



HM Treasury

# Treasury Minutes

**Government responses to the Committee of Public Accounts on the Twenty-Fifth to the Twenty-Ninth reports from Session 2019-21**



# Treasury Minutes

Government responses to the Committee of Public Accounts on the Twenty-Fifth to the Twenty-Ninth reports from Session 2019-21

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

February 2021

CP 376



© Crown copyright 2021

This publication is licenced under the term of the Open Government Licence v.3.0 except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](https://nationalarchives.gov.uk/doc/open-government-licence/version/3).

Where we have identified any third party copyright information, you will need to obtain permission from the copyright holders concerned.

This publication is available at [www.gov.uk/official-documents](https://www.gov.uk/official-documents).

Any enquiries regarding this publication should be sent to us at: <mailto:Public.enquiries@hmtreasury.gov.uk>

ISBN 978-1-5286-2380-3

CCS0121913340 01/21

Printed on paper containing 75% recycled fibre content minimum.  
Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office.

## Government responses to the Committee of Public Accounts Session 2019-21

| #  | Report Title   | Page |
|----|--|------|
| 25 | Asylum Accommodation and Support Transformation Programme<br><a href="#">Home Office</a>   | 6    |
| 26 | Department for Work and Pensions Accounts 2019-20<br><a href="#">Department for Work and Pensions</a>  | 10   |
| 27 | Covid-19: Supply of Ventilators<br><a href="#">Department of Health and Social Care and NHSX</a><br><a href="#">Cabinet Office</a>                       | 16   |
| 28 | The Nuclear Decommissioning Authority's Management of the Magnox contract<br><a href="#">Department for Business, Energy and the Industrial Strategy</a> | 20   |
| 29 | Whitehall preparations for EU Exit<br><a href="#">Cabinet Office and HM Treasury</a>   | 26   |

# Twenty-Fifth Report of Session 2019–21

## Home Office

### Asylum accommodation and support transformation programme

#### Introduction from the Committee

The Home Office (the Department) provides accommodation and support for asylum seekers and their families who would otherwise be destitute while their cases are processed. From 2012 to September 2019, the Department provided these services through six regional contracts, known as COMPASS. In 2019, following a two-year extension to the original contracts, the Department replaced COMPASS with seven similar regional contracts for accommodation and transport, plus a UK-wide contract for a new helpline and support service, known as AIRE-Advice, Issue Reporting and Eligibility. The Department provided services to 48,000 people in accommodation at the time the contracts transferred. The new contracts have a total estimated value of £4.0 billion over 10 years, from 2019 to 2029.

A sharp increase in the number of people entering the asylum support system from July 2019 meant that from October 2019 more than 1,000 people each night were placed in hotels rather than dedicated housing for asylum seekers. The AIRE service could not cope with demand in its initial months, with four-fifths of callers unable to get through on the phone. The COVID-19 pandemic has also resulted in additional demand pressures on the service.

Based on a report by the National Audit Office, the Committee took evidence on 1 October 2020 from the Home Office. The Committee published its report on 20 November 2020. This is the Government response to the Committee's report.

#### Relevant reports

- NAO report: [Asylum accommodation and support](#) - Session 2019-21 (HC 375)
- PAC report: [Asylum accommodation and support transformation programme](#) - Session 2019-21 (HC 683)

#### Government responses to the Committee

**1: PAC conclusion: *It is unacceptable that the Department has failed to engage adequately with local stakeholders.***

**1: PAC recommendation: *The Department should, as a matter of urgency, communicate with NHS bodies, MPs and other key stakeholders such as police, setting out how it will consult and engage with them in future. The Department should write to the Committee within three months to confirm its approach.***

1.1 The government agrees with the Committee's recommendation.

**Target implementation date:** February 2021

1.2 There are clear and established mechanisms for national and local engagement between the Home Office (the department) and its stakeholders and partners. UK Visas and Immigration (UKVI) has dedicated MP account management teams. There is a national structure for engagement with local authorities headed by a Chief Executives group, and a national structure for engagement with the third sector headed by a Strategic Engagement Group. The department and its accommodation providers also engage intensively at a local level. These fora generally work well and are effective, although they have not always met the needs of stakeholders, especially during the initial period of the Covid-19 pandemic.

1.3 The department has listened to the feedback of the Committee and stakeholders and taken further steps to improve its engagement work. The department has also recently been consulting stakeholders on how to make its engagement more effective and is conducting lessons learned exercises to look at how it

can be improved further. This will be reflected in the Directorate Engagement Strategy which will be shared with stakeholders.

**2: PAC conclusion: *We are very concerned that thousands of people continue to be placed in hotels rather than more appropriate accommodation.***

**2: PAC recommendation: *The Department should, within three months, set out a clear plan for how it will quickly and safely reduce the use of hotels and ensure that asylum seekers' accommodation meets their individual needs.***

2.1 The government agrees with the Committee's recommendation.

**Target implementation date:** February 2021

2.2 The government is committed to reducing and ending the routine use of hotel accommodation and is taking a range of steps with providers to achieve this. One of the ways in which the use of hotels can cease is through providers procuring sufficient dispersed accommodation, which requires the cooperation of local authorities. The department is doing all it can to encourage local authorities to support the procurement of sufficient dispersed accommodation and has recommenced the procurement of accommodation. The department, with support from the Cabinet Office, is working with its providers to accelerate their procurement plans and assess further options. The department is currently assessing the rate at which the hotel population can be reduced and the expected timescale for eliminating regular hotel use from the system.

2.3 The other way in which hotel usage can be reduced is through moving people whose asylum claim has been concluded out of asylum accommodation, and then returning to the usual flow of service users into dispersed accommodation. The department is working with local authorities to move people on from asylum accommodation when their claims have been concluded.

**3: PAC conclusion: *The Department's failure to prepare effectively for the new service means that it has yet to deliver what was promised.***

**3: PAC recommendation: *The Department should, within six months, review how long it would need to redesign the service for the next set of contracts and set a timetable to give itself enough time to prepare effectively and consider alternative models.***

3.1 The government agrees with the Committee's recommendation.

**Target implementation date:** July 2021

3.2 The department is considering a wide range of options for potential future models for accommodating asylum seekers, and the time that will be needed for their design and implementation. This is in tandem with, and being informed by, ongoing work to improve the operation of the current contracts.

3.3 The NAO review of the asylum contracts commenced on the day the last contract went live. The project anticipated a short period of stabilisation followed by continuous improvement across the lives of the contract. The contracts are being closely managed to ensure they do provide the benefits that were envisaged. The impacts of the COVID-19 pandemic have led to unanticipated challenges for the contracts, so the department is working with providers to recover from that and will focus on delivering the contracts as they were designed.

3.4 The expiration and review dates for these contracts are in the department's procurement and project pipeline. Decisions will be made, in the timelines recommended, on the scale of change required and the length of time for a project to deliver that change.

**4: PAC conclusion: *Despite paying more for the new service than for COMPASS, the Department has not yet demonstrated that it is getting value for money in return.***

**4: PAC recommendation: *The Department should, within six months, explain to the Committee how it is strengthening its contract management approach to ensure that it is getting value from the increased costs.***

***The Department should not claim improvement without evidence and should write to the Committee within six weeks to provide an update on what the data is showing in terms of service improvement. The Department should thereafter provide the Committee with regular updates on this matter.***

4.1 The government agrees with the Committee's recommendation.

**Target implementation date:** July 2021

4.2 The contracts contain mechanisms by which the department can ensure value for money, including to apply service credits where provider performance fails to meet contractual standards, to assess providers' profits using open book accounting principles, and to share profits. The work on using the contractual 'open book accounting' clause to ensure value for money has been temporarily paused as the department experiences system wide stress and prioritises what is most important in response to the many challenges of the pandemic. The department intends to restart this work in 2021 and will look back through the period since the contracts became operational. The department is also taking significant steps to strengthen its contract management approach and commissioned external expert advice which was received in September 2020. The department is revising the structures through which the contracts are managed to ensure that roles are more clearly defined and sufficiently resourced for all aspects of contract management to operate fully effectively. It is developing more robust operating procedures with more formalised operational training to be provided, as well as taking steps to improve the capture and sharing of information.

**5: PAC conclusion: *The Department's lack of transparency on the service's performance is hindering the kind of engagement with stakeholders that it claims to want.***

**5: PAC recommendation: *The Department should immediately meet its commitment to communicate with stakeholders by publishing data for all key performance indicators, and should also identify what other information, if published, would provide stakeholders with a full picture of the service.***

5.1 The government agrees with the Committee's recommendation.

**Target implementation date:** July 2021

5.2 The department agrees that stakeholders should have greater transparency on the performance of the service and has been making progress on providing that transparency. Working within Cabinet Office guidance and commercial confidentiality, summary performance data is being shared. The department has also worked with stakeholders to identify the information that would be most helpful to share. The assurance team has been developing multiple sources of insight into service performance, including the customer experience surveys carried out by each provider which came into operation in October 2020 and will report quarterly, analysis of the rich data available from the Advice, Issue Reporting and Eligibility (AIRE) provider, and data from oversight of the new complaints service. A customer insight dashboard is also being developed which will capture the findings and will be shared with stakeholders. The department has also been working closely with local authorities through the Home Office Local Government Chief Executives Group (HOLGCEX) to define and deliver the further data sharing that is useful to support the functions of local authorities.

**6: PAC conclusion: *The Department has failed to ensure the safety and security of some of the vulnerable people who use asylum accommodation and support services.***

**6: PAC recommendation: *The Department should, within three months, publish its safeguarding assurance framework, specifying:***

- ***when it will be implemented and how it will operate;***
- ***how it will focus on the experience of service users; and***
- ***how partners will feed in their concerns and experiences.***

6.1 The government agrees with the Committee's recommendation.

**Target implementation date:** February 2021

6.2 The welfare of service users is of the utmost importance to the department. The department does not believe that the wide range of activities which are required to safeguard service users would be susceptible of meaningful capture by a key performance indicator and has instead taken the approach of working closely with its providers and stakeholders to develop a safeguarding assurance framework. In addition to the more established channels of communication with stakeholders, a joint safeguarding board is in place between the department and its providers to oversee progress on all aspects of safeguarding work, a national safeguarding forum has been established with local authorities to discuss safeguarding across the contracts and help develop and share best practice, and local safeguarding groups will be held in each contract region, bringing together police, local authorities, health authorities and other partners to ensure safeguarding obligations are met within localities.



# Twenty-Sixth Report of Session 2019-21

## Department for Work and Pensions

### Department for Work and Pensions Accounts 2019-20

#### Introduction from the Committee

The Department for Work and Pensions (the Department) is responsible for the delivery of work, welfare, pensions and child maintenance policy. It serves over 20 million claimants and customers. In 2019–20, the Department spent £191.8 billion on benefit payments. Benefit payments are susceptible to both deliberate fraud by individuals, and unintended error by claimants and the Department. The Comptroller & Auditor General has qualified the Department's accounts every year since 1988–89 due to material levels of fraud and error in benefit expenditure. The 2019–20 accounts were qualified for fraud and error in all benefits except State Pension, because State Pension, having relatively simple conditions of entitlement, has very low fraud and error. The overpayment rate was 4.8% (£4.5 billion) and the underpayment rate was 2% (£1.9 billion) across all the other benefits.

As a consequence of the COVID-19 pandemic, the Department's benefit caseload increased significantly, for example, the number of people on Universal Credit increased from 2.9 million in February 2020 to 5.6 million in August 2020. It expects that this increase in caseload, alongside the fraud and error impact of relaxing some of its controls in response to the COVID-19 pandemic, will lead to a further increase in losses to the taxpayer from benefit fraud and error in 2020–21.

Based on the Department for Work and Pensions 2019-20 accounts, and the National Audit Office's audit certificate and report contained within them, the Committee took evidence on Thursday 24 September 2020 from the Department for Work and Pensions. The Committee published its report on 18 November 2020. This is the Government response to the Committee's report.

#### Relevant Reports

- DWP report: [DWP Annual Report and Accounts 2019-20](#) (HC 401)
- PAC report: [DWP Accounts 2019-20](#) – Session 2019-21 (HC 681)

#### Government responses to the Committee

**1: PAC conclusion: *In response to the COVID-19 pandemic, the Department successfully processed millions of new benefit claims and will need to be prepared for probable further increases in unemployment.***

**1: PAC recommendation: *The Department should ensure that it learns from its experience and successes of spring 2020 to be ready for future challenges.***

1.1 The government agrees with the Committee's recommendation.

#### Recommendation implemented

1.2 The Department for Work and Pensions (the department) has demonstrated how it can respond flexibly at short notice and will draw on the learning from this experience in the event of any further surge in benefit claims or events of this type.

1.3 The department's response to the pandemic was swift and successful. Approximately 10,000 staff were reassigned, with new claims prioritised, all in short order. In addition, new staff were recruited, and estate expanded. All this strengthened capability and left the department better placed to address any second surge.

1.4 The department has implemented a three-wave plan covering the period to the end of 2020-21. The plan has served as a framework for guiding the response to COVID-19 pandemic and resolving ongoing supply and demand challenges. The department is currently in wave three which focusses upon increasing the department's labour market offer through increasing work coach capacity, estates capacity and external provision.

1.5 In the event of a second surge, the department would look to utilise the type of re-deployment options that worked so well in the early months of the pandemic. This could include increasing the size of the Virtual Service Centre which was developed as a response to COVID-19 in order to increase service delivery by way of staff redeployment, via internal staffing moves and outsourcing support, and increasing staffing on priority call lines.

1.6 The department would also draw on its analysis of the way different COVID-19 related relaxations of standard processes impacted fraud and error. Utilising this knowledge will help the department strike a balance between identity verification and claim clearance, should volumes dramatically increase.

1.7 The department would develop a communication campaign as part of this approach, drawing on previous lessons learned. Targeted communications would encourage claimants to verify their identity online, via 'Verify' and 'Confirm Your ID', to protect the Universal Credit Gateway. For anyone unable to use online channels, the department would continue to use enhanced biographical questions to improve the accuracy of identity verification over the phone, supplemented by specialist intervention where necessary.

**2: PAC Conclusion: *Even before COVID-19, fraud and error overpayments were at their highest ever rates, with around £1 in £10 of Universal Credit paid incorrectly.***

**2: PAC recommendation: *The Department needs to show sustained progress in reducing fraud and error. It should set annual targets, by risk and benefit, against which its progress can be assessed, based on its expectation of the intended impact of its counter fraud and error initiatives over time. These should be set out and reported against in its Annual Report and Accounts for 2020–21***

***For Universal Credit, the Department should set out its plan for year-on-year reductions in fraud and error, assessing performance against short-term, achievable targets.***

2.1 The government agrees with the Committee's recommendation.

**Target implementation date:** July 2021

2.2 The department had provisionally agreed to set an overall target for 2020-21, based on detailed fraud and error forecasts along with Universal Credit business case assumptions. The confirmation of this target was suspended with the onset of COVID-19.

2.3 The department is currently undertaking detailed sampling work in order to provide an estimate of the level of fraud and error in 2020-21. The focus will be primarily on reviewing Universal Credit as a priority, given the increase in the caseload and given the rates of fraud and error for Universal Credit.

2.4 The department anticipates that the COVID-19 pandemic will have impacted fraud and error levels, and this detailed analysis is needed in order to baseline the current position. The department is committed to publishing an annual target post COVID-19 pandemic, and to using the Fraud and Error Framework to drive fraud and error down to the lowest feasible level.

2.5 The department will publish its Fraud and Error results as part of its annual Statistical release. Following that, the department should be in a position to publish an annual target for 2021-22. The department will consider the viability of individual/lower level targets as part of this approach.

**3: PAC conclusion: *COVID-19 will lead to further increases in fraud and error. The Department has an opportunity to learn from the impacts of its control easements.***

**3: PAC recommendation: *The Department should report both the total level of fraud and error in the benefit system and the impact of its easing of controls on fraud and error, accompanied by both narrative and evidence, in its Annual Report and Accounts for 2020–21. This impact should be clearly distinguished from other fraud and error impacts of COVID-19 e.g. due to the increase in caseload.***

***The Department should use information obtained from the process of easing and restoring controls to assess the cost-effectiveness of controls.***

3.1 The government agrees with the Committee's recommendation.

**Target implementation date:** July 2021

3.2 The department accepts that its response to the COVID-19 pandemic has presented an opportunity to evaluate the controls it has in place and assess the impact of those controls in terms of fraud and error prevention.

3.3 During the COVID-19 pandemic, the department has seen a massive increase in demand and paid benefit to an additional three million claimants. Restrictions meant that the department could not routinely see people face to face and carry out its normal checks during this time.

3.4 The department introduced easements (changes to its processes) to ensure that it paid people who needed support during this period. This meant introducing Trust and Protect principles around key areas of verification; namely identity, eligibility and accuracy elements. This meant placing more reliance on claimants' declarations. However, the department quickly introduced mitigations to strengthen the new process and ensure that sufficient and proportionate checks were in place. Initial forecasts indicate that this significantly reduced the department's exposure to fraud and error.

3.5 The department is working on separating out the potential impact of the COVID-19 pandemic and potential losses from easements, along with savings from subsequent agreed changes to easements, mitigations and retrospective action. These numbers will be quite distinct from existing fraud and error levels.

3.6 The normal fraud and error sampling exercise (and publication) will set out the levels of fraud and error in Universal Credit. However, the department will in addition set out in the Annual Report and Accounts the impact the pandemic has had on Universal Credit losses.

**4: PAC conclusion: *The Department cannot demonstrate that it is doing everything that is cost-effective to tackle fraud and error.***

**4: PAC recommendation: *The Department needs to be able to monitor and report on the impact and cost effectiveness of each of its fraud and error initiatives and in particular on the impact of its investment in new technology.***

***The Department should monitor and report any discrimination or bias caused by using artificial intelligence and machine learning on different claimant groups.***

4.1 The government agrees with the Committee's recommendation.

**Target implementation date:** July 2021

4.2 The department is able to track the effectiveness of new technologies. The department is also conscious of the need to address any potential for bias in its approach to fraud and error and is taking steps to do so.

4.3 There are benefit realisation plans in place to monitor the impact of new digital technologies such as those being delivered through initiatives such as the Counter Fraud and Error Management System, Verify Earnings and Pensions, Transaction Risking and the Data Services Platform. These projects now form part of the new Fraud, Error and Debt Portfolio, which will track initiatives and potential savings between now and 2023-24.

4.4 The department's Monetary Value of Fraud and Error estimates are published annually. Alongside that, the department continually monitors a huge range of data on fraud and error detected through both interventions and customer reporting. The department also tracks its results from internal accuracy checks. The Integrated Risk and Intelligence Team now acts as a central unit for all this data and provides a single view of risk for the whole department. Collectively, this approach helps gauge the strength of particular initiatives and identifies remaining gaps.

4.5 The department has a draft Data Science Ethics Framework for machine learning that ensures it considers bias and discrimination in the design of predicative models. The Integrated Risk and Intelligence Service is working with legal experts to ensure that the ethical and legal position of all of its products have been properly considered ahead of any wider automation.

4.6 The department will provide an update on how it is using data to tackle loss as part of the annual report and accounts fraud and error narrative.

**5: PAC conclusion: *The Department has made slower progress on some causes of fraud and error; this is sometimes due to legislative and regulatory restrictions.***

**5: PAC recommendation: *The Department should review the regulatory regime around its fraud and error activities and communicate to parliament where it believes additional powers or other changes to legislation would improve controls for specific fraud and error risks.***

5.1 The government agrees with the Committee's recommendation.

**Target implementation date:** July 2021

5.2 Latest figures for 2019-20 show that undeclared capital accounted for 22%, equating to £881 million, of all fraud and error loss across Department for Work and Pensions benefits. Despite the department's best efforts this money is difficult and costly to identify if it is not declared.

5.3 The government Counter Fraud Function has explored options for new legislative powers to increase the effectiveness of counter fraud activity. The department has been closely involved in and supportive of this work. One of the main drivers of this cross-government approach is to consider the case for levelling up fraud capability and legislative powers across departments.

5.4 Levelling up powers, by raising the department's investigatory powers to the same degree as other departments, and thereby enabling access to bulk tax information held by banks and financial institutions, would support investigations and/or compliance activity relating to capital fraud.

5.5 The department is at the same time developing non-legislative measures to improve counter fraud activity, including finding new ways to work with the banks and possible open banking opportunities, but it is this legislative solution that would potentially have the greatest effect on reducing capital loss.

5.6 The lockdown period has in addition shown that the department's investigatory powers and penalties processes are reliant on face to face activity. Removing restrictions would help the department to deploy its penalties and investigative powers in a modern and digitalised way.

5.7 In each instance, the department would bring any proposed legislative change to Parliament for scrutiny in the usual way.

**6: PAC conclusion: *As at 31 March 2020, the Department was owed £5.3 billion from benefit overpayments, benefit advances and Tax Credits debt. This number continues to increase rapidly.***

**6: PAC recommendation: *The Department should set out clearly in its Annual Report and Accounts, starting 2020–21: the methods open to it to recover debt; the efficacy of each of these methods on recovering different types of debt; and its expectation of its recovery of different types of debt which are accumulating due to overpayments and be clear about the resources required to deliver on its targets.***

6.1 The government agrees with the Committee's recommendation.

**Target implementation date:** July 2021

6.2 The department can recover debt in various ways, including directly from benefits, from earnings via a Direct Earnings Attachments, or ultimately, from a debtor's estate.

6.3 Overall deductions policy is complex. Recovery is increasingly made via Universal Credit payments. The purpose of the overall deductions policy in Universal Credit is to both safeguard the welfare of claimants who have incurred debt and to provide a cost effective and efficient mechanism to recover outstanding overpayments.

6.4 Regulations protect claimants from excessive deductions. From October 2019, the overall maximum level of deductions that can be taken from Universal Credit was reduced from 40% to 30% of the Standard Allowance. This will decrease to 25% with effect from October 2021. Equally, through the priority order for deductions, the department seeks to protect vulnerable claimants by providing a repayment method for arrears of essential services. This means that the debt rate can only be calculated once other deductions have been taken into account.

6.5 The department is improving operational efficiency via, for example, Repay My Debt, which will enable customers to pay their debt online and increased automation of processes. The department is also developing data analytics to facilitate a more proactive approach to managing financial hardship.

6.6 The department will look to provide additional information in its annual report and accounts to show the different recovery options, the sums attributable to each method and outstanding debt stock.

**7: PAC conclusion: *The people that are being overpaid and underpaid are amongst those least likely in society to be able to pay the money back or absorb an underpayment.***

**7: PAC recommendation: *The Department should do more to understand the impact that both overpayments and underpayments have on claimants and ensure that vulnerable claimants are treated with care when dealing with error on the claim.***

***As the Department investigates the impact of its COVID-19 response, it should consider systemic causes of underpayment and act quickly to assess and address these issues. We would like to hear from the department how it intends to do this.***

7.1 The government agrees with the Committee's recommendation.

**Target implementation date:** Spring 2021

7.2 The department agrees that it needs to recover money efficiently without disadvantaging customers. As part of the response to the COVID-19 pandemic, debt recovery was paused for three months from April 2020. Recovery recommenced from July 2020 but the department continues to apply a flexible approach.

7.3 All customers or their representatives can contact Debt Management if they are experiencing financial hardship in order to request a reduction in their rate of repayment or a temporary suspension of repayment, depending on their financial circumstances. The department's analysts are currently looking at how the department can use financial data to help identify vulnerable customers at source so that deductions can be tailored, and collection strategies refined.

7.4 The department remains committed to delivering Breathing Space. This Treasury-led policy, due to take effect in 2021, will allow people with problem debt to obtain protection from creditor action and time to access debt advice, enabling them to arrange a suitable solution to their debts.

7.5 The Cabinet Office recently conducted a public call for evidence on the issue of 'Fairness in debt management'. The department will be working with government colleagues in order to consider the key findings.

7.6 A key priority for our work is to get benefit payments correct at the outset. Part of this is about helping

claimants to report their circumstances correctly. The increased use of data will help the department check entitlement and correct any over or underpayment at the earliest opportunity. Verify Earnings and Pensions alerts are very much part of this approach.

7.7 At a strategic level, the department will continue to analyse the root causes of fraud and error so that future initiatives can target the causes of underpayments. Where underpayments are identified as a result of official error, the department will pay arrears in full at the earliest opportunity.

7.8 The department will write to the Committee with an update on its progress in Spring 2021.

# Twenty-Seventh Report of Session 2019-21

## Cabinet Office and Department of Health and Social Care

### COVID-19 Supply of Ventilators

#### Introduction from the Committee

Ventilators are medical devices that assist or replace a patient's breathing. Patients with COVID-19 who are admitted to hospital often have problems breathing. On arrival in hospital a patient's blood oxygen level is measured. If it is low, then the patient may be given standard oxygen therapy using a mask; non-invasive ventilation where oxygen is delivered under pressure via a mask or helmet; or invasive mechanical treatment using a mechanical ventilator, which takes over a patient's breathing. The specific treatment used is a judgement for clinicians and patients may undergo more than one treatment during a stay in hospital.

In the early stages of the pandemic, based on information available at the time, the NHS believed it could need far more mechanical ventilators than were available. From March 2020, the government made efforts to rapidly increase the number of ventilators available to hospitals in the UK. Its strategy included: purchasing ventilators from suppliers on the global market, led by the Department of Health & Social Care (the Department); and encouraging UK manufacturers to design and scale-up production of ventilators as part of the 'ventilator challenge', led by the Cabinet Office.

Based on a report by the National Audit Office, the Committee took evidence, on Monday 12 October 2020 from the Department of Health and Social Care. The Committee published its report on 25 November 2020. This is the Government response to the Committee's report.

#### Relevant reports

- NAO report: [COVID-19 Supply of Ventilators](#) – Session 2019-21 (HC 731)
- PAC report: [COVID-19 Supply of Ventilators](#) – Session 2019-21 (HC 685)

#### Government response to the Committee

**1: PAC conclusion: *The Departments lost a crucial month because they were underprepared and reacted slowly to the shortage of mechanical ventilators.***

**1: PAC recommendation: *The Department of Health and Social Care and NHS England and NHS Improvement should set out how their future plans for responding to emergencies will address:***

- ***Maintaining an adequate asset register of its critical equipment and a method for quickly gathering the up to date data.***
- ***Protocols for rapid procurement of critical equipment.***
- ***The need for surge capacity in the NHS's supply chains.***

1.1 The government agrees with this recommendation.

**Target implementation date:** Summer 2021

1.2 NHS providers maintain asset registers of critical equipment. In the short term, the processes established for the COVID-19 pandemic have demonstrated that a national view of critical equipment together with any associated required information can be quickly gathered when needed. Should information on a different type of equipment be required this process would be repeated.

1.3 In the longer term, consideration is being given to how information in local asset registers could be standardised to ease consolidation. This could include promotion of standardised taxonomies for product descriptions and the adoption of standards for information exchange.

1.4 The equipment purchased as part of the COVID-19 response has both increased NHS provider

capacity and created a strategic reserve of equipment for use in future incident responses. Together this should significantly reduce the need for future rapid equipment procurement.

1.5 However, should future rapid procurement of equipment be required, variants of the processes used for COVID would be used. The National Audit Office reviewed these processes, reporting that they provided effective management and sought to control costs where they could be controlled.

1.6 Inevitably, the circumstances of any future rapid procurement may differ from those experienced in early 2020 and so the department would expect to adjust, and where possible improve, the processes accordingly.

1.7 As part of the COVID response, strategic reserves of equipment, consumables, medicines and PPE have been created to provide additional capacity to meet future surges.

1.8 Whilst these stockpiles have been designed to meet immediate needs, once the pressures of COVID have subsided, we would expect to review stockpile levels to ensure that they remain appropriate given up-to-date assessment of the risks facing the UK.

**2: PAC conclusion: *It is not clear how the Department of Health and Social Care is assessing whether the NHS has enough critical care equipment for future demand.***

**2: PAC recommendation: *The Department of Health and Social Care should write to us within one month of this report explaining its current methodology for assessing 6 COVID-19: Supply of ventilators whether it has all the equipment it needs to respond effectively to the pandemic.***

2.1 The government agrees with this recommendation.

### **Recommendation implemented**

2.2 Given the exceptional circumstances of the pandemic, since March 2020, DHSC and NHS E/I have worked together to provide additional support to NHS trusts to help ensure sufficient medical equipment, including ventilators, were available.

2.3 This has included the direct purchase by the government of 22,300 mechanical ventilators, 12,150 non-invasive ventilators, 9,500 CPAP machines and thousands more items of associated medical equipment. DHSC has also worked with NHS E/I to develop and implement an escalation and national loan process through which trusts could make urgent requests for this equipment which was then quickly and efficiently distributed to where it was needed. More information about this [national loan process can be found on NHS England's website](#)

2.4 Since March, over 30,000 items of equipment have been distributed across the UK through these processes, however significant volumes of equipment remain available in national stocks to distribute to Trusts (through Regional teams) if they need them.

2.5 Therefore, the department have assured themselves that the NHS have both the right processes in place and hold sufficient stock, to ensure trusts have all the equipment they need to respond to the pandemic.

**3: PAC conclusion: *Despite having to operate at speed, the Department of Health and Social Care still had a duty to carry out full due diligence for all parts of the supply chain.***

**3a: PAC recommendation: *The Department of Health & Social Care should set out in its Treasury Minute response its view of the risk resulting from the speed of its due diligence on its purchase of ventilators and how it is ensuring that its due diligence procedures for future procurements cover the full supply chain during emergency procurement. This should include how it will minimise the risk of contributing to modern slavery and meet other legal requirements.***



3.1 The government agrees with this recommendation.

#### **Recommendation implemented**

3.2 The majority of devices purchased during this period were through framework agreements where NHS standard procurement processes had been followed. These include usual full due diligence checks.

3.3 Where devices were purchased outside these normal framework agreements, due diligence on suppliers was undertaken along with colleagues from FCO (now FCDO). This included commissioning rapid risk reports on potential new suppliers through specialist third party organisations. However, given the extreme urgency and exceptional circumstances, it is inevitable that the ability to conduct thorough due diligence checks were more limited during March and April 2020 than normal.

3.4 The checks that we undertook were appropriate to the circumstances faced and uncovered no material concerns relating to organisations that the department contracted with.

3.5 The government is confident that the increased capacity purchased already, and improved horizon scanning arrangements that we have now put in place (as set out in the answers to 1 and 2 above) will significantly reduce the need to rely on rapidly purchasing equipment outside of normal procurement processes in future. The department takes all allegations of modern slavery very seriously and is committed to ensuring all suppliers follow the highest legal and ethical standards, fully understand their supply chains and operate responsibly.

**3b: PAC recommendation: *The Cabinet Office should also set out what updates it plans to make to its guidance to help departments meet this requirement during emergency procurements.***

3.6 The government agrees with this recommendation.

**Target implementation date:** February 2021

3.7 The Cabinet Office will publish an update to Procurement Policy Note 01/20 to strengthen guidance on the risks to be considered when using emergency procurement procedures.

**4: PAC conclusion: *The ventilator challenge was an exceptional and far from traditional approach that offers some lessons for future programmes although they could not be applied wholesale under normal circumstances.***

**4: PAC recommendation: *As part of its treasury minute response, the Cabinet Office should work with participants to understand and ensure the right lessons from the ventilator challenge are learnt. It should publicise:***

- which lessons were unique to the circumstances;***
- which can be applied to future programmes. It should ensure these lessons are disseminated to the appropriate government departments or functions; and***
- be clear about the risk to taxpayers' money of this innovative approach.***

4.1 The government agrees with this recommendation.

**Target implementation date:** June 2021

4.2 The Government Commercial Function is in the process of updating the Outsourcing Playbook V2 which will be launched as a Sourcing Playbook in Spring/Summer 2021 and will incorporate the lessons from the Ventilator Challenge that can be applied to future programmes. The Ventilator Challenge lessons will be captured as a case study and used as part of training on risk - this will be disseminated as part of the regular knowledge sharing sessions with government departments.

**5: PAC conclusion: *Both programmes succeeded in part due to cross-government working and the expertise of key individuals involved.***

**5: PAC recommendation: *The Cabinet Office should set out, as part of its Treasury Minute response, what lessons it has learnt from these programmes for how government will, in future, ensure that it identifies the skills it needs, where these skills are, and how it will get them in place quickly when a rapid response is required.***

5.1 The government agrees with this recommendation.

**Target implementation date:** March 2023

5.2 The Government Commercial Function and associated central employment model of the Government Commercial Organisation enables the Cabinet Office to continue to optimise the skill development and deployment of staff with these skills accordingly. Further activity is underway to ensure that assessment and associated capability building in the commercial space continues in both government departments and across the wider public sector, with a target date of March 2023 to have achieved scale. This will ensure that in the event of future crises more commercially trained /assessed and accredited staff will be available for deployment.

**6: PAC conclusion: *The ventilator challenge produced intellectual property that should be exploited to maximise value for the taxpayer.***

**6: PAC recommendation: *The Cabinet Office should set out, as part of its Treasury Minute response, how it plans to maximise the value to the taxpayer from the intellectual property created through the ventilator challenge. This should include how it plans to:***

- use its learning from the ventilator challenge to set out how it could bring together small and large companies to develop workable and scalable products that the government needs in future; and***
- monitor whether intellectual property it owns is used so that it can achieve value for money for the taxpayer.***

6.1 The government agrees with this recommendation.

### **Recommendation implemented**

6.2 As a result of the Ventilator Challenge, the government owns a number of designs for viable, emergency-use mechanical ventilators. It has standard licencing terms for licencing these designs and have supported conversations pursuant to organisations licencing the designs. To date, this has not resulted in any revenue to the government.

6.3 In terms of sharing the lessons learned on the Ventilator Challenge with respect to innovation, a document has been developed with key lessons and this has already begun to be shared, including at the Government Innovation Symposium on 15 December 2020.

# Twenty-Eighth Report of Session 2019-21

## Department for Business, Energy & Industrial Strategy

### The Nuclear Decommissioning Authority's management of the Magnox contract

#### Introduction from the Committee

The Nuclear Decommissioning Authority (NDA) is the government agency, sponsored by the Department for Business, Energy & Industrial Strategy (the department), with responsibility for decommissioning the UK's civil nuclear sites that are no longer producing electricity. The NDA's estate includes 17 sites, 12 of which (10 power stations and two research facilities) had been managed by Cavendish Fluor Partnership (CFP) under a contract awarded in 2014 (the Magnox contract). In 2018 we reported on the catastrophic failure of the NDA's procurement and management of this contract. We reported that the failure had cost the taxpayer around £122 million and that a lack of commercial skills in the NDA, compounded by inadequate knowledge of the Magnox sites, were key causes of the failure. The NDA negotiated the termination of the Magnox contract with CFP in 2017, with a consequent additional £20 million cost to the taxpayer to leave the contract. In September 2019, after a two-year contractual notice period, the NDA brought the Magnox sites under the management of its wholly owned subsidiary, Magnox Ltd. We took evidence from both the department and the NDA on the termination of the Magnox contract. The evidence covered a wide range of topics relevant to the NDA and the department's management and oversight of the decommissioning of the UK's nuclear sites. This report, therefore, covers both the decommissioning of the Magnox sites and broader strategic challenges facing the department and the NDA.

Based on a report by the National Audit Office, the Committee took evidence, on 5th October from the Department for Business, Energy & Industrial Strategy. The Committee published its report on 27th November. This is the government's response to the Committee's report.

#### Relevant reports

- NAO report: [Progress report: Terminating the Magnox contract](#)– Session 2019-21 (HC 727)
- PAC report: [The Nuclear Decommissioning Authority's management of the Magnox contract](#)– Session 2019-21 (HC 653)

#### Government responses to the Committee

**1: PAC conclusion:** *There remains significant uncertainty over the cost and timetable for decommissioning the Magnox sites and estimates continue to increase.*

**1: PAC recommendation:** *The Nuclear Decommissioning Authority should set out how it will develop a clearer means of reporting publicly on the level of uncertainty and risk across its sites.*

1.1 The government agrees with the Committee's recommendation.

**Target implementation date:** Summer 2021

1.2 The risks and hazards the NDA manages are amongst the most challenging anywhere in the world and internationally there are few programmes of the same scale and complexity.

1.3 The NDA has five principal documents which communicate its forward plans and costs. These documents set out its key milestones, intended programme of work and information in relation to its lifetime cost estimates:

- [NDA Strategy](#)
- [NDA Business plan](#)
- [NDA Mission progress report](#)
- [NDA explanation of the Nuclear Provision](#)
- [Uncertainty ranges provided in our Annual Report and Accounts](#)

1.4 These documents are also the NDA's means of publicly communicating the challenges and uncertainties associated with its mission. Of these documents, the Mission Progress Report and the Nuclear Provision document are the most important for explaining the long-term nature of the mission and the levels of uncertainty across the sites, including the Magnox sites. The NDA will develop these, and the versions published in 2021 will draw out the specific issues related to the Magnox sites.

**1a: PAC recommendation: *The Nuclear Decommissioning Authority should also set out how it will prioritise its work on its sites in order to decommission them in the safest and most efficient way.***

1.5 The government agrees with the Committee's recommendation.

**Target implementation date:** Summer 2021

1.6 The NDA has been considering the best approach to decommissioning its Magnox sites. The strategy it has had to date assumed a uniform approach to each of its Magnox sites. This consisted of site clearance of most buildings and then leaving the sites in a safe and secure state for several decades, before final site clearance. This is referred to as a "care and maintenance" approach.

1.7 Based on the experience and lessons learned from successfully putting the Bradwell site into care and maintenance, the NDA is now in a position to propose a more bespoke strategy which allows some stations to use the care and maintenance approach and others to be fully decommissioned with final site clearance in one continuous process, with no (or a reduced) period of safe and secure storage stage. This new strategy allows a programme of decommissioning to be put in place and will result in a reduction in costs.

1.8 NDA's consultation period for its [new strategy](#) has recently concluded. Under this new strategy the NDA would revise its specifications for Magnox reactor decommissioning to reflect the change to site-specific decommissioning strategies. Following this, a timetable will be determined that best suits each site and a business case developed to set out the benefits and cost and schedule impacts of any changes. This strategy will also see the decommissioning of the reactors at the Trawsfynydd site brought forward as the lead example.

1.9 The NDA will include the key dates for some of the Magnox sites under this new strategy in its Business Plan to be published in Spring/Summer 2021. A more complete list will be included in the Business Plan published in Spring/Summer 2022.

**2: PAC conclusion: *The uncertainty affecting the Magnox sites reflects a wider uncertainty about the costs and timetable of decommissioning the whole civil nuclear estate.***

**2a: PAC recommendation: *Taking into account the feedback from its public consultation, the Nuclear Decommissioning Authority should exploit opportunities to reduce the time taken to decommission its sites and should identify the impact of such reductions on the cost profile.***

2.1 The government agrees with the Committee's recommendation.

**Target implementation date:** Summer 2021

2.2 The NDA is charged with the mission to clean-up the UK's earliest nuclear sites safely, securely and cost-effectively.

2.3 In April 2019, it launched One NDA. The One NDA approach to working is firmly based on maximising the opportunities that come from working more effectively and efficiently as a group of businesses.

2.4 The benefits it is striving to achieve from the One NDA approach are:

- Increased value for money for the taxpayer
- Enhanced performance and delivery of outcomes
- Strong organisational health
- Improved stakeholder confidence and trust
- Improved culture for our people

2.5 The NDA seeks opportunities to reduce the time and cost of its decommissioning activities at all of its sites. It examines and revises its strategy on a regular basis to look at better ways of approaching its mission. The example given in 1.4 and 1.5 above in relation to the revised approach to decommissioning the Magnox sites provides an indication of its work to optimise its portfolio of work.

2.6 While the NDA expects the new site-specific decommissioning strategies to be defined over the next 12 to 18 months, they will be continuously reviewed and optimised using the learning obtained from the sites being decommissioned.

2.7 The NDA will report back to the Committee following publication of the new strategy. The NDA and Magnox Limited will subsequently update the lifetime plans for the Magnox sites. The NDA's key document setting out dates for decommissioning is its Business Plan which is updated annually in the Spring. The edition of the Business Plan published in Spring 2021 will take account of the Committee's recommendations and as set out in the answer to section 1.4 to 1.7, further data on indicative timing and expenditure will be published in the Business Plan for 2022 and will be confirmed in future spending reviews.

**2b: PAC recommendation: *The department and the Nuclear Decommissioning Authority should take whatever steps are necessary to provide a firmer estimate of the cost of decommissioning the sites of the Advanced Gas-Cooled Reactors so that the public has a more reliable indicator of the scale of the public liability.***

2.8 The government agrees with the Committee's recommendation.

**Target implementation date:** Summer 2021

2.9 The department will continue to work with the Nuclear Decommissioning Authority (NDA) and EDF to understand the scale of the liability for decommissioning the Advanced-Gas-Cooled Reactor stations (AGRs).

2.10 The AGRs are owned and operated by EDF Energy, which under existing contractual arrangements is responsible for submitting plans for decommissioning activities and estimating costs. The decommissioning of the stations will be funded by the Nuclear Liabilities Fund (NLF), a segregated fund managed by trustees and underwritten by the government. The NDA is responsible for scrutinising and approving EDF Energy's decommissioning plans and certifying that costs qualify for payment by the NLF. EDF Energy, NLF and BEIS annual reports each contain estimates of the costs of decommissioning the AGRs (and the Pressurised Water Reactor at Sizewell B, also owned and operated by EDF Energy) – all derived from EDF's decommissioning plans.

2.11 The department is undertaking further work with EDF Energy and the NDA to consider how efficient and cost-effective decommissioning can be planned for and delivered in the future. This includes consideration of how the stations will be owned and managed in the future and is expected to conclude in Spring 2021.

**2c: PAC recommendation: *The Nuclear Decommissioning Authority and the department should make it a priority to progress their plans to find a location for a Geological Disposal Facility in order to reduce interim storage costs at Sellafield and elsewhere, and should confirm when they consider such a Facility might feasibly become available for the storage of waste.***

2.12 The government agrees with the Committee's recommendation.

### **Recommendation implemented**

2.13 The NDA and the government agree that it is a priority to identify a location for a geological disposal facility. A process to identify a location is currently underway. The Authority expects a geological disposal facility to be operational by the 2040s.

2.14 In addition, the NDA is examining the technical feasibility of disposing of a proportion of less hazardous radioactive waste currently stored at Sellafield in a [near surface disposal facility](#). The type of waste under consideration for disposal in a near surface facility is less hazardous intermediate level radioactive waste. This waste does not require the isolation and containment of geological disposal to be disposed of safely. More of this type of waste will arise in future as decommissioning progresses. This exploratory work supports government policy which requires the NDA to consider other disposal options that could improve the long-term management of higher activity waste.

2.15 Disposing of less hazardous intermediate level waste in near surface facilities could result in earlier and more cost-effective decommissioning of nuclear sites. It could reduce the need for interim storage at Sellafield and elsewhere. The NDA estimates it could take approximately 10 years to obtain the necessary regulatory permissions and build a near surface facility. It is also exploring whether an existing facility for the disposal of low-level radioactive waste could also take intermediate level waste that is close to the boundary between intermediate level waste and low-level waste.

**3: PAC conclusion: A shortage of the right skills within the Nuclear Decommissioning Authority and across the nuclear industry remains a significant barrier to progress.**

**3: PAC recommendation: Within 6 months of publication of this report, the department and the Nuclear Decommissioning Authority should publish a detailed plan for how they plan to meet the demand for skills across the UK nuclear industry over the next 5–10 years of waste.**

3.1 The government agrees with the Committee's recommendation.

**Target implementation date:** Summer 2021

3.2 The development and retention of a skilled workforce for the UK nuclear industry is a key focus for NDA and the department, this is reinforced in the Nuclear Sector Deal and in the work of the Nuclear Skills Strategy Group (NSSG). The department and NDA are both members of the NSSG and the current Chair of the Group is a director of the NDA. The NSSG's stated intent is to meet the future demands for skilled workforce in the nuclear sector and it has published a [Nuclear Skills Strategic Plan](#), plus an [update in 2018](#) in order to summarise its proposals. This Strategic Plan highlights the importance of developing the right skills in the right place through a partnership between the government and industry. The NDA and the department will continue to work with the NSSG to inform these plans to meet the demand for skills over the next 10-year time horizon and beyond.

3.3 The NDA and the department will work with the NSSG to review the Nuclear Skills Strategic Plan and to assess whether the current plan needs to be updated.

**4: PAC conclusion: For the new delivery model to work, it will be vital that the department exercises strong oversight of the Nuclear Decommissioning Authority and implements the findings of forthcoming reviews into the failure of the original Magnox contract and the role of the Authority.**

**4a: PAC recommendation: On publication of the Holliday report and tailored review, the department and the Nuclear Decommissioning Authority should set out publicly what has been learnt from them and how the reports are being used to inform the development of the new delivery and governance models.**

4.1 The government agrees with the Committee's recommendation.

**Target implementation date:** Summer 2021

4.2 The NDA and the department have implemented many changes to its ways of working as a result of the recommendations and lessons learned from the interim Magnox inquiry report published in 2017. Following publication of the final report and the departmental review report, the NDA and the department will review the findings and subsequently publish a summary of the lessons learned and how these will be implemented.

**4b: PAC recommendation: *In responding to this report, the department should set out clearly its rationale for relying on UK Government Investments to represent it on the Board of the Nuclear Decommissioning Authority, rather than such oversight being provided directly by its own team which is dedicated to looking at the NDA.***

4.3 The government agrees with the Committee's recommendation.

**Target implementation date:** Summer 2021

4.4 The government's assurance and oversight of the NDA has been strengthened over many years, including the appointment of a UK Government Investments (UKGI) director to the NDA Board in 2017 as part of the shareholder function. This has allowed the NDA Board to benefit from UKGI's expertise as government's centre of excellence for corporate governance and corporate finance. This capability is unique, especially when coupled with the added value drawn from learnings across the portfolio of UKGI assets. UKGI also brings essential consistency and corporate memory to oversight of the NDA.

4.5 The NDA Board provides the ultimate level of assurance and performance monitoring within the NDA itself. The presence of a UKGI director on the board ensures that the NDA delivers a consistent message on their overall performance and assurance but can also help to bring about change where required.

4.6 UKGI does not function at arms' length. It operates on behalf of BEIS in delegated areas, as set out within the UKGI/BEIS MOU, and the NDA Framework Document. The UKGI shareholder team reports directly into BEIS at DG level and the shareholder team works in partnership with the BEIS Sponsorship and Policy team. As set out above, the department feels that the sponsorship of the NDA has already been strengthened, however the government looks forward to reviewing the recommendations of the Departmental Review of the NDA and the Magnox Inquiry and considering how it can use those to further strengthen the oversight of the NDA.

**5: PAC conclusion: *The Nuclear Decommissioning Authority is not doing enough to exploit its various assets, either for the benefit of local communities or the UK economy as a whole.***

**5: PAC recommendation: *The NDA should develop a strategy for maximising the economic benefits of developing and, where appropriate, exporting its knowledge and assets to alleviate the burden on the taxpayer. These include the skills and experience of the UK nuclear industry, the decommissioning technologies it has developed, and the land and other physical assets the NDA holds.***

5.1 The government agrees with the Committee's recommendation.

**Target implementation date:** Winter 2021

5.2 NDA's forthcoming [Strategy](#), a draft of which was recently subject to consultation, discusses the economic benefits of the NDA's work, its support for the Nuclear Sector Deal and its strategy to support international opportunities and collaboration.

5.3 NDA's mission is to deliver safe, sustainable and publicly acceptable solutions to the challenge of nuclear clean-up and waste management. In doing this the NDA are cognisant of the need to consider value for money to the taxpayer and the interests of the workforce and communities around its sites.

5.4 The NDA group has an annual budget of circa £3.3 billion of which around £1.9 billion flows through the supply chain. The main socio-economic impact generated by the NDA's work comes from local wages and supply chain expenditure. NDA has a supply chain strategy that seeks to build commercial capability to maintain a resilient, sustainable, diverse, ethical and innovative supply chain that optimises value for money for the UK taxpayer when sourcing goods and services. There are many examples of companies within the UK supply chain developing techniques and equipment which they are then able to deploy on specialist work in other countries such as at Fukushima in Japan, and in other sectors. The NDA already supports the UK Nuclear Sector deal, the skills agenda for the nuclear industry and the Department for International Trade's export agenda,

5.5 In addition, the NDA generates significant commercial income from its current operations (£789 million in financial year 2019-20) which includes revenue from our overseas reprocessing contracts amongst other sources. This income is used to offset some of the costs of the decommissioning programme.

5.6 The NDA will report on progress in this area in its annual report to provide greater transparency.

**6: PAC conclusion: *Public accountability is hindered by a lack of transparency about the scale and nature of the challenge of decommissioning and the performance of the NDA.***

**6: PAC recommendation: *NDA should be more transparent about its current and future plans with the local communities surrounding its 17 sites to strengthen public accountability and make clear the socioeconomic impact of its planned activities.***

6.1 The government agrees with the Committee's recommendation.

**Target implementation date:** Winter 2021

6.2 The NDA's annual Business Plan is the key document to explain decommissioning activities around its sites. In the next edition to be published in Spring 2021 the NDA will make particular efforts to explain the main decommissioning work on a site-by-site basis in clear language with transparent dates and indicative figures on expenditure. The Business Plan is subject to public consultation allowing individuals, groups and organisations to submit their views, so that we have a good idea of what local communities would like to see in it prior to finalisation and publication.

6.3 Moreover, the NDA holds regular engagements with the stakeholders local to its sites through a series of site stakeholder groups.

6.4 The Business Plan allows local communities to see the socio-economic impact of the NDA's activities. However to further increase transparency, NDA also provides a further in-depth analysis of its work, for instance the impacts associated with the Magnox sites were [reported and published](#) in 2018.

6.5 During 2021 the NDA will update its report on economic impact assessments and report back to the committee. This study will cover all of the NDA's sites, using a similar methodology to the 2018 study which covered direct employment effects, supply chain expenditure and indirect effects of local expenditure on hotels and local shops.



# Twenty-Ninth Report of Session 2019-21

## Cabinet Office and HM Treasury

### Whitehall Preparations for EU Exit

#### Introduction from the Committee

The UK voting to leave the EU created a significant challenge for the government to develop policy and deliver the practical changes needed to leave the EU. Every department has been affected by the EU Exit. They have had to prepare for multiple potential outcomes, work together on key issues and engage stakeholders who would also have to take action to be ready. At the peak, 22,000 civil servants worked on preparations and, collectively, departments had spent at least £4.4 billion on their preparations up to 31 January 2020. The effort is ongoing, with 15,000 civil servants currently working on preparations for the end of the Transition Period. The Cabinet Office is currently responsible for oversight of readiness preparations, through its Transition Task Force and Border and Protocol Delivery Group, since the Department for Exiting the EU was disbanded in January 2020. The government now faces other challenges of a similar magnitude to EU Exit preparations, such as the response to the Covid-19 pandemic and work to meet the net zero emissions target. These challenges will require departments to work more closely together than usual, to work in new ways and at speed, and to deal with uncertainty.

Based on a report by the National Audit Office, the Committee took evidence on 8 October from the Cabinet Office and HM Treasury (HMT). The Committee published its report on 2 December 2020. This is the government's response to the Committee's report.

#### Relevant reports

- NAO report: [Learning for government from EU Exit preparations](#) – Session 2019-21 (HC 578)
- PAC report: [Whitehall Preparations for EU Exit](#) - Session 2019-21 (HC 682)

#### Government response to the Committee

**1: PAC conclusion: *We remain extremely concerned about the risk of serious disruption and delay at the short Channel crossings.***

**1: PAC recommendation: *The Committee will shortly be reporting separately and more fully on border preparations.***

1.1 The government agrees with this recommendation.

#### Recommendation implemented

1.2 Alex Chisholm, Cabinet Office Permanent Secretary and Chief Operating Officer of the Civil Service, responded to the Committee in his letter of 19 January 2021.

**2: PAC conclusion: *Government is not doing enough to ensure businesses and citizens will be ready for the end of the transition period, and it is unclear what has been learnt from the previous 'Get ready for Brexit' campaign.***

**2a: PAC recommendation: *Government must maximise all remaining opportunities for getting businesses and individuals to act in the time remaining to January 2021. It must ensure it has adequate information on what third parties are doing to take action, not just relying on surveys of awareness.***

2.1 The government agrees with this recommendation.

## Recommendation implemented

2.2 The government had been preparing extensively for all negotiation outcomes, and that included preparing third parties for the changes that would occur at the end of the Transition Period. The government's approach was three-fold, and consisted of:

- a major national Public Information Campaign (PIC) clearly communicating to businesses and citizens what they need to do to prepare for the end of the Transition Period.
- the drive to GOV.UK where businesses and citizens were encouraged to use the 'Check, Change, Go' checker tool which provided users with a personalised list of actions based on their individual circumstances; and
- a programme of intensive business engagement events involving roundtables, email bulletins, sector panels and webinars, as well as direct contact with businesses and Business Representative Organisations.

2.3 The UK Transition PIC draws on recommendations from a comprehensive internal evaluation and summary report produced in January 2020 on the 'Get Ready for Brexit' (GRFB) campaign, and the NAO report. For example:

- Recommendation 1: Internal lessons learned showed communication activity should prioritise those audiences where a lack of action will lead to the greatest disruption, and where action can be taken on a 'no regrets' basis (it will be required regardless of the outcome of negotiations). Action: The Transition Communication Centre in the Cabinet Office built on and applied the successful prioritisation criteria for GRFB. This has been implemented throughout the PIC; in Phase 3, 'no regrets' actions for borders and business audiences, particularly SMEs, were broadcast through peer-to-peer messaging which showed other like-for-like businesses getting ready.
- Recommendation 2: NAO recommendations included developing a consistent way of measuring impact during the initial period of the campaign, in order to track value delivered throughout. Action: The Cabinet Office developed and collated a full range of measures to gauge third-party awareness and preparedness for the end of Transition, and consequently campaign impact, at the launch of the PIC. This includes intention to act and actions taken by audiences. Data has been continuously sourced from the Devolved Administrations, GOV.UK traffic, call centre incoming call volumes and qualitative engagement insights. It is then collated and tracked by the Transition Communication Centre on a weekly basis and is used to review and inform decisions on campaign activity and spend.

2.4 Government surveys cover not just awareness of the issues involved, but a full range of measures including intention to act and actions taken. The surveys are conducted by independent market research agencies and the Office for National Statistics (ONS). They are a vital means by which the government can estimate expected preparedness along with a range of measures that could only be gathered through a representative survey. Following the Permanent Secretary's letter to the Committee in October 2020, survey data from the ONS has been published and can be found online with the latest relevant ONS release available via the link in the footnote<sup>1</sup>.

2.5 The government is continuously looking for new opportunities to encourage business preparedness; be it for example, through new partnerships or champions. In December 2020, the government intensified its extensive engagement with business by establishing the Brexit Business Task Force, which met weekly to discuss the practical steps businesses needed to get ready by the end of the year.

**2b: PAC recommendation: Government needs to ensure ongoing communications and support for businesses and individuals who may only consider taking action well after 1 January 2021, such as when Covid-19 travel restrictions are eased.**

2.6 The government agrees with this recommendation.

<sup>1</sup><https://www.gov.uk/government/statistics/business-insights-and-impact-on-the-uk-economy-14-january-2021>

**Target implementation date:** June 2021

2.7 The government will continue to support business and citizen readiness as the Transition Period has ended to ensure they know what they need to do. It is fully cognisant that for many businesses action will only be taken once the impacts of changes are felt. It also understands that some businesses, given the pressures of the pandemic, may not have the opportunity to fully familiarise themselves with the rules that will apply following the end of the Transition Period.

2.8 The national public information campaign will run until June 2021 as changes, such as border controls, will be introduced in stages to give time for some businesses to adapt to new arrangements.

2.9 For citizens too, there is likely to be a delay in action, for example because COVID-19 travel restrictions mean there is less urgency around changes related to travel and tourism (for example, around pet passports, driving in the EU, or business travel). The government has already agreed some changes, like applying for settled status will run until June 2021, which will give individuals more time and be highlighted in our guidance to the public.

2.10 The public information campaign entered Phase 4 in January 2021. As new rules become a reality (with the exception of phased changes), communications will focus on loss avoidance and the government's duty of care to direct businesses and individuals to guidance on limiting the consequences of not being prepared by the deadline, the actions they can take and support available to them. It is supplemented by an intense period of departmental post-outcome engagement with sectors affected by the negotiation outcome. GOV.UK remains the central repository of the most accurate and up-to-date guidance to business and citizens and will continue to be prominently advertised.

**3: PAC conclusion: *Government continues to spend too much on consultants to undertake work that could be better done by civil servants and does not do enough to utilise or develop skills and experience in-house.***

**3a: PAC recommendation: *Government should set out how it will ensure it has a full and frank assessment of the impact of cross-government working/working on complex issues on civil servants. This should include both likely positive outcomes in terms of skills or experience gained from working in different departments, and also negative impacts such as workload, resilience and the likelihood of burnout.***

3.1 The government disagrees with this recommendation.

3.2 Please refer to the department's response to recommendation 4.

**3b: PAC recommendation: *Government should accelerate its plans to reduce its reliance on consultants. It needs better challenge of spending on consultants; clear plans to transition skills in-house where there isn't obvious business need for short-term staff; and then monitoring of progress both in terms of decreasing spending and increasing skills levels in the civil service.***

3.3 The government agrees with this recommendation.

**Target implementation date:** March 2021

3.4 The government has established a programme to review each aspect of how the government engages with consultants. Rupert McNeil, Government Chief People Officer, is SRO for the programme.

3.5 The programme covers:

- **Government Consulting Hub** - Establishing the Government Consulting Hub (GCH) to stand up the government centre for expertise in consulting. It will deliver strategy consulting projects to departments, inform best practice on when and how departments engage consultants, triage demand, draw together HM Government (HMG) consulting expertise into a profession, share ways

of working, and be the single source of knowledge and advice on consultancy matters across government.

- **Controls** - Reforming central controls on consultancy expenditure.
- **Data** - Improving the quality of data and reporting on which firms the government uses, how much it spends and for what purpose.
- **Standard** - Developing a new 'consultancy standard' setting out requirements commissioners must meet when buying consultancy (for example, around knowledge transfer and performance management), supported by a Consultancy Playbook and a comply or explain approach
- **Strategic Workforce Planning and Capability and Training** - Sharing knowledge with Strategic Workforce Planning (in Civil Service HR) and Government Curriculum and Skills Unit (GCSU) to tackle capacity and capability drivers of consultancy spend.

3.6 The government is rapidly developing the Hub and aims to launch a pathfinder version of the Government Consulting Hub in early 2021 to iteratively design, test, learn and improve each element of the Hub.

**4: PAC conclusion: EU Exit preparations involved more than 22,000 civil servants at the peak and have cost at least £4.4 billion.**

**4: PAC recommendation: The Cabinet Office should conduct a formal review, including seeking input from third parties (particularly the devolved administrations and local government) and covering the whole period of preparations. This should be done early in 2021 when there's a chance to see how plans have held up in reality post-transition. It should cover structures, communications and oversight—areas which can be applied to other cross-government undertakings.**

4.1 The government disagrees with this recommendation.

4.2 The government is committed to continuous improvement. It has been engaged in the EU Exit processes in various forms over the past four years and have engaged in iterative learning processes in parallel. There have been lessons to learn every week and every month, and the Committee has acknowledged some of the notable improvements it has made to our approach to planning as a result. Regarding resourcing in particular, lessons learned through EU Exit have been critical in informing the approach to cross-government resourcing, which has already enabled the government to pivot its approach to support the response to COVID-19.

4.3 This mode of continuous improvement also helps us to avoid complacency and any suggestion that nothing can be learned or changed until a formal review has been conducted.

4.4 Although the government is not proposing to do a formal review of all preparations, it is grateful to the National Audit Office for having conducted an extensive review and welcomes their findings.

**5: PAC conclusion: EU Exit and the Covid-19 response have shown up critical gaps in the civil service's approach to planning, particularly for unexpected events or undesired outcomes.**

**5: PAC recommendation: The civil service has a duty to plan for multiple scenarios, even those which it or Ministers considers unlikely or undesirable. Civil servants should seek formal instruction if told not to plan by Ministers. Planning should be proportionate to the risk, but there should be mechanisms for activity to ramp up as risks get bigger. For example, on EU Exit, we would have expected increasing levels of planning from when the referendum commitment appeared in the Conservative Party manifesto. The civil service should consider the development of standard principles, particularly for planning for unexpected scenarios, which would put government in a better position to respond quickly.**

5.1 The government agrees with this recommendation.

## Recommendation implemented

5.2 The government regularly conducts scenario-based exercises to ensure robust plans and appropriate capabilities are in place to respond to events, mitigate impacts and ensure the continuity of public services.

5.3 The work led by the Civil Contingencies Secretariat (CCS) is driven by a systematic assessment of risk, using cross-government, medium term tools such as the National Security Risk Assessment and formalised short-term risk assessment processes to deal with emerging events. This delivers consistency and authority.

5.4 CCS works closely with all government departments and agencies, under the Lead Government Department principle, to ensure this risk assessment translates into plans and actions to mitigate or prepare to deal with disruptive challenges.

5.5 From December 2020, CCS will be supplemented with an enhanced multi-agency Command, Control and Coordination (C3) system, to coordinate the most disruptive challenges across the system; working alongside the EU Exit and COVID-19 secretariats to make sure key decisions and topics are coordinated, and possible synergies and crossovers highlighted.

5.6 This approach reflects the lessons and experience from previous events, including COVID-19 and previous Brexit-related planning.

5.7 This C3 structure will provide the government with clear situational awareness which will be used to monitor and track whether disruptive challenges are beginning to manifest.

5.8 These structures will increase CCS's capacity to respond robustly to events, ensure that risks are viewed holistically and create easier data flows across the department and wider system. Lessons and improvements will be permanently incorporated into enduring crisis management arrangements.

**6: PAC conclusion: Government still does not have a good grip on how much taxpayers' money is being spent on cross-government priorities.**

**6: PAC recommendation: The Treasury should set out how it plans in future to have the additional tools needed to deal with cross-government spending issues, over and 8 Whitehall preparations for EU Exit above the existing Accounting Officer framework of control. This should cover how it will assure the quality and consistency of information departments provide, and how its systems will provide meaningful information on areas of spending which don't meet "accounting definitions".**

6.1 The government agrees with this recommendation.

## Recommendation implemented

6.1 HM Treasury has established a dedicated central team tracking COVID-19 and EU Exit funding decisions. This team centrally records all funding decisions and works with spending teams to maintain a record of departmental spend against that funding.

6.2 HM Treasury has been providing updates on both funding and spend to the Committee. For example, the department wrote to the Committee in November 2020 setting out how much had been spent by departments against their EU Exit budgets in the first six months of 2020-21.

6.3 In addition to its existing managing and reporting processes, HM Treasury is in the process of upgrading the Online System for Central Accounting and Reporting ("OSCAR"). This aims to provide a more straightforward solution to inputting, storing and updating the "single source of truth" for spending data.

6.4 HM Treasury has also continued to adapt and improve its cross-government accounting guidance to address challenges in reporting spending on cross-government priorities, such as COVID-19; particularly regarding materiality and the allocation of indirect costs (for instance, staff working between projects).

6.5 In addition, it is reviewing the Annual Report and Accounts (ARA) guidance for reporting COVID-19 and EU Exit spend and has written to the Committee on this. Performance reporting guidance now clarifies

that departments must summarise and link the main areas of spend to department goals, strategic objectives and priority outcomes. This includes information on the impact of EU Exit and COVID-19 on departmental activity and outcomes within their 2020-21 performance reports. Departments will be asked to report on dedicated COVID-19 interventions (including public expenditure) and analyse wider resources deployed in the government response. EU Exit expenditure should also be reported in the ARAs.

## Treasury Minutes Archive<sup>2</sup>

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

### Session 2019-21

Committee Recommendations: 199  
Recommendations agreed: 181 (90%)  
Recommendations disagreed: 18

| Publication Date | PAC Reports                                      | Ref Number |
|------------------|--|------------|
| July 2020        | Government response to PAC reports 1-6           | CP 270     |
| September 2020   | Government responses to PAC reports 7-13         | CP 291     |
| November 2020    | Government responses to PAC reports 14-17 and 19 | CP 316     |
| January 2021     | Government responses to PAC reports 18, 20-24    | CP 363     |
| February 2021    | Government responses to PAC reports 25-29        | CP 376     |

### Session 2019

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

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

### Session 2017-19

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

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

<sup>2</sup> List of Treasury Minutes responses for Sessions 2010-15 are annexed in the government's response to PAC Report 52

## Session 2016-17

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

| Publication Date | PAC Reports  | Ref Number |
|------------------|--|------------|
| November 2016    | Government responses to PAC reports 1-13                         | Cm 9351    |
| December 2016    | Government responses to PAC reports 14-21                        | Cm 9389    |
| February 2017    | Government responses to PAC reports 22-25 and 28                 | Cm 9413    |
| March 2017       | Government responses to PAC reports 26-27 and 29-34 <sup>3</sup> | Cm 9429    |
| March 2017       | Government responses to PAC reports 35-41                        | Cm 9433    |
| October 2017     | Government responses to PAC reports 42-44 and 46-64              | Cm 9505    |

## Session 2015-16

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

| Publication Date | PAC Reports  | Ref Number |
|------------------|--|------------|
| December 2015    | Government responses to PAC reports 1 to 3               | Cm 9170    |
| January 2016     | Government responses to PAC reports 4 to 8               | Cm 9190    |
| March 2016       | Government responses to PAC reports 9 to 14              | Cm 9220    |
| March 2016       | Government responses to PAC reports 15-20                | Cm 9237    |
| April 2016       | Government responses to PAC reports 21-26                | Cm 9260    |
| May 2016         | Government responses to PAC reports 27-33                | Cm 9270    |
| July 2016        | Government responses to PAC reports 34-36; 38; and 40-42 | Cm 9323    |
| November 2016    | Government responses to PAC reports 37 and 39 (part 1)   | Cm 9351    |
| December 2016    | Government response to PAC report 39 (part 2)            | Cm 9389    |

---

<sup>3</sup> Report 32 contains 6 conclusions only.



## Treasury Minutes Progress Reports Archive

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

| Publication Date | PAC Reports   | Ref Number |
|------------------|---|------------|
| November 2020    | Session 2010-12: updates on 1 PAC report<br>Session 2013-14: updates on 1 PAC report<br>Session 2015-16: updates on 0 PAC reports<br>Session 2016-17: updates on 7 PAC reports<br>Session 2017-19: updates on 73 PAC reports<br>Session 2019: updates on 2 reports                        | CP 313     |
| February 2020    | Session 2010-12: updates on 2 PAC reports<br>Session 2013-14: updates on 1 PAC report<br>Session 2015-16: updates on 3 PAC reports<br>Session 2016-17: updates on 14 PAC reports<br>Session 2017-19: updates on 71 PAC reports <sup>4</sup>   | CP 221     |
| March 2019       | Session 2010-12: updates on 2 PAC reports<br>Session 2013-14: updates on 4 PAC reports<br>Session 2014-15: updates on 2 PAC reports<br>Session 2015-16: updates on 7 PAC reports<br>Session 2016-17: updates on 22 PAC reports<br>Session 2017-19: updates on 46 PAC reports <sup>5</sup> | CP70       |
| July 2018        | Session 2010-12: updates on 2 PAC reports<br>Session 2013-14: updates on 4 PAC reports<br>Session 2014-15: updates on 2 PAC reports<br>Session 2015-16: updates on 9 PAC reports<br>Session 2016-17: updates on 38 PAC reports<br>Session 2017-19: updates on 17 PAC reports              | Cm 9668    |
| January 2018     | Session 2010-12: updates on 2 PAC reports<br>Session 2013-14: updates on 5 PAC reports<br>Session 2014-15: updates on 4 PAC reports<br>Session 2015-16: updates on 14 PAC reports<br>Session 2016-17: updates on 52 PAC reports   | Cm 9566    |
| October 2017     | Session 2010-12: updates on 3 PAC reports<br>Session 2013-14: updates on 7 PAC reports<br>Session 2014-15: updates on 12 PAC reports<br>Session 2015-16: updates on 26 PAC reports<br>Session 2016-17: updates on 39 PAC reports  | Cm 9506    |
| January 2017     | Session 2010-12: updates on 1 PAC report<br>Session 2013-14: updates on 5 PAC reports<br>Session 2014-15: updates on 7 PAC reports<br>Session 2015-16: updates on 18 PAC reports  | Cm 9407    |
| July 2016        | Session 2010-12: updates on 6 PAC reports<br>Session 2012-13: updates on 2 PAC reports<br>Session 2013-14: updates on 15 PAC reports<br>Session 2014-15: updates on 22 PAC reports<br>Session 2015-16: updates on 6 PAC reports   | Cm 9320    |

<sup>4</sup> Includes updates to Treasury Minutes published up to July 2019

<sup>5</sup> Includes updates to Treasury Minutes published up to October 2018

|               |  |         |
|---------------|--|---------|
| February 2016 | Session 2010-12: updates on 8 PAC reports<br>Session 2012-13: updates on 7 PAC reports<br>Session 2013-14: updates on 22 PAC reports<br>Session 2014-15: updates on 27 PAC reports | Cm 9202 |
| March 2015    | Session 2010-12: updates on 26 PAC reports<br>Session 2012-13: updates on 17 PAC reports<br>Session 2013-14: updates on 43 PAC reports   | Cm 9034 |
| July 2014     | Session 2010-12: updates on 60 PAC reports<br>Session 2012-13: updates on 37 PAC reports   | Cm 8899 |
| February 2013 | Session 2010-12: updates on 31 PAC reports   | Cm 8539 |

ISBN 978-1-5286-2380-3  
CCS0121913340