and Social Care

Clinical Commissioning Groups

Introduction from the Committee

Clinical Commissioning Groups (CCGs) are responsible for planning and commissioning most of the hospital and community NHS services in their local areas. CCGs are led by a Governing Body made up of GPs, other clinicians and lay members. They replaced primary care trusts in April 2013. In 2018, there were 195 CCGs. In 2017–18, CCGs spent £81 billion primarily on purchasing health services for their local populations. Of this, approximately 1.4% (£1.1 billion) was spent on CCGs' running costs.

Since commissioning was introduced into the NHS in the early 1990s, there have been several changes to the structure of NHS commissioning organisations. Most recently, more emphasis has been placed on the wider geographical planning of health services with the introduction of Sustainability and Transformation Partnerships. The most advanced partnerships have become Integrated Care Systems. CCGs are engaging increasingly in joint working. There have been eight formal mergers of CCGs since 2013 and most now share an accountable officer. The NHS Long Term Plan set out that Integrated Care Systems will cover the whole of England by 2021 resulting in a significant reduction in the number of CCGs, with CCGs covering a larger population.

Relevant reports

- NAO report: *A review of the role and costs of clinical commissioning groups, Session 2017–19, HC 1783, 18 December 2018.*
- PAC report: *Clinical Commissioning Groups – Session 2017-19 (HC 1740) 8 March 2019*
- Government document: *NHS Long Term Plan* – January 2019
- *Treasury Minutes*: May 2019 (CP 97)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (CP 97), 5 recommendations remained work in progress, four of which are now implemented, and one remains work in progress as set out below.

1: PAC conclusion: *We are concerned about the impact on patient outcomes if the performance of CCGs does not improve, especially as they become responsible for commissioning services across larger populations.*

1: PAC recommendation: *NHS England should report back to us by the end of 2019 on the actions it has taken to ensure all CCGs are performing effectively and have high quality leadership as they take on responsibility for commissioning across larger populations.*

1.1 The Government agrees with the Committee's recommendation.

Recommendation Implemented

1.2 NHS England and NHS Improvement agree that it is important that CCGs have high quality leadership. To measure this, NHS England currently use the NHS Oversight Framework to monitor commissioner performance and identify support needs. This will continue to include a measure of both the quality of leadership within the CCG and its contribution to the effectiveness of working relationships in the local systems.

1.3 An update on CCG performance for 2018-19 is contained in the *CCG Assessment Report 2018/19*. NHS England is developing a framework for system-led oversight. This will also include a focus on leadership across the system and the constituent organisations.

1.4 The *NHS Long Term Plan* (LTP) recognises that the development of individuals with the right system leadership skills is a key success factor for the development of Integrated Care Systems (ICS). In response, in Quarter 4 of 2018-19, NHS England supported 23 systems (including CCG leaders) with funding to scale or kick-start place based leadership programmes, providing leaders across health, social care and voluntary sectors with the skills to lead across organisational boundaries. In 2019/20, NHS England and NHS Improvement will continue to offer similar support as well as peer-to-peer networks and specific offers for clinical leaders and ICS/STP Leaders.

1.5 In April 2019, NHS England published revised *Procedures for clinical commissioning groups to apply for constitution change, merger or dissolution*. The merger procedure is based on the specific requirements set out in the CCG Regulations 2012 and has been updated in light of the NHS Long Term Plan. Amongst the criteria for CCG merger are 'strategic, integrated commissioning capacity and capability', 'clinical leadership' and 'ability to engage with local communities.' There is a robust NHS England process for assessing CCG merger applications, including submission of evidence, 'check and challenge' panel meetings, and decision-making through formal governance routes. NHS England and NHS Improvement regional teams work with their CCGs to ensure that they are able to demonstrate the necessary standards in these areas and provide assurance of their suitability to operate across their geographical footprints.

2: PAC conclusion: ***It is not clear how many CCGs there will be by 2021, or the final structure of Integrated Care Systems.***

2: PAC recommendation: ***When reporting back to us at the end of 2019, NHS England should provide an update on what it expects the structure of NHS commissioning to be by 2021. This should include: how local circumstances are being taken into account as it determines the structure of CCGs and Integrated Care Systems; an update on the expected number of CCGs; the number and configuration of Integrated Care Systems; and an estimate of the redundancy costs CCGs will incur.***

2.1 The Government agrees with the Committee's recommendation.

Recommendation Implemented

2.2 The LTP sets out the basic architecture for an ICS and it is now for local systems to design and implement the detail. All sustainability and transformation partnerships (STPs) will become ICSs by April 2021, typically with one CCG per ICS and a single set of commissioning intentions.

2.3 In the autumn of 2019, a total of 18 mergers (involving 74 existing CCGs) were conditionally approved to take place on 1 April 2020. Assuming all conditions of merger are met, the number of CCGs is expected to reduce from the current total of 191 to 135 on 1 April 2020. CCGs wishing to merge in April 2021 have until 30 September 2020 to make their applications.

2.4 As set out in the *2019/20 Planning Guidance* all CCGs are required to make 20% savings in their running costs, and merger is one way that cost savings may be achieved. CCGs and systems have determined locally how to consolidate their functions and staff based on local commissioning intentions and proposals.

3: PAC conclusion: ***There is a risk that CCGs will lose touch with the needs of their local populations as they commission services across larger populations.***

3: PAC recommendation: ***When reporting back to us at the end of 2019, NHS England should set out the actions it has taken to ensure that local GPs have input into CCGs' decisions and that CCGs remain focussed on the needs of local populations as they cover larger populations.***

Recommendation Implemented

3.2 There are specific criteria set out in the revised Procedures for clinical commissioning groups to apply for constitution change, merger or dissolution (published April 2019) covering engagement with GP member practices and with local Healthwatch and local communities in relation to CCGs' proposals to merge and subsequently when the new CCG is established. The development of Primary Care Networks and population health management commissioning strategies will support local GPs and a focus on local population needs.

4: PAC conclusion: ***We are concerned that, as Integrated Care Systems develop, accountability systems will be weakened, and the performance of individual CCGs will become less transparent.***

4: PAC recommendation: ***The Department should, in its next accounting officer systems statement, expand on the current description of Integrated Care Systems and how they will be held to account for their joint decisions and responsibility for improving the health of their population.***

4.1 The Government agrees with the Committee's recommendation.

Recommendation Implemented

4.2 In addition to system accountability, legal duties exist for organisations, with clear accountability to NHS England and NHS Improvement, Government and Parliament. ICS will not weaken accountability. NHSE/I retain statutory regulatory responsibilities in relation to individual organisational performance and will continue to publish annual assessments.

4.3 Every ICS will need streamlined commissioning arrangements, typically involving a single Clinical Commissioning Group (CCG).

4.4 Each ICS should have a partnership board with a non-executive chair, drawn from and representing commissioners, trusts, primary care networks, local authorities, the voluntary and community sector and other partners.

4.5 ICS will be supported by a system oversight approach which reviews organisational and system objectives alongside the performance of individual organisations.

4.6 A new ICS accountability and performance framework will consolidate current organisational accountability arrangements and provide a consistent and comparable set of performance measures.

4.7 NHS England have *published recommendations for legislative changes* to support the Long Term Plan. NHS England propose to maintain current statutory duties to assess and report on CCG performance, and to oversee providers, albeit in ways that better reflect system working and the new triple aim duty.

4.8 The legislative proposals recommend powers to allow the formation of joint committees of CCGs and NHS providers.

5: PAC conclusion: ***Delivery of the NHS Long Term Plan will be slowed without legislative changes.***

5: PAC recommendation: ***The Department should ensure that required legislative changes are developed and brought forward in a timely way so that progress on the NHS Long Term Plan is not delayed.***

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: Summer 2020
Original implementation date: Spring 2020

5.2 The Government has been clear that it will consider any proposals from the NHS for legislative changes that will accelerate the delivery of the LTP. In Spring 2019, through an open public engagement exercise, the NHS invited NHS staff, the wider public and interested parties to give their views about its proposals for legislative change. On 26 September 2019, the NHS published its response to the views it received during the engagement and set out its recommendations to Government and Parliament for an NHS Bill.

5.3 There is strong agreement on the proposals amongst the people and organisations across the health, local government and the voluntary and charitable sectors, about what the Bill should seek to achieve. The findings from the Health and Social Care Committee's inquiry, which ran in parallel with the NHS's engagement exercise, welcomed the majority of the proposals. The next steps are for the Department, working closely with NHS England and NHS Improvement to further develop the proposals to create a Bill.

Eighty-Fifth Report of Session 2017-19

Ministry of Housing, Communities and Local Government / Department of Health and Social Care

Auditing Local Government

Introduction from the Committee

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. In 2017–18, 495 local authorities, local police and local fire bodies were responsible for approximately £54 billion of net revenue spending, and 442 local NHS bodies received funding from the Department of Health & Social Care of approximately £100 billion. These local bodies should account properly for their use of resources and manage themselves well. In 2017–18 local public bodies spent about £64 million on external audit, which provides independent assurance on how public money is used and accounted for.

Taxpayers expect that the auditor will be able to confirm that accounts have been properly prepared and that local bodies have arrangements to manage their business and finances. When they cannot, auditors can qualify their opinion on the accounts or their conclusion on the arrangements to secure value for money. Local auditors also have a range of additional reporting powers and duties to provide information or to prompt action in certain circumstances and are expected to use their public reporting powers to highlight failings. These are important tools for the auditor to bring attention to issues that need to be addressed as they require the body to consider and respond to the issue(s) in public.

Relevant reports

- NAO report: *Local auditor reporting in England 2018* – Session 2017-19 (HC 1864)
- PAC report: *Auditing Local Government* – Session 2017-19 (HC 1738)
- *Treasury Minutes*: May 2019 (CP 97)

Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (CP 97) all 5 remained work in progress, two of which are now implemented as set out below.

1: PAC conclusion: ***Local auditors are identifying significant weaknesses in an increasing number of local bodies' arrangements to secure value for money, with limited consequences for the local bodies themselves. In 2017–18, more than 1 in 5 local public bodies did not have proper arrangements in place.***
The numbers are worst for local NHS bodies such as clinical commissioning groups and hospital trusts, where local auditors qualified 38% of their conclusions in respect of value for money arrangements.
While most of the audited bodies who responded to the NAO's information request claim to have plans in place to address the weaknesses highlighted, only 5% could say they had fully implemented their plans. Even where local auditors use their additional reporting powers to draw the public's attention to a particular issue, this still does not always lead to immediate action.
Central government departments also need to do more to hold local bodies to account for their performance and management arrangements; at present there is no direct consequence of receiving a qualified report from a local auditor.

1: PAC recommendation: ***Departments should set out, by the end of September 2019, clear expectations of how local bodies should respond to weaknesses reported by local auditors in 2018–19, including the potential consequences for local bodies who fail to improve.***

1.1 The Government agrees with the Committee's recommendation.

MHCLG response

Target implementation date: April 2020

1.2 On 29 October, the Department wrote to all local authorities in England in response to recommendation 3 of the Committee's report. This letter set out its expectation that local bodies should respond publicly to weaknesses identified by local auditors as legally required. A copy of this letter was provided to the Committee on 29th October 2019.

1.3 The Department will consider the further actions needed to ensure local authorities respond effectively to weaknesses identified by local auditors by April 2020. In doing so, the Department will consider in the round the findings and recommendations of Sir Tony Redmond's Independent Review of Local Government Financial Reporting and External Audit and the National Audit Office review of its Code of Audit Practice. It is the Department's view is that taking these reviews into account will enable it to develop more robust and effective guidance, so it intends to maintain the proposed implementation date of April 2020.

1.4 The Secretary of State announced Sir Tony Redmond's review in July 2019. The Department has included a number of the recommendations made in the Committee's report in the Terms of Reference of the Review. Sir Tony is expected to report in Spring 2020.

DHSC response:

Recommendation implemented

1.5 The Department through NHS England and Improvement, consulted with local NHS bodies and the National Audit Office on a guidance document developed in light of this recommendation, which has been formally published.

1.6 The guidance describes for local NHS bodies their requirements in relation to the local audit, assurance and accountability frameworks, including the expectations as to how local bodies should respond to weaknesses reported by local auditors and potential consequences of non-compliance with the frameworks in place.

2: PAC conclusion: ***Departments are not doing enough to act on the performance information they gather and provide local bodies with an overview of issues that could help them strengthen their arrangements. Local bodies should take auditors' concerns seriously and address them promptly, but there appear to be few consequences for those who do not. Central government departments can and do gather information about the issues on which local auditors report. But when significant concerns are highlighted at individual bodies, central departments are not doing enough to make sure that local bodies take prompt corrective action, or to share learning that could help other bodies avoid the same problems.***

2: PAC recommendation: ***Departments should report by the end of September 2019 on how they have made use of the information gathered through their monitoring arrangements in 2018–19 to:***

- ***identify concerns and examples of good practice for wider sharing; and***
- ***challenge local bodies to demonstrate they are strengthening their arrangements.***

2.1 The Department agrees with the Committee's recommendation.

MHCLG Response

Target implementation date: April 2020

2.2 The Department continues to consider non-standard audit reports as part of the Department's work to understand challenges faced by individual councils Where an auditor flags concerns in the financial management of the council, the Department takes this into consideration in our wider monitoring of risk in local authorities. The Department uses this information to support its engagement with them. The Department will look to improve its role in challenging authorities that receive non-standard audit reports to ensure councils are taking appropriate action to address the issues raised.

2.3 The Department continues to work with sector partners who are responsible for other key elements of the local audit framework to ensure that where issues of wider concern or good practice have been identified, they are shared and acted on appropriately.

2.4 The Department has separately written to the Committee on 29th October 2019 setting out the issues that authorities have faced with publishing their reports by the 31 July deadline. These delays have impacted on our monitoring arrangements this year. The Department continues to liaise with the PSAA on what actions they may be able to take to address any potential future delays. Sir Tony Redmond is considering the reasons behind these delays as part of his review and the Department will consider what further action may be needed after the Review reports in early 2020.

DHSC Response

Recommendation implemented

2.5 Since the introduction of the Consolidated Provider Account in 2018, local audit reports for all NHS providers have been individually published in this account, correlating audit conclusions with internal monitoring. This exercise will continue. Local audit conclusions also inform the layers of universal, targeted and mandated support provided for NHS providers. The NAO is consulting on changes to its Code of Audit Practice to apply from April 2020 which proposes to replace the auditor conclusion on arrangements over use of resources with more detailed commentary. One risk associated with this change is that it may be more difficult for the Department to correlate these findings in the future.

2.6 In the NHS England Group national and regional intervention can be triggered where financial issues are identified through routine reporting and/or qualified audit opinions. This can include the development of recovery plans, the conducting of external financial, capability and capacity reviews, the appointment of a turnaround director and inclusion in national delivery programmes. Auditor reports feed into the internal assessments of each Clinical Commissioning Group which include a published performance rating. A financial resilience website exists to support entities and give them access to the information they require.

2.7 Further detail regarding the use of information gathered by NHS England and Improvement was provided to the committee on 25 July 2019.

3: PAC conclusion: ***Some local bodies do not make all of the information reported by the local auditor about their performance and management readily available, weakening local transparency. Local auditors' reports provide information about the key risks that auditors have identified and how the body is addressing them, as well as independent assurance over whether the local body has properly accounted for its money and had proper arrangements in place to manage its business and finances.***
The extent to which local bodies put information received from local auditors in the public domain varies between sectors and between individual bodies. Even where information is available, it is not always easy to locate. Central departments stated that a wide range of performance information is in the public domain, but acknowledged it can be hard for citizens to find out about what is happening inside large public bodies.

3: PAC recommendation: ***Departments should, by the end of September 2019, set out clearly to local bodies their expectations of the information that should be made publicly available to improve transparency, including information provided by the local auditor.***

3.1 The Government agrees with this recommendation.

MHCLG Response

Recommendation implemented

3.2 In the letter sent to local authorities in response to the Committee's recommendation 3, the Department reminded councils of their legal duties to make accounting information publicly available to improve transparency. This letter also reminded authorities of the Department's expectation that they should be seen to be responding publicly to weaknesses reported by Local Auditors.

3.3 In line with our updated response to recommendation 1, the Department will consider whether further action is needed following the outcome of the Redmond review and the NAO's review of its Code of Audit Practice.

DHSC Response

Recommendation implemented

3.4. The National Audit Office Code of Practice is clear on the local audit report local auditors must produce, the purpose this serves and the readily understandable manner in which the letter should be drafted. The Department's Group Accounting Manual and the NHS Foundation Trust Annual Reporting Manual establish clear expectations that annual audit letters are public documents to be available free of charge. The Code also clarifies how an audit report should refer to a public interest report if issued.

3.5 The mandatory Annual Report and Accounts guidelines for DHSC Group bodies sets clear expectations as to what information should be made freely and publicly available and the easiest way to achieve this.

3.6 Whilst the Department is satisfied that its pre-existing arrangements are fit for purpose, these arrangements have been re-affirmed as part of the comprehensive guidance published in response to recommendation 1.

3.7 The Department has undertaken a review of the availability of such information for each local NHS body in response to this recommendation. This review consisted of a 100% compliance check of NHS bodies and, where it wasn't immediately clear whether the annual audit letter or the extended auditor report was made publicly available, it was followed up with each individual organisation to ensure publication was made.

4: PAC conclusion: ***The lack of accessible and transparent information reduces the extent to which citizens can hold local public bodies to account for their performance and management. Information that sets out publicly how well local public bodies are managing their business and finances and highlights where there are significant weaknesses helps citizens hold their local public bodies to account.***
If this information is difficult to locate or presented in language that is difficult for the layperson to understand, it is less useful. Where local bodies do publish information provided by local auditors, departments accepted that it can be hard for any citizen to find it.

4: PAC recommendation: ***Departments should, by the end of September 2019, set clear expectations of how local bodies should ensure that the information provided is accessible to all users and enables citizens to hold local bodies to account.***

4.1 The Government agrees with the Committee's recommendation

MHCLG Response

Recommendation implemented

4.2 In the letter sent to local authorities in response to recommendations 1 & 3, the Department also made clear to councils the need to ensure that the information they provide is clear and accessible to all. The Department provided a copy of this letter to the Committee on 29th October 2019.

DHSC Response

Recommendation implemented

4.3 In 2018-19 such guidelines were reinforced. NHS providers were specifically reminded of the protocol when a performance report overview and supplementary material is published in addition to an Annual Report and Accounts.

4.4 As detailed in recommendation 3 the Department is satisfied with its pre-existing arrangements but has re-affirmed these as part of the publication in relation to recommendation 1.

4.5 Per recommendation 3 the Department has undertaken a review of the availability of such information for each local NHS body. This has provided evidence of the extent to which the requirements laid down are complied with, therefore informing the approach taken in guidance published under recommendation 1.

5: PAC conclusion: ***We are concerned that, as partnership working becomes more complex, accountability arrangements will be weakened, and the performance of individual local bodies will become less transparent. Local public bodies are increasingly working in partnership to provide public services and these arrangements are becoming more complex. These are often non-statutory arrangements and can involve NHS bodies (commissioners and providers), local authorities and other public or private organisations. Over the last three years, concerns over partnership working arrangements have increasingly been a reason for local auditors qualifying their value for money conclusions. But local auditors can only report on the arrangements in place within the individual bodies they audit, so only provide a partial view of how a partnership is performing. Central departments currently say little in their Accountability Systems Statements about how they use information reported by local auditors. It is crucial, that central departments explain in overall terms what assurance they take from local audit findings and ensure that partnership funding arrangements and lines of accountability are absolutely clear and transparent.***

5: PAC recommendation: ***Departments should, in their next accounting officer systems statements, expand on:***

• the use of the assurance provided by local auditors; and

• how they will get assurance in areas not covered by local audit, such as how partnerships are held to account for joint decisions and responsibilities.

5.1 The Government agrees with the Committee's recommendation.

MHCLG Response

Target implementation date: Spring 2020
Original implementation date: July 2019

5.2 The Department keeps its role in oversight and leadership of the local authority governance system under constant review. As part of this work, the Department has recently established an Accountability Framework Panel which meets quarterly. This panel, which includes a cross-sectoral group of experts including the NAO, will support the Department to review the accountability and governance frameworks with system partners, and inform how the Department works with the sector on individual local authority issues and common governance challenges. The Department will therefore expand on the Committee's recommendations in the next iteration of its Accounting Officer System Statement to be re-published in line with HM Treasury guidance in 2020.

5.3 In addition, the Department wrote to the Committee on 15 January 2020 setting out further detail on its overall plan for improving its oversight, as set out in the Government's response to the Committee's recommendations in its report on *Local Government Governance and Accountability*.

DHSC Response

Target implementation date: April 2020
Original implementation date: September 2019

5.4 The National Audit Office Code of Practice, supplemented by the Auditor Guidance Notes, assists and informs local auditor approach to partnership working in non-statutory arrangements. The guidance offered to local auditors confirms that accountability cannot be transferred to third parties. Partnership working therefore falls within the scope of local audit.

5.5 The Department's Group Accounting Manual and performance report in the 2018-19 Annual Report and Accounts provide detail regarding the nature and treatment of partnership working arrangements. The Department has considered how the Accounting Officer System Statement can be meaningfully expanded in this area and considers it could more clearly explain the existence and operation of such non-statutory partnerships in the Group and signpost the frameworks through which arrangements are held accountable by the system and local auditors. The Department will therefore expand on the recommendations in the next iteration of its Accounting Officer System Statement to be re-published in line with HM Treasury guidance.

Eighty-Sixth Report of Session 2017–19

Department for Transport/ CO/ DEFRA

Brexit and the UK border: further progress review

Introduction from the Committee

The Committee examined the Government's preparedness for Brexit, particularly should there be no deal with the EU before the end of March, throughout 2018. In eight reports, the Committee expressed concern about the pace of progress and departments' lack of urgency. This remained our key concern when we took evidence in February 2019 from the Department for Transport and the Department for the Environment, Food & Rural Affairs, just 7 weeks before the UK would leave the EU.

The Department for Transport (DfT) is responsible for preparing the transport system for when the UK leaves the EU, including maintaining transport connectivity between the UK and the EU via road, rail, maritime and air. The Department for the Environment, Food & Rural Affairs (Defra) is one of the departments most affected by Brexit, with almost all of its areas of responsibility framed by EU legislation, including imports and exports of food, animals and animal products and regulation of the chemical industry. The impact of exiting the EU on the movement of freight at the border forms a key part of preparations within both Departments.

During autumn 2018, the government updated its planning assumptions relating to freight crossing the border should no deal be agreed with the EU. By the end of October, departments agreed a revised worst-case assumption that the normal flow of goods across the short channel crossings could be reduced by up to 87 per cent, with the situation persisting for up to six months. In response to the changed assumptions, DfT developed options to mitigate the risks to freight transport of the UK leaving the EU without a deal. DfT decided to procure additional ferry capacity at ports other than those at the short straits – the Dover to Calais channel crossings.

To ensure that services would be in place in time for 29 March 2019, DfT used an unusual exemption to usual procurement processes which allowed it to act outside normal procurement rules on the basis that it was dealing with an emergency. The DfT approached nine companies and after receiving no compliant bids in the first round it opened up bidding the next weekend for 8 days and received three bids. The DfT signed contracts with these three companies. Two of these, Brittany Ferries and DFDS, are long-established ferry companies. The third, Seaborne Freight, is a start-up company which did not operate any services at the time of procurement. Seaborne had not passed normal due diligence. The three contracts were due to provide additional freight capacity equivalent to 11% of the normal flow across the short crossings.

On 9 February 2019, DfT announced that it was terminating the contract with Seaborne Freight. The procurement was also subject to a legal challenge from Eurotunnel. On 1 March it was reported that the Department for Transport had come to a £33 million settlement with Eurotunnel in that case. We are seeking information on the costs and implications of the settlement with the Department.

Relevant reports

- NAO memorandum: *The UK border: preparedness for EU exit update*
- PAC report: *Brexit and the UK border: further progress review* – Session 2017-19 (HC 1942)
- *Treasury Minutes*: June 2019 (CP 113)

Update to the Government response to the Committee

There were 4 recommendations in this report. As of the last Treasury Minutes (CP 113), 1 recommendation had been implemented. 3 recommendations remained work in progress, 2 of which have now been implemented, as set out below:

1: PAC conclusion: ***Despite our previous concerns that departments were moving too slowly in preparing for Brexit, planning and action for a no deal scenario has still happened too late in the day.***

2: PAC conclusion: ***The Department for Transport and the Department for the Environment, Food & Rural Affairs have been, and remain, over-optimistic in their preparations for a no deal Brexit.***

3: PAC conclusion: ***The departments' preparations for Brexit have lacked transparency and stakeholder engagement has been inadequate.***

4: PAC conclusion: ***The pace at which the Department for Transport had to procure freight capacity forced it into a rushed and risky approach with significant consequences.***

5: PAC conclusion: ***Time has run out for the Department for Transport to procure the level of freight capacity it planned for to help secure the supply of critical goods in a "reasonable worst case" no deal scenario.***

6: PAC conclusion: ***We are not convinced that the departments' current plans will be enough to address the practical challenges they would face in the event of no deal.***

7: PAC conclusion: ***It is not clear what benefits the department's £33 million settlement with Eurotunnel will secure for the UK.***

8: PAC recommendation: ***The Committee commented that Departments have responded to the pressure to prepare for a no-deal Brexit by resorting to taking action which is far from business as usual. Whether a deal is reached with the EU or not, this pressure will eventually ease. The Committee made the following recommendations on the areas where Government should learn from the experience:***

8a: PAC recommendation: ***Government must not allow the risky and rushed activity undertaken by departments arising from the pressure to prepare for a no deal Brexit to become business-as-usual.***

8.1 The Government agrees with the Committee's recommendations.

Recommendation implemented

8.2 Prior to January 2020, the Government had been preparing for all EU Exit scenarios for three years, including a scenario where the UK leaves the EU without a deal. These preparations were intensified in July 2019, as set out in the No Deal Readiness report, published in October 2019. The decisions made by the Government have been based on assessments of the evidence available to help mitigate disruption and support citizens, businesses and the economy. A new Cabinet committee structure was established in the run up to October 2019 to strengthen focus on these preparations. Throughout this work, Ministers have ensured high standards of decision making, and Accounting Officers have remained responsible for ensuring value for money.

8.3 The programme of work over the last three years has covered a wide-range of priorities, including ensuring a smooth and efficient flow of goods and people from the UK into the EU and vice versa; readying businesses for changed circumstances and new customs requirements; protecting rights of millions of EU citizens, enhanced national security and the operation of our criminal justice system; and the free flow of personal data across borders.

8.4 As set out in the Government's response to recommendation 8c below, the Government will ensure that lessons are learned from this work to support future structures and practices.

8b: PAC recommendation: ***Government must ensure that the lack of transparency surrounding departments' preparations for Brexit, which impedes proper scrutiny by Parliament and the public, does not continue into the longer term and we believe much of it is unnecessary even in the light of Brexit.***

8.5 The Government agrees with the Committee's recommendation.

Recommendation implemented

8.6 The Government takes its obligations around transparency to both Parliament and the wider public seriously. The Government has ensured there has been proportionate and appropriate levels of transparency surrounding departments' preparations for EU Exit, including through the engagement with third parties across government, and in order to enable ongoing scrutiny by Parliament.

8.7 The Government continues to provide for ongoing scrutiny by keeping Parliament updated through regular statements, by providing opportunities for debate as well as through supporting the work of select committees and by responding fully to reports. The Government will also continue to work closely with the NAO.

8c: PAC recommendation: ***If a deal is reached with the EU, then government should ensure that the time, money and effort which has gone into planning for a potential no deal is used to learn lessons and deliver longer-term improvements to how departments operate.***

8.10 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: Autumn 2019

8.11 The Government acknowledges that Brexit has been a unique endeavour, involving complex challenges.

8.12 There have been good practices and positive achievements, such as the large scale redeployment of resources across HMG to focus on priorities, the rapid expansion of programme management and delivery capability, and collaborative cross-government working on many issues.

8.13 The Government has, and will continue to, reflect on what steps can be taken to ensure that the work undertaken for No Deal planning can contribute to longer term planning post exit.

Eighty-Eighth Report of Session 2017-19

Department for Education

Transforming Children's Services

Introduction from the Committee

The Department for Education (the Department) has policy responsibility for children's social care services in England, and has the strategic vision that all vulnerable children should have access to high-quality support by 2022. Local authorities in England have statutory responsibility for protecting the welfare of children and delivering children's social care. At 31 March 2018 there were more than 400,000 children in need in England, and more than 75,000 children in care.

Between 2010–11 and 2017–18 the number of referrals to children's social care increased broadly in line with population growth. In contrast, over the same period there was a 77% increase in child protection assessments, and a 26% increase in the number of cases where local authorities considered actual harm or neglect to have been demonstrated. There was also an increase of 15% in the most expensive and serious cases, where children are taken into care. In 2017–18, local authorities spent £8.8 billion on children's social care. Ninety-one per cent of local authorities overspent on their children's social care in 2017–18, leading to a total national overspend of £872 million.

Relevant reports

- NAO report: *Pressures on children's social care* – Session 2017-19 (HC 1868)
- PAC report: *Transforming children's services* – Session 2017-19 (HC 1741)
- *Treasury Minutes*: June 2019 (CP113)

Update to the Government responses to the Committee

There were 9 recommendations in this report. As of the last Treasury Minute (CP 113), the Government disagreed with 3 recommendations. 6 recommendations remained work in progress, all of which have now been implemented, as set out below.

1: PAC conclusion: *The Department cannot explain why there is so much variation between local authorities in the activity and cost of children's social care.*

1a: PAC recommendation: *The Department should set out by December 2019:*
- ***data on the costs and quality of children's social care for each local authority in England, which is easily accessible publicly and enables comparison between authorities;***
- ***the key factors contributing to the variation across local authorities;***
- ***the action it is taking to reduce variation.***

1.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Department's overarching programme of reforms continue to improve the quality of children's services throughout the country by spreading best practice; rolling out workforce reforms and intervening in the worst performing local authorities. The Government has also committed (in the Conservative Party manifesto 2019) to undertake a review of the care system, to ensure all care placements and settings provide children and young adults with the support they need. It expects to be able to share more information about the review, including its timescale and scope in coming months.

1.3 The Department commissioned The Rees Centre to examine changes in children's social care unit costs and reasons for variation in spend. This study examines and seeks to categorise reasons for variation in the costs of providing children's social care services and highlight reported cost pressures. It brings together:

- a review of the research on the unit costs of providing children's social care services, positioned within the wider evidence base of demand and expenditure on children's social care;
- recent trends in national data 2013-2018 quantified through looking at the cost or related social work activity; and
- findings from a survey of 13 local authorities on costs, demand pressures and suggested efficiencies.

1.4 The Department plans to publish this study early in 2020 and is currently working through how best to take forward the report's recommendations. In addition, the Department and the Ministry of Housing, Communities and Local Government (MHCLG) commissioned LG Futures to conduct research into the allocation of funding for children and young people services based on variation in the relative need of local authorities. The aim is to implement the new formula from April 2021 as part of the Government's wider Review of Relative Needs and Resources. The Department hopes to publish the research and peer review of the modelling approach in early 2020.

1.5 The Department currently publishes data on unit costs via the Local Authority Interactive Tool (LAIT). It has initiated a programme of work internally to help local authorities better understand and contextualise performance improvement, by reviewing how the Department presents and analyses data via the LAIT. The programme involves a consultation with local authorities to understand how and what departmental data they currently use, identify areas for improvement and how the Department might better support them. The consultation will also ask about new data visualisations and dashboards and a revised approach to comparing statistical neighbours. This work is expected to conclude in autumn 2020.

2: PAC conclusion: *The Department does not possess a comprehensive assessment of the sustainability or resource needs of children's social care services.*

2a: PAC recommendation: *By September 2019, the Department should decide how it will assess and monitor the cost effectiveness of children's social care in inspected local authorities. Based on what it decides, the Department should commit to regular reporting on cost effectiveness, incorporating ratings on how well authorities use resources.*

2.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The question of the cost effectiveness of children's social care services is bound up with wider local government spending, which is a matter for individual councils and for MHCLG. However, the Department is now working more closely with MHCLG, and other departments, to monitor cost effectiveness alongside other risk factors that impact frontline service performance, creating a more rounded assessment of each council. In turn, that shared risk assessment influences the Department's strategies to support and challenge councils who are failing or at risk of failure in delivering children's services.

2.3 Further enhancement of the Department's role in assessing, monitoring or improving value for money in local spending is subject to securing additional investment in future spending rounds. It would require expansion of current programmes designed to improve performance and value for money, such as the Strengthening and Supporting Families programmes to enhance both the Department's capability and capacity, and that of sector partners.

2b: PAC recommendation: ***By September 2019, the Department should also set out what action it has taken to encourage the take-up of good practice in children's social care across local authorities and how it will assess take-up. This should include progress updates on the work of its What Works Centre for children's social care and its Partners in Practice Programme. It should include specific examples of how this work has benefited vulnerable families and children.***

2.4 The Government agrees with the Committee's recommendation.

Recommendation implemented

2.5 The Department is committed to building understanding of what works, sharing and spreading best practice to improve the performance of local authorities and improve outcomes for vulnerable children. The Department *wrote to the Committee on 30 September 2019* giving further details on how the Department's work is benefitting vulnerable children and families. Through the Children's Social Care Innovation Programme (IP), for example, it has invested almost £200 million in 98 projects since 2014 to develop and test new approaches to supporting vulnerable children and families. From that work the Department has begun to scale what works through the Strengthening Families, Protecting Children and the Supporting Families, Investing in Practice programmes, further testing evidence as it proceeds.

2.6 Alongside that the Department is sharing best practice through the Partners in Practice (PiPs) programme; and is supporting the What Works Centre for Children's Social Care (WWCSC) to strengthen and deepen the evidence base and support practitioners and policy makers to use the best available evidence to inform policy and practice. The WWCSC is already generating and sharing evidence. It has completed and published several scoping reviews, systematic reviews and specialist reports in the area of safely reducing the need for children to enter care. Accessible summaries of these are published in their free online '*Evidence Store*'. WWCSC have issued a number of calls for local authorities to work with them on a wide variety of subject areas and are already working in partnership with 102 local authorities on active research projects, ranging from social workers in schools to testing devolved budgets. Further calls for partner local authorities are planned for 2020.

3: PAC conclusion: ***The increasing use, and high cost, of residential care places local authorities under extreme financial pressure.***

3: PAC recommendation: ***The Department should set out by December 2019 how it will work with local authorities to manage the supply of high quality and cost-effective residential care and match this to demand.***

3.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The Department continues to work with local authorities to manage the supply of residential care, including by funding three residential care Innovation Programme projects. Two of the projects aim to increase placement choice and value for money by using sub-regional approaches, while the third offers targeted support to those on the edge of residential care to reduce demand. Some encouraging progress has been made. For example, one of these projects is increasing capacity in their area by jointly commissioning 35 new placements. Plans are also being developed for the modernisation of the secure children's homes (SCH) estate, including increasing the number of SCH beds through the Department's £40 million capital grants programme. The Department also funded three regions to bring partners together to assess the demand for secure provision at a regional level and develop models for meeting the needs of children, with a focus on transitions and step down into other forms of provision.

3.3 At the same time, the Department is investing up to £84 million through the Strengthening Families, Protecting Children programme to support 18 local authorities to improve work with families and safely reduce the number of children entering care.

3.4 Following the commitment made in *Fostering Better Outcomes (2018)* the Department provided funding to seven projects involving 43 local authorities and a range of partners. These projects will assess the feasibility of introducing new, or expanding existing, collaborative approaches to improving how foster care placements are commissioned from independent providers. Additionally, the Department is investing £15 million this year in the Supporting Families; Investing in Practice programme which is backing three initiatives that are already showing significant benefits to vulnerable children and young people and the families caring for them.

3.5 The Mockingbird Family Model is one of these programmes which is an innovative approach to strengthening the delivery of foster care. The model is underpinned by the ethos 'it takes a village to raise a child'. Relationships are central to the design of the programme which involves 6-10 satellite families grouped into a constellation around a hub home carer. It will expand the existing model to 10 new locations, helping hundreds more fostering families with practical and emotional support and advice, helping them tackle the day-to-day challenges of caring for a vulnerable young person and creating a stable environment for them to live in. Ensuring the quality and stability of fostering provision reduces the need for high cost residential placements.

3.6 As described earlier, the Department has also committed to undertake a review of the care system, to ensure care settings are meeting the needs of all children and young people.

4: PAC conclusion: *There is a lack of evidence on the effectiveness of early interventions in children's social care.*

4a: PAC recommendation: *To reduce variation across local authorities in pre-proceedings support, we concur with the recommendation of The Family Rights Group in their 2018 Care Crisis Review that the Department should set up a working group - with representation from legal and social work practitioners and families - to improve and standardise existing pre-proceedings guidance.*

4.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The Family Justice Board (FJB) work programme was approved in May 2019. Since then, the Department has been working collaboratively with Ministry of Justice officials and FJB members to drive forward the actions agreed in the work programme. The FJB work programme includes a specific strand to 're-emphasise' and promote the role of pre-proceedings as an opportunity to avoid cases going to court'. As part of this strand, the Department has undertaken to work with sector representatives to identify whether any updates to the statutory guidance in this area are necessary, drawing on the work from the President of the Family Division's Public Law Working Group (PLWG).

4.3 The PLWG drafted an interim report on pressures in the family justice and this report went out for consultation in July 2019. The consultation closed on 30 September 2019 and the final report is expected early in 2020. The Department intends to review the findings from this consultation carefully, together with the final report that is produced by the PLWG, to help it to understand whether any changes to pre-proceedings statutory guidance are necessary.

4b: PAC recommendation: *The Department should set out by September 2019 how the What Works Centre will identify cost-effective early interventions and how it will spread this knowledge through its programme of good practice.*

4.4 The Government agrees with the Committee's recommendation.

Recommendation implemented

4.5 Cost effective early intervention works by identifying children who need help and providing effective early support to reduce the risk of problems occurring and to tackle them head-on when they do. The Early Intervention Foundation (EIF), supported by cross-government funding, champions and supports the use of effective early intervention to improve the lives of children at risk of experiencing poor outcomes, filling gaps in the evidence-base, ensuring evidence of what works is used to inform policy and practice, and exploring promising policies, programmes and practices that could make a real difference. This work covers all ages and can take many forms from home visiting programmes to support vulnerable parents, to school-based programmes to improve children's social and emotional skills, to mentoring schemes for young people who are vulnerable to involvement in crime. Their work targets particular families or individuals, on a selective or indicated basis before risks escalate and more serious problems occur.

4.6 The WWCSC's research looks at the point of referral to social care through to permanence, including adoption and care-leaver support. In that context it looks at interventions aimed at preventing children from entering care and supporting families to stay together. The WWCSC's research projects (such as, devolving budgets to social workers and basing social workers in schools) are intended to support this aim. The findings provide evidence of tangible impact on families, including enabling social workers to use creative solutions to family problems. Devolved budgets mean they can make purchases such as meals out and activities to build relationships with children and families. Some families have received practical support to improve living conditions, reduce parental and family stress which might otherwise not be considered. *Interim reports* from these projects were published in August 2019 and final reports will be published in March 2020.

4.7 EIF and WWCSC are working on identifying opportunities for shared work. Discussions are in train around potential areas of collaboration, including potentially testing how and if a more sophisticated early help offer can reduce pressure on children's social care and an Evidence Ambassadors Programme joint with EIF, Youth Endowment Fund (YEF) and the family justice observatory, aiming at 30 local authorities in 2020. In spring 2020 WWCSC will move into a shared office space with seven other What Work's Centres. The EIF are working on moving into this new 'evidence quarter' in summer 2020.

Eighty-Ninth Report of Session 2017-19

Department for Business, Energy and Industrial Strategy

Public cost of decommissioning oil and gas infrastructure

Introduction from the Committee

The UK's offshore oil and gas reserves are running out. As a result, oil and gas companies are increasingly decommissioning assets that are no longer extracting resources profitably. Decommissioning means plugging and abandoning wells and removing structures, such as platforms, to return the seabed to its natural state as far as possible in accordance with international regulations. Oil and gas companies have spent more than £1 billion on decommissioning in each year since 2014. The OGA expects decommissioning to cost between £45 billion and £77 billion overall, with most expenditure in the next 20 years. HMRC estimates that taxpayers will contribute £24 billion to the cost of decommissioning through tax reliefs. Taxpayers are additionally liable for the cost of decommissioning assets that oil and gas companies cannot afford to decommission themselves. The Department has overall responsibility for the safe, cost-effective and environmentally sensitive decommissioning of offshore oil and gas infrastructure. In 2015, it established the OGA to work with oil and gas companies to reduce the overall cost of decommissioning. The Department also monitors the financial health of oil and gas companies and can require companies to set aside money to pay for future decommissioning if it thinks there is a risk of the bill falling to taxpayers.

Relevant reports

- NAO report: *Oil and Gas in the UK - Offshore Decommissioning* – Session 2017 – 19 (HC 1870)
- PAC report: *Public Cost of decommissioning oil and gas infrastructure* – Session 2017-19 (HC 1742)
- Department publication: *Clean Growth Strategy – published in October 2017*
- Department publication: *UK Carbon Capture Usage and Storage deployment pathway: an action plan* – published in November 2018
- *Treasury Minutes* – June 2019 (CP 113)

Update to the Government responses to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP 113), 2 recommendations had been implemented and 4 recommendations remained work in progress - two of which are now implemented as set out below.

1: PAC conclusion: ***There is significant uncertainty over the potential costs to taxpayers of decommissioning offshore oil and gas assets.***

1: PAC recommendation: ***As part of its next estimate of decommissioning costs, expected in June 2019, the OGA should set out how it is making its estimate more certain and what the expected impact of new and as-yet uncosted projects could be.***

1.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The OGA's 2019 *Decommissioning Cost Estimate Report* *was published on 18 July 2019*[1]. The estimated cost of decommissioning the UK Continental Shelf's remaining oil and gas infrastructure is continuing to reduce. In addition, there has been strong progress – almost halfway – towards the shared objective of industry and government to reduce decommissioning costs by at least 35% by 2022. As well as providing details of the actual decommissioning costs incurred during the previous year set against what the OGA had forecast, the report also included the expected impact of new and as-yet undeveloped projects.

2: PAC conclusion: ***It is unclear how actions taken by the Department and the OGA are reducing decommissioning costs for oil and gas companies.***

2: PAC recommendation: ***The Department and the OGA should set out by July, and report to Parliament annually thereafter, on: the direct impact it has had on reducing decommissioning costs; and the actual decommissioning costs incurred during the previous year set against what the OGA had forecast.***

2.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The Cost Estimate Report submitted to the Committee now also describes the work the OGA is doing to lead this cost reduction, including:

- structured engagement with operators;
- driving greater cost certainty and quality in their estimates through a new stewardship expectation;
- benchmarking cost performance; and
- sharing lessons learned.

2.3 The Department estimates that, in 2018, direct intervention by the OGA resulted in more than £100 million in cost savings. The OGA is pleased with the progress being made, recognising there are many years of decommissioning ahead to manage and there a number of risks to be mitigated by departments outside the OGA. Better capability and experience is providing greater certainty of actual UK decommissioning costs with several operators already achieving significant cost savings through adopting different approaches, learning and sharing with others, and challenging previous norms. The supply chain is also bringing new solutions to the market in terms of pricing structures, business models and technology. The OGA will continue to work with the industry and government to maintain momentum.

3: PAC conclusion: ***The Department does not yet have a clear plan to ensure the UK maximises the benefit of developing exportable decommissioning skills and resources.***

3: PAC recommendation: ***The Department should set out by July its strategy for maximising the economic benefit of the development and export of decommissioning skills and resources.***

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: Autumn 2019

3.2 The Government shares the views of the Committee in respect of the opportunity for the UK to become a leader in decommissioning skills and technology that can be exported to other oil and gas producing regions of the world. The Department launched a call for evidence in March 2019 on '*Strengthening the UK's offshore oil and gas decommissioning industry*'.

3.3 The aim of the call for evidence is to allow government, industry and the OGA to assess the relative strengths of the UK decommissioning industry and provide a strategic, coordinated approach, to take advantage of the global opportunities that will arise in the coming decades.

3.4 The Department, in conjunction with other relevant Government departments, is undertaking analysis of the evidence. As previously indicated to the Committee the intention was to respond to this call for evidence by the Autumn. This was delayed as a result of the general election, and it is now intended to publish the Government Response before the Spring.

5: PAC conclusion: ***Government support for oil and gas may become incompatible with its long-term climate change objectives.***

5: PAC recommendation: ***The Department should set out as part of its energy White Paper, expected during 2019, how it will continue to ensure that government support for oil and gas remains compatible with its wider energy objectives.***

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: Summer 2019

5.2 While transitioning to a low carbon economy, the Government recognises that there is a need for oil and gas to continue to provide a source of energy for some time to come, particularly for transport and heating. The Secretary of State intends to publish an Energy White Paper in the first three months of 2020. The White Paper will set out how oil and gas in the country's energy mix is compatible with the government's long-term climate goals.

5.3 The UK's oil and gas sector is part of the transition to a low carbon economy, through the diversification of oil and gas producers into clean growth sectors and the application of the knowledge and experience in the supply chain to new technologies such as carbon capture, use and storage and renewables

Ninety-First Report of Session 2017-19

Department of Health and Social Care

NHS financial sustainability: progress review

Introduction from the Committee

The Department of Health & Social Care (the Department) has overall responsibility for healthcare services. It is accountable to Parliament for ensuring that its spending, as well as spending by NHS England, NHS Improvement, other arm's-length bodies and local NHS bodies, is contained within the overall budget authorised by Parliament. For the NHS to be sustainable, it needs to manage patient demand, the quality and safety of services, and remain within the resources given to it. Most of the funding allocated to the Department is given to NHS England to plan and pay for NHS services. In 2017–18, this amounted to £109.5 billion, with most of this spent by 207 clinical commissioning groups (CCGs) which purchased services from 232 NHS trusts and NHS foundation trusts (trusts).

In June 2018, the Prime Minister announced a long-term funding settlement for the NHS, which will see NHS England's budget rise by an extra £20.5 billion by 2023–24, this equates to an average annual real-terms increase of 3.4%. The Government asked NHS England to produce a 10-year plan that aims to ensure that this additional funding is well spent. The NHS Long Term Plan was published in January 2019 and is designed to show how the NHS aims to achieve several tests and priorities set by the government.

Relevant Reports

- NAO report: NHS financial sustability - Session 2017-19 (HC 1867)
- PAC report: NHS financial sustainability: progress review - Session 2017-19 (HC 1743)
- Government report: NHS Long Term Plan
- Treasury Minutes: June 2019 (CP113)

Update to the Government responses to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (CP 113), 1 recommendation was disagreed with and 7 recommendations remained work in progress, 4 of which are now implemented as set out below.

Government responses to the Committee

1: PAC conclusion: ***Although the NHS nearly achieved financial balance in 2017–18, this overall picture masks the significant disparities in financial performance of individual trusts and CCGs.***

1: PAC recommendation: ***National bodies need to ensure that planning guidance for 2020–21 clarifies the arrangements and timeline for achieving annual financial balance as well as dealing with historic debt, in those organisations with the largest deficits. NHS England should write to us by September 2019 to provide an update on how this guidance is progressing.***

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: Winter 2020
Original implementation date: Spring 2019

1.2 In the NHS Long Term Plan, NHS England and NHS Improvement committed to continuing to balance the NHS financial position nationally, returning the provider sector to balance in 2020-21, and returning all NHS organisations to balance by 2023-24. NHS England and NHS Improvement also announced the creation of a new Financial Recovery Fund to support trusts to return to balance, provided they agree financial recovery plans with NHS England and NHS Improvement regional teams.

1.3 NHS England and NHS Improvement published the *NHS Long Term Plan Implementation Framework* in June 2019, which commenced the process of strategic system planning for the period to 2023-24 on the basis of these financial commitments. Draft versions of these plans were submitted at the end of September and a national implementation plan that aggregates final plans will be agreed with the Government shortly. Operational planning guidance for 2020-21 will be published in early 2020, and NHS England and NHS Improvement expect this to confirm 2020-21 activity and commitments from the strategic plans, including delivering the first year of financial improvement trajectories necessary to achieve financial balance.

1.4 The Department recognises that the stock of debt in providers has increased in recent years and that interest paid on loans can increase the challenge within some individual providers. It is important to stress, however, that providers are funded to pay for interest through the NHS funding envelope, therefore, it is not an additional cost pressure to the NHS as a whole. The Department has been undertaking a review of its provider financing framework, which includes reviewing options for debt restructuring to support provider financial recovery plans. This will conclude and complement the wider financial framework changes from 2020-21.

2: PAC conclusion: ***The NHS will not be able to deliver on the Long Term Plan unless it addresses staffing shortages.***

2: PAC recommendation: ***The Department should write to us by July 2019, setting out how issues with the recruitment and retention of NHS staff will be addressed and reflected in the workforce strategy.***

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2020
Original implementation date: Spring 2019

2.2 The NHS and DHSC are developing a People Plan (or workforce strategy), as part of the overall approach to implementing the *NHS Long Term Plan*.

2.3 The People Plan specifically addresses recruitment and retention of NHS staff, as well as wider workforce issues. The first stage has already been completed through the publication of the interim NHS People Plan in June 2019. This sets out immediate actions to improve recruitment and retention in 2019-20, with a particular focus on the nursing workforce, together with a broader vision for how to grow and transform the NHS workforce over the next ten years.

2.4 Since then – as part of the 2019 Spending Round (September 2019) – the Government announced a one-year settlement for Health Education England, which sets out an additional £210 million of funding for education, training and professional development for staff in 2020-21. The ability of the NThe full People Plan will be published in Spring 2020.

3: PAC conclusion: ***The long-term funding settlement for the NHS was not accompanied by funding announcements for capital, social care, public health and education and training.***

3: PAC recommendation: ***When reporting back to us by the end of July 2019, the Department, along with NHS England and NHS Improvement, should clarify the assumptions that sustainability and transformation partnerships and integrated care systems need to be working to in developing their long-term plans. These include the assumptions on capital, social care, education and training, and public health funding.***

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

3.2 NHS England and NHS Improvement published the *NHS Long Term Plan Implementation Framework* in June 2019, which commenced the process of five-year system planning and suggested some key assumptions for local systems to make ahead of government decisions on wider health revenue budgets, social care , local authority public health and NHS capital budgets for the full period of the NHS revenue settlement.

4: PAC conclusion: ***We remain concerned that year-on-year transfers of capital allocations to revenue are having an adverse impact on patient services and care.***

4: PAC recommendation: ***By October 2019, the Department should provide a breakdown of its capital budget for 2019–20 and how this is being earmarked against a specific set of investment priorities and risks such as backlog maintenance.***

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

4.2 The table presents a summary of the planned disposition of capital expenditure for 2019-20 (as at October 2019) against investment priorities. This investment is about £1.1 billion higher compared with 2018-19. This will enable both strategic investment in hospital upgrades and key diagnostic equipment, and also allow some headroom so the NHS can prioritise its own local capital investment plans.

DHSC Group Sources and Applications of Capital Departmental Expenditure Limit (CDEL), 2019-20 (£ million)		
Sources:		
HM Treasury CDEL allocation	7,591	
Capital to revenue budget transfer	-471	
Available CDEL	**7,120**	
Applications (plan):		
NHS England	255	Primary and social care
NHS provider sector, of which:	5,015	
Provider self-financed capital expenditure	*2,825*	Prioritised locally; should help address routine or backlog maintenance
Provider loan financed capital expenditure	*797*	
Provider PDC financed capital expenditure	*1,236*	Strategic, centrally directed investments, e.g. informatics, transformational and hospital upgrades
Reversionary interest	*157*	
Non-NHS (arm's-length bodies and DHSC central budgets)	1,850	Research and development, social care, public health, and for arm's-length bodies and non-departmental public bodies
Total	**7,120**	

5: PAC conclusion: ***The rising demand for NHS services is not sufficiently well understood.***

5a: PAC recommendation: ***By September 2019, NHS England and NHS Improvement should write to us to set out how they will:***

- ***help local bodies better understand the demand for services, what is driving that demand and how demand could be better met;***

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

5.2 The [NHS Long Term Plan]() sets out plans to transform the way services are delivered and meet the rising demand, developing improved out-of-hospital services, for example primary care networks, community care and mental health services and to expand hospital capacity as needed. These plans will sit alongside education and training, capital, social care and local authority budgets which the Government will agree shortly. Sustainability and Transformation Partnerships and Integrated Care Systems will set out how they will transform services to better manage the increasing demand through their five-year plans, the final versions of which will be agreed shortly and then published locally.

5.3 NHS England and NHS Improvement make a range of information about demand available to systems and their providers and commissioners through the Model Hospital tool, Right Care packs, the Population Health Management dashboard and the Future NHS collaboration platform. This provides intelligence about comparative levels of, and growth in, demand and what that is comprised of.

5c: PAC recommendation:

- ***ensure that activity plans of local bodies are realistic and take account of the needs of patients.***

5.4 The Government agreed with the Committee's recommendation.

Recommendation implemented

5.5 In response to the *NHS Long Term Plan*, Sustainability and Transformation Partnerships (STPs) will finalise five-year strategic plans shortly. NHS England and NHS Improvement regional teams are assuring that these plans are realistic and take account of the needs of patients in the STP areas. Each year clinical commissioning groups (CCGs) and providers submit activity plans to NHS England and NHS Improvement, these plans are reviewed by regional teams and an iterative process is entered into with CCGs and providers to refine these plans so that they are realistic, take account of the needs of patients and are affordable.

6: PAC conclusion: ***The success of integrated care systems may be impeded because they are not statutory bodies, and so rely on the goodwill and effective relationships of the organisations involved.***

6: PAC recommendation: ***The Department, with NHS England and NHS Improvement, should write to us by July 2019 defining the governance arrangements for effective integrated care systems; detail how they will align individual NHS bodies' responsibilities to improve system management including assumptions regarding suggested legislative changes, and how they will support those areas where partnership working is less well developed.***

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2020
Original implementation date: Summer 2019

6.2 The *NHS Long Term Plan* (LTP) sets out the governance requirements for Integrated Care Systems (ICSs). NHS England and NHS Improvement have a nationally agreed appointments process for Independent Chairs and STP leads and continue to work with regional teams to agree appropriate arrangements for each ICS and share best practice. However, as outlined in the LTP, NHS England and NHS Improvement's approach to delivery will balance national direction with local autonomy to secure the best outcomes for patients.

6.3 The LTP is focussed on system-wide performance. The ICS Financial Framework incentivises system working and NHS England and NHS Improvement will develop a new performance and improvement framework in 2019-20 that encourages collective accountability. While the NHS can deliver the ambitions in the LTP without legislative changes, in spring 2019 through an open public engagement exercise, NHS staff and the wider public provided their views on proposals for legislative change. On 26 September 2019, the NHS published its response to the views received during engagement and set out its recommendations to Government and Parliament for an NHS Bill. The Government will consider these suggestions further and set out the next steps to further develop the proposals to create a draft Bill. The Queen's speech in December 2019 announced that the Government would be bringing forward NHS legislation in this coming session.

6.4 ICSs will cover all of England by April 2021. NHS England and NHS Improvement will continue to support their development through four key activities:

- a system diagnostic that allows systems to self-assess their maturity;
- agreeing key areas of focus as part of systems' five-year plans;
- deploying tailored national support offers; and
- reinforcing system-based behaviours within NHS England and NHS Improvement by evolving the operating model.

Ninety-Second Report of Session 2017-19

Department for Transport

Crossrail: progress review

Introduction from the Committee

Crossrail is a major programme to run new rail services between Reading and Heathrow Airport, through a new underground section beneath central London, to Shenfield in Essex and Abbey Wood in south-east London. The new line, to be called the Elizabeth line, aims to reduce congestion and journey times, increase capacity in London's transport network and support economic growth. This is a much-needed programme for commuters who currently experience over-crowded trains and rail lines which are stretched to capacity. When complete, the new railway will be around 73 miles (118km) long, with around 26 miles (42km) of new tunnels. Ten new stations are being built and a further 31 are being improved. The Department for Transport (the Department) and Transport for London (TfL) are jointly sponsoring the programme. Crossrail Limited is an arm's-length body specifically created to deliver the programme and is wholly-owned by TfL. In Spending Review 2010 the programme sponsors set a total funding package of £14.8 billion for the programme, including contingency but excluding the trains and main depot. Services were scheduled to start running through the central section in December 2018 and a full east-west service from December 2019. Some services are already running on the western and eastern ends of the line, but services have not yet begun through the central section. Now, services are not due to run until 2020, yet there is no guarantee that they will run by this date. Given the major delays and management issues that have so far blighted this programme, we are sceptical that this target date will be met. It is disappointing to us to see a programme that at first seemed so promising unravel so quickly and fall victim to the same project management issues so frequently experienced across Whitehall.

Relevant Reports

- NAO report: A memorandum on the Crossrail programme – Session 2017-19 (HC 1924)
- PAC report: Crossrail: progress review – Session 2017-19 (HC 2004)
- Treasury Minute: June 2019 (CP 113)

Before responding to each of the Committee's recommendations, the Department would like to record that it does not believe the actions taken by the sponsors, as issues and concerns emerged on the project, have been fully reflected in the Committee's report. Joint sponsors have acted promptly to strengthen the leadership of Crossrail Ltd, strengthen governance and put in place a funding and financing plan which has enabled the company to produce a revised delivery plan for the project.

Update to the Government responses to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP 113), no recommendations were disagreed, 2 recommendations were implemented, and 4 recommendations remained work in progress all of which are now implemented as set out below.

1: PAC conclusion: ***The Department for Transport, Transport for London and Crossrail Limited's fixation on a delivery deadline of December 2018 led to warning signs that the programme was in trouble being missed or ignored.***

1: PAC recommendation: ***The Department should write to the Committee within six months of this report to explain the steps it is taking to encourage a culture of openness and transparency internally and across its delivery bodies. This should include how it will ensure that project and programme teams reconsider and revisit completion dates for major programmes at key points through the programme lifecycle and engage early with the Department on challenges meeting agreed dates.***
The Department should also commit to updating the Committee at regular intervals and ensure that we are kept up-to-date with all key developments.

1.1 The Government agrees with the Committee's recommendation.

Recommendation Implemented

1.2 The Department *wrote to the Committee* on the 26th September 2019 to provide an update on the progress made on the outstanding recommendations. The letter reported on various topics including the improved transparency in Crossrail Ltds governance and reporting. The letter also confirmed that the Crossrail Ltd Chair would write to the Committee on a quarterly basis to provide an update on the project; these will continue until the completion of the project.

2: PAC conclusion: ***It is unacceptable that the Department and Crossrail Limited are unable to identify the root causes of the programme unravelling so quickly and so disastrously.***

2: PAC recommendation: ***The Department should consider the root causes of cost increases and delays and should write to the Committee by June 2019 setting out how it has taken lessons learned into consideration and what impact this has had on its approach to the project.***

2.1 The Government agrees with the Committee's recommendations.

Recommendation Implemented

2.1 The Department *wrote to the Committee* on the 26th September 2019 to provide an update on the progress made on the outstanding recommendations. The letter reported on various topics including the progress made on capturing lessons learned and sharing them with other major projects.

4: PAC conclusion: ***We are concerned that the value for money of the programme is at risk from further cost increases and delays.***

4: PAC recommendation: ***The Department must write to the Committee immediately after reaching agreement with Crossrail Limited to outline how it has assured itself that the revised schedule and cost to completion are robust. The Department should also detail how the £2.8 billion of extra funding should be allocated.***

4.1 The Government agrees with the Committee's recommendation.

Recommendation Implemented

4.1 The Department *wrote to the Committee* on the 26th September 2019 to provide an update on the progress made on the outstanding recommendations. The letter reported on various topics including assurance review being undertaken by the Infrastructure and Projects Authority (IPA) and how the additional funding to the project is being allocated.

5: PAC conclusion: ***The Department and Crossrail Limited's governance arrangements have been weak and characterised by a catalogue of failures to adequately oversee performance.***

5: PAC recommendation: ***By July 2019, the Department must explain how it has changed its contractual relationship with Crossrail so that it can properly exercise oversight and hold Crossrail Limited to account for its performance managing the programme to completion.***

5.1 The Government agrees with the Committee's recommendation.

Recommendation Implemented

5.2 The Department *wrote to the Committee* on the 26th September 2019 to provide an update on the progress made on the outstanding recommendations. The letter reported on various topics including the changes made to the Crossrail governance and the amendments being made to the Project Development Agreement to ensure Joint Sponsors have the necessary contractual levers. These are in addition to the levers in the legal agreements which govern the drawdown process with the Greater London Authority and Transport for London.

Ninety-Third Report of Session 2017–19

The Home Office

Disclosure and Barring Service: progress review

Introduction from the Committee

The Home Office helps safeguard children and vulnerable adults by providing employers with a service that lets them see safeguarding information, such as details of criminal records, about people who want to work with children or vulnerable adults. Employers use this service to help them decide who to employ. The safeguarding service is run by the Disclosure and Barring Service (DBS), an arm's length body set up by the Home Office in 2012, which brought together the previous Criminal Records Bureau (CRB) and the Vetting and Barring Scheme (VBS).

When the DBS was created, the Home Office wanted to modernise what was previously a paper-based service and launch a new product ("the Update Service") that it assumed people would choose to use in large numbers. The Update Service would enable users to use one DBS certificate across a number of organisations with the same disclosure level, rather than apply separately for each one. This was intended to make DBS cheaper to run for both government and DBS's customers and to provide a better service for employers and the individuals. We reported in May 2018 on the failure of the DBS and the Home Office to modernise these services. Since then, the modernisation programme has not been completed.

Relevant reports

- NAO report: *Investigation into the Disclosure and Barring Service - Session 2017–19* (HC 715)
- PAC report: *Modernising the Disclosure and Barring Service - Session 2017–19* (HC 695)
- *Treasury Minutes*: July 2019 (CP 151)
- PAC report: Disclosure and Barring Service: progress review – Session 2017-19 (HC 2006)

Update to the Government responses to the Committee

There were 6 recommendations. As of the last Treasury Minute (CP 151), 6 recommendations remained work in progress. Of these 6 recommendations, 3 have now been implemented as set out below.

1: PAC conclusion: *Efforts to modernise the DBS are a further example of contracting failure within the Home Office.*

1a: PAC recommendation*: The Home Office should write to us before Parliament's summer recess with an update on progress in transitioning between suppliers, the details of the new supplier and contract arrangements, expectations of deliverables and costs, the TCS exit strategy at the end of the transition period, and the outcomes of the negotiations with TCS over commercial disputes with the DBS.*

1.1 The Government agreed with the Committee's recommendation.

Recommendation Implemented

1.2 Following all relevant approvals from Home Office, Cabinet Office and HM Treasury, contracts have been signed with two new suppliers. CGI IT UK will be providing DBS technology services, and HGS UK will be providing contact centre and print fulfilment services. Both suppliers have experience of delivering contracts for the UK government.

1.3 Transition of Tata Consultancy services (TCS) to the new suppliers commenced at the end of August 2019. Detailed plans have been agreed between DBS, CGI IT UK and HGS UK to deliver a secure transition by the end of March 2020.

1.4 Notice of the transition of services and contract closure for the 31 March 2020 has been issued to TCS. DBS are working to negotiate a service transition plan with TCS. The new suppliers have supplied DBS with detailed transition plans.

1.5 The commercial discussions between DBS and TCS are focused on contract exit and will continue until service transfer. TCS have now commenced legal proceedings regarding the interpretation of the contract. It is likely that this will not conclude until after the contract extension ends in March 2020.

1b: PAC recommendation: ***In the same letter, the Home Office should also assess the strength of the DBS's confidence expressed at the evidence session that the new supplier will be able to pick up TCS's role quickly and effectively.***

1.6 The Government agrees with the Committee's recommendation.

Target implementation date: April 2020
Original implementation date: July 2019

1.7 The commercial process was delivered through the Crown Commercial Services (CCS) procurement framework. Capable suppliers were selected to deliver the scope of services required by DBS.

1.8 The new suppliers have committed to delivering transition by the end of March 2020 building in contingency into their transition plans to address the associated risks of limited cooperation from TCS.

1.9 Lack of cooperation in service transition from TCS is a challenge. DBS will continue to negotiate with them and explore the contractual and commercial options available to enforce compliance with the process. The Home Office use the government's strategic relationship with TCS to request that they exit effectively from the DBS contract.

1.10 The Department will support DBS through strategic relationship discussions with TCS.

2: PAC Conclusion: ***DBS is not yet in a position to set out a convincing longer-term vision for its services and is no further forward with modernisation than it was at the beginning of the process in 2012.***

2: PAC Recommendation: ***By the end of 2019, DBS should write to us with details of its achievements against benefits promised in the 2012 business case, the strategy it will have in place for further service improvements, and actions it will take to achieve them.***

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: April 2020
Original implementation date: December 2019

2.2 As part of the closure of the initial 2012 business case a full benefits assessment was carried out by DBS and endorsed by the Department's Portfolio Investment Committee. The benefits achieved are:

- Improved safeguarding and public protection - DBS achieved this in the period to March 19 by issuing 28 million Disclosure Certificates (15.5 million more than originally forecast). At the present date, (17 October 2019) there are 75,857 individuals on the barred lists. Update Service subscribers have grown from 132,000 in 2013-14 to 1.5 million in 2018-19.
- Reduced service costs - DBS has absorbed a 78% increase in Disclosure transactions and over a 50% increase in Barring referrals with a less than 3% increase in the cost base, which includes the planned reduction in supplier contract costs.
- Improved service - DBS has reduced the performance indicator to dispatch Enhanced Certificates from the 60 days reported under the Criminal Records Bureau to 42 days. Reduced employer administration costs – the Update Service has enabled subscribers and employing organisations to save money because they are not required to pay for multiple 'in-year' checks.

2.3 The DBS strategic plan is being co-created with all DBS employees and stakeholders to help shape its future. The draft vision and objectives have been developed and it is anticipated that the strategic plan will be approved with the Home Office by the end of the 2019-20 financial year.

3: PAC conclusion: ***We are concerned about the extent to which the Home Office will take responsibility for turning around the DBS modernisation programme.***

3.1 The Government notes the Committee's comments.

4: PAC conclusion: ***As a result of our May 2018 evidence session and report, the Home Office has now taken action to review the fees charged to the public and employers by the DBS given the surpluses the DBS had amassed over a number of years.***

4: PAC recommendation: ***The Department should write to us before Parliament's summer recess setting out what it has done to oversee, monitor and challenge the ongoing work at DBS to improve services and transition to the new contractor.***

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

4.2 The DBS Service Transition Programme is in place to manage the operational exit from the TCS contract. A sub group of the Department's Portfolio and Investment (PIC) has monthly oversight meetings to review the service transition programme and to also: assess the ongoing commercial situation with TCS; challenge plans, unblock issues and, as necessary, broker wider support. In addition, the Programme reports monthly into Portfolio and Project Delivery Directorate of the Department where progress is monitored.

4.3 Senior Sponsor meetings are held on a quarterly basis to monitor: commercial negotiations; financial and operational performance; risk management; and policy developments. These are supplemented by quarterly operational sponsorship meetings. In addition, DBS monthly board meeting are attended by senior officials from the Department.

4.4 The Programme continues to be treated as a Government Major Programme Project with reports being submitted quarterly to track progress against milestones.

4a: PAC recommendation: ***The Home Office should provide the Committee with its lessons learned review as soon as possible after the transition between contractors has been completed. Although it was the Department's intention after our last inquiry to provide a review once the DBS modernisation project has been delivered, given the length of time it is taking the Department should review and update the Committee sooner. This exercise should be clear as to how lessons will be applied to other projects managed by the Home Office – particularly given our concerns over the Emergency Services Network programme.***

4.5 The Government agrees with the Committee's recommendation.

Target implementation date: March 2020
Original implementation date: Summer 2019

4.6 As agreed with the committee, the Department sponsored an independent review of lessons learnt to date from the DBS Programme in the Summer of 2019. Terms of reference for the review were agreed between the Home Office, DBS and the Infrastructure and Projects Authority (IPA). The review was completed in September 2019. The review produced a number of recommendations.

4.7 The lessons learnt were categorised into the following key areas:

- Business case and transformation vision

- Commercial Setup
- Programme Mobilisation
- Programme Delivery and Business Change
- Internal Skills and Capability
- Supplier Relationship Management
- HO/ALB Relationship

4.8 The Lessons Learnt review implemented PAC Recommendation 2 of the 42nd Report of Session 2017-19. The review produced eighteen recommendations, all of which have been incorporated into the new supplier procurement phase. Thirteen recommendations have been applied and the remaining five will be applied within the programme lifecycle. To address PAC Recommendation 4a of this, the 93rd Report of Session 2017-19, a final review of lessons learnt will be undertaken following transition in Summer 2020 and will be shared with the committee.

4b: PAC recommendation: ***In the same letter, the Home Office should also provide the Committee with an update on the progress it is making to reduce the fees to the users of the DBS's services.***

4.9 The Government agreed with the Committee's recommendation.

Recommendation implemented

4.10 As part of the annual fee review pricing strategy for the financial year 2019-20, DBS proposed that Disclosure Certificate fees should be reduced. The statutory instrument for the fee reductions was laid on 15 July 2019 and came into force on 1 October 2019.

4.11 The certificate fees were reduced as follows:

- Enhanced check: from £44 to £40;
- Standard check: from £26 to £23;
- Basic check: from £25 to £23.

Ninety-Fourth Report of Session 2017-19

Ministry of Justice

Transforming rehabilitation: progress review

Introduction from the Committee

Probation services are designed to protect the public and reduce reoffending by supervising offenders in the community, overseeing their rehabilitation and ensuring that they understand the impact of their crimes on victims. The Ministry of Justice (the Ministry), through HM Prison & Probation Service (HMPPS), is responsible for probation services in England and Wales. As at September 2018, 257,000 offenders were supervised by probation services. In 2013, the Ministry embarked on a major reform of probation services to deliver a 'rehabilitation revolution'. It created 21 privately owned Community Rehabilitation Companies (CRCs) to manage low- and medium-risk offenders and the public sector National Probation Service (NPS) to manage those posing higher risks. CRC owners took over in 2015, but as early as 2017 the Ministry had to amend its contracts with CRCs to increase their income and stabilise failing services. In July 2018 the Ministry announced it would terminate its contracts with CRCs 14 months early, in December 2020.

In February 2019, Working Links, the owner of three CRCs, went into administration followed by Interserve, the owner of five CRCs, which went into administration in March 2019. The Ministry has consulted on its future model for probation, but it has not yet made decisions about what will replace the current failing system. This project has been beset by major difficulties from its outset and whilst we appreciate the Ministry's acknowledgement that it was wrong to set its original timescale, it remains to be seen how it will manage to minimise additional costs while at the same time delivering a radically redesigned reform programme.

We are also very concerned about the impact of the failures of the Through the Gate (TTG) services on both offenders and victims. TTG services were intended to provide support and minimise the risk of reoffending by helping offenders to find employment and stable accommodation as well as helping with financial and emotional support. However, TTG services have consistently failed to deliver or meet required quality standards. Offenders have been let down by a lack of understanding in how to offer tailored support, poor staff training, a focus on meeting targets rather than specific needs and an unacceptable failure in providing stable and suitable accommodation.

Relevant reports

- NAO report: *Transforming rehabilitation: progress review* – Session 2017-19 (HC 1986)
- PAC report: *Transforming rehabilitation: progress review* – Session 2017-19 (HC 1747)
- *Treasury Minutes*: July 2019 (CP151)

Update to the Government responses to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (CP 151), 5 recommendations were implemented, and 1 recommendation remained work in progress. This remains ongoing.

3: PAC conclusion: ***The Ministry will not make sustained progress with reducing reoffending until it can provide the support offenders desperately need on leaving prison, including securing stable accommodation.***

3: PAC recommendation*: The Ministry, working with the Reducing Reoffending Board should report back to this Committee, by the end of June 2019, setting out a cross-government strategy to reduce reoffending, and how it will measure whether this is working.*

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: Summer 2020

3.2 The Department agrees that an overarching strategy focused on reducing reoffending is required. The levers to address reoffending are dispersed across the Department and Government more widely.

3.3 With regard to the Reducing Reoffending Board, the Prime Minister established a new Cabinet Committee structure in July 2019 to replace that established by his predecessor. This structure will make sure that actions and accountabilities are clear and that it can respond quickly. The Department will continue to work across Government using an evidence-based approach to tackle the causes of reoffending.

3.4 The Department has made good progress on rehabilitation programmes to address the key drivers of reoffending. The Department's Single Departmental Plan 2018 (SDP) set the objective of creating a safe and decent prison environment, that enables rehabilitation and ultimately reduces reoffending. The 2019 SDP was published on 27 June 2019 and reaffirms the importance of this commitment.

3.5 The Department is implementing a coherent plan to ensure prisoners receive the right interventions to meet their needs. This includes giving Governors more control over their budgets to strengthen their education provision, £7 million investment for in-cell telephones to allow prisoners to maintain important family ties, and tackling health issues such as drug addiction.

3.6 As prisoners approach release, the Department's strategy turns to securing accommodation and employment. The New Futures Network brokers partnerships between prisons and employers from prison industries inside the walls, through to employment on Release on Temporary Licence and then jobs on release. Through the Government Rough Sleeping Strategy, the Department will invest up to £6.4 million in a pilot scheme to support individuals released from three prisons.

Ninety-Fifth Report of Session 2017–19

Cabinet Office / Department for Work and Pensions

Accessing public services through the Government's Verify digital system

Introduction from the Committee

GDS, part of the Cabinet Office, created Verify as a cross-government approach to identity assurance. It was intended to be the default way for people to prove their identities, so they could securely access online government services, such as claiming tax back and receiving benefit payments. Verify went live in May 2016, although earlier work to develop an identity assurance strategy and framework started in 2011. The programme contracts out verification services to five 'identity providers', all private sector companies, who receive payments based on the number of people they sign up as Verify users. GDS spent £154 million on Verify and its predecessor programme from April 2011 to September 2018. In October 2018, the Cabinet Office announced that government funding would stop in March 2020. After this time, GDS intends that the private sector will take over responsibility for Verify, including for investment to ensure its future delivery.

Relevant reports

- NAO Report: *Investigation into Verify* – Session 2017-19 (HC 1926)
- PAC Report: *Accessing public services through the Government's Verify digital system* – Session 2017-19 (HC 1748)
- *Treasury Minutes*: October 2019 (CP 176)

Update to the Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minutes (CP 176), 5 recommendations have been implemented and the Department disagreed with 1 recommendation. 1 recommendation remains work in progress, as set out below:

5: PAC conclusion: ***The Cabinet Office and GDS have no meaningful plan for what will happen to Verify post-2020.***

5: PAC recommendation: ***Alongside its Treasury Minute response, the Cabinet Office and GDS should write to the Committee by the summer recess setting out the detailed plan for how Verify's services will be maintained after 2020, including how government services using Verify will be protected from unaffordable cost increases.***

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: Autumn 2019

5.2 Following the Government's response in Treasury Minute October 2019, the Cabinet Office provided a further update to the Committee on 1 November 2019 outlining progress made on Verify.

5.3 With discussions continuing and further cross government alignment on the business case for the contracts, the Cabinet Office is not in a position to confirm next steps at this stage. Therefore, the Cabinet Office will write again to the Committee in early 2020 to provide a further update.

Ninety-Sixth Report of Session 2017-19

Department of Health and Social Care

Adult Health Screening

Introduction from the Committee

Health screening is an important way of identifying potentially life-threatening illnesses at an early stage. Health screening programmes in England currently cover a range of conditions including different types of cancer, foetal and new-born screening, diabetes and abdominal aortic aneurism. This report focuses on four of the 11 screening programmes operating in England: screening for bowel, breast and cervical cancers and abdominal aortic aneurism. In 2017–18, almost 8 million people were screened for these conditions at a cost of £423 million. The Department is ultimately responsible for the delivery of health screening in England. It has delegated responsibility for health screening to NHS England, via an annual public health functions agreement. NHS England commissions and manages local screening providers; it also manages some of the IT that supports delivery of the programmes. Public Health England supports the Department and NHS England with expert advice, analysing and producing data; managing some of the IT that supports delivery of the programmes; and undertaking quality assurance work on the screening programmes to make sure that certain standards are met.

In May 2018 the then Secretary of State for Health and Social Care announced there had been a failure in the system that invites women for screening, affecting some 450,000 women. This number turned out to be closer to 122,000 but nonetheless raised concerns about health screening programmes. In October 2018, NHS England became aware of a similar issue on the cervical screening programme, with 43,220 women not receiving letters inviting them for a cervical cancer screening and a further 4,508 not being sent their results letters.

Relevant reports

- NAO report: *Investigation into the management of health screening*, Session 2017–19, (HC 1871),
- PAC report: *Adult health screening* – Session 2017-19 (HC 1746)
- *Independent Breast Screening review* – (HC 1799) December 2018
- *Independent Review of National Cancer Screening Programmes in England* Interim report by Professor Sir Mike Richards –
- *Treasury Minutes:* July 2019 (CP 151)

Update to the Government responses to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (CP 151), 5 recommendations remained work in progress, 3 of which are now implemented as set out below.

1: PAC conclusion: ***The Department, NHS England and Public Health England are consistently failing to meet their targets for the number of people who should be screened and have no clear plan on how to reduce the alarming health inequalities that exist.***

1: PAC recommendation: ***By the summer recess, the Department of Health and Social Care, NHS England and Public Health England needs to set out the specific steps they are going to take to understand why performance is so poor in some areas and then publish a plan, with timeframes for action, that explains how they intend to address these inequalities***.

1.1 The Government agrees with the recommendation.

Recommendation Implemented

1.2 The Department of Health and Social Care, NHS England and Public Health England have written to the Committee setting out the specific steps being taken to understand why performance varies geographically and outlining the current work underway to address inequalities and performance variation.

1.3 NHS England has worked with DHSC and PHE to develop an implementation plan for improving uptake, which was shared with regional teams in August 2019, with timeframes for action.

1.4 Professor Sir Mike Richards published his review of screening on Wednesday 16 October that made recommendations about how best to maximise uptake of adult screening and address variation in uptake rates between different geographical areas and different population groups.

2: PAC conclusion*: It is unacceptable that NHS England has continually failed to hold local screening providers to account for their poor performance.*

2: PAC recommendation: ***By the summer recess, the NHS England must write to the Committee to set out how it is going to hold local screening providers to account against their agreed targets and standards. It should also set out its targets for improving the performance of local providers over the next 12 months.***

NHS England has a duty to make the public aware that the 14-day target is not based on clinical need. In the same letter, it should outline to the Committee how it intends to raise awareness.

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: January 2020
Original implementation date: Autumn 2019

2.2 NHS England will write to the Committee shortly.

2.3 NHS England has strengthened its performance management, to secure delivery of screening programmes against the Section 7A service specification and standards, through the establishment of a new joint operating model (central and regional). This new operating model clearly sets out accountability for commissioning delivery, contracting and performance management through the new regional Directors of Primary Care and Public Health Commissioning and Regional Directors of Commissioning.

2.4 To support communications regarding breaches of the cervical screening results 14-day turnaround time performance standard, a communications pack was circulated in June 2019 to the NHS England Public Health Commissioning teams for use at a local and regional level. This included guidance to sample takers. Further guidance was issued in August 2019 to ensure that women attending for their appointment are made aware of the delays and that this has minimal clinical risk in relation to the quality of results. Sample takers in Primary Care are also being kept updated with expected result turnaround times by commissioners for their current service providers.

3: PAC conclusion: ***It is unacceptable that the national oversight of screening programmes has failed, with the Department, NHS England and Public Health England all being too slow to recognise and respond to the problems this has caused.***

3: PAC recommendation: ***Professor Sir Mike Richards' review into screening programmes should scrutinise oversight arrangements, the division of roles and responsibilities and the quality assurance arrangements. It should also include evidence that the conclusions are informed not just by central government bodies, but also by people who actually undergo screening and local authorities.***

3.1 The Government agrees with the Committee's recommendation.

Recommendation Implemented

3.2 The *independent review of adult screening programmes in England* was published on Wednesday 16 October. The terms of reference were significantly extended following publication of the interim report in May to include other adult screening programmes, in addition to cancer screening. The recommendations are intended to save lives and provide a foundation to support delivery of the commitments set out in the NHS Long Term Plan.

3.3 The issue of governance, to enable change and to ensure quality and safety, was addressed in the recommendations. The review has looked at how recommendations on population and targeted screening should best be made and, once decisions have been made by Ministers, how the effective delivery of these programmes should be overseen. In his report, Professor Richards recommends making NHS England the single body responsible for commissioning and delivery of screening services. The Department of Health and Social Care, NHS England and Public Health England will consider the recommendations further, including the development of an optimal quality assurance process, and publish an implementation plan

3.4 Recommendations were formed by Professor Sir Mike Richards following meetings with many people with an interest in screening including, clinicians, commissioners, service providers and service users. Sir Mike and his report team liaised with academics and reviewed relevant research and reports, attended committee meetings, and participated in various roundtables and conferences specifically convened for this purpose. He also received further responses through his call for evidence and undertook local visits, speaking to those who are experiencing screening first hand.

4: PAC conclusion: ***The woeful inadequacy of the IT supporting breast screening has played a fundamental role in the failure of the screening programme.***

4: PAC recommendation: ***Public Health England and NHS England should develop a more integrated approach to its IT systems to make sure that the multiple systems that need to be in place are able to connect and talk to each other to give screening patients the best possible service. This integration should also include a single owner who is responsible for making sure the IT works as intended.***

4.1 The Government agrees with the Committee's recommendation.

Recommendation Implemented

4.2 NHS Digital, NHS England, NHSX and Public Health England have established a joint programme under the leadership of a single senior responsible owner within NHSX, to modernise the IT systems that support the delivery of national screening programmes. Starting with cervical screening and breast screening, this programme will adopt a modular approach to IT in which different components connect seamlessly to each other, and can be readily used, reused and replaced across the different screening programmes. The programme's priorities are clinical safety, reducing inequalities, and improving the user experience for screening participants and NHS staff alike.

4.3 The programme is developing an interim cervical screening call/recall solution which will enable cervical screening to be moved off the legacy NHAIS systems by the end of 2020. In parallel, the programme is pursuing a strategic screening solution, with the priority to address risks in breast screening.

5: PAC conclusion: ***We are extremely doubtful that NHS England will be able to successfully bring the failing IT system that supports the cervical programme back in-house, remove the backlog of samples that are waiting to be tested, and roll-out a new testing regime in just 6 months' time.***

5: PAC recommendation: ***NHS England should set out a clear plan for how it intends to deliver this inherently risky project on time without making the service provided to women undergoing screening even worse.***

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: December 2020

5.2 Responsibility for delivery of the service successfully transferred to NHS England on 1 August 2019. Staff, data and systems have been effectively transferred and are functioning as expected.

5.3 A new Customer Relationship Management system has been developed which will enable better reporting functionality. Governance arrangements are in place to monitor the ongoing transfer and subsequent tasks, as well as to provide assurance on the delivery of the cervical screening administrative service, to ensure this remains a safe service.

5.4 As part of the wider transformation of primary care support services, a revised cervical cancer screening IT system is being developed to replace the 83 separate instances of the NHAIS (National Health Application and Infrastructure Services) systems, which are due to be decommissioned.

Ninety-Seventh Report of Session 2017-19

Ministry of Housing, Communities and Local Government

Local Government Governance and Accountability

Introduction from the Committee

Local politicians and council officers operate within a governance framework of checks and balances to ensure that local authorities' decision-making is lawful, informed by objective advice, transparent and consultative. Some parts of local governance are locally defined, but core components of the statutory framework of legal duties and financial controls are overseen by the Ministry of Housing, Communities & Local Government (the Department). The Department is responsible for: ensuring that this framework contains the right checks and balances, and changing the system if necessary. The Secretary of State also has powers to intervene in cases of perceived governance failure. The framework includes: officers with statutory powers and responsibilities; internal checks and balances such as audit committees and internal audit; and external checks and balances such as external audit and sector-led improvement overseen by the Local Government Association.

These arrangements represent a significant reduction in the level of central oversight in recent years following the government's decision to abolish the Audit Commission and the Standards Board for England as part of a broader reform of local audit, inspection and reporting. The new, more localised framework has had to function effectively at a time when the process of governance itself is more challenging and complex because of new arrangements such as shared services, outsourcing and commercial activities. Reduced resources mean that delivery of change programmes and dealing with financial pressures can be crucial to the financial viability of an authority. This makes the implications of governance failure more significant.

Relevant reports

- NAO report: *Local Authority Governance* – Session 2017-19 (HC 1865)
- PAC report: *Local Government Governance and Accountability – Session 2017-19* (HC 2077)
- *Treasury Minutes*: July 2019 (CP 151)

Update to the Government responses to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (CP 151), all 8 recommendations remained work in progress, 4 of which are now implemented as set out below.

1: PAC conclusion: *The Department is not yet providing effective leadership of the local governance system.*

1a: PAC recommendation: *The Department should write us within the next six months, setting out its overall plan for improving its oversight.*

1.1 The Government agrees with the Committee's recommendation.

Recommendation Implemented

1.2 As set out in the letter from the Permanent Secretary, providing detail on the departments overall plan for improving its oversight of the sector, of 15 January 2020 our plan for improving our oversight has two main objectives: a) building a richer understanding of the system as a whole, and b) understanding individual local authorities and enhancing the support available to them.

1.3 In order to achieve these objectives, the department is taking a more active role as convener of the accountability system and has established the Local Authority Governance and Accountability Framework Review Panel (please refer to paragraphs 1.8 - 1.10). The department is also working with other Government departments to build a richer picture of individual local authorities (drawing on a greater range of information held by departments to come to a shared view) and is increasing its engagement with the sector to better understand what is needed to support improvement. The department has also included a new requirement in the memorandum of understanding on sector support for improvement with the LGA in 2019-20 that 25% of the grant it provides for improvement support should be spent through external suppliers. This is intended to make the best use of existing specialist expertise and to grow the market for the future.

1b: PAC recommendation: ***The Department should write us within the next six months, setting out its progress in working more effectively with other government departments to understand overall pressures on service sustainability.***

1.4 The Government agrees with the Committee's recommendation.

Recommendation implemented

1.5 In response to the Committee's inquiry into the financial sustainability of local authorities, the Department's letter of 19 December 2018 set out how it would engage with other departments in preparation for Spending Round 2019 and on an ongoing basis. The department provided an update on progress in its letter of 15 January 2020. The objective of this engagement has been to develop a robust evidence base and collective understanding of revenue and capital spending pressures and potential income streams. This work has included regular bilateral engagement with individual government departments, and trilateral engagement with DHSC and DfE to ensure a shared approach to social care.

1.6 The department has also held a series of cross-Whitehall policy roundtables chaired by the Director and Director General and attended joint roundtables with the sector hosted by the LGA, and conducted joint visits with other departments to individual councils.

1c: PAC recommendation: ***The Department should write us within the next six months, setting out:***

- ***its objectives for the promised local governance panel and the means by which the panel's effectiveness will be assessed;***
- ***progress in setting up the new panel, including its work programme, the concrete actions the panel will take; the timetable and intended outcomes the panel will be working towards.***

1.7 The Government agrees with the Committee's recommendation.

Recommendation Implemented

1.8 In September 2019, the Department convened the first meeting of the Local Authority Governance and Accountability Framework Review Panel ("The Panel"). A subsequent meeting was held in December 2019. The Panel will continue to meet throughout 2020 on a quarterly basis. Panel members include the NAO, the Society of Local Authority Chief Executives, the Local Government Association, the Local Government and Social Care Ombudsman, the Centre for Public Scrutiny, and the Chartered Institute of Public Finance and Accountancy. The Panel will co-opt representatives from other organisations as well as other government departments as they see appropriate.

1.9 The Panel's principal objective is to provide views on the existing framework which will help the department determine whether it is fit for purpose. Panel members will represent their organisations by providing feedback on thematic elements of the framework and the assurance model, which the Department will take into account when providing advice to the Permanent Secretary on the health of the governance and accountability system overall. The Panel is working to a workplan that sets out the thematic areas the Panel will review. The workplan will be reviewed by the Department and the Panel on a regular basis.

1.10 The second meeting of the Panel, held in December 2019, discussed the themes of conduct, behaviours and culture. The Department will keep the Panel's effectiveness under review and shall determine the success of the Panel via the feedback and recommendations it provides to the Permanent Secretary that must: i) be focussed on achieving practical changes to the framework; and ii) be feasible to implement in the medium term.

2: PAC conclusion: ***The Department does not know why some local authorities are raising concerns that external audit is not meeting their needs.***

2: PAC recommendation: ***The Department's proposed review of the work of independent auditors should be conducted independently and should ensure that concerns from some local authorities over current fee levels and the contribution of external audit are examined fully and rigorously. The review should make an assessment of whether external audit is providing an effective service and meeting the needs of local authorities*.**

PAC Recommendation: ***If the review identifies an 'expectation gap' as a factor underlying local authorities' concerns with external audit, then the Department should identify how these unmet expectations can be met.***

2.1 The Government agrees with the Committee's recommendations.

Target implementation date: Summer 2020
Original implementation date: April 2020

2.2 The Department agrees that the review should be carried out independently and on 10 July 2019 announced that Sir Tony Redmond will lead this review. As detailed in the Department's response set out in *Treasury Minute 85 from Session 2017-19* the Department's review of the localised audit regime in the Local Audit and Accountability Act 2014 is due to report in the first half of 2020. The scope of the review covers the effectiveness of the local audit regime, considering audit fees and the effectiveness and value of external audit, alongside internal governance elements. The *Brydon Review, the Competition and Markets Authority's report on statutory audit services,* the National Audit Office (NAO) *Review of the Code of Audit Practice and Sir John Kingman's Independent Review of the Financial Report Council's recommendations* provides important context for that review.

2.3 The independent review is considering any perceived 'expectation gap' between what the public expects an audit to look at, and the current statutory remit for an audit. It is also considering whether, and how, audit should be used to meet those expectations. The scope of public audit is set in the NAO's *Code of Audit Practice consultation* and supporting documents. The core elements of external audit have remained largely unchanged since implementation of the 2014 Act. The Code will be renewed in April 2020 following a formal consultation seeking views on suggested revisions which closed on 22 November.

3: PAC conclusion: ***The Department lacks reliable information on key governance risks, or relies on weak sources of information, meaning it has no way of pinpointing the at-risk councils.***

3: PAC recommendation: ***The Department should assess the governance evidence base available to it currently and write to us by November 2019 setting out how it will address gaps it has identified.***

3.1 The Government agrees with the Committee's recommendation.

Recommendation Implemented

3.2 As set out in evidence to the Committee, the Department draws upon a wide range of publicly available information on governance. This includes reports by Ofsted and the Local Government and Social Care Ombudsman; research carried out by our partners, such as the NAO's 2019 report on local authority governance; and non-standard audit outcomes, which provide details of local authority financial management and value for money opinions.

3.3 The Department has initiated work with sector partners to address gaps in the evidence base available to it currently. The Local Authority Accountability Framework Review Panel is currently scrutinising individual parts of the Accountability Framework, which will inform the Department of what further evidence may be required to ensure it remains effective. Recognising that the quality of leadership and culture is significant in shaping the effectiveness of organisational governance, the Department aims to gather richer qualitative data to enable a fuller understanding of organisational culture issues and of the health of local governance, taking into account the view of statutory officers. The Department is also supporting the Centre for Public Scrutiny's independent research into enhancing councils' understanding of how to diagnose and reduce the risk of failure in corporate governance.

4: PAC conclusion: ***The Department's monitoring is not focused on long-term risks to council finances and therefore to services.***

4: PAC recommendation: ***The Department should assess and monitor the scale of long-term risk that authorities might have exposed themselves to through their commercial investments and ventures.***

4.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: Autumn 2019

4.2 The Department is responsible for the local authority capital investment framework. The Department is finalising the post implementation review of the updated guidance, which was introduced in 2018, to understand how local authorities have responded to recent changes, and to evaluate the effectiveness of the framework. Once the review has concluded the Department will begin to consider how those findings might contribute to the future policy development of the current framework. As system steward, the Department continues to develop its analysis of potential and emerging risks to the sector created by commercial activity. Specifically, the Department is working with HM Treasury to monitor available data on borrowing and commercial investment at a local authority and sector levels in order to identify risks to financial sustainability. This work is on-going, and the Department is carefully considering the need for further interventions, taking into account findings from the post implementation review.

4.3 In addition, the Department welcomes the Chartered Institute of Public Finance and Accountancy's (CIPFA) guidance for local authorities on prudent property investment. The guidance sets out that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Department also welcomes the NAO's recent VFM study on local authority commercialism. The Department is currently considering its findings ahead of the recently announced PAC inquiry.

5: PAC conclusion: ***There is a complete lack of transparency over both the Department's informal interventions in local authorities with financial or governance problems and the results of its formal interventions.***

5a: PAC recommendation: ***The Department should set out how it will improve transparency over its engagement on governance issues with individual local authorities, including a review of the information the LGA is required to publish under its sector-led improvement work funded by the Department.***

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020

5.2 Formal, or statutory, interventions by the Department are highly transparent (please refer to paragraph 5.4). In terms of information that the LGA is required to publish, the LGA delivers the 'Corporate Peer Challenge' process, where elected members and senior council officers from different councils carry out a broad review of how a council is doing, as a core part of its sector-led improvement work. Part of the Corporate Peer Challenge offer is an expectation that councils will publish the findings of the process, and how they intend to use the feedback from peers. The Department has commenced a review of documentation already published and the requirements on the LGA for publication of information under the sector-led improvement programme. It is on track to meet the target implementation date.

5b: PAC recommendation: ***The Department should set out how it will improve transparency over its engagement on governance issues with individual local authorities, including the steps the Department will take to publish information and learning following formal interventions.***

5.3 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2020
Original implementation date: November 2019

5.4 Formal, or statutory, interventions are highly transparent. The powers are set out in *sections 10 to 15 of the Local Government Act 1999*. Best value inspections, which seek to establish the evidence base for a statutory intervention, are normally announced to Parliament and the resulting report is published. Any decision to intervene under Best Value powers is subject to formal consultation and parliamentary debate. Commissioners' reports are published regularly during the intervention together with the Secretary of State's responses. The decision to end an intervention is subject to similar rigorous scrutiny, including a consultation process.

5.5 The Department published the *lessons learned review by Rotherham Commissioners* on 18 September 2019. To further increase information on interventions, the Department also plans to publish a short guide for local authorities on intervention in Spring 2020 and may publish further documents on lessons learned in due course.

Ninety-Eighth Report of Session 2017-19

Department for Education

The Apprenticeships Programme: progress review

Introduction from the Committee

Apprenticeships are jobs that combine work with training, and can play a vital role in helping people to develop the skills that the economy and society needs. The content of each apprenticeship is set out in either a 'framework' or a 'standard'. Frameworks are being phased out in favour of standards, which are designed by groups of employers from the relevant sector, and set out the knowledge, skills and behaviours that apprentices will need to acquire. By December 2018 around 360 of a potential 600 standards had been approved.

The Department is accountable for the apprenticeships programme in England. The Education and Skills Funding Agency (the ESFA) is responsible for apprenticeships policy and funding, and for overseeing delivery of the programme. The Institute for Apprenticeships & Technical Education, which was set up in April 2017, is responsible for ensuring the quality, consistency and credibility of apprenticeships, including helping employers to develop apprenticeship standards and approving the standards.

In 2017–18, the Department spent £1.6 billion on the apprenticeships programme, out of a budget of £2.0 billion. Since April 2017, employers with an annual pay bill of more than £3 million have been required to pay an apprenticeship levy of 0.5% of their pay bill. The total value of levy contributions for England in 2017-18 was just under £2 billion.

Relevant reports

- NAO report: *The apprenticeships programme – S*ession 2017-19 (HC 1987)
- PAC report: *The apprenticeships programme: progress review* Session 2017-19 (HC 1749)
- *Treasury Minute*: July 2019 (CP 151)

Update to the Government responses to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (CP 151), 8 recommendations remained work in progress, 5 of these have now been implemented, as set out below.

1: PAC conclusion: The Department has not set out what productivity gains it is expecting from the programme.

1: PAC recommendation: The Department should publish the level of improvement in the skills index that it is aiming to achieve in the short and long term.

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: December 2021

1.2 The Department measures the contribution of the apprenticeship programme to productivity through the 'Skills Index' and other secondary measures including the earnings outcomes for apprentices and employer perspectives. In future years, the Department will use the Index to determine trends in the value ascribed to apprenticeships compared to equivalent levels of learning across further education and in demonstrating the impact of Government's wide-reaching technical education reforms. The Department will expand its reporting accordingly in the annual benefits progress reports. The Department has begun the process of setting out its new business case and reviewing the programme benefits realisation plan and will be proposing that Ministers set an ambition for Skills Index improvements.

2: PAC conclusion: ***The way that the programme is evolving risks leaving behind people with lower skills and those from disadvantaged communities.***

2: PAC recommendation*: The Department should assess whether there are enough level 2 standards to allow school leavers or those with fewer skills to easily access apprenticeships, and report back to us within six months on its assessment and any action it proposes to take to redress the balance.*

2.1 The Government agrees with the Committee's recommendation

Recommendation implemented

2.2 The Department wrote to the Committee on 20 November 2019. The letter reported that there are currently over 100 approved apprenticeships standards at level 2, with 19 further in development. This is 22% of total current and in-development standards. Each of these standards are developed with employers to reflect the need of their workforce and industry. The Institute for Apprenticeships and Technical Education's (The Institute's) statutory reviews for the 15 technical routes will ensure that the right apprenticeship standards at all levels, including level 2, are available to meet the needs of employers, individuals and the wider economy.

2.3 The work that the Department is undertaking to ensure that support is available to help young people or those with lower skills to access an apprenticeship includes:

- The National Careers Service building on the Institute's occupational maps to show potential progression routes and clarify pathways to higher-paid, productive occupations;
- In disadvantaged areas, undertaking work in four local authorities with employers, providers and others to promote and generate more opportunities for higher-level apprenticeships;
- Providing support for apprentices, including additional learning support for people who are disabled or have learning difficulties; additional payments for employers for 16 to 18 year-old apprentices and those with educational health and care plans; the care leavers bursary scheme; and funding English and maths for those that have not yet achieved the necessary level; and
- Beyond apprenticeships, looking at the role of classroom-based level 2 study through the review of post-16 qualifications at level 3 and below. This will ensure that every qualification approved for public funding is necessary and has a distinct purpose, is high quality and supports progression to positive outcomes.

3: PAC conclusion: ***The Department's approach to widening participation among under-represented groups has been inadequate.***

3a: PAC recommendation: ***The Department should set more stretching diversity targets, covering BAME (black, Asian and minority ethnic) apprentices and those with a learning difficulty, disability or health problem, for 2020/21 and beyond.***

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: December 2021

3.2 After the spending review, the Department will set out a new business case and review and update its benefits realisation strategy. This will reset the programme's ambitions and measures, including widening participation and improving social mobility. It will be for Ministers to decide these, reflecting that it is employers who make decisions about the apprentices they employ.

3b: PAC recommendation: ***In the absence of targets relating to gender, The Department should evaluate the impact of its efforts to attract more women into STEM apprenticeships and report to us within six months on how it plans to address under-representation.***

3.3 The Government agrees with the Committee's recommendation.

Recommendation implemented

3.4 The Department wrote to the Committee on 20 November 2019 with its evaluation of the impact of its efforts to attract more women into STEM apprenticeships and its plans to address under-representation.

3.5 The letter included the information that numbers of women going into STEM sector apprenticeships has risen since the introduction of apprenticeship reforms, rising from 8.2% in 2016-17 to 9.7% in 2018-19 (in-year, Q1-Q3). ICT has seen the biggest growth / highest contribution with 20% of starts in the sector subject area made by women. Women entering STEM roles tend to go into higher-paying, higher-level STEM apprenticeships with level 4+ cohorts being 21.0% female, compared to 6.3% at Level 2.

3.6 Current activity and future plans include:

- Being part of the collective cross-government response needed to affect the cultural change required to increase uptake of STEM apprenticeships by women;
- Engaging girls in schools to help them see STEM careers as a legitimate option and encouraging girls studying STEM subjects into apprenticeships through the Apprenticeships Support and Knowledge in Schools (ASK) programme;
- Improving STEM subject teachers' knowledge of apprenticeships.
- Strong, positive messaging on women in STEM apprenticeships in the "Fire It Up" media campaign;
- Influencing employers through the Apprenticeship Diversity Champions Network (ADCN), working with some of the country's most influential employers to promote and sharing best practice;
- Supporting large levy-paying employers with a poor record in female STEM recruitment to develop strategies that will increase representation; and
- Using levy transfers between large and small employers to support small employers to increase the number of women in their STEM apprenticeships.

4: PAC conclusion: ***The programme is not supporting smaller employers well enough.***

4 PAC recommendation: ***The Department should set out how it will ensure that smaller employers can benefit fully from the programme, including considering whether to protect funding for non-levy-paying employers and assessing the feasibility of deploying expired levy funds to support skills development in particular parts of the country.***

4.1 The Government agrees with the Committee's recommendation.

Target implementation date: December 2021

4.2 The Department agrees that the apprenticeship programme must work for employers of all sizes and is therefore giving smaller employers more control over their apprenticeships. Starting in 2020 smaller employers (that do not pay the apprenticeship levy) will be able to control when and how they recruit apprentices directly though the Department's online apprenticeship service.

4.3 The budget the Department receives pays for the entirety of the apprenticeships programme. When levy funds expire it does not increase the department's budget or reduce its financial commitment for apprenticeships. It is therefore not feasible to deploy employers' expired levy funds as set out in the recommendation.

5: PAC conclusion: ***Too many apprentices are being trained by sub-standard providers.***

5: PAC recommendation*:* ***The ESFA should evaluate the impact of its interventions with failing providers that fall short of contract termination and report its findings to us within six months.***

5.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

5.2 Ensuring provider quality, compliance and effectiveness are core objectives for the Department, working closely with Ofsted, which regulates the quality of apprenticeship training providers. The Department has established new teams dedicated to the management and oversight of providers and is focussing on early detection of problems and the prevention of failure.

5.3 The Department wrote to the Committee on 20 November 2019. The letter included information that around 25% of the 2,000 providers applications reviewed since the opening the new Register of Apprenticeship Training Providers (RoATP) have failed and the proportion of applications received from new entrants has fallen in comparison to the old RoATP, demonstrating the increased rigour of the new system.

5.4 Action which the Department has taken short of contract termination, has enabled providers to recover their position and continue to deliver apprenticeship provision. Around half of Independent Training Providers assessed as having inadequate financial health between April 2018 and September 2019 are no longer assessed as inadequate, with the majority still active apprenticeship providers.

5.5 Between February 2018 and August 2019 Ofsted undertook 360 new apprenticeship provider monitoring visits. Of these 81 were judged to be making insufficient progress. These providers have been prevented from taking on new apprentices in line with Departmental policy.

5.6 Employer feedback is informing provider risk assessment and oversight. Since July 2019 81,717 unique searches on Find Apprenticeship Training will have seen feedback on providers. Of these 2,483 followed the link 'find out how these reviews work'. The Department has tested collecting feedback from apprentices, which will be a future feature of the programme.

6: PAC conclusion: ***We do not have confidence in the arrangements for assessing apprentices at the end of their apprenticeship.***

6a: PAC recommendation: ***The ESFA and the Institute for Apprenticeships and Technical Education should write to us within six months to:***

- ***provide more detail about the coverage and capacity of end-point assessment organisations; specifically, they should set out the coverage by region and how many apprenticeship standards have only one assessment organisation.***

6.1 The Government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The Department wrote to the Committee on 20 November 2019 to share analysis of End Point Assessment Organisation (EPAO) coverage and capacity.

6.3 The letter included information that the Department has put in place arrangements to ensure that from October 2019 no apprentices can start on new apprenticeship standards unless there is an 'agreement in principle' from at least one EPAO.

6.4 Of standards that have apprentices, 88% have at least one EPAO that will deliver an assessment at a national level. For standards where there is at least one EPAO on the Register of End Point Assessment Organisations (RoEPAO) and apprentices on programme, 99.7% of EPAOs deliver assessments at a national level. There are 146 standards that do not have an EPAO on the RoEPAO:

- 60 of these were introduced in the last six months;
- 41 are older standards with no apprentices currently on programme; and
- Only 48 standards have apprentices on programme, and the Department is working closely with potential EPAOs for each one to agree on timings for applying to the RoEPAO.

6.5 The Department is closely monitoring the numbers of apprentices on each standard to ensure supply is in line with demand and keep track of the number of apprentices approaching their End Point Assessment to ensure there is appropriate coverage. The newly developed ‘opportunity finder’ on the apprenticeship service website is used as a tool for attracting more EPAOs where needed. A new report to track coverage alongside our readiness monitoring of EPAOs to prepare them for External Quality Assurance is also being used.

6.6 The Department is actively engaging with trailblazer groups and EPAOs to ensure full coverage of all standards regardless of apprentice starts, monitoring regional as well as national coverage.

6b: PAC recommendation: ***The ESFA and the Institute for Apprenticeships and Technical Education should write to us within six months to:***

- ***set out what they will do to streamline and strengthen quality assurance arrangements in order to give greater confidence that end-point assessments are robust, fair and consistent.***

6.7 The Government agrees with the Committee’s recommendation.

Recommendation implemented

6.8 The Department and the Institute wrote to the Committee on 20 November 2019, setting out its progress in introducing the new strategic framework for External Quality Assurance (EQA) and the simplification of its delivery.

6.9 The letter included the information that there has been significant work to strengthen and streamline EQA in recent months. The Institute has developed a common framework for EQA, together with a supporting digital reporting platform. This ensures that quality assurance is consistent across and between standards. All EQA providers must follow this framework and provide the Institute with the data needed to monitor performance.

6.10 The Institute has strengthened oversight of EQA delivery, with regular performance management reviews with EQA providers, including its direct delivery provider. EQA findings are scrutinised by the Institute’s Quality Assurance Committee to ensure consistency of assessments. The rigour of this scrutiny will continue to grow as the new digital system is rolled out to EQA providers.

6.11 Ofqual, the Office for Students (OfS) and the Institute have been exploring whether arrangements for EQA might be further simplified and strengthened in the future, moving to a system where Ofqual and OfS conduct the vast majority of EQA assessments and report to the Institute. This has the potential to reduce the complexity of the current system and protect the interests of the apprentice, with Ofqual and OfS able to use their regulatory powers to act where End Point Assessment delivery is inadequate. Ofqual and the Institute have worked closely to align their approaches to assurance and regulation and anticipate Ofqual’s transition to the Institute’s common framework shortly.

Treasury Minutes Progress Reports Archive

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Publication Date	PAC Reports	Ref Number
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July 2012	Session 2010-12: updates on 28 PAC reports	Cm 8387
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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
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