



Treasury Minutes on the Fifteenth, Twentieth to Twenty-second and Twenty-fourth Reports from the Committee of Public Accounts 2004-2005

- 15th Report: Managing risks to improve public services
- 20th Report: PFI: the STEPS deal
- 21st Report: The United Kingdom's civil space activities
- 22nd Report: Facing justice: tackling defendants' non-attendance at court
- 24th Report: Improving patient care by reducing the risk of hospital acquired infection: a progress report

**Presented to Parliament by the Financial Secretary
to the Treasury by Command of Her Majesty
October 2005**

TREASURY MINUTES DATED 5 OCTOBER 2005 ON THE
FIFTEENTH, TWENTIETH TO TWENTY-SECOND AND
TWENTY-FOURTH REPORTS FROM THE COMMITTEE OF
PUBLIC ACCOUNTS, SESSION 2004-2005

© Crown Copyright 2005

The text in this document (excluding the Royal Arms and departmental logos) may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

Any enquiries relating to the copyright in this document should be addressed to The Licensing Division, HMSO, St Clements House, 2-16 Colegate, Norwich NR3 1BQ. Fax: 01603 723000 or e-mail: licensing@cabinet-office.x.gsi.gov.uk

Fifteenth Report

HM Treasury

Managing risks to improve public services

PAC conclusion (i): The drive to improve risk management needs to continue so that it is fully embedded in departments' key operations. The Prime Minister's Risk Programme finished in December but the resulting momentum needs to be maintained. Departments should give priority to improving the capability of their staff to manage risk through: well communicated senior support; training and development; opportunities to learn from good practice; and evaluation of progress.

1. The Government welcomes the Committee's recognition of the positive effect the two-year risk improvement programme has had and the conclusion that the momentum gained during the risk management programme needs to be maintained. The Treasury will continue to monitor progress and support a cross government network of departmental Risk Improvement Managers. This network will enable the identification and sharing of good risk management practice.

2. At the end of the two year risk programme, at the Prime Minister's request, Sir Andrew Turnbull asked Sir Brian Bender to chair a new sub-group of Permanent Secretaries, reporting to the Civil Service Management Board (CSMB), to oversee further work on risk. A small team in the Treasury is providing support to this sub-group.

PAC conclusion (ii): To find new ways of delivering services successfully, departments need to encourage a positive attitude to risk. Just 20% of respondents considered their department rewarded well-managed risk taking. Departments should signal clearly their commitment at board level to taking managed risks which can deliver tangible improvements in services. For example, risk management and innovation should be more widely recognised as competences required to progress to senior posts.

3. The Government agrees with this conclusion. The CSMB sub-group will consider how to encourage a more positive attitude to risk taking. The Treasury is also working with the National School of Government (NSG), which is leading a project, with a group of departments, on risk and innovation.

4. The CSMB sub-group proposes to consider how departments are able to encourage well-judged risk taking and how this can be linked to fostering more innovation. The Treasury will work with the NSG to encourage coverage of risk in training provided to civil servants. Work is already being done on how competence in risk management should be recognised in the context of the Professional Skills for Government programme.

5. Risk needs to be considered at an early stage of policy development with Ministers. The Treasury is working with the National School of Government on opportunities for Ministers and Senior Civil Servants to develop a greater shared understanding of their role in risk management.

PAC conclusion (iii): Just one quarter of departments consider they know how much risk they face in achieving their objectives. Departmental management boards need to form an overall view of where on the one hand greater risk taking is justified, for example in new policy initiatives, and where they need to minimise risks, for example in essential service delivery on which citizens depend.

6. The Government agrees with this conclusion. All departments have a process for identifying and assessing individual risks and providing risk information to their boards. More needs to be done to understand the overall portfolio of risk a department faces and to work out how to present this information to the board in a concise and understandable way. The CSMB sub-group will also encourage departments and their boards to have a better understanding of risk appetite and how decisions can be made on the level of risk which can be tolerated in specific circumstances. Within departments, the *Code of Good Practice on Corporate Governance in Central Government Departments*, recently published by the Treasury, encourages boards to assess and manage risk as an integral part of their leadership and management of the department. Risk management features in National School of Government programmes on board effectiveness.

7. Risk to the delivery of Public Service Agreements, efficiency commitments and Mission Critical projects is assessed and managed across Government through the work of the Treasury and the Office of Government Commerce (OGC).

PAC conclusion (iv): Departments need to base their judgements about risks on reliable, timely and up to date information. Reliable data are the life-blood of risk management and departments need the capability to assimilate and interpret often complex information quickly. Departments should satisfy themselves that their information sources on risks are robust. Early warning signals from staff at the front line on emerging risks need to reach quickly those in the management chain with the power to act.

PAC conclusion (v): Departments should, however, avoid information overload which can undermine risk management. Too much information about risks can undermine the effectiveness of decision making because of the time it can take simply to assimilate, filter and focus material. But too little data can result in flawed decisions. To get the balance right, departments need to ensure that data is closely aligned to each key risk; presented so that it can be quickly assimilated; and that common patterns or emerging trends can be quickly identified.

8. The Government agrees with these conclusions on the effective use of information. Performance monitoring and risk management are underpinned by systems of data collection and analysis which are necessary to support well judged risk taking. The CSMB sub-group has recognised the importance of having the right culture to encourage an open and frank discussion of risks within departments. They are also investigating ways in which the reporting of risk can be made more effective.

9. Work has been initiated with departmental Finance Directors to improve the design (ie the nature and frequency) of management information made available to departmental boards. The work is focusing on financial areas but will also consider the performance and risk management data included in monthly board reports.

PAC conclusion (vi): Departments need to test the ability of their risk management to minimise the likelihood of unforeseen events for which no contingency arrangements are in place. New ways of delivering public services, major projects and significant change programmes all face a range of risks which managers need to assess and monitor. Rigorous scrutiny and challenge by, for example, professional groups and technical experts, Audit Committees and cross-departmental peer reviews (such as OGC Gateway Reviews) can help ensure that managers' assessment of risk is sufficiently comprehensive.

10. The Government agrees with this conclusion. The *Code of Corporate Governance* encourages non-executive members of departmental boards to offer constructive challenge of all the department's business. This includes a critical overview of the department's controls and risk management procedures. In addition, the board should have a balance of skills and experience appropriate to directing the business of the department.

11. In many departments internal audit already provides a useful challenge by reviewing risk management practice. The audit committee also plays an important role in reviewing risk management as part of its review of internal control. The revision of the Treasury's audit committee handbook (referred to in paragraph 12) will provide an opportunity to emphasise this challenge role.

12. Internal audit and other assurance providers can also play a vital role in reporting on risk identification and assessment processes. The Treasury intends to update its guidance on audit committees to clarify the role the audit committee should take in advising the board on risk management and in considering the adequacy of the risk management information provided to the board. The Treasury's audit committee handbook will also be updated to provide more guidance on the role the audit committee should take in gaining assurance from a range of assurance providers and sources including gateway reviews and the work of those responsible for contingency and emergency planning.

PAC conclusion (vii): Departments need to seek regular assurance on the fitness for purpose of their delivery partners' risk management arrangements. Public services such as social housing and care for the elderly are frequently delivered through complex chains involving public, private and voluntary sector organisations. Departments and their chain of service providers, including private sector contractors, should have a common understanding of key risks and their respective responsibilities for managing them.

13. The Government agrees with this conclusion. The Treasury with OGC have produced guidance for departments on "Managing risks with delivery partners". Departments have put particular effort into partnership risks over the last six months, some by setting up focus groups with delivery partners to better understand sharing and ownership of risks. Departments have informed the Treasury that noticeable progress has been achieved. The CSMB sub-group will look to promulgate good practice examples of how departments have applied this guidance.

PAC conclusion (viii): Risk management should underpin departments' drive to improve efficiency. If departments have the means to identify clearly and get the measure of the risks they run, they are likely to be in a stronger position to tailor controls to risk by reducing overly elaborate or unnecessary systems of oversight and control.

14. The Government agrees with this conclusion. The Treasury's publication "Management of Risks: Concepts and Principles" gives departments guidance and advice on this, including recognising that risks can also be an opportunity.

15. The Government is committed to maximising efficiency within the public sector, minimising bureaucracy, and eliminating unproductive work to free-up more resources for front-line services. The 2004 Spending Review announced further steps to improve financial management and the efficiency of public services and ensure that increased resources are focused on most productive activities. The Government's efficiency programme overseen by the OGC incorporates risk management principles throughout.

16. The avoidance of over-regulation and control is a key issue for the Government's drive to better regulation being taken forward by the newly formed Better Regulation Executive (BRE). The BRE, with regulators and departments, is leading the implementation of the recommendations from the Hampton report, published in March 2005, which recommended that "comprehensive risk assessment should be the foundation of all regulators' enforcement programmes". The Treasury will work with the BRE to ensure that regulation is properly risk based. The emphasis is that there needs to be good risk assessment before legislation is proposed, that any government intervention to mitigate risk should be proportionate and cost-effective, and that there should be good risk communication.

PAC conclusion (ix): The Treasury has a key role in promoting continuous improvement in risk management. Responsibility for oversight of departments' risk management has now transferred from the Risk Steering Group to the Treasury. In reviewing departments' public expenditure plans the Treasury should confirm with departments that their proposals are covered by assessments of risk to the objectives of those plans. The Treasury should help departments which lag behind in the development of their risk management capabilities, for example by highlighting good practice and exemplars from which they can learn.

17. The Treasury agrees with this conclusion.

18. As referred to earlier the Treasury will continue to monitor progress and support a cross government network of departmental Risk Improvement Managers. This network is enabling the identification and sharing of good risk management practice from which departments can learn. All departments report annually to the Treasury and are encouraged to use a common assessment framework to do so. The Treasury will encourage peer review of the scores arising from use of the assessment framework to enhance the quality of learning.

19. Assessing risk has been a key component of previous Spending Reviews and will continue to be so in the next.

Twentieth Report

HM Revenue and Customs

PFI: The Steps deal

The Committee's conclusions and recommendations relate to a contract that the then HM Customs & Excise (HMCE) and the Inland Revenue (IR), referred to below as "the Departments" entered into with Mapeley in April 2001. Since the Committee's report was agreed, these two departments have, by virtue of the Commissioners for Revenue and Customs Act 2005, merged to form the new integrated Department, HM Revenue and Customs (HMRC), launched on 18th April 2005.

PAC conclusion (i): ...The Departments knew that Mapeley was owned by shareholders based outside the UK, but did not clarify the company's tax plans, or find out that it intended to hold the properties offshore until late in the procurement process. Departments should as far as possible discount gains from tax avoidance that may be factored into a PFI bid, since any price advantage to the Exchequer is likely to be offset by lower tax revenue.

1. HMRC (the Department) accepts this recommendation and agree that the Departments should have sought to prevent the off-shore arrangements which occurred in the STEPS contract. As the Chairman of the Committee's press statement acknowledges, 'In this case, the savings represented by the Mapeley bid far outweigh the potential tax loss.'

2. The Treasury has issued guidelines to all departments, which indicates that it is possible for departments to make it a contract condition (notified in advance when advertising the contract) that the successful bidder will be prohibited from using particular tax arrangements, including offshore tax havens, provided such a restriction would not in fact be directly or indirectly discriminatory between European Community/Government Procurement Agreement bidders.

PAC conclusion (ii): For its part, Mapeley had always intended to hold the properties offshore to avoid paying tax. Yet the company was less than open with the Departments, only making its intentions known to members of the Departments' project team very late in the procurement process.

3. The department is constrained to offer no comment, as this is more appropriate for Mapeley to answer.

PAC conclusion (iii): Faced with Mapeley's financial difficulties, the Departments' negotiating position was weak and led to the prolonged negotiations following deal signature. Ahead of signing the contract, the Departments had not given a high priority to analysing the possible termination scenarios or developing a fall-back position to ensure business continuity. Departments need to ensure that they retain a real option to terminate a deal in the event of contractor default.

4. The Department accepts this recommendation and agrees that it could have done more to understand the termination provisions in the contract from the outset. It has now remedied this and has a much more complete understanding of the risks associated with the STEPS contract and its options for managing them. In particular:

- The Department has a professional contract Director in place, who is now managing the contract and the commercial negotiations end-to-end.
- Mapeley has shared with the Department its financial model so that it has a much clearer view of their business dynamics and commercial position.
- The Department has engaged with Mapeley along with its investors and bankers to ensure a shared understanding of the financial and commercial risks and issues.
- The Department has used consultants with specific and extensive property and investment banking expertise to help examine the financial structure of the deal in order to understand the risks over the life of the contract and the options for managing them.
- The Department is continuing to develop its Business Continuity Plan to allow for a variety of contract scenarios.

5. Since May 2004 HM Treasury has made compliance with its 'Standardisation of PFI Contracts' document mandatory for all PFI projects in compliance. This document contains mandatory wording on issues such as termination rights to ensure that the public sector is properly protected through contractual terms.

PAC conclusion (iv): Nearly four years into a 20-year deal, negotiations between the Departments and Mapeley have still to be concluded. It is important that they should now meet their objective of concluding the current negotiations by Spring 2005.

6. The Department agrees with this recommendation. In December 2001 Mapeley advised the Departments that it faced a serious annual shortfall of some £27m, based on errors in pricing, variations to the contract since contract signature and claims arising from the procurement process. The Departments rejected the claim and no unauthorised non-contractual payments have been made to Mapeley.

7. The outstanding historic claim issues between the Department and Mapeley were resolved in June 2005. The Department has agreed to pay Mapeley a small additional balancing amount of £0.5m per annum and a one-off sum of £2m in respect of goods and services received under the contract. This settlement relates strictly to issues where there is a clear contractual obligation on HMRC to pay and tangible benefit for services received.

PAC conclusion (v): The current negotiations should aim to agree a performance measurement system that balances rewards and reductions in payments. Mapeley signed up to the performance measurement system suggested by the Departments even though it considered some aspects to be punitive. A performance measurement system can only function effectively when all parties are agreed on the criteria for, and the value of, deductions for poor performance.

8. The Department agrees with this recommendation. The original contractual Performance Measurement System never operated satisfactorily to incentivise the contractor to perform service delivery well. A revised PMS has been formally agreed by the Department and Mapeley. This came in to operation on 1 July 2005, following a three-month trial. The revised system is now properly and proportionately incentivising the contractor. This has established the necessary platform for robust contract management moving forward.

PAC conclusion (vi): After the STEPS deal was signed, a number of key staff in the Departments moved on and there were management changes at Mapeley. Departments should avoid moving contract management staff unnecessarily, and contractors should commit to an appropriate degree of staff continuity between the procurement process and the operational phase of a PFI project.

9. The Department agrees with this recommendation. In the case of the STEPS contract the Department had expected a significant turnover of staff after contract signature because different skills were required to manage the contract to those needed to procure a PFI contract. With hindsight, the Department accepts it should have recruited a professional contract manager sooner. However a professional contract management team has now been in place for 18 months and is managing the contract robustly.

10. Treasury Taskforce Guidance (Technical Note 6) provides best practice guidance on ensuring continuity of staff between procurement and operational phases of PFI contracts.

Twenty-first Report

Department of Trade and Industry, Particle Physics & Astronomy Research Council, Natural Environment Research Council

The United Kingdom's civil space activities

PAC conclusion (i): Space projects are expensive and the results uncertain. The technology, the long timescales of space missions, and the dependence on collaboration all pose risks to successful completion. Some projects, such as Beagle 2, have failed, while many have been delayed.

1. The Department, PPARC and NERC accept that space projects may be expensive and by their nature may be delayed and run risks. We seek, as far as possible, through the British National Space Centre (BNSC) partnership, to guard against these and will continue to review each proposal. The majority of space projects have been successful and completed to time and on or close to budget, and deliver valuable scientific and other benefits. The United Kingdom has a good reputation for its modest but carefully focused and user orientated space activity and in these areas it is well regarded; similarly, the European Space Agency (ESA), the UK's main partner in space, has a very good track record.

2. In space science, which is the responsibility of the Particle Physics and Astronomy Research Council (PPARC) the UK's principal missions are undertaken through ESA, which has demonstrated unrivalled success in completing missions. In the past twenty years, ESA has launched fourteen science missions. Only one, "Cluster", was totally lost (due to failure of the rocket), and that mission was rebuilt and successfully launched within the overall ESA science programme budget. The average cost at completion of these missions has been four per cent above the cost agreed by the member states at the outset. All have been scientific successes. ESA's Mars Express (which carried the Beagle 2 lander to Mars) has yielded dramatic scientific results (the detection of methane and formaldehyde, signs of recent glaciers and the discovery of a frozen sea near the Mars equator) and yet was built within its £120 million budget and a very short timescale determined by celestial mechanics, making it the lowest cost Mars mission ever built. It is being followed by Venus Express, which was only initiated in 2002 and is currently expected to launch on 26 October, also within budget and schedule.

3. In Earth Observation (EO) the primary responsibility is with the Natural Environment Research Council (NERC). Through its membership of ESA the UK has participated in a number of successful missions and benefited particularly from ESA's European Remote Sensing satellites ERS-1 and -2 (launched in 1991 and 1995), and Envisat (launched in 2002), the largest EO spacecraft ever built. ERS-2 is still in operation, far exceeding its planned lifetime as with ERS-1. Envisat carries ten sophisticated optical and radar instruments which enable us better to understand the workings of the Earth's system, including insights into factors contributing to climate change. NERC invests approximately 62% of its EO funding in EO data exploitation to ensure maximum benefit from the UK's ESA subscription for the UK environmental science community.

4. Nationally, the UK has also been involved in the development of smaller cost effective Earth Observation missions. As part of the Disaster Monitoring Constellation (DMC) of small satellites operated by Surrey Satellites Technology

Ltd, DMC-UK was successfully developed and launched with the Department's investment. It carries an optical instrument mainly for land use monitoring. The project was completed within budget. The DMC constellation has recently been used to provide information on the recent tsunami disaster.

5. To ensure that the UK's investments into ESA are adequately protected and monitored NERC and PPARC work closely with other BNSC partners, namely the Department and the Met Office, through the UK's delegations to the relevant ESA Earth Observation and Space Science Programme boards. The main emphasis is on ensuring that the scientific excellence and objectives of ESA missions respond directly to scientific user requirements, for example through re-instating ESA's Earth Science Advisory Committee (ESAC) and pressing ESA (successfully) to conduct a review into the achievements of the EO Envelope Programme (EOEP) to-date, to inform member states' decisions on new subscriptions to a further tranche of this programme.

6. CryoSat, the first selected ESA Earth Explorer Opportunity Mission, will be launched in October 2005. The mission is led by Professor Duncan Wingham from University College London and is closely linked to the Centre for Polar Observation and Modelling, one of NERC's EO Centres of Excellence. CryoSat will be the first satellite designed specifically to map ice thickness and its primary objective is to test the prediction of thinning arctic ice due to global warming. The mission, due for launch on 8 October, is expected to be within normal planning contingencies for cost and timing.

PAC conclusion (ii): The Partnership needs to improve its risk management by:

- **applying sufficient resources at the initial stage of a project to identify and mitigate the technical and construction risks;**
- **addressing the risks posed by collaborating with other space bodies, such as ESA and NASA, by reference to recently issued Treasury/OGC guidance on managing risks with partners; and**
- **dealing with risks explicitly in appraising funding of projects, and highlighting those that remain after mitigation and management.**

7. The Department, PPARC and NERC accept this recommendation. We are aware of this latest guidance from OGC/HM Treasury. The following examples show how we are improving risk management and dealing with the risks in this cutting edge science and technology.

Department of Trade and Industry

- Risk is fully recognised within BNSC and forms part of the Risk Register covering the relevant Departmental objective to which BNSC works. Within that register, risks are identified, assessed as to impact and likelihood, allocated to 'owners' and given review periods. Mitigating action is also identified. The BNSC risks identified in the Innovation Group (IG) Risk Register are specific to BNSC's activities in space, they are not however specific to individual projects. Individual projects considered for funding by BNSC include, as a required element of the project proposal, a section on risks and how they will be managed by the bidders. Consideration of the proposed risk management plan is integral to BNSC's project appraisal process.

- The Department regularly reviews the IG risk register and assesses any necessary changes in ratings or actions required. As stated above, this is a fairly general level, but still (in BNSC's case) specific to space activities. Individual projects funded by BNSC are required to conform to the risk management plan set out in the project proposal, and monitored as part of the normal project monitoring process.

Particle Physics & Astronomy Research Council

- PPARC has a comprehensive risk management framework and it regularly reviews its risk management procedures to identify areas of improvement. A phased approach to defining and funding space projects has been developed over many years allowing cost and risk to be managed in a step by step manner. Large projects and/or those with significant risk, undergo a preliminary study (Phase A) with limited initial funding in order to investigate risks, identify options and better estimate overall project costs. Suitable cost margins to cover the risks identified are also defined. On this basis a balanced and considered decision can be made whether or not to proceed to detailed design (Phase B) via a System Requirements Review and culminating in a Preliminary Design Review. If these reviews are satisfactory, the project can proceed to full Development (Phase C), which involves a Critical Design Review, which confirms that the System Design flow down from requirements to individual equipment is complete. Phase D (build and test) culminates in a Flight Acceptance Review which is required to show that the spacecraft as built matches the system requirements. This risk management model process will be used for all new programmes including the proposed Aurora programme which PPARC is contemplating joining.
- Formal approval to commit to a project is subject to PPARC's Science Committee and Council being satisfied that the project will deliver a high science return, a full options analysis has been carried out, sufficient contingency provision has been made to manage the risks, and the resources are available in the PPARC budget.
- For each new approved project PPARC sets up an independent Oversight Committee which oversees the delivery of the UK contribution to the mission. The Committee normally reviews a project every six months. The project is required to provide a risk register and demonstrate to the Oversight Committee that it has adequate risk management procedures in place. At each oversight meeting the risk register and the effectiveness of the risk management is reviewed. Corrective actions are put in place if satisfactory progress has not been made, and, if required, the Committee will meet with greater frequency to ensure the necessary action is being taken.
- The UK – through PPARC – has taken action to address the problem of developing complex instrumentation for future European space science projects where a group of national authorities are each required to contribute to instrument costs. The first result of this effort has been the signature in June 2004 by ESA, PPARC and the agencies of six other countries of a Multi-lateral Agreement (MLA) which covers the provision of the Mid-Infra Red Instrument (MIRI) for NASA's James Webb Space Telescope.

Natural Environment Research Council

- NERC has also put in place a comprehensive risk management framework incorporating a wide range of operational level risk management measures, to ensure that business risks are effectively managed. NERC incorporates similar mechanisms on risk management to PPARC and these are outlined in its Statement of Internal Control which forms part of its annual accounts. NERC has established a risk register which records key risks and the control measures in place to mitigate them. Risks associated with running the EO programme are actively managed as part of this register. Amongst other EO related issues the register currently includes a risk for the failure to operate the High Resolution Dynamic Limb Sounder (HIRDLS) instrument and mechanisms are in place to address this risk.
- Risks of individual investments such as instrument developments are also monitored on a project level. The risks and success of the implementation of the NERC EO investments is assessed through Steering Committees and Project Steering Groups which are in place for major investments in instrument development. To manage the risks whilst working with other space bodies, collaboration agreements and Memoranda of Understanding are in place between NERC and other bodies such as Eumetsat and NASA. NERC's investment into ESA is monitored through the work of the UK's delegation to ESA. To ensure that the UK's environmental science requirements are met and to maximise the UK's benefit from ESA, NERC/BNSC work through their formal representation at relevant ESA Boards.

International

- International agencies with whom BNSC works also have risk management strategies. ESA, our most frequent partner, uses 'best practices' in risk assessment and management. The UK has led the drive amongst ESA Member States to ensure that the Agency includes risk management as part of a full review and reform of its financial management systems.

PAC conclusion (iii): The loss of Beagle 2, which was due to land on Mars in December 2003, was associated with poor risk management that left it with no real prospect of success. The project suffered from an over ambitious time schedule, punishing weight constraints, poor management and uncertain funding. BNSC and the Department should only proceed with such ambitious projects if sufficient resources can be committed from the outset to give a reasonable prospect of success, making due allowance for risk.

8. The Department and PPARC accept this recommendation. At the outset, Mars Express/Beagle 2 was seen as an exciting scientific opportunity with the potential to put the UK at the forefront of planetary exploration and was known to be a risky mission. The historical average success rate of US and Russian Mars missions was 40 per cent. In that respect, the fact that the Mars Express orbiter has been highly successful but the Beagle 2 lander was lost conforms to the historical average. However, no definitive technical explanation for the loss of Beagle 2 has so far been identified despite exhaustive enquiries.

9. Nonetheless, the Department and PPARC accept the key point that it would have been better if full funding had been provided at the outset of the project, and that a more comprehensive cost and risk assessment had been made, consistent with the risk management model set out above. However, the relevant Research Council did not have the necessary financial flexibility at that time to consider an unplanned project of the nature and size of Beagle 2. Thus, the project was initiated on a partially self-funded basis. The approach adopted also reflected an attempt to lower costs through adopting streamlined management arrangements. This “smaller, cheaper, faster” approach had found some success in the US in the 1990s, but is unlikely to be followed in the future. If full funding had been available and conventional management oversight applied, to an extent which cannot be precisely estimated, the overall project risk would have been reduced.

10. The analytical design reliability of a conventional spacecraft mission is typically 90 per cent; it is unlikely that a planetary lander mission could achieve greater than 80 per cent reliability without disproportionate expenditure. For example, even with large budgets and extensive risk management tools, NASA has suffered a complete failure of four robotic planetary missions worth over \$1500 million in the past eleven years. The Department and PPARC agree with the recommendation of the House of Commons Select Committee on Science and Technology¹, that it “should not be shy about taking risks in science if the potential benefits are there”, but accepts that for future missions with a high scientific return but inherent high risk, such as planetary exploration, the UK will be guided by the Recommendations of the Beagle 2 Commission of Inquiry, which address management, technical and risk aspects.

PAC conclusion (iv): The Partnership has strategic objectives for benefiting from the United Kingdom’s space programme, such as improving UK productivity, but lacks systems to track progress against these objectives. The National Audit Office proposed a range of possible performance indicators to remedy the gaps, such as the proportion of industry turnover associated with space-derived products and services, which the Partnership would do well to follow up.

11. The Department, PPARC and NERC accept this recommendation and have followed up the proposals of the National Audit Office. It has initiated a review of the current UK Space Strategy. This review is being conducted by the consultants whom the NAO employed in deriving their suggestions. The purpose of the review is to assess both performance against the objectives and measures and also to identify improved performance measures.

12. In parallel the ‘BNSC Way Ahead’ change process with the implementation of the new UK Space Board and BNSC Operations Board composed of the key funding partners (the Department, PPARC, NERC, Met Office and Ministry of Defence) has created an excellent organisational framework for a tighter strategic decision making process and for improved joined up co-ordination of partnership activities. The findings of the review will be vital in developing the new UK Space Strategy during 2006, and in formulating improved performance measures and a performance monitoring framework. The improved organisational arrangements will ensure the effective implementation of these measures.

¹ House of Commons Science and Technology Committee: Government support for Beagle 2, Twelfth Report of Session 2003-04, recommendation 3 page 59

PAC conclusion (v): The Partnership has estimated that the benefits for the United Kingdom of having a European satellite navigation system, the Galileo project, rather than depending on those operated by the United States and Russia will be worth £6 billion from an investment of just £78 million. The Transport Select Committee investigated this project in detail and were “not convinced that the cost and benefits (of Galileo) have been properly assessed”. We agree with their conclusion that BNSC should seek independent validation of their estimates of costs and benefits for the Galileo project.

13. The Department agrees with this conclusion. It has sought through the EU Transport Council such an independent validation from the Commission and the Galileo Joint Undertaking, which have agreed that the cost benefit analysis produced in 2003 be updated by a new study to be produced in 2005. As part of a wider study which was completed earlier this year, BNSC updated a 2001 study on costs and benefits that it had commissioned with the Department for Transport (then known as the Department for Transport, Local Government and the Regions).

PAC conclusion (vi): BNSC should encourage ESA to review its procurement policy of “fair return”, whereby the value of contracts any member state receives is broadly proportionate to its financial contribution to the Agency. Such systems can increase costs and reduce value for money.

14. The Department accepts this recommendation. “Juste Retour” or “fair return” has been a fundamental principle of ESA for the past 30 years and has been instrumental in shaping the European space industrial landscape. It has wide support within ESA Member States which contribute on the express understanding that they will gain proportionate access to projects, and has brought substantial benefits such as giving Europe the critical mass to take on major space projects. This is distinct from the position for space activities financed by the European Union where, with strong UK support, full competition operates.

15. The process by which Juste Retour is implemented has grown in complexity over the years due to the need to accommodate new Member States and policies such as guaranteed European access to space. This has in turn required ESA to increase its involvement in the management of its procurement programmes, particularly sub-contractor selection, in order to deliver overall return figures to its Member States within the agreed limits. BNSC considers that it is this ‘micro-management’ by ESA that leads to the increased costs and reduced value for money that the Committee refers to and is therefore working within bodies such as the ESA Industrial Policy Committee to agree reforms to both the current procurement processes and the implementation of Juste Retour. Alongside this commitment to reform, BNSC is also working with ESA to ensure that the return to the UK is in line with that achieved by other countries with a comparable industrial base.

PAC conclusion (vii): Large firms and some smaller firms which are members of space Trade Associations are aware of the support available from BNSC on competing for space contracts, but other small firms are not. Drawing upon its own databases of the space industry BNSC should promote its advice and support services to all segments of the industry.

16. The Department accepts this recommendation. BNSC circulates information, mainly on ESA contracts and procurement, to a list of about 40 companies, the vast majority of which are small and medium sized companies, between twenty and thirty times every year. Following completion of the Study of the Size and Health of the UK Space Industry, which will be completed later this year, BNSC will contact the companies identified to ensure they are aware of the services provided. On the basis of previous studies there is likely to be in excess of 200 companies identified, although many of them would operate in the downstream sector and therefore be unlikely to have an interest in bidding for ESA work.

Twenty-second Report

Office for Criminal Justice Reform

Facing justice: tackling defendants' non-attendance at court

We welcome the Committee's report. It reinforces our view that tackling defendant non-attendance at court is an important issue, as set out in our vision for criminal justice in 2008¹. The percentage of trials which fail because of defendant' non-attendance has almost halved over three years². However, we agree with the Committee that there is still room for further improvement in a number of areas. The Government's ongoing programme of work, directed by the National Criminal Justice Board and delivered by the 42 Local Criminal Justice Boards (LCJBs), will build on the successes already achieved. In particular it will:

- increase first-time compliance with bail;
- increase the speed with which new failure to appear (FTA) warrants are executed;
- promote the implementation of the Lord Chief Justice's Practice Direction on bail, on how non-attendance should be dealt with by the Court;
- encourage the practice of trials in absence, where appropriate; and
- support delivery in the field, by identifying and disseminating good practice.

All of this work will feed into the new national enforcement service currently under development, building on the progress in improving performance on enforcing FTA warrants, fines and community penalty breaches. The new service will deliver a distinct and clearly identifiable body of enforcement professionals and will ensure:

- more collaboration across the Criminal Justice System (CJS) agencies;
- increased intelligence sharing;
- more rapid execution of warrants through better prioritisation across agencies;
- more effective use of resources;
- less duplication of effort; and
- institutionalising the lessons learnt from Operation Payback (the series of local blitzes on fine defaulters) and Operation Turn-up (the series of local blitzes on outstanding FTA warrants).

PAC Conclusion (i): 15 per cent of defendants fail to attend court hearings, which undermines confidence in the criminal justice system, and is the second largest cause of ineffective trials in England and Wales in the year ended June 2004. The National Criminal Justice Board should make available on the internet and by other means data on the success rates of individual local criminal justice boards in achieving defendants' attendance at court, to encourage more effective joined up working by the criminal justice agencies and early sharing of good practice. The Board should consider "naming and shaming" poor performing areas by issuing a press notice reporting local performance across the country for the attention of the local news media.

¹ *Cutting Crime, Delivering Justice* A Strategic Plan for Criminal Justice 2004-08

² See paragraph 19.

1. The National Criminal Justice Board (the Board) broadly accepts the recommendation.
2. Figures are already collected from courts on defendant attendance at court; these are published annually, aggregated at a national level, in *Criminal Statistics for England and Wales*. Some work will be required to enable publication quarterly by area. Our intention is to publish from April 2006.
3. The Board already publishes some CJS performance data quarterly on CJS Online, including the figures for ineffective trials. Once the data on court attendance is collected on the basis outlined above, we will publish it in the same way as other CJS performance data. This format provides a comprehensive overview of each area's performance, making it possible to identify both good and poor performance against specific targets. Poor performance is dealt with through the Board's performance management regime. Good local practice leading to good performance is disseminated nationally. The Board will consider highlighting poor performance more publicly in the national press release that accompanies the quarterly publication of the figures, if the internal performance management arrangements prove ineffective at reducing failure to attend.

PAC Conclusion (ii): Currently no single criminal justice agency is responsible for communicating with defendants and hence for making sure that a defendant attends court hearings. The National Criminal Justice Board should require local criminal justice boards to agree protocols which establish with which criminal justice agency responsibility lies at each stage of the criminal justice process. They should also encourage greater use of written reminders, telephone calls and text messages to make sure the defendant attends.

4. The Board accepts that improvements can and should be made to communications with defendants about court hearing dates, and is already taking action to address this.
5. It is inevitable that different agencies are responsible at different stages of the process. However, the infrastructure of LCJBs, which were established in April 2003, enables a corporate approach to be taken to issues where different agencies have different responsibilities.
6. The roles and responsibilities of the agencies in relation to defendant information at each stage of the process are set out in the Criminal Case Management Framework (issued in July 2004 and updated in July 2005) by the Lord Chief Justice and Lord Chancellor & Secretary of State, Attorney General and Baroness Scotland.
7. Building on this we are currently conducting pilots in a number of areas to test the use of local inter-agency bail management protocols, which will reinforce responsibility for communication with defendants at each stage of the process, as well as setting out responsibilities for the management of court-imposed conditions of bail. The pilots will inform national implementation (subject to Board approval), likely to be from early 2006-07.

8. The use of telephone calls to remind defendants to attend on their trial date is also in the process of being tested, building on the positive experience of a number of similar schemes in the United States. A pilot scheme in magistrates' courts in four areas (Devon and Cornwall, Inner London, Thames Valley and Wiltshire) is currently in its first phase, testing the operational processes and providing an initial assessment of impact on defendant attendance. Consideration will be given to extending the pilot to include text messaging of defendants. Procedural best practice guidance will be issued early in 2006 following evaluation of the first phase. A second phase of the pilot (from December 2005) will provide a full assessment of the impact of reminders on rates of defendant attendance, and will inform a decision on national roll-out (before the end of 2006).

9. Another recent development is that the Legal Services Commission is updating guidance to the Criminal Bills Assessment Manual, which will allow defence solicitors (in legal aid cases) to claim payment for one follow-up reminder letter or telephone call closer to the hearing date. This is in addition to the initial reminder letter which they are already required to send their clients to inform them of the date of the next court hearing.

10. In order to ensure that defendants are fully aware of the consequences of failing to comply with bail, in March 2004 we published a leaflet reminding defendants of their rights and responsibilities in relation to the court process, followed up in May 2005 by a user-friendly bail "mini-leaflet" for the police to hand to defendants at the start of the process.

PAC Conclusion (iii): The effective management of the trial process depends partly on the charges brought against the defendant being right from the start. The views of the victim, the police and where relevant any witnesses should be taken clearly into account by the Crown Prosecution Service in determining the charges to be levelled. The Crown Prosecution Service should communicate decisions on the charge and explain the rationale for its decision quickly and promptly to victims and witnesses.

11. The Crown Prosecution Service (CPS) accepts the recommendation that it should take into account the views of the victim, the police and, where relevant, any witnesses in determining the charge and the CPS does this now where practical. It also accepts, in principle, the recommendation that the CPS should communicate its decisions on the charge, and the rationale for the decision, quickly and promptly to victims and witnesses.

12. Two successful new initiatives, the charging and the No Witness, No Justice programmes, are helping to ensure that the views of the police and victims can be taken into account in prosecution decisions and that victims and witnesses are better informed about progress with cases.

13. The Criminal Justice Act 2003 gave the CPS the responsibility for determining the charge in all serious cases. The new statutory responsibility has been introduced in the largest criminal justice areas and will be implemented nationally by March 2007. The charging programme ensures that the police and prosecutors work closely together to get the charge right from the outset and that the views of victims, and the needs of witnesses can be taken into account early in the case. Victim personal statements provide more information about victims' views whilst witness needs assessments are now routinely conducted as part of the charging process.

14. The Code for Crown Prosecutors explains how charging and prosecution decisions are determined. Under the Code, prosecutors take into account the consequences for the victim of whether or not to prosecute, and any views expressed by the victim or the victim's family.

15. The forthcoming statutory Victims' Code of Practice contains obligations to inform vulnerable and intimidated victims of charging decisions within one working day of the decision and to inform all other victims within five working days. The CPS will inform victims of charging decisions where the police have provided a full evidential report and, in all other cases, the police will keep victims informed of charging decisions.

16. The Attorney General will be issuing a revised set of guidelines to prosecutors on the acceptance of pleas and the prosecutor's role in sentencing. These guidelines make clear the important role of prosecutors in protecting the victim's interests. The Attorney General is working with prosecutors on a prosecutors' pledge which will summarize the responsibilities of prosecutors to protect the interests of victims throughout the criminal justice process.

17. The joint CPS and police initiative, No Witness, No Justice, has introduced new Witness Care Units to provide more information and better support to victims and witnesses from the first hearing. A pilot study, which is being organised by the No Witness, No Justice team, will explore the practical issues, including resource implications, of informing witnesses of charging decisions and the CPS will assess the implications of explaining charging decisions to victims and witnesses.

PAC Conclusion (iv): In a pilot in magistrates' courts in Essex, ineffective trials due to the defendants' non appearance have been almost halved from 8.2 per cent in 2002-03 to 4.4 per cent in 2003-04. The number of court hearings has been reduced to two: one at which the defendant enters his or her plea and the second is the trial. Case Progression Officers liaise with the defence so that a trial date is only fixed when both sides are ready, and defendants are given timed appointments and sent reminders. The National Criminal Justice Board should make sure that successful initiatives in one local criminal justice area are adopted more generally.

18. The Board accepts this recommendation. The Board and its supporting structures have a number of mechanisms in place to ensure that successful initiatives in one local criminal justice area are adopted more generally.

19. The Office for Criminal Justice Reform's (OCJR) Performance Action Team (made up of OCJR personnel and CJS practitioners) has a general role in spreading good practice between LCJB areas – as part of its remit of helping LCJBs to improve their performance. Also, good practice is spread through our business change programmes, for example the Effective Trial Management Programme (ETMP).

20. The pilot scheme taking place in Essex magistrates' courts, which resulted in ineffective trials due to defendants' non-appearance reducing from 8.2 per cent in 2002-03 to 4.4 per cent in 2003-04, was part of the early testing of ETMP. This programme is now being rolled out nationally. Practices from local areas, including lessons learned from the test areas, helped to inform the Criminal Case Management Framework. All areas have been supported by the ETMP delivery team, which has ensured a consistent approach across areas. All criminal justice areas will have implemented their local frameworks by December 2005.

21. Figures are collected nationally on the proportion of ineffective trials that are caused by defendant non-attendance. These are published annually by the Department for Constitutional Affairs (the Department). They show a significant improvement over the past three years, and are now better than those achieved by Essex in 2003-04. They show that 6 per cent (2,450 out of 40,734) of all Magistrates' court and 3.6 per cent (476 out of 13,113) of all Crown Court trials were ineffective due to defendant non-attendance in the rolling quarter to June 2002. In the rolling quarter to July 2005 the corresponding figures were 2.8 per cent (1,269 out of 45,210) and 2.3 per cent (221 out of 9,615).

PAC Conclusion (v): The Department for Constitutional Affairs should review whether the use of stipendiary magistrates leads to better management of the trial process. Depending on the results, it should consider the case for making greater use of stipendiary magistrates, identify those factors contributing to better performance and improve the current arrangements for disseminating effective trial management practice amongst the magistracy.

22. The Department accepts this recommendation in part.

23. The Department agrees that it is important to identify and disseminate good practice in trial management. The Criminal Procedure Rules that came into force on 4 April 2005 promote a cultural change in criminal case management. They give Courts explicit powers and responsibilities to manage cases actively, and to reduce the number of ineffective hearings that cause avoidable distress to witnesses and inconvenience and expense to everyone.

24. The use of District Judges (Magistrates' Court)³ and Magistrates was subject to a review in 2001, which established that District Judges have particular suitability for dealing with pre-trial reviews and case management. These considerations are taken into account when proposals are made to establish a new District Judge (MC) post⁴. A further review is not considered necessary at this stage, although as part of its wider departmental efficiency strategy, the Department is reviewing the efficiency of the magistrates' courts. The Department does not wish, in any way, to undermine the essential service which Magistrates provide, including their vital link to the communities they serve. The Lord Chancellor recognises the need for them to be fully supported in their essential role of providing local justice, and the Department is undertaking a wide-ranging programme of work to achieve this. As part of this work, we will ensure that the best mechanisms are in place to enable both District Judges (MC) and the Magistracy to provide the best possible service to their local communities, recognising their respective skills and experience and ensuring that good practice is disseminated.

³ The term "Stipendiary magistrate" should be substituted with District Judge (Magistrates Court). The Access to Justice Act 1999, which came into force on the 27 July 1999, created a National Bench with a national jurisdiction, headed by the Senior District Judge (Chief Magistrate), and a Deputy Senior District Judge. Section 78 of the Act amended sections 11 to 20 of the Justices of the Peace Act 1997 to substitute District Judges (Magistrates' Courts) for stipendiary magistrate and metropolitan stipendiary magistrates.

⁴ As at 1 September 2005 there were 137 District Judges posts and 161 Deputy District Judges covering 1,424 Magistrates' courtrooms across the country. In addition, 28,300 Magistrates are also involved in the process on a voluntary basis and their valuable service underpins the work of the Magistrates' court.

PAC Conclusion (vi): The Courts do not always receive sufficient and timely advice when taking decisions on whether to grant bail or remand in custody, but unnecessary remand in prison adds to the cost of the criminal justice system and to prison population pressures. The number of bail information reports produced by the Probation Service for first hearings has fallen from 25,000 in 1996 to just below 10,000 in 2002. And in 2002-03 the Prison Service produced bail information reports for only 22 per cent of eligible remand prisoners. The estimated cost of a remand in custody is around £4,000 compared to the estimated £60 cost of a bail information report. The Home Office should increase the number of bail information reports produced, targeting types of defendants most likely to be suitable for remand on bail.

25. The Home Office accepts this recommendation.

26. Targeting is being reviewed to ensure that existing bail information resources are being best utilised. In March 2005 guidance was issued to Chief Officers of Probation asking that they review local bail information schemes, and the targeting of their bail information resources. The guidance suggested that bail information work in courts should focus on producing reports for the courts on defendants likely to fail to attend court and on other priority groups. The targeting is to help the courts ensure that those who can be bailed are released on bail, and also that those who should be remanded in custody are so remanded.

27. Guidance was also issued in August 2005 to Governors of prisons holding remand prisoners asking that they review their bail information schemes, ensure that the schemes are working effectively and that resources are targeted on the appropriate types of case. It was suggested to Governors that the targeting of bail work in prisons should include prisoners who seem likely to be bailable and other priority groups.

28. Work is being undertaken to identify good practice in bail information work by both the probation and prison service with a view to increasing the use of bail information within current resources.

29. In addition the National Offender Management Service (NOMS) has initiated a study into the feasibility of undertaking a cost benefit review of bail information reports. This is due to report at the end of the year and will inform our decision on whether to conduct the cost benefit review, as recommended by the National Audit Office in its November 2004 report. If feasible this will be taken forward in 2006-07.

PAC Conclusion (vii): Where defendants fail to attend, it has taken up to two weeks for warrants to reach local police stations. Local police forces have not always given execution of warrants a priority, with only some 45 per cent being executed within three months. The Court Service and the police should make sure that warrants are passed to local police stations within one day. The Office for Criminal Justice Reform should evaluate the feasibility of arresting and bringing defendants back to court on the day they fail to attend, drawing on the outcome of a pilot being conducted in Essex.

30. The OCJR broadly accepts this recommendation.

31. The Board has set a target for courts to notify the police of the issue of 90 per cent of FTA warrants within one working day and 100 per cent within three working days. Performance data will be published alongside other CJS data on CJS Online. (The 90 per cent figure takes account of the difficulty of satellite / part-time courts in meeting the target as it will not always be possible under current arrangements for the warrant to be signed within the timeframe.) The target will be reviewed in the light of performance. In July 2005, the police were notified of 75 per cent of FTA warrants within one working day and 88 per cent within three, compared to figures of 60 per cent and 81 per cent respectively for April 2005.

32. Court staff are required, by October 2005, to use the secure email system, now available in all Court Centres and all police forces, which provides a quick and efficient mechanism for notification of warrant details to a central point within the police force for allocation to the appropriate Basic Command Unit for execution. Full implementation of Xhibit in Crown Courts in March 2006 will also enable police forces to receive automatic notification of warrant issue upon sign up to CJS Exchange. Roll out of access to the Police National Computer to all 42 courts Areas was completed in September 2005. This allows police forces to be alerted immediately that a defendant is wanted for failure to attend court.

33. The proposed local pilot in Essex did not in the event take place. Instead, the view was taken by the Essex LCJB that systematic implementation of the Lord Chief Justice's Practice Direction on Bail (handed down in January 2004), including consideration of proceeding in absence, was the more efficient way forward. The Government will consider evaluating the feasibility of arresting and bringing defendants back to court on the day on which they fail to attend, taking into account the work in hand to support the implementation and measure the impact of the Practice Direction.

34. In addition, we are determined that where a defendant fails to turn up for court without good excuse, the presumption should be that the trial and sentencing should go ahead anyway, and work is in hand to implement this commitment.

PAC Conclusion (viii): Police Forces have not given appropriate priority to arresting defendants being prosecuted for crimes committed outside their area. The National Criminal Justice Board should require local criminal justice boards to publish data on the number and length of time warrants have been outstanding, and the proportion which relate to out of area cases. The Board should set targets and seek improvements from underperforming areas.

35. The Board accepts this recommendation, and for 2005-06 has agreed targets with each LCJB for a reduction in the number of outstanding warrants. This requires effective local multi-agency action and, as such, LCJBs are best placed to deliver this.

36. The aggregate national target is a 19 per cent reduction in the number of outstanding FTA warrants by the end of March 2006, on top of the 21 per cent reduction already achieved by areas under Operation Turn-up (the nationally co-ordinated series of local blitzes on outstanding FTA warrants which took place in January/February 2005). Data on the number of outstanding warrants and progress towards the targets is now published monthly for CJS practitioners. The intention is that it will be available to the public, on a quarterly basis, alongside other CJS performance indicators, on CJS Online.

37. From October 2005 (for August performance), LCJBs have been asked to submit supporting data on timeliness of warrant execution (28 areas have already done so for the July 2005 collection.). This too will be published. All warrants are now prioritised for execution by category A, B or C according to the nature of the offence, the defendant and application of the National Intelligence Model. LCJBs will submit data on the proportion of warrants issued each month that are executed: A within 14 days; B within 21 days; and C within 28 days. This is considered a better indicator of performance than the length of time warrants have been outstanding. One of the factors that affect the number of long outstanding warrants is local judicial policy on warrant withdrawal (for example, when witnesses are no longer available); this varies widely between areas and courts.

38. The Department accepts that, in the light of other national and local priorities, police forces have often not given appropriate priority to executing warrants against defendants who have failed to appear at courts outside their force area.

39. Arrangements between forces have tended to be ad hoc and there has been no mechanism for incentivising execution of out of area warrants. Work is now underway to address this:

- LCJBs now submit data that shows what proportion of the outstanding warrants issued in their areas have been sent to other areas for execution.
- Operation Turn-up demonstrated examples of good practice on how to improve execution of such warrants, including: the use of letters, cross-border execution by forces, and the need for effective intelligence packages to accompany requests to execute. Some good progress has been made on the development of regional inter-force protocols on out of area warrants.
- OCJR is currently preparing guidance and recommendations for good practice and standards or targets in order to encourage local areas to improve the way in which they manage warrants sent to and received from other areas. A summary of existing and suggested practice for the management and monitoring of such warrants will be produced in October 2005, with the aim of ensuring that areas give appropriate priority to out of area warrants from April 2006.

40. Under-performing areas, and areas with large planned reductions, will receive targeted support through OCJR's established Performance Action Team process, as part of their wider work on supporting LCJBs on performance issues.

PAC Conclusion (ix): Some 7 per cent of defendants remanded in prison are not brought to the Court on time due to failures by contractors or the Prison Service. The Home Office should impose penalties for such failures commensurate with the cost of the resulting ineffective court hearing borne by the taxpayer.

41. The Home Office accepts this recommendation in part.

42. It accepts that financial penalties should be imposed on escort contractors where it can be demonstrated that they are responsible for the late delivery of prisoners to court. This is already part of the current contracts.

43. New Prisoner Escort Contracts came into operation on 29 August 2004. These were designed to improve performance by tightening up the measurement of delivery times at court. In the year 2004-05 the Key Performance Indicator (KPI) set by the National Offender Management Service for the effective delivery of prisoners to court on time was 75 per cent. Although there was deterioration in service delivery at the beginning of the new contracts, the escort contractors were able to improve performance. Performance recorded against the Prisoner Escort Contractors at the end of that reporting cycle was 79.1 per cent. The KPI for the current year (2005-06) is set at 85 per cent⁵.

44. In addition to timely delivery of prisoners, the contracts also focus attention on:

- the welfare of defendants, for example the length of their journeys, the time they spend waiting to appear in court, and the time taken between their court appearance and their arrival, if committed to custody, at a prison; and
- the efficiency of key stakeholders in ensuring defendants arrive in court in a position to take part in the proceedings.

45. Under the contracts, where it is demonstrated that the contractor was responsible for the failure to deliver a prisoner to the courthouse on time, a range of penalty points may be incurred which at specific points during the contract are converted into financial penalties.

46. The Home Office does not accept the Committee's recommendation that the penalties should be commensurate with the cost of the resulting ineffective court hearing.

47. Penalties were set at a level to provide an incentive to contractors to deliver prisoners to court on time. To set the penalties at a level commensurate with the cost of ineffective court hearings could have resulted in contractors either:

- not being willing to take the risk of the potentially high penalties they would become liable for, and therefore not submitting bids; or
- costing their bids at a prohibitively high level to reflect the higher risk to them of high penalties for ineffective trials.

48. All stakeholders agreed to this. The current penalty regime is considered effective. Under the current penalty regime contractors become liable for additional penalties where late deliveries of prisoners to court result in delays to court proceedings.

49. The Home Office is also addressing this issue in other ways. Live television links between courts and prisons can be used for remand hearings and we are working to promote their greater use. Live television links remove the need to produce a prisoner at court. This not only eliminates the potential for late production, but has real benefits in terms of prisoner welfare.

⁵ Data for the period 1 September 2004 to 31 July 2005 shows that 126,834 defendants were delivered late to the courthouse by Prisoner Escort Services contractors under the new contracts, which started in September 2004. Fewer than one percent (1,186) of the total number of ineffective trials in Crown and magistrates' courts in this period were due to the late delivery of the prisoner by the contractor. This is because where a defendant's hearing is scheduled for later in the day, while the prisoner is contractually late, they are still available for the start of their hearing. And, in cases where they are not available for the start of their hearing, courts may be able to reschedule their hearings for later in the day

Twenty-fourth Report

Department of Health

Improving patient care by reducing the risk of hospital acquired infection: a progress report

PAC conclusion (i): The Department hopes to reduce MRSA rates by employing the same approach used in achieving targets. ... The Department will also need to clarify from the outset what support will be available to trusts, and whether and if so what incentives will be available to help deliver improvements.

1. The Department agrees with the recommendation. We are closely monitoring progress towards the target of halving methicillin resistant *Staphylococcus aureus* (MRSA) bacteraemias, reported from Acute Trusts, by March 2008 and good progress is being made. To support performance management of the MRSA target by the Department and Strategic Health Authorities (SHAs), we have introduced monthly reporting and quarterly validation of bacteraemia numbers.

2. The Department recognises the importance of consistency in data collection. We have recently reissued guidance on data collection for MRSA bacteraemias to further improve data reporting¹. The work being undertaken by the Department and the Health Protection Agency (HPA) to standardise data collection and ensure consistency of reporting is crucial to the development of robust and comparable data. A User Survey undertaken by the HPA highlighted some of the issues with the mandatory *Staphylococcus aureus* bacteraemia surveillance, particularly the lack of information on case mix, e.g. age, sex and whether the infection was acquired during the current admission². Subsequently the Department asked the HPA to undertake a pilot of enhancements to the current surveillance system. This has been completed and evaluated in 21 Trusts. This enhanced surveillance programme is scheduled for implementation as part of the mandatory surveillance of MRSA bacteraemia from October 2005.

3. Support for Trusts is already available through the HPA. In addition, a Performance Improvement Network has been established through a series of workshops to help those with challenging MRSA targets. *Saving Lives: a delivery programme to reduce healthcare associated infections including MRSA*³, which provides tools to help the NHS improve infection control, was issued on 15 June 2005. SHAs also have a role and will be co-ordinating local communities of practice.

PAC conclusion (ii): The Department's decision in 2001 to adopt a more limited approach to mandatory national surveillance than our predecessors had recommended means that they still lack a grip on the extent and impact of hospital acquired infections other than MRSA bacteraemia. ...The Department needs to work with the Health Protection Agency to expand national mandatory surveillance, based on a robust risk assessment with input from clinical staff. Its National Programme for IT needs to include the hardware and software needed to support the collection of national surveillance data, including effective links between pathology, microbiology, prescribing and patient administration systems.

¹ Chief Medical Officer / Chief Nursing Officer letter of 9 June 2005.

² AP Johnson et al (2005) *Journal of Antimicrobial Chemotherapy* **56**, 455-462.

³ <http://www.dh.gov.uk/PolicyAndGuidance/HealthAndSocialCareTopics/HealthcareAcquiredInfection/HealthcareAcquiredGeneralInformation/SavingLivesDeliveryProgramme/fs/en>

4. The Department does not agree with the conclusion, as implementation of the recommendations would not have provided the necessary solution. While the mandatory surveillance system will continue to be developed, it may not be appropriate for all new surveillance to be mandatory and we will consider each case on its merits. It is also important to take account of the resources needed for surveillance. Any new system introduced should focus on providing patient benefits without creating excessive burden to the NHS. The Department agrees with the need to work with the HPA and clinicians.

5. The current mandatory system was developed with expert advice and this process will continue with the HPA Steering Group on Healthcare Associated Infections (HCAI). The HCAI Steering Group, established in 2004 to advise the HPA and the Department on surveillance of HCAI, noted that it would be impractical to attempt to monitor all HCAI and that a targeted approach is needed.

6. HCAI mandatory surveillance system began in April 2001 with the surveillance of *Staphylococcus aureus* bacteraemia. This system is now being enhanced, as described in paragraph 2, to provide information which will greatly improve this surveillance, allowing targeting of interventions and benchmarking between Trusts. We support fully the need to involve clinical staff in surveillance activities and will ensure that NHS staff are involved in the discussions especially as resource allocation is a local decision.

7. The mandatory surveillance programme was extended to glycopeptide resistant enterococci in October 2003, at which time reporting of serious untoward incidents associated with infection also began. Alert organism surveillance was further extended to the reporting of *Clostridium difficile* associated disease from January 2004, followed by the mandatory sampling of *Clostridium difficile* strains for molecular typing, tests for hyper-toxin production and antibiotic sensitivity tests. Mandatory orthopaedic surgical site infection surveillance was rolled out April 2004.

8. While the mandatory surveillance system provides valuable information, it is also important to look at the evidence from other data sources, especially those where long time trends are available. The HPA runs a voluntary reporting system which provides a rich dataset on a variety of infectious diseases. In addition, samples are sent to the HPA's Reference Laboratories for typing and antimicrobial susceptibility testing or identification of resistance mechanisms which provide additional information. This enables trend analysis, further informing public health decisions.

9. The Department supports fully the recommendation that the National Programme for IT (NPfIT), now known as NHS *Connecting for Health*, needs to include the hardware and software needed to support the collection of local and national surveillance data. *Connecting for Health* provides a major opportunity to strengthen infectious disease surveillance, but only if the surveillance data output requirements are built into the core specification of future pathology systems. It is also vitally important to ensure that the surveillance output needs and current links are taken into account. Updates or replacements of current laboratory systems must not be allowed to disrupt existing links and render them inoperable.

10. The Department's HCAI and *Connecting for Health* teams are in discussion to ensure that the necessary output specifications for health protection and infection control have received sufficient recognition.

11. The Inspector of Microbiology and Infection Control recently produced, in collaboration with the HPA and colleagues in *Connecting for Health*, a briefing paper which included the following recommendations:

- There should be immediate exploration of the possibility of including pathology in the *Connecting for Health* core to fulfil the recommendations of the PAC report.
- If this is not feasible, a robust alternative should be implemented to guarantee the provision of the IT requirements for health protection and infection control.
- In addition, and as an immediate measure to protect current surveillance and control information flows, the specification for the output required for laboratory-based surveillance of infectious disease should be incorporated into the pathology W5 communication definition (the agreed messaging standard for the system) that will be used for the first phases of the implementation of *Connecting for Health*. This would ensure that infectious disease surveillance outputs are secured in the immediate future and would provide a specification for ensuring that the secondary uses service could support the surveillance functions in the longer term.
- *Connecting for Health* specifications and implementation plans must ensure appropriate interoperability of pathology, patient care record, pharmacy, theatre, and other systems, in order to support the surveillance and control of hospital, and other, infections.

PAC conclusion (iii): The national prevalence figure which estimates that at any one time 9% of patients have a hospital acquired infection is at least 10 years old. In December 2004 the Department commissioned the Hospital Infection Society to conduct a new prevalence survey to obtain up to date information. The Department should agree a timetable for this work which will produce results within the coming year.

12. The Department agrees with the recommendation. The survey has been commissioned and the project team has agreed the proforma for data collection. A final report is expected late 2006.

PAC conclusion (iv): The NHS do not know how many patients have died as a result of a hospital acquired infection... The Department needs to expedite its proposal for hospital acquired infections to be identified on death certificates, and its proposed audit of deaths attributable to all the main types of hospital acquired infection and report back to the Committee by the end of 2006.

13. The Department notes the Committee's conclusion. Infections can, and are, already included on death certificates where the certifying physician determines them to be the underlying or a contributing factor in that death. However, to help improve consistency in reporting, an article on Certifying deaths involving MRSA was published in the summer 2005 edition of CMO update⁴, which is sent to all registered medical practitioners

⁴ CMO Update. Issue 42, Summer 2005. © crown copyright 2005 (www.dh.gov.uk/cmo).

14. The Department has commissioned the HPA and the Office for National Statistics (ONS) to undertake a confidential study of suspected deaths from HCAI. The confidential study will investigate a small number of deaths potentially linked to HCAI to identify factors leading to the patient's death, with a view to undertaking a further analytical study in the future to test whether these factors are associated with excess mortality. A separate component of this programme of work will involve linking mortality records held at ONS with HCAI diagnoses held at the HPA to estimate case fatality rates for key hospital pathogens, such as MRSA. This will also provide means to understand death certification practice. An interim report is expected in 2006 and this will be submitted to the Committee

15. Data on infections will also be improved by the introduction of codes for antibiotic resistance into the International Classification of Deaths in 2006.

PAC conclusion (v): Compliance with good infection control practice such as hand hygiene is still patchy. Most NHS trusts have run hand hygiene initiatives in the last three years, including making alcohol hand rub much more widely available. Yet sustained compliance, among doctors in particular, is still poor. The National Patient Safety Agency's (NPSA) cleanyourhands campaign, which is being rolled out to the NHS from September 2004, is aimed at improving compliance. The Department needs to work with the NPSA to develop a better understanding of the reasons why compliance is not sustained and how it might best be tackled.

16. The Department accepts this recommendation in principle. All NHS Acute Trusts have implemented the cleanyourhands campaign, or their own equivalent campaign, and research to evaluate the implementation of the cleanyourhands campaign is underway. Part of this assessment includes a randomised prospective controlled trial to assess an intervention which aims to improve and sustain hand hygiene compliance.

17. At this very early stage in implementing the cleanyourhands campaign, figures show that the usage of alcohol-based hand rubs has increased steadily, with some Trusts showing a marked increase of between 100 and 400 per cent. Further evidence from observational audits on compliance, some two years following the pilot, show compliance in excess of 60 per cent – a sustained improvement from the average of 28 per cent reported before the campaign.

18. NPSA had its cleanyourhands campaign recognised with a Chartered Institute of Public Relations Award for Excellence, winning the Best Integrated Campaign category, showing that this issue has risen on the NHS agenda.

19. NPSA is now preparing to extend the cleanyourhands campaign to primary and community care. In addition, the Department is in discussion with the General Medical Council, medical schools and the Nursing Regulatory Body to ensure hand hygiene is embedded in undergraduate and postgraduate teaching.

20. CMO, who leads the WHO Global Patient Alliance Programme, has initiated a "hand hygiene task force" with a first major target of improving hand hygiene globally. HPA and NPSA each have a member on this hand hygiene task force. They will ensure that the new WHO Guidelines will be integrated into Department of Health policy. The Programme will be launched by WHO in October 2005.

PAC conclusion (vi): The Department has still not implemented the National Audit Office's 2000 recommendation to publish a national infection control manual, despite four years of research and consultation. ...The Department, together with the NHS University and the National Electronic Library for Health, should establish a repository for national evidence based guidelines and good practice examples on issues such as antibiotic prescribing, screening of patients, isolation of infected patients, aseptic techniques, uniforms, and bed management practices.

21. The Department accepts this recommendation. In the light of the recommendation in the report from the NAO in 2000 that the Department of Health should produce an infection control manual, the Department carried out a scoping study aimed at establishing what infection control specialists wanted from an infection control manual. The study showed a clear consensus that what was wanted was a reliable and high quality infection control information resource, bringing together all national guidance and other source literature relevant to the prevention and control of infection, rather than an infection control manual as such.

22. Information from this scoping study was used in the development of the National Resource for Infection Control (NRIC) which has now been established as a subset portal of the National electronic Library of Infection (NeLI). NRIC is a project developed by and for professionals, and will function as a "one stop shop" portal which hosts key guidance on infection control and provides links to other quality assured relevant resources.

PAC conclusion (vii): ...Despite a small improvement in the ratio of infection control nurses to beds there remains a mismatch between what is expected of infection control teams and the resources available to them. The Department, working with trusts and strategic health authorities, should conduct a survey of the new Directors of Infection Prevention and Control to determine whether they have the authority and resources to fulfil their designated role, and whether there are any constraints on implementation.

23. The Department does not accept this recommendation. Infection prevention and control should be everybody's business and cannot be achieved by setting a ratio of specialist infection control staff to beds. Instead, appropriate management and clinical governance systems are required and this will be addressed by the code of practice in the proposed Health Improvement and Protection Bill.

24. The Department has already made it clear via guidance on its website⁵ that the Directors should be authoritative figures with the expertise to introduce appropriate changes to improve standards. It is for all the NHS to achieve this and the Directors of Infection Prevention and Control annual reports will identify local issues and actions to improve the situation where applicable.

⁵ http://www.dh.gov.uk/PublicationsAndStatistics/LettersAndCirculars/DearColleagueLetters/DearColleagueLettersArticle/fs/en?CONTENT_ID=4083982&chk=Z4VWx7

PAC conclusion (viii): New initiatives such as the Secretary of State’s “Towards Cleaner hospitals and lower rates of infection” programme, the new Matrons Charter for cleaner hospitals and the model cleaning contract are welcome developments in the fight to improve hospital hygiene. NHS trusts’ implementation of these initiatives should be evaluated by an annual survey to see that they are actually improving cleanliness on the wards. Trusts should also provide clear and accessible guidance for patients on the standards of ward cleanliness that they are entitled to expect, and obtain feedback from patients on the standards achieved in practice. The Department should determine whether hygiene assessments and cleaning methods used by the food and hospitality industries could improve consistency and reduce subjectivity of cleanliness assessments.

25. Patient Environment Action Team (PEAT) inspections of every healthcare facility in England with more than 10 inpatient beds are carried out annually, when hospital cleanliness is assessed, alongside other aspects of the patient environment. In the most recent round of inspections 98 per cent of NHS Trusts scored as acceptable or better. Each year the PEAT programme is adapted to reflect changing expectations and to ensure that the results provide an accurate picture. In addition, the Healthcare Commission will conduct annual reviews.

26. Guidance for patients about the Trust and what they should expect is often issued to patients in a Patient Information Pack produced by the Trust and this may include information about cleaning frequencies. Guidance was issued to Trusts on the production of these packs by the Department in 2004 and Patient Advice and Liaison Services (PALS) provide a focal point for feedback from patients to inform service developments.

27. Patient and Public Involvement (PPI) Forums are a key vehicle for raising awareness of the needs and views of patients and the public, placing them at the centre of health services. A number of PPI Forums undertake inspections of hospitals for cleanliness, amongst other measures, and make recommendations for action to Trusts.

28. *Towards Cleaner Hospitals*⁶ promised patient-led inspections of hospital cleanliness. As a result of this promise, a new approach to inspecting hospital cleanliness is being developed, which incorporates lay-led inspections within a revised PEAT format.

29. The Department has commissioned research on the efficacy of microfibre technology and ATPase bioluminescence technology, as used in the food industry for monitoring hygiene. Initial results are encouraging. Research into the use of steam cleaning and microfibre cleaning has been carried out in University College Hospital London Foundation NHS Trust and University Hospitals Lewisham NHS Trust, funded by NHS Estates. The researchers found steam cleaning to be an effective restorative measure, and showed that microfibre cleaning could effectively reduce bioburden and maintain a high standard of cleanliness. These methods of cleaning are attractive because they use only water, yet achieve a high standard of cleanliness. They are a useful option for the NHS, although traditional methods will still be used in many situations. Decisions on which cleaning method to adopt are made locally, according to specific circumstances. The Department is considering how the learning from this research can be shared. This will include proposals for updating the NHS Cleaning Manual, in conjunction with NPSA.

⁶ *Towards Cleaner Hospitals and lower rates of infection. A summary of action. 2004* © Crown Copyright, Department of Health 40312 2P 1.5k Aug 04 (CWP)

PAC conclusion (ix): The design of hospitals can help minimise hospital acquired infection, particularly by ensuring the provision of sufficient single rooms with appropriate ventilation for use as isolation facilities. Infection control teams should be part of the planning team for refurbishments or new buildings. Strategic health authorities should monitor whether infection control requirements and guidance issued by NHS Estates are being complied with, and whether contractors are being held to account for any shortfalls.

30. The Department agrees with the recommendation. This is already part of existing guidance and the Department is working with the Health and Safety Executive on providing additional guidance to the NHS. As part of their performance management role, SHAs should be assessing the provision of isolation facilities in their areas.

31. To help local planning for isolation facilities, an isolation facilities document was published by NHS Estates in February 2005⁷. In addition, the Department is considering providing guidance on provision of ventilated isolation facilities.

PAC conclusion (x): There is evidence that wider factors such as bed management policies and the need to meet waiting times targets can compromise infection prevention and control. Seven out of ten trusts are still operating with bed occupancy levels higher than the 82% that the Department told our predecessors it hoped to achieve by 2003-04. Trusts need to reduce bed occupancy levels and to adopt more effective bed management practices which avoid patients moving too frequently.

32. The Department accepts this recommendation in part. The NHS is treating more patients and this brings new challenges because this increased activity means that management, clinical and support staff must continue to focus on reducing the risk of infection.

33. Implementing *Winning Ways*⁸ and *Towards Cleaner Hospitals*⁶ will address these concerns. For instance, on bed occupancy Chief Executives are required to ensure that infection control teams work with bed managers to optimise bed use, separate infected patients from susceptible patients, assess the infection impact of bed management policies and implement changes to local policy to minimise the risk of infection by reducing patient transfers and movement.

PAC conclusion (xi): In 2001 the Department assured our predecessors that the need for isolation facilities was being addressed, yet only a quarter of the 56% of trusts that had undertaken a risk assessment to determine the number and quality of isolation facilities had obtained the required facilities. Strategic health authorities should ensure that all NHS Trusts have carried out a risk assessment of their isolation facilities, in line with Health and Safety legislation, and work with them to determine a timetable and resourcing strategy to address identified shortfalls in requirements.

⁷ HBN4 in-patient accommodation options for choice supplement 1: isolation facilities in acute settings 2005 © Crown Copyright, NHS Estates. ISBN 0-11-322711-6

⁸ *Winning Ways*. Working together to reduce Healthcare Associated Infection in England. A Strategy for combating infectious diseases (including other aspects of health protection). 2003. © Crown Copyright, Department of Health 34152 1p 15k Dec 03.

34. The Department accepts this recommendation in principle. *Winning Ways*⁸ requires NHS Trust Chief Executives to ensure that, over time, there is appropriate provision of isolation facilities. Since 1997, NHS Estates has advised that new buildings should ideally contain at least 50 per cent of their beds in single rooms. Where this is not possible, new hospitals should provide more single rooms than the facilities they replace. New hospitals currently being built have more single rooms for isolation than even before. The Department expects that the demand for single rooms will rise for a variety of reasons, not just infection, and that is why we are investing in new hospitals with more single rooms. This has been flagged up as an important issue by the HCAI Steering Group

PAC conclusion (xii): The Comptroller and Auditor General's Report noted that 12% of infection control teams reported that their recommendation to close a ward or hospital to admissions for the purpose of infection control had been refused or discouraged by their Chief Executive. NHS Trusts should inform their strategic health authorities when a recommendation to close a ward is refused. Strategic health authorities should ensure that these incidents are recorded and should work with Trusts to identify ways of minimising the impact of such closures.

35. The Department does not agree with this recommendation and it is not clear whether this refers to complete ward closure or closure to new admissions for a period.

36. Over 80 per cent of infection control teams did not consider this an issue. This indicates that the current system is working and that a new reporting system is not necessary. Responsibility for the decision to close a hospital ward rests with the Trust Chief Executive who is best placed to make the necessary judgement in the light of the information available locally. We would expect the Trust's Director of Infection Prevention and Control to advise on these issues. Any such decision will be informed by clinical advice and local clinical priorities. This judgement involves deciding the balance between the risk to patients of contracting an infection and clinical risks from delaying the treatment that patients need.

37. In addition, the Infection Control Team and Director of Infection Prevention and Control will often already be working with the local HPA's Health Protection Unit. If the Trust management do not take the ICT advice, the HPA reserves the right to report the situation directly to the Director of Public Health in the SHA.



Published by TSO (The Stationery Office) and available from:

Online

www.tso.co.uk/bookshop

Mail, Telephone, Fax & E-mail

TSO

PO Box 29, Norwich NR3 1GN

Telephone orders/General enquiries 0870 600 5522

Order through the Parliamentary Hotline *Lo-call* 0845 702 3474

Fax orders 0870 600 5533

Email book.orders@tso.co.uk

Textphone 0870 240 3701

TSO Shops

123 Kingsway, London WC2B 6PQ

020 7242 6393 Fax 020 7242 6394

68-69 Bull Street, Birmingham B4 6AD

0121 236 9696 Fax 0121 236 9699

9-21 Princess Street, Manchester M60 8AS

0161 834 7201 Fax 0161 833 0634

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

18-19 High Street, Cardiff CF10 1PT

029 2039 5548 Fax 029 2038 4347

71 Lothian Road, Edinburgh EH3 9AZ

0870 606 5566 Fax 0870 606 5588

TSO Accredited Agents

(See Yellow Pages)

and through good booksellers

ISBN 0-10-166672-1



9 780101 666725