Treasury Minutes Progress Report

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

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

This is the 9th edition in the series of progress reports since Session 2010-12. Details of Committee recommendations, that were implemented previously, can be found in earlier progress reports and the original Treasury Minute response, referenced within this publication.

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

Cm 9566 January 2018

TREASURY MINUTES PROGRESS REPORT DATED 25 JANUARY 2018 ON GOVERNMENT RESPONSES TO THE COMMITTEE OF PUBLIC ACCOUNTS: SESSIONS 2010-12, 2012-13, 2013-14, 2014-15, 2015-16 AND 2016-17 AND PROGRESS ON GOVERNMENT CASH MANAGEMENT.

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Government Cash Management - 2017 Update

Introduction

This is the 7th annual progress report on Government cash balances held outside the Exchequer. The Treasury continues to work proactively with Government Departments, and the Government Banking Service (GBS), to reach a collective goal to minimise cash balances. Government Departments have provided updates to the Treasury on the progress made to the Committee's recommendations on cash management[1]. An update to the responses is provided below. The Treasury values the Committee's continued support and interest in this area and will write to the Committee annually with further updates, as agreed with the Committee Clerk and Chair in January 2017.

Exchequer Overview

Government Departments and their Arm's Length Bodies hold accounts outside of the Exchequer for a variety of reasons. The Treasury allows these accounts to be retained if:

- There are legal or statutory reasons why funds cannot be held in the Exchequer
- GB does not provide the services required
- Moving away from a current commercial banking contract would not represent value for money for the Exchequer

Government Departments have reported[2] 1,404 commercial accounts to the Treasury as at 30 September 2017. The total value of those accounts has increased by £121 million from the £6,556 million in 2016 to £6,677 million in 2017. Of the £6,677 million, £4,422 million relates to organisations highlighted in previous reports such as Academy Trusts, Network Rail, NHS Foundations Trusts, Nuclear Liabilities Fund and UK Asset Resolution. The remaining £2,278 million relates to commercial balances held by government departments. Of £2,278 million, £1,552 million is Non-Exchequer related and the remaining £726 million is Exchequer related such as funding provided by or a levy received on behalf of the Government.

The Exchequer balances held in commercial accounts by government departments has increased from £587 million in 2016 to £726 million in 2017, mainly due to timing of a £183 million receipt paid at the end of September 2017 that was then transferred to the Exchequer at the start of October. The main balances held within £726 million are for DFT £201 million London Continental Railways Ltd, DCMS £57 million Arts Council England, the Treasury £41 million Money Advice Service and MOD £37 million Council of Reserve Forces and Cadet Associations.

Table 1	Total Value 2016 £ millions	Total Value 2017 £ millions
Government Departments (Exchequer)	536	726
Government Departments (Non-Exchequer)	1,646	1,552
Sub-total	**2,182**	**2,255**
Academies (DFE)	3,232	2,648
Network Rail (DFT)	1,001	1,560
NHS Foundation Trusts (DH)	29	141
Nuclear Liabilities Fund (BEIS)	80	50
UK Asset Resolution (Treasury)	32	23
Sub-total	**4,374**	**4,422**
Grand Total	**6,556**	**6,677**

The total number of commercial accounts held has reduced from 1786 in 2016 to 1404 in 2017 in large part due to the MoD closing 346 commercial accounts as it meets its local banking requirements through GB contracts.

[1] PAC Report: *Nine reports from the Comptroller and Auditor General from July 2009 to March 2010* – Session 2009-10 (HC 520) – *Government Cash Management* (HC 546)

[2] Summary of Commercial Balances explains any timing differences including the full Departmental breakdown.

Updates on the major policy areas where high balances are held outside the Exchequer

This report highlights the extensive use of commercial banking arrangements for Academy Trusts, Network Rail, NHS Foundation Trusts and the Nuclear Liabilities Fund. Collectively the balance of these organisations has increased by £57 million from £4,342 million in 2016 to £4,399 million in 2017.

Academy Trusts (DFE) – £2,648 million

Academy Trusts are within the Department for Education's (DFE) accounting and reporting boundary, but schools funded by Local Authorities are outside the scope of this report. The balances held in commercial banks has reduced by £600 million since March 2016 as Academy Trusts use some of their cash reserves.

DFE have committed to consider Academy Trusts holding balances within the Exchequer and are currently considering the suitability of a small pilot for Academy Trusts to bank with GB in future.

Network Rail (DFT) - £1,560 million

Before Network Rail (NR) was reclassified to the public sector in 2014, it entered into financial derivatives contracts to reduce its exposure to fluctuations in interest rates and foreign exchange rates. The contracts require NR to post cash temporarily with counterparties to those contracts as a form of security. Recently, NR has had to increase the amounts of cash posted with counterparties due to a decline in sterling interest rates since the derivatives were contracted.

When NR was reclassified to the public sector a decision was taken to wind up NR's derivatives portfolio. Between now and 2024 the majority of the portfolio will close, which will reduce the cash required to act as security. NR have committed to reviewing their banking arrangements and will move funds to the Exchequer where possible.

NHS Foundation Trusts (DH) - £141 million

Foundation Trusts are autonomous organisations whose freedom is set out in primary legislation. These freedoms provide the discretion to decide locally how to deliver best value from their income and this may include the use of commercial accounts.

Foundation Trusts are measured against liquidity and working capital targets set by NHS Improvement as a prudent way of managing risk. In meeting these requirements Foundation Trusts can hold working capital facilities with commercial banks linked to accounts held with that bank.

DH does not direct or prescribe banking issues for Foundation Trusts, however the Treasury continues to work with DH in raising the need for effective cash management, whilst respecting the need for independence and local decision making to deliver best value from these bodies.

Nuclear Liabilities Fund (BEIS) - £50 million

The Nuclear Liabilities Fund has been classified to the public sector by the Office for National Statistics for national accounts purposes. The Government guarantees the down side risk of the Fund not meeting its liabilities and the Government therefore believes taxpayers should have access to any upside benefit. At the end of March 2017, the Fund currently has around £7.4bn invested within the National Loans Fund, out of its total assets of around £9.2bn. Of the remaining £1.8bn outside the Exchequer, about £50 million is retained in liquid assets. The Treasury is working with BEIS, UKGI and the Fund's Trustees to agree a plan to diversify the funds held within the Exchequer.

UK Asset Resolution (HMT) – £23 million

Commercial balances held by UK Asset Resolution (UKAR) were first reported in January 2014's Treasury Minute as £2.7bn. UKARs' requirement to hold collateral has been reduced significantly since then and now only £23m is held in commercial accounts.

Updates on the recommendations for the Centre of Government (Treasury)

The Treasury's cash management scheme incentivises accurate cashflow forecasting with the production of a monthly league table and a self-financing charging and rebating mechanism. The Treasury has conducted a Balance Sheet review exercise to identify, amongst other things, the PSND and PSNB impact of public bodies banking outside the Exchequer. The Treasury continues to seek ways to design a scheme that can provide incentives for not just accurate cashflow forecasting but also for cost-effective banking and payment arrangements.

During 2017, the Treasury has worked with the Cabinet Office to establish a set of global Cash Management principles to ensure the best cash management practices are systematically adopted across Government. The principles go beyond cash forecasting, and provide guidance on banking and cash planning, and identify key performance indicators to monitor process efficiency and effectiveness. Departments have indicated that they are already compliant with many of the principles and are in the process of agreeing to roadmaps for full compliance within 18 months.

Additionally**,** the Treasury and GB have been working with Government Departments to review their commercial banking arrangements and are focusing on those areas with the biggest potential benefit for the Exchequer if they were brought into the Exchequer. All Government Departments require Treasury approval to make use of commercial banking arrangements. Where approval is given, Government Departments are directed to consult with the Crown Commercial Representative for Banking who has responsibility for strategic management of banking services and suppliers across the whole of the Exchequer.

The Treasury also organises an annual full-day cash management seminar to share knowledge and best practices across the sector.

Cashflow Management Scheme League Tables

Departments	April 2016 to March 2017		
	Position	Average % Monthly Cash Forecast Variance	Net Payment Flow Outturn
Energy (DECC)	1	0.19	4,480
Work and Pensions (DWP)	2	0.53	81,291
Treasury (HMT)	3	1.00	4,243
Education (DFE) – inc Pensions	4	1.08	78,801
Business (BIS) – inc UKAEA	5	1.13	28,010
Wales Office	6	1.42	13,531
Royal Mail Pension	7	1.52	1,317
Revenue and Customs (HMRC)	8	1.98	15,324
NHS Pensions	9	2.56	992
Communities (DCLG)	10	2.88	16,702
Scotland Office	11	3.41	27,571
Health (DH)	12	3.43	99,054
Justice (MOJ)	13	3.44	7,326
Home Office	14	3.51	12,814
International (DFID)	15	3.67	10,622
Environment (DEFRA)	16	4.22	6,686
Northern Ireland Office	17	4.54	14,201
Culture (DCMS)	18	4.93	4,930
Foreign (FCO)	19	5.71	2,001
Transport (DFT)	20	7.04	16,762
Civil Superannuation	21	8.24	2,520
Defence (MOD) inc Pensions	22	13.26	37,691

Departments	April 2017 to September 2017		
	Position	Average Monthly Cash Forecast % Variance	Net Payment Flow
Wales Office	1	0.12	6,971
Business and Energy (BEIS)	2	0.20	7,206
Work and Pensions (DWP)	3	0.67	39,517
Communities (DCLG)	4	1.15	8,930
Royal Mail Pension	5	1.38	678
NHS Pensions	6	1.45	195
International (DFID)	7	1.82	4,550
Home Office	8	2.86	7,986
Education (DFE) Teachers Pensions	9	3.12	42,717
Justice (MOJ)	10	3.75	3,775
Foreign (FCO)	11	4.06	1,015
Environment (DEFRA)	12	4.19	1,729
Scotland Office	13	4.26	14,061
Revenue and Customs (HMRC)	14	4.37	7,835
Health (DH)	15	4.72	50,859
Civil Superannuation	16	5.18	1,052
Culture (DCMS)	17	5.39	2,548
Transport (DFT)	18	6.21	9,596
Northern Ireland Office	19	6.56	7,012
Treasury (HMT)	20	7.44	-3,540
Defence (MOD) inc Pensions	21	14.34	19,356

Forecast Net Payment Flow and Outturn Figures: 2016-17

- Total Forecast: £492.65 billion
- Total Outturn: £486.87 billion.

The above league tables are used in the Cashflow Management Scheme, which monitors the payments and receipts of each Government Department. Each month, Departments submit forecasts of their gross payments and receipts. By monitoring their Government Banking Service accounts, the Treasury calculates the implied net payment flow using opening balance plus funding received from the Consolidated Fund minus closing balance to give the implied net payment flow figure for the month. The difference between the forecast and the outturn is expressed as a percentage of the Forecast Net Payment flow. The target is for departments to be within 5% of their Forecast Net Payment flow figure. Departments receive monthly feedback on their performance showing both monthly and year to date outturn

Summary of Commercial Balances as at September 2016

Government Departments (including NDPBs)	2016	2017	2016		2017	
	Total number of commercial accounts	Total number of commercial accounts	Total value commercial accounts	Of which fund related to Exchequer	Total value commercial accounts	Of which fund related to Exchequer
			£m	£m	£m	£m
Business and Energy (BEIS) (Note 1)		135			396.00	221.39
Business (BIS) (Note 1)	79		182.27	19.74		
Communities (DCLG)	18	18	10.13	3.65	10.50	4.35
Culture (DCMS)	290	290	297.74	41.32	310.45	68.72
Energy (DECC) (Note 1)	9		17.01	17.01		
Environment (DEFRA) (Note 2)	39	40	64.83	4.26	70.79	6.56
Health (DH) (Note 2 and 4)	96	9	45.93	39.27	23.30	19.69
Transport (DFT)	15	16	435.84	238.91	447.09	256.71
Education (DFE) (Note 3)	4	15	0.03	0.03	111.59	0.01
International (DFID) (Note 2)	46	41	0.52	0.09	0.40	0.10
Work and Pensions (DWP)	70	70	174.81	23.77	90.14	11.91
Foreign (FCO) (Note 2)	301	299	253.69	0	231.81	0
Revenue and Customs (HMRC)	21	19	40.36	23.16	46.49	24.85
Home Office (HO)	10	10	9.15	8.89	15.31	14.92
Treasury (HMT) (Note 2)	34	34	57.12	0	52.00	41.34
Justice (MOJ) (Note 2)	83	83	139.31	10.50	125.86	1.63
Defence (MOD) (Note 2)	671	325	453.03	105.68	323.36	53.58
Total from Departments	**1786**	**1404**	**2182**	**536**	**2255**	**726**
DFE Academies			3232.00		2648.00	
DH Foundation Trusts (Note 3)			28.64		140.66	
Treasury UK Asset Resolution (Note 2)			32.30		23.09	
Nuclear Liabilities Fund (Note 3)			80.00		50.00	
Network Rail			1001.00		1560.00	
Sub-total			**4373.94**		**4421.50**	
Grand Total			**6555.71**		**6676.59**	

Figures are compiled as per the Government Departments update to the Treasury.

Notes: (1) Machinery of Government changes effective March 2017 merged Departments BIS and DECC into BEIS, and adult learning moved to DFE. **(2)** Total balance includes US Dollar and / or Euro Sterling equivalents balances as per rates derived from WM Reuters Spot Rates and Morningstar. **(3)** Figures provided at end March 2016 and march 2017 as data can only be provided once a year. **(4)** Number of account figure 2017 shows DH and its ALBs only, as NHS Improvement no longer collect data on the number of accounts held by NHS providers.

Thirty Third Report of Session 2009-10

HM Treasury

Nine reports from the Comptroller and Auditor General published from July 2009 to March 2010

Government Cash Management

The Committee's conclusion on value for money

Central Government as a whole is not managing its cash in a way that maximises value for money, largely because it could hold more cash in the Exchequer. Money that leaves the Exchequer needs to be raised by the Government at a cost that is close to the Bank of England bank rate, which ranged from 5% to 0.5% in 2008-09. In some cases, this money is held in commercial bank accounts, earning interest, before it is used to make payments. However, for the bodies in the Committee's sample, the average interest rate earned was 0.7% below the bank rate. Using this rate, the £4 billion held in commercial bank accounts at 31 March 2008 would have cost the Government £28 million in higher interest payments over the year.

Although the current unusually low interest rates would reduce the potential savings, most of the Committee's sample of sponsored bodies held on average 50% higher cash balances throughout 2008-09 compared to 31 March 2009. While it is not possible to extrapolate from this small sample, it suggests the £4 billion is an underestimate. There are also broader benefits from using the central expertise of the Debt Management Office to manage cash balances and the associated risk.

Some organisations are ready to move over to the Exchequer as their banking provider almost immediately. Others, especially those that have complicated banking arrangements or want to maintain their independence from the Government, would incur considerable one-off costs or require a significant cultural change. These factors would apply to any change of banking provider, and the costs may include changing internal processes to align with those of the new provider, adjusting computer software, and ensuring all customers know and use the new bank account details.

Background resources

- NAO report: *Government cash management* - Session 2009-10 (HC 546)
- PAC report: *Nine reports from the Comptroller and Auditor General published from July 2009 to March 2010* - Session 2009-10 (HC 520)
- Treasury Minutes Progress Report: February 2013 (Cm 8539)
- Treasury Minutes: January 2014 (Cm 8774)
- Treasury Minutes: December 2014 (Cm 8988)
- Treasury Minutes: December 2015 (Cm 9170)
- Treasury Minutes: December 2016 (Cm 9389)

Updated Government response to the Committee

There were 8 recommendations in this report, which have now been implemented.

The Committee's recommendation

The following recommendations for Departments, their sponsored public sector bodies and the centre of Government identify improvements in Government Cash Management that can be achieved primarily by changing working methods, sharing information, or adjusting organisation structures, without the need to incur significant implementation costs. The highest priority recommendations that would deliver the greatest benefits, both financially and non-financially, are recommendations on banking with the Government Banking Service and refocusing the Treasury's incentive mechanisms.

1: Committee of Public Accounts conclusion
Central Government departments and their sponsored bodies hold more money in commercial bank accounts than they needmoney is kept at the Exchequer.

Recommendation 1a:
Departments and their sponsored bodies should have their main account with the Government Banking Service, so that unspent money is kept at the Exchequer. This is one of the most important elements of good cash management in Government, as it not only reduces Government borrowing, but minimises risks and allows the Government to plan and manage its cash flow more cost-effectively. Organisations should only have commercial bank accounts where they have agreed with the Treasury that the Government Banking Service cannot satisfy a particular business need.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 All Departments hold their main accounts with the Government Banking Service (GBS). Departments have continued to work with the Treasury to review accounts held in commercial banks, to move accounts to GBS, and to close other accounts. This has led to the closure of a number of accounts, and where new commercial accounts have been opened (with the agreement of the Treasury) their balances are being monitored by Departments.

1.3 Departments are still working with their various bodies to continue this work, and they submit quarterly returns to the Treasury of the balances held in commercial accounts. These are closely monitored by the Treasury and large variances queried. In addition, all accounts held outside GBS are subject to annual review.

Recommendation 1b:
Departments need to improve their links with sponsored bodies and collect more accurate information on when they use their cash. Based on the data, they should amend payment cycles to sponsored bodies with commercial bank accounts so that the bodies receive money when they need it, and not before. This amendment may be for more frequent payments, or making the monthly payments closer to the date when significant liabilities, such as payroll, need to be met.

1.4 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.5 Departments continue to work on those systems already in place which improve links with their arm's length bodies (ALBs). Where appropriate, ALBs have been given a GBS account to keep funding within the Exchequer as long as possible. The improved information regarding funding flows has helped to ensure that payments are not made in advance of need and has improved the accuracy of cashflow forecasts.

2: Committee of Public Accounts conclusion
Monthly net expenditure for the 14 departments in our survey varies from forecast by an average of £1 billion.

Recommendation:
Public bodies need to gather information from business units to forecast individual monthly expenditure. To do this effectively they need to structure themselves to facilitate continuous dialogue between those staff responsible for forecasting cash requirements, and those making payments. They also need to emphasise to budget holders responsible for approving large payments and claiming receipts in their own organisation, as well as any sponsored bodies, the importance of accurate forecasting and communicating any changes to forecasts as soon as possible to the cash managers.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 All Departments have a single central point of contact for cash forecasting. The benefits of greater internal integration are evident in the improvements in Departments' monthly variance figures. Like the Cashflow Management Scheme, Departments feed back to their bodies on performance, highlighting the importance of good cash forecasting and investigating discrepancies.

3: Committee of Public Accounts conclusion

Few Boards routinely receive information about their organisation's cash position.

Recommendation:

With the tighter fiscal position, Boards should have greater oversight of information on cash flow so they better understand the pattern of spend as well as total spend, and can address any potential risks. Central finance teams should develop more informative reports, which ought to include movements in the main current bank accounts and comments on variances. Where there is an operational need to have commercial accounts, Boards should ensure that cash balances are invested in interest earning accounts, while having due regard for credit risk. They should also receive reports on the proportion of their cash which earns interest, the rates earned, and a credit assessment of the institution with which their funds are held.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 Departments report to their boards on a monthly or quarterly basis about their position in the Cashflow Management Scheme league table and their outturn. This is done by varying methods. However, some Departments are still working to improve their lines of reporting.

4: Committee of Public Accounts conclusion

Organisations are using less cost-effective methods of payment, such as cheques and CHAPS (Clearing House Automated Payment System), because of poor planning.

Recommendation:

Organisations should manage their payments in a way that allows them to use the most cost-effective methods, and develop strategies for limiting the use of expensive paper-handling.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 BACS is the preferred method of payment and is used by all Departments for the majority of transaction. Internal transfers are used when paying another Government Department, in some circumstances this is impossible and BACS is the next best alternative, CHAPS is only used when necessary and Government Procurement Cards are used for low-value payments.

5: Committee of Public Accounts conclusion

The current incentives for cash management focus on accurate forecasting, but this does not address money that is unnecessarily kept outside the Exchequer.

Recommendation:

The Treasury needs to extend its incentives to encourage public bodies to keep more money in accounts at the Exchequer, for example, by making bodies' performance in this regard more transparent. It could also, together with the Government Banking Service, take a more active approach to achieving compliance with its guidance on minimising commercial balances. Any of these steps would need to be taken in a way that minimises unintended behaviours, and would also incur some limited additional staff cost. However, new mechanisms are critical in shifting the focus away from just accurate forecasting. The most cost-effective system would be for all public bodies to bank with the Exchequer and manage their cash in accordance with the guidance without the need for incentives.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The Treasury has continued to work proactively with Departments and GBS to reach a collective goal by updating the register of commercial accounts held by Departments and their public bodies, and working with Departments to authorise new commercial accounts when it is not possible to place funds with the GBS; monitoring quarterly information on commercial balances and continuing to push for limits on all commercial accounts; and issuing all Departments with a Cashflow Management Scheme Guide, to supplement the Treasury's guidance *Managing Public Money*. Its contents will be reviewed continually and updated as necessary.

6: Committee of Public Accounts conclusion
Good practice in forecasting cash flow and managing payments exists, but is not systematically adopted across Government.

Recommendation:
The Treasury is already working with Departments to improve their performance, but should focus more on those Departments with the greatest scope to improve, based on current performance and the context in which they operate. In light of the tighter fiscal position, it should work with all Departments to help them identify how they can improve their forecasting accuracy, particularly at the end of the financial year, without compromising the policy of minimising cash balances held in commercial accounts.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 The Treasury issues league tables at official level to Departments each month and writes to Departmental Finance Directors annually to update them on their Department's Cashflow Management performance.

6.3 The Treasury provides coaching and support to new Departmental Cash Managers or underperforming Departments. The level of training is proportional to the funds for which the Cash Manager is responsible.

6.4 The Treasury also runs an annual Departmental Seminar which brings together around 80 Departmental Cash Managers. The Seminar helps spread best practice and improve cashflow forecasting.

7: Committee of Public Accounts conclusion
By undertaking their own tendering processes for commercial banking and cash transit services, public bodies are unlikely to all be getting the best value for Government as a whole.

Recommendation:
Where there is a value for money case for using a commercial provider for standard banking services, public bodies should seek approval from the Treasury. When procuring specialised banking services, organisations should first check whether the new Government Banking Service is able to provide them. If not, they should work with the Government Banking Service during the specification and tendering process, as it can coordinate knowledge sharing across the wider public sector.

7.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

7.2 The role of the GBS, as an expert on money transmission services, is now well embedded, as has been evidenced in the procurement of the finely priced new contracts. Building upon the cross-Government relationships, established during the successful procurement and subsequent migration of banking services, the Government Banking Service brings together key Government customers to share banking and payment best practise, maximise efficiencies across the supplier base and agree common approaches to payment industry issues. Knowledge of existing and new products is additionally shared across Government by a regular newsletter to Finance Directors.

Progress on the implementation of Government accepted recommendations of the Committee of Public Accounts: Session 2010-12

Updates on recommendations reported as work in progress

#	Report Title	Page
17	Academies Programme	12
70	Oversight of special education for young people aged 16-25	13

Recommendations fully resolved

#	Report Title
1	Support to incapacity benefits claimants through pathways to work
2	Delivering multi-role tanker aircraft capability
3	Tackling equalities in life expectancy in areas with the worst health and deprivation
4	Progress with value for money savings and lessons for cost reduction programmes
5	Increasing passenger rail capacity
6	Cafcass's response to increased demand for its services
7	Funding the development of renewable energy technologies
8	Customer First Programme: delivery of student finance
9	Financing PFI projects in the credit crisis and the Treasury's response
10	Managing the defence budget and estate
11	Community Care Grant
12	Central Governments use of consultants and interims
13	Department for International Development's bilateral support to primary education
14	PFI in housing and hospitals
15	Educating the next generation of scientists
16	Ministry of Justice Financial Management
18	HM Revenue and Customs 2009-10 Accounts
19	M25 Private Finance Contract
20	OFCOM: the effectiveness of converged regulation
21	Youth justice system in England and Wales: reducing offending by young people
22	Excess Votes 2009-10
23	Major Projects Report 2010
24	Delivering the cancer reform strategy
25	Reducing errors in the benefits system
26	Management of NHS hospital productivity
27	Managing civil tax investigations
28	Accountability for public money
29	BBC's management of its digital media initiative
30	Management of the Typhoon Project
31	Asset Protection Scheme
32	Maintaining financial stability of UK banks: update on the support schemes
33	NHS Landscape Review
34	Immigration: the points based system – work routes
35	Procurement of consumables by NHS acute and Foundation Trusts
36	Regulating financial sustainability in higher education
37	Departmental Business Planning
38	Impact of the 2007-08 changes to public service pensions
39	Intercity East Coast passenger rail franchise
40	Information and communications technology in Government
41	Regulating Network Rails efficiency
42	Getting value for money from the education of 16-18 year olds
43	Use of information to manage the defence logistics supply chain
44	Lessons from PFI and other projects
45	National programme for IT in the NHS: an update
46	Transforming the NHS ambulance services
47	Reducing the costs in the Department for Work and Pensions

Recommendations fully resolved

#	Report Title
48	Spending reduction in the Foreign and Commonwealth Office
49	Efficiency and Reform Group's role in improving public sector value for money
50	Failure of the FiReControl Project
51	Independent Parliamentary Standards Authority
52	Department for International Development Financial Management
53	Managing high value capital equipment in the NHS in England
54	Protecting consumers: the system for enforcing consumer law
55	Formula funding of local public services
56	Providing the UK's carrier strike capability
57	Oversight of user choice and provider competition in care markets
58	HM Revenue and Customs: PAYE, tax credit debt and cost reduction
59	Cost effective delivery of an armoured vehicle capability
60	Achievement of Foundation Trust status by NHS hospital trusts
61	HM Revenue and Customs 2010-11 Accounts: tax disputes
62	Means Testing
63	Preparations for the roll-out of smart meters
64	Flood risk management in England
65	Department for International Development: transferring cash and assets to the poor
66	Excess Votes 2010-11
67	Whole of Government Accounts 2009-10
68	Major Projects Report 2011
69	Report number not used by the Committee
71	Reducing costs in the Department for Transport
72	Services for people with neurological conditions
73	BBC's Efficiency Programme
74	Preparations for the 2012 London Olympic and Paralympic Games
75	Ministry of Justice Financial Management
76	Department for Business: reducing bureaucracy in further education in England
77	Reorganising central Government bodies
78	CQC: regulating the quality and safety of health and adult social care
79	Accountability for public money
80	Cost reduction in central Government: summary of progress
81	Equity investment in privately financed projects
82	Education: accountability and oversight of education and children's services
83	Child Maintenance and Enforcement Commission: structured cost reduction
84	Adult Apprenticeships
85	Department for Work and Pensions: introduction of the Work Programme
86	Free entitlement to education for 3 and 4 year olds
87	HM Revenue and Customs Compliance and Enforcement Programme
88	Managing the change in the defence workforce

Progress on the implementation of Government accepted recommendations of the Committee of Public Accounts - Session 2012-13 are on page 15; Session 2013-14 from page 16; Session 2014-15 from page 27, Session 2015-16 from page 36 and Session 2016-17 from page 64.

Seventeenth Report of Session 2010-12

Department for Education

The Academies Programme

Summary of the Committee's findings

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

Background resources

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

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9506), 7 recommendations were implemented. 1 recommendation remains work in progress, as set out below.

6: Committee of Public Accounts recommendation:
The Department has failed to collect all the financial contributions due from sponsors.

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

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2018.

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

Seventieth Report of Session 2010-12

Department for Education

Oversight of special education for 16-25 year olds

Summary of the Committee's findings

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

Background resources

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

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 4 recommendations were implemented and the Department disagreed with 1 recommendation. 1 recommendation remains work in progress, as set out below.

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

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

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: January 2019.

5.2 The Government consulted on major reforms to 16-19 performance measures in 2013, including extending these to encompass students studying below level 3. The response to the consultation: *Reforming the accountability system for 16-19 providers*[3] was published on 27 March 2014. This confirmed that a broader range of new measures should be introduced which will report on the performance of students on a consistent basis across different types of providers. These new measures will, for the first time, show the outcomes of students studying below Level 3, who disproportionately are more likely to have special needs or disabilities. Because of the scale of the reforms the department is phasing the new measures in between 2016 and 2019. Outcomes for students studying below level 3 will be available for the first time in 2017 performance tables.

[3] https://www.gov.uk/government/consultations/16-to-19-accountability-consultation

5.3 The Department already publishes key stage 4 and key stage 5 destination measures as experimental statistics and uses this information to monitor performance at a national level. The key stage 5 destination measures are limited to students studying at level 3 at present. The reforms include extending the key stage 5 destination measures to include students studying below level 3 and publishing them as a headline performance measure in 16-18 performance tables. Together with contextual information, such as the number of students with special education needs or disabilities, this information will enable the department and the public to compare the performance of different institutions.

5.4 Once the outcomes for students studying below level 3 are published in 2017 tables (in January 2018), the destinations of those students in the following 2017-18 academic year will be tracked. In the 2018-19 academic year, the Department will link that information back to the student's previous institution and publish that information in 2019.

Progress on the implementation of Government accepted recommendations of the Committee of Public Accounts: Session 2012-13

Recommendations fully resolved

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

Progress on the implementation of Government accepted recommendations of the Committee of Public Accounts - Session 2010-12 available from page 10; Session 2013-14 from page 16; Session 2014-15 from page 27, Session 2015-16 from page 36 and Session 2016-17 from page 64.

Progress on the implementation of Government accepted recommendations of the Committee of Public Accounts: Session 2013-14

Updates on recommendations reported as work in progress

#	Report Title	Page
7	Cup Trust and tax avoidance	18
11	Managing NHS hospital consultants	20
46	Emergency admissions – managing the demand	23
49	Confiscation Orders	24
59	Criminal Justice System	25

Recommendations fully resolved

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

Recommendations fully resolved

#	Report Title
47	Contracting out public services to the private sector
48	Local Council Tax support
50	Rural Broadband Programme
51	Programmes to help families facing multiple challenges
52	BBC Digital Media Initiative
53	Managing the prison estate
54	COMPASS – provision of asylum accommodation
55	NHS waiting times for elective care in England
56	Establishing free schools
57	Ministry of Defence Equipment Plan 2013-2023 and major Projects Report 2013
58	Probation Landscape Review
60	Promoting economic growth locally
61	Education Funding Agency and the Department for Education 2012-13 Financial Statements

Progress on the implementation of Government accepted recommendations of the Committee of Public Accounts - Session 2010-12 available from page 10; Session 2012-13 on page 15; Session 2014-15 from page 27, Session 2015-16 from page 36 and Session 2016-17 from page 64.

Seventh Report of Session 2013-14

Charity Commission

Cup Trust and tax avoidance

Summary of the Committee's findings

The Charity Commission registers and regulates around 165,000 charities in England and Wales, with 20-25 organisations seeking to register as new charities every day. The Commission decides whether to register organisations as charitable according to their stated purposes. If an organisation's purposes are exclusively charitable and those purposes are in the public benefit then they qualify as charities under the Charities Act 2011.

The Cup Trust was established by trust deed in March 2009 and the Commission registered it as a charity in April 2009. The Cup Trust has a single trustee, a company called Mountstar, registered in the British Virgin Islands.

Background resources

- NAO report: *Cup Trust* - Session 2013-14 (HC 814)
- PAC report: *Charity Commission: Cup Trust and tax avoidance* – Session 2013-14 (HC 1027)
- Treasury Minutes: September 2013 (Cm 8697)
- Treasury Minutes Progress Report: March 2015 (Cm 9034)
- Treasury Minutes Progress Report: February 2016 (Cm 9202)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 4 recommendations to this report. As of the last Treasury Minute (Cm 9506), 3 recommendations were implemented. 1 recommendation remains work in progress, as set out below.

1: Committee of Public Accounts conclusion:
The Committee does not believe that the Cup Trust ever met the legal criteria to qualify as a registered charity

Recommendation:
The Commission should publish the evidence that led it to register the Cup Trust in the first instance and to allow the Cup Trust to remain registered, and should review urgently its conclusion that the Cup Trust meets the legal definition of a charity. If the Commission continues to conclude that the Cup Trust is legally a charity, it should identify ways the law should be changed to ensure that organisations like the Cup Trust are not granted charitable status.

1.1 The Charity Commission agreed with the Committee's recommendation to publish the evidence that led it to register the Cup Trust in the first place and to review its conclusion.

1.2 The statutory inquiry into Cup Trust is expected to conclude in the first quarter of 2018 with the publication of the statement of results of inquiry (the inquiry report). The inquiry report will include information regarding its decision to register Cup Trust.

Target implementation date: Spring 2018.

1.3 The Commission cannot, in law, turn down an organisation for registration if it is established for charitable purposes for the public benefit, as required by statute, and otherwise meets the requirements for registration even though there may be concerns about its management or governance.

1.4 The Commission has improved processes to ensure that there is better post-registration monitoring of charities where we have specific concerns or where the Commission has required certain

actions as a condition of registration. Where there is evidence at registration that the organisation will not operate as a charity, applications are rejected and, where appropriate, the organisation and individuals concerned may be referred HMRC and / or other regulators.

1.5 The charity has been wound up by the charity's interim managers, who were appointed by the regulator to administer the charity. The Commission removed the Cup Trust from the register of charities on 26 May 2017.

1.6 In addition, the Charities (Protection and Social Investment) Act 2016 has introduced new measures to close loopholes and improve the Commission's compliance powers. This includes a power to direct to wind up charities where there has been misconduct and mismanagement and, when either the charity does not operate, or, when its purposes can be promoted more effectively if it ceased to operate.

1.7 On 3 May 2017, the Commission made an order under section 181A of the Charities (Protection and Social Investment) Act 2016 to disqualify the company, Mountstar (PTC) Limited (Mountstar), from being a charity trustee for a period of 15 years. The order was made by the Commission as it was satisfied that Mountstar, as trustee:

- was responsible for misconduct and / or mismanagement in the administration of the charity,
- was unfit to be a charity trustee, and
- that it was desirable to make the disqualification order in the public interest, so as to protect public trust and confidence in charities.

1.8 The order came into force on 14 June 2017 and has the effect of disqualifying Mountstar from being a charity trustee or trustee for a charity in respect of any charity in England and Wales for a period of 15 years. The order also disqualifies Mountstar from holding any office or employment with senior management functions in any such charity for the same period.

1.9 Furthermore, on 18 July 2017, the Commission made an order to disqualify two of the directors of Mountstar from acting as charity trustees or trustees for a charity for a period of 15 years. This came into effect on 30 August 2017.

1.10 The Commission issued a disqualification order to the third director of Mountstar on 24 August 2017 after consideration of representations against their disqualification. As this director did not appeal to the Tribunal within the 42 day period, their order became effective on 5 October 2017.

1.11 The Commission's formal investigation of the charity has moved into the stage of preparing the inquiry report. This will include information regarding its decision to register Cup Trust; confirm the Commission's findings, provide an overview of the regulatory action taken, and present its conclusions. The anticipated publication date is in the first quarter of 2018.

Eleventh Report of Session 2013-14

Department of Health

Managing NHS hospital consultants

Summary of the Committee's findings

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

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

Background resources

- NAO report: *Managing NHS hospital consultants* – Session 2012-13 (HC 885)
- PAC report: *Serious Fraud Office - redundancy and severance arrangement*s - Session 2013-14 (HC 358), incorporating HC 1030 of Session 2012-13.
- Treasury Minutes: September 2013 (Cm 8697)
- Treasury Minutes Progress Report: March 2015 (Cm 9034)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 1 recommendation was implemented. 5 recommendations remain work in progress, as set out below.

1: Committee of Public Accounts conclusion:
The significant increase in consultant pay did not improve productivity.

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

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2018.

1.2 The Department's intention is to introduce amended contractual arrangements for consultants that support productivity growth. Consultants' play a key role in driving productivity improvements and this should be considered as part of their role in wider multi-disciplinary teams.

1.3 In July 2015, the Independent Review Body on Doctors and Dentists Remuneration (DDRB) published observations that broadly supported proposals put forward by NHS Employers to reform the contract. In September 2015, the BMA agreed to return to negotiations that have been ongoing in some form since 2013. Negotiations have been constructive, and have been continuing.

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

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

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2018.

2.2 There have been extensive discussions between NHS Employers and the BMA on contractual changes that would support the delivery of a seven-day service for patients with urgent and emergency care hospital needs. This includes working within a cost neutral funding envelope (that will increase as the consultant workforce grows) and exploring how the contract can do more to support those specialities and individuals with the most onerous working patterns.

2.3 The discussions have explored more flexible and professional approaches to working that would support consultants as clinical leads of multi-disciplinary teams. This includes the replacement of a clause which enables consultants to opt out from non-emergency (and in some cases emergency) work in the evenings and weekends with contractual safeguards. The Departments ambition is for consultants to be paid at agreed contractual rates for all NHS work.

3: Committee of Public Accounts conclusion:
Information on consultants' performance is inadequate.

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

3.1 The Government agreed with the Committee's recommendation

Target implementation date: February 2020.

3.2. NHS England plans to publish consultant-level outcomes data from all appropriate NHS funded national clinical audits by 2020. The publication of consultant-level outcomes began with ten national clinical audits in June 2013, which were made available through the NHS Choices website. The information is updated on an annual basis and is available on the MyNHS service. The number of quality indicators has been expanded to include other measures, such as length of stay, where appropriate, and a more recent development is the publication of team level outcome data which offers even more information about the quality of care. NHS England will improve the way in which data is published and has supported the development of patient friendly guidance which has been issued to CCGs.

3.3. NHS England is working with the Healthcare Quality Improvement Partnership and all national clinical audit providers to consider the opportunities to extend the publication of consultant outcomes data in a wider range of specialties and indicators and is also considering the opportunities for publishing outcomes at surgical team level given the importance of team working in delivering high quality patient care.

3.4. This work will also support NHS England's commitment in the NHS Five Year Forward View to publish all major pathways of care measurements by 2020 going forward.

4: Committee of Public Accounts conclusion:
Consultants' performance is not managed effectively.

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

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2018.

4.2 The Department is seeking contractual changes that would link pay progression and performance pay to an objective based performance assessment process. Mandatory revalidation also engages doctors in a process that provides framework for continuous improvements on the quality of their practice.

5: Committee of Public Accounts conclusion:

Clinical Excellence Awards do not always reflect exceptional performance.

Recommendation

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

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2018.

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

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

Forty Sixth Report of Session 2013-14

Department of Health

Emergency admissions – managing the demand

Summary of the Committee's findings

In 2012-13, there were 5.3 million emergency admissions to hospitals, an increase of 47% over the last 15 years. Two thirds of hospital beds are occupied by people admitted as emergencies and the cost is approximately £12.5 billion. NHS trusts and NHS foundation trusts, primary, community and social care and ambulance services work together to deliver urgent care services. Since April 2013, A&E services have been commissioned by clinical commissioning groups, which are overseen by NHS England. However, it is the Department of Health that is ultimately responsible for securing value for money for this spending.

Background resources

- NAO report: *Emergency admissions to hospital: managing the demand* - Session 2013-14 (HC 739)
- PAC report: *Emergency admissions to hospital* - Session 2013-14 (HC 885)
- Treasury Minutes: June 2014 (Cm 8871)
- Treasury Minutes Progress Report: March 2015 (Cm 9034)
- Treasury Minutes Progress Report: February 2016 (Cm 9202)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 5 recommendations were implemented. 1 recommendation remains work in progress, as set out below.

6: Committee of Public Accounts conclusion:
The Committee welcomes the proposed shift to 24/7 consultant cover in hospitals, but is concerned about the slow pace of implementation and the lack of clarity over affordability.

Recommendation:
The Department should act with urgency to establish the costs and affordability of this measure and develop a clear implementation plan.

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2018.

6.2 The Department working with its Arm's Length bodies continues to undertake work to estimate the workforce implications of all official polices. The estimate has been informed by national data on consultant intensity as well as information provided by a sample of trusts.

6.3 Implementation milestones for the roll-out of 7-day service clinical standards in acute hospitals were set out in the Government's Mandate to NHS England in 2016-17 and 2017-18. These were to roll-out the clinical standards to 25% of the population by March 2017 and 50% of the population by April 2018. Results from the national 7-day hospital services self-assessment survey of acute trusts, showing performance against these clinical standards were published on NHS England's website on 12 October. This will help hospitals identify where there are gaps in 7-day provision of care. Additionally, NHS England and NHS Improvement continue to provide targeted support to acute trusts needing support to meet the timeline. An additional milestone was to roll-out the clinical standards to the whole population for five specialist services (emergency vascular services, hyper-acute stroke, major trauma, STEMI heart attack, and paediatric intensive care services).

Forty Ninth Report of Session 2013-14

Home Office

Confiscation Orders

Introduction from the Committee

Confiscation orders are the main way through which the Government carries out its policy to deprive criminals of the proceeds of their crimes. The intention is to deny criminals the use of their assets and to disrupt and deter further criminality, as well as recovering criminals' proceeds. The Home Office leads on confiscation policy, but many other bodies are involved including the police, the Crown Prosecution Service and HM Courts and Tribunal Service. The overall system for confiscation orders is governed by the multi-agency Criminal Finances Board. The annual cost of administering confiscation orders is some £100 million. In 2012-13 the amount confiscated was £133 million.

Background resources

- NAO Report *Confiscation Orders* - Session 2013-14 (HC 738)
- PAC Report *Confiscation Orders* - Session 2013-14 (HC 942)
- Treasury Minutes: June 2014 (Cm 8871)
- Treasury Minutes Progress Report: March 2015 (Cm 9034)
- Treasury Minutes Progress Report July 2016 (Cm 9320)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 5 recommendations were implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

6: Committee of Public Accounts conclusion:
The bodies involved with confiscation orders do not have the information they need to manage the system effectively.

Recommendation:
All the bodies involved in confiscation need to develop a better range of cost and performance information to enable them to prioritise effort and resources to best effect. They also need to improve their existing ICT systems and their interoperability, as well as cleanse the data they hold.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 For the financial years from April 2014 to March 2018, the Department invested £5.94 million in the Joint Asset Recovery Database (JARD), including the three year improvement plan, to ensure that it can provide a modern platform that could enable current and future enhancements and also improving the data quality across agencies. The work by HM Courts and Tribunal Service (HMCTS), with the support of the National Crime Agency (NCA), to cleanse outstanding confiscation order records was completed by March 2015. 5,000 records were cleansed, reducing the notional value of outstanding confiscation orders by £13 million.

6.3 The three-year improvement plan delivered immediate technical improvements to JARD. A step-by-step process has been introduced, including data entry rules and logic, which has improved the data quality within JARD. A new Enforcement Review section has been introduced into JARD, which has meant that HMCTS have decommissioned their outdated Confiscation Order Tracker System (COTS). Whilst it is not yet possible to link JARD with other ICT systems, it is the Department's intention to do so in the future.

Fifty Ninth Report of Session 2013-14

Home Office / Ministry of Justice / Attorney General's Office

Criminal Justice System

Introduction from the Committee

The Criminal Justice System (CJS) is overseen by the Home Office, the Ministry of Justice and the Attorney General's Office, which oversees the Crown Prosecution Service (CPS). The CJS encompasses the police, prosecution, courts, prison, youth justice, and probation services. Its objectives include: reducing crime and reoffending; punishing offenders; protecting the public; and increasing public confidence. In 2012-13, total expenditure by central Government was some £17.1 billion, but the estimated social and economic cost of crime is much greater, with organised crime alone costing at least £24 billion each year.

The CJS is currently undergoing comprehensive change, designed to improve the aspects the Government considers do not work well and to help make significant cost savings. The White Paper Transforming the CJS, published in June 2013, set out a two year programme of reform and contained a 64-point action plan. The White Paper recognised that the CJS remained cumbersome and slow, contained too many complex procedures and archaic working practices, and that there was a need for better collaboration between the various bodies involved.

Background resources

- NAO report: *Criminal Justice System Landscape Review* – Session 2013-14 (HC 1098)
- PAC report: *Criminal Justice System* – Session 2013-14 (HC 1115)
- Treasury Minutes: July 2014 (Cm 8900)
- Treasury Minutes Progress Report: March 2015 (Cm 9034)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)
- Treasury Minutes Progress Report: January 2017 (Cm 9407)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 5 recommendations were implemented. 1 recommendation remains work in progress, as set out below.

3: Committee of Public Accounts conclusion:
Greater strategic alignment at top level is not matched at the front line.

Recommendation:
The Departments need to develop their understanding of the interdependencies throughout the Criminal Justice System, communicate expectations to all and apply good practice at all levels.

3.1 The Government agreed with the Committee's recommendation.

Target implementation date: March 2019.

3.2 The Common Platform brings together HMCTS and CPS working with the Police to deliver a new unified business process with supporting IT to deliver efficient and effective case management. Work remains on schedule for the successful development of the programme by March 2019.

3.3 Recent work on this programme included 'Digital Mark Up' which was piloted in summer 2016 and allows digital resulting of criminal cases from the Magistrates' courtroom. The Plea Online service, which allows defendants to make their plea online rather than by post or person, is operational in a number of courts and was rolled out nationally in June 2016. This process was developed to support the Single Justice Process to allow a wider range of cases to be effectively dealt with out of the courtroom. The Magistrates' Rota service allows lay magistrates to manage their availability for sitting in court online and began National Rollout in May 2016 following successful pilots in 17 areas.

3.4 By 2017 the programme will deliver a unified way of working for HM Courts and Tribunals Service

and Crown Prosecution Service staff and the wider participants in the criminal case management process. The programme aims to develop a single case management system (the Common Platform) allowing the sharing of evidence and case information across the criminal justice system, with all relevant parties able to access common data, eliminating paper processes. The unified digital case management system will enable practitioners within the CJS to simplify and improve the way they work through sharing data, eliminating re-keying, and ending duplication of effort across the criminal justice system.

Progress on the implementation of Government accepted recommendations of the Committee of Public Accounts: Session 2014-15

Updates on recommendations reported as work in progress

#	Report Title	Page
13	Local government funding – assurance to Parliament	29
29	Managing and removing foreign national offenders	30
31	16-18-year-old participation in education and training	32
48	Strategic flood risk management	33

Recommendations fully resolved

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

Recommendations fully resolved

#	Report Title
47	Major projects Report 2014 and the Equipment Plan 2014 to 2024 and reforming defence acquisition
49	Effective management of tax reliefs
50	Improving tax collection
51	Care services for people with learning disabilities and challenging behaviour
52	Work of the Committee of Public Accounts
53	Inspection in home affairs and justice

Progress on the implementation of Government accepted recommendations of the Committee of Public Accounts - Session 2010-12 available from page 10; Session 2012-13 on page 15; Session 2013-14 from page 16, Session 2015-16 from page 36 and Session 2016-17 from page 64.

Thirteenth Report of Session 2014-15

Department for Communities and Local Government

Local Government Funding – assurances to Parliament

Summary of the Committee's findings

In 2013-14, the Government gave local authorities £36.1 billion, of which £32.9 billion had no specific conditions (ring-fences) attached as to how local authorities could use it, other than that spending was lawful. This reflected Government's intention to give local authorities maximum flexibility to allocate funds in line with local priorities. Departmental Accounting Officers retain a responsibility to assure Parliament that the funding is used in line with its intentions and achieves value for money.

The Department for Communities and Local Government, as the lead department for local government funding, states that it has put in place assurance arrangements aimed at balancing the tension between giving local authorities greater flexibility whilst providing sufficient assurance to Parliament. However, there are direct reporting arrangements for ringfenced grants that amount to £3.2 billion of the £36.1 billion allocated. The department relies primarily on the local accountability system of checks and balances to ensure that local authorities achieve value for money with unringfenced funding. The new arrangements for the audit of local authorities and the potential for political party control of scrutiny arrangements also threaten to weaken accountability.

Background resources

- NAO report: *Local government funding: Assurance to Parliament* - Session 2013-14 (HC 174)
- PAC report: - *Local government funding: Assurance to Parliament* - Session 2014-15 (HC 456)
- Treasury Minutes: November 2014 (Cm 8958)
- Treasury Minutes Progress Report: February 2016 (Cm 9202)
- Treasury Minutes Progress Report: January 2017 (Cm 9407)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9506), 7 recommendations were implemented. 1 recommendation remains work in progress, as set out below.

6: Committee of Public Accounts conclusion:
The quality and accessibility of information to enable residents and councillors to scrutinise local authorities' decisions varies.

Recommendation:
The Department should assess whether the data published under the Transparency Code helps residents to scrutinise the performance of local authorities, and if alternative data would be of more value.

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2018.

6.2 The Transparency Code was published in 2015 and requires certain authorities to publish both quarterly and annual information. Any changes to the Code require legislation and are consulted upon beforehand. The public – including residents and councillors - therefore have the opportunity to comment on the Code and its contents (individually and collectively) during these consultations and we take into account their views with others. Between 12 May and 8 July 2016, the Department consulted on options for updating the Transparency Code and this included questions about whether new data should be published, for example on local authority assets. The Department is carefully considering the consultation responses, with a view to publishing a response in 2018.

Twenty Ninth Report of Session 2014-15

Home Office

Foreign National Offenders

Introduction from the Committee

The Government aims to remove as many foreign national offenders as quickly as possible to their home countries, to protect the public, to reduce costs and to free up spaces in prison. At the end of March 2014 there were 8,003 foreign national offenders in prison in England and Wales, and a further 4,247 living in the community pending removal action, having finished their sentence. The Home Office has overall responsibility for the removal of foreign national offenders, and works with the Ministry of Justice, the National Offender Management Service, the Foreign and Commonwealth Office and the police to expedite removal. The National Audit Office estimates that in 2013–14 the cost of managing and removing foreign national offenders was some £850 million, £100 million more than managing an equivalent number of British national prisoners.

Background resources

- NAO report: *Home Office, Ministry of Justice and Foreign & Commonwealth Office, Managing and removing foreign national offenders* – Session 2014-15 (HC 441)
- PAC report: *Managing and removing foreign national offenders* – Session 2014-15 (HC 708)
- Treasury Minutes: March 2015 (Cm 9033)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 5 recommendations were implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
The Home Office still lacks the data it needs to manage foreign national offenders effectively.

Recommendation:
The Home Office needs to fundamentally rethink what management information strategy it needs, including identifying the data it needs across all its immigration information systems. It must then act to implement the required changes without further delay.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 Following a review in 2014, the Department's Performance Team and Criminal Casework are working more closely to provide greater assurance over the data held and reported. A foreign national offender (FNO) single data set has been created and will be used as the basis for all management information provided on FNOs.

2.3 Links between the Department and the HM Prison and Probation Service (HMPPS) have been strengthened by regular meetings to discuss the FNO agenda ensuring alignment of departmental priorities and coordination of operational processes. A joint bilateral performance group and steering group reviews management information and performance, which has fostered greater collaboration and data sharing. In addition, an FNO analytical working group has been established for analysts in the Department, the Ministry of Justice (MOJ), and HMPPS to discuss issues and find collaborative solutions. A data sharing Memorandum of Understanding exists between the MOJ and the Home Office, which facilitates data sharing on specific data series, such as for early removal scheme (ERS).

2.4 The Department has also introduced a new workflow tool to track and better manage cases through the deportation process. Recommendations from all reviews have been consolidated, and data

quality delivery continues to be an identified theme. Work is ongoing as part of data development plans within Criminal Casework, which sits under the wider umbrella of the Immigration Enforcement Data Governance Board.

2.5 Work is underway to replace existing mobile fingerprint devices with smart phones that contains a widget which clips onto the phone. This will check fingerprints against existing database using a 3G network. A pilot to install Livescan in prisons is due to commence in March 2018 in HMP Wandsworth and HMP Durham for a three-month period. The results will be reviewed and analysed before any further decision is made.

Thirty First Report of Session 2014-15

Department for Education

16 to 18-year old participation in education and training

Summary of the Committee's findings

More 16- to 18-year-olds continue in education, although the UK still lies behind other OECD countries. Whether this is because of changes in legislation or more effective interventions is debatable. At the end of 2013, 148,000 out of the cohort of 2 million 16- to 18-year-olds in England were NEET (not in education, employment or training). Some within this NEET group have been reached by the Youth Contract, but this is expected to only support half the number it was originally predicted to assist, will end soon and the Department has no plans to replace it.

Background resources

- NAO report: *16- to 18-year-old participation in education and training* - Session 2014-15 (HC 624)
- PAC report: *16- to 18-year-old participation in education and training* - Session 2014-15 (HC 707)
- Treasury Minutes: March 2015 (Cm 9033)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 5 recommendations were implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

6: Committee of Public Accounts recommendation:
Despite many different approaches over the years, most young people still do not receive the careers advice they need.

Recommendation:
The Department should articulate what actions it will take in future when a school's careers advice is shown to be poor. It also needs to find ways to encourage schools to work together to provide advice with more employer involvement.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 The Government published a comprehensive careers strategy on 4 December 2017[4]. This sets out a long-term plan to build a world class careers system, and explains how the Government will make sure that everyone has access to the right advice, in the right place, at the right time, backed up by inspiring experiences with employers and educators that will make a difference.

6.3 New statutory guidance to underpin the careers strategy will set out clearly, based on international evidence, what schools need to do to improve their careers advice. The strategy also sets out that Ofsted has an important part to play in holding schools to account for the quality of their careers provision. Matters relating to careers provision contribute to judgements under three of the four areas in the school inspection handbook.

6.4 The Technical and Further Education Act 2017 includes new legislation that will require Ofsted to comment in college inspection reports on the careers guidance provided to students from January 2018.

6.5. The strategy includes a new commitment to encourage schools to work together to improve their careers guidance, through testing careers hubs in 20 areas. These will link together schools, colleges, universities and other local organisations, including employers.

[4] https://www.gov.uk/government/publications/careers-strategy-making-the-most-of-everyones-skills-and-talents

Forty Eighth Report of Session 2014-15

Department for Environment, Food & Rural Affairs

Strategic Flood Risk Management

Summary of the Committee's findings

The Environment Agency estimates that 1 in 6 homes in England are at risk of flooding from coastal, river and surface water. Climate change means that the weather is becoming more unpredictable, leading to increased risk of severe weather. Effective flood risk management is important so that the country is in the best position to protect against these risks, and to safeguard homes, communities, businesses and infrastructure. The Department for Environment, Food and Rural Affairs has national policy responsibility for flood risk management and the Environment Agency has a strategic overview role and is responsible for the management of flood risk from main rivers and the sea.

Background resources

- NAO report: Strategic Flood Risk Management - Session 2014-15 (HC 780)
- PAC report: Strategic Flood Risk Management - Session 2014-15 (HC 737)
- Treasury Minutes: July 2015 (Cm 9091)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 7 recommendations to this report. As of the last Treasury Minute (Cm 9506), 4 recommendations have been implemented. 3 recommendations remained work in progress, 1 of which has now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
Reducing the spend on maintaining some flood defences may be a false economy, as additional spending could be needed if those defences then fail earlier than they would otherwise have done.

Recommendation:
The Agency should review what impact its decisions on reducing or stopping maintenance will have on longer term value for money.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The Environment Agency (the Agency) considers the whole life cost and long-term value for money when making decisions to reduce or stop asset maintenance. The Agency is continually improving its ways of working and systems. The Agency is introducing new technology through its Creating Asset Management Capacity (CAMC) programme to better manage Flood and Coastal Erosion Risk Management assets through their whole lifecycle, and to target maintenance investment where and when it is most appropriate. This includes having a better understanding of the long-term implications of reducing or stopping maintenance.

2.3 The first two phases of the CAMC programme have been implemented. Future phases of the CAMC programme will continue to improve value for money and the effectiveness of asset management. The Agency is also working towards achieving accreditation to ISO55000, the international standard covering the management of physical assets.

5: Committee of Public Accounts conclusion:

The Agency could do more to share flood modelling information so there is a consistent view at a local level of flood risk.

Recommendation:

The Agency should work with partners to build on the sophistication of flood modelling data, so stakeholders can have a shared view of flood risk, both nationally and locally.

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2018.

5.2 The Agency already publishes its national assessment of the Risk of Flooding from the Rivers and Sea (RoFRaS) in an Open Data format, which is available to stakeholders and the public. Following the flooding in 2013-14, the Agency is updating this assessment, and the modelling behind it, to take account of new information. This has taken longer to complete than originally anticipated due to the complexities of updating the modelling methodologies and the time required to pilot the new approaches. There have also been data quality issues which required additional time to correct before commencing the assurance process to make sure the information is of a suitable quality to share more widely.

5.3 In light of the above, the Agency has strengthened the assurance process, taking more time to test the final outputs with operational staff to ensure they align with local knowledge. Strengthening the process has delayed the original implementation date of Autumn 2017 to Spring 2018.

5.4 The Agency produced an assessment of flooding from all sources – rivers, sea and surface water which was shared with the insurance industry in September 2016.

5.5 In July 2016, the Agency launched a new service, *Long Term Flood Risk Information*, where the public can find out whether they are at risk of flooding and what they can do to manage this risk. This is a new, GDS compliant system, developed following the Sciencewise communication research project, to hold flood risk information. This replaces the flood risk maps displayed in the '*What's in your backyard?*' section on Gov.uk.

5.6 The National Flood Resilience Review has reassessed the current risk of flooding from rivers and the sea in England using a novel approach linking Met Office modelling of plausible extreme rainfall scenarios with Agency flood inundation models in a set of 'stress test' case studies. These have confirmed that the existing published Agency 'Extreme Flood Outlines' remain a robust planning tool for fluvial and coastal flooding now and over the next decade. The National Flood Resilience Review, incorporating the analysis of the 'extreme flood outlines' has now been published.

6: Committee of Public Accounts conclusion:

Local authority flood strategies are crucial to the success of flood risk management, but a very significant number are incomplete.

Recommendation:

The Department should use all opportunities available - including working with the Department for Communities and Local Government - to ensure a complete set of plans is in place at local authority level as soon as possible.

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: March 2018.

6.2 The Department and the Agency have continued to work with the Department for Communities and Local Government (DCLG), the Local Government Association (LGA) and the Regional Flood and Coastal Committees to encourage Lead Local Flood Authorities (LLFAs) to target priority areas and ensure local flood risk management strategies are developed and published. Data on the status of each LLFA strategy is collected from LLFAs annually with the latest providing progress as of 31 March 2017.

6.3 Following the latest data collection, Minister Coffey wrote in July 2017 to the outstanding authorities and as a result as of the beginning of December 2017 out of the 152 in England, 148 have

completed and published their strategy and 4 have either completed their public consultation or were at public consultation stage on their draft. The Department will be considering what steps may be necessary to ensure the remaining few are completed as soon as possible.

6.4 The Department has evaluated the effectiveness of local flood risk management under the Flood and Water Management Act 2010. This independent evaluation by external consultants was published in January 2017. The Department also published an action plan for local flood risk management in January 2017, which is a commitment given to the Committee on Climate Change following its June 2015 Progress Report to Parliament. This will help support local authorities to carry out their responsibilities for managing local flood risk including producing strategies.

6.5 The Department has evaluated the effectiveness of local flood risk management under the Flood and Water Management Act 2010. This independent evaluation by external consultants was published in January 2017. The Department also published an action plan for local flood risk management in January 2017, which is a commitment given to the Committee on Climate Change following its June 2015 Progress Report to Parliament. This will help support local authorities to carry out their responsibilities for managing local flood risk including producing strategies.

Progress on the implementation of Government accepted recommendations of the Committee of Public Accounts: Session 2015-16

Updates on recommendations reported as work in progress

#	Report Title	Page
1	Financial sustainability of police forces in England and Wales	37
3	Funding for disadvantaged pupils	39
5	Care leavers transition to adulthood	41
6	HM Revenue and Customs performance in 2014-15	43
10	Care Act – first phase reforms and local government burdens	45
14	General Practice Extraction Service	47
15	Economic regulation of the water sector	48
19	Universal Credit – progress review	50
21	Reform of the rail franchising programme	51
33	Contracted out health and disability assessments	53
35	DFID – responding to crisis	55
38	Extending the Right to Buy to Housing Association tenants	57
40	Managing the supply of NHS clinical staff in England	60
42	Government spending with small and medium size enterprises	62

Recommendations fully resolved

#	Report Title
2	Disposal of public land for new homes
4	Fraud and error stocktake
7	Devolving responsibilities to cities in England: Wave 1 City Deals
8	Government's funding of Kids Company
9	Network Rail 2014-2019 rail investment
11	Strategic financial management in defence and military flying training
12	Care Quality Commission
13	Overseeing the financial sustainability in the further education sector
16	Sale of Eurostar
17	Management of adult diabetes services in the NHS: progress review
18	Automatic enrolment to workplace pensions
20	Cancer Drugs Fund
22	Excess Votes 2014-15
23	Financial sustainability of fire and rescue services
24	Services to people with neurological conditions: progress review
25	Corporation Tax Settlements
26	Common Agricultural Policy Delivery Programme
27	e-borders and successor programmes
28	Access to general practice
29	Making whistleblowing policy work
30	Sustainability and financial performance of acute hospital trusts
31	Delivering major projects in Government
32	Transforming contract management: progress review
34	Tackling tax fraud
36	Use of consultants and temporary staff
37	Financial management of the European Union budget in 2014
39	Accountability to Parliament for taxpayers' money
41	Financial services mis-selling regulation and redress

Progress on the implementation of Government accepted recommendations of the Committee of Public Accounts - Session 2010-12 available from page 10; Session 2012-13 on page 15; Session 2013-14 from page 16, Session 2014-15 from page 27 and Session 2016-17 from page 64.

First Report of Session 2015-16

Home Office

Financial Sustainability of police forces in England and Wales

Introduction from the Committee

There are 43 territorial police forces in England and Wales. A Chief Constable heads each force, with authority over all operational policing decisions and staff. Chief Constables report to an elected Police and Crime Commissioner created to replace Police Authorities. Commissioners, in consultation with their Chief Constable: set out in an annual police and crime plan the objectives for their police force; allocate the funds needed to achieve them; and hold police forces to account on behalf of the public.

Commissioners are funded by central Government via the Department and through the police precept, which is collected alongside council tax in the relevant police force area. Commissioners fund their police force and other crime reduction initiatives. In 2014-15, police forces spent some £12.8 billion. Between 2010-11 and 2015-16, central Government funding to Commissioners reduced by £2.3 billion (25%) from £9 billion to £6.7 billion in real terms.

Background resources

- NAO report: *Financial Sustainability of police forces in England and Wales* – Session 2015-16 (HC 78)
- PAC report: *Financial Sustainability of police forces in England and Wales* – Session 2015-16 (HC 288)
- Treasury Minutes: December 2015 (Cm 9170)
- Treasury Minutes Progress Report: January 2017 (Cm 9407)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 2 recommendations were implemented, the Department neither accepted nor rejected 1 recommendation and did not accept 1 recommendation. 2 recommendations remain work in progress, as set out below.

4: Committee of Public Accounts conclusion:
It is not clear who is responsible for ensuring that there are adequate business skills to manage police forces effectively and for spreading best practice in this area.

Recommendation:
The Department and College need to ensure police officers have the requisite business skills to manage police forces effectively and form a joint view on the role and remit of the College in these areas as a matter of urgency.

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2018.

4.2 Work is ongoing to review the business skills element of the Strategic Command Course (SCC). The module overview for Business Skills (the core of what is covered) has not changed in 2016, but will change for 2017. This will result in the module becoming a live exercise, using real data. The new module will be delivered in February 2017. It will continue to be delivered by Cass Business School working with the College, HM Inspectorate of Constabulary (HMIC) and representatives from the National Police Chiefs Council (NPCC) finance group to ensure the right blend of external speakers and expertise. It will be rooted in the practicalities of running a force. SCC graduates will also be encouraged to focus their post-SCC Continuous Professional Development on the 'Business Skills' a chief officer requires.

4.3 As part of the Leadership Review recommendations, the College has undertaken to develop a new model for leadership and management training for all levels of policing. In developing this new model consideration will be made of the appropriate level of required business skills across ranks and grades. It

will also consider the most suitable mechanism for delivering these skills. A programme plan has been established to take this forward and is ongoing. This recommendation will be updated in July 2018.

5: Committee of Public Accounts conclusion:
Most police forces lack sufficient information on the current and future demands they face, which is essential for the Department and the police to ensure forces have the right skills and resources to meet that demand.

Recommendation:
The Department, working closely with the College of Policing, should ensure that there is a common standard for measuring demand and that this is used to provide comparable, accessible data on all forces. This needs to be addressed as a matter of urgency.

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2019.

5.2 The College's Demand Toolkit goes a significant way towards fulfilling the College's role in delivering against the recommendation. In addition to this, the College is continuing to be involved in the work of the NPCC Demand Management group who are working to support individual forces to better understand their demand. The College has been supporting the work of the Home Office around the funding formula for forces which has a demand aspect.

5.3 HM Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) is continuing to work with pilot forces to develop Force Management Statements (FMS) which will be published annually by chief constables. The aim is to develop a self-assessment tool which will form the basis of each force's statement. This tool will provide a systematic approach to bringing together in one document, information for making sound decisions about the demands faced by the force compared with its assets, including their capacity, capability, condition, performance, serviceability and security of supply, now and in future. The tool will help forces identify any gaps which need to be addressed, by the chief constable in consultation with the PCC. HMICFRS has developed a template Force Management Statement which is currently out for public consultation.

5.4 The consultation will close in late December 2017, with the ambition of all forces having prepared draft Force Management Statements by May 2018. The first force management statements will not be published but will be available for review by HMICFRS and the Home Office. It is anticipated that the second round of FMSs will be published in spring 2019.

Third Report of Session 2015-16

Department for Education

Funding for disadvantaged pupils

Summary of the Committee's findings

Around 2 million (29%) of the 7 million children aged between 4 and 16 in publicly-funded schools in England, come from disadvantaged backgrounds. Such pupils tend to perform poorly in public examinations relative to other pupils. As poor academic performance is associated with lower wages and higher unemployment in adulthood, this 'attainment gap' for disadvantaged pupils is a key way in which poverty is transmitted from one generation to the next.

In 2011, the Department for Education announced new funding for schools: the pupil premium, which specifically aims to improve outcomes for disadvantaged children. Between 2011-12 and the end of 2014-15, the Department had distributed some £6.0 billion of pupil premium funding to schools. Since the introduction of the pupil premium, the attainment gap has closed overall by 4.7 percentage points in primary schools and by 1.6 percentage points in secondary schools. Besides pupil premium funding, the Department requires local authorities to use deprivation as a factor when allocating core funding to schools.

Background resources

- NAO report: *Funding for disadvantaged pupils* – Session 2015-16 (HC 90)
- PAC report: *Funding for disadvantaged pupils* – Session 2015-16 (HC 327)
- Treasury Minute: December 2015 (Cm 9170)
- Treasury Minute – Progress Report: January 2017 (Cm 9407)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 11 recommendations in this report. As of the last Treasury Minute (Cm 9506), 7 recommendations were implemented and the Department did not accept 2 recommendations. 2 recommendations remain work in progress, as set out below.

4: Committee of Public Accounts conclusion:
Parental engagement is important if a child is to do well at school but some schools are struggling to challenge disengaged parents effectively.

Recommendation 4b:
The Department, in collaboration with the Education Endowment Foundation, should improve guidance about what schools should do. It should also set out what work could be done to join up other public and third sector groups to ensure that parental support, or lack of it, is addressed across the board.

4.1 The Government accepted the Committee's recommendation.

Target implementation date: June 2018.

4.2 While parental engagement with learning is known to be one of the most powerful predictors of educational success, its drivers, and mechanisms for embedding it are much less well understood. The Education Endowment Foundation (EEF) continues to test the impact of parental engagement programmes, having already published three reports in summer 2016 (evaluating the Texting Parents, SPOKES and Parenting Academy projects) and with a number of further projects ongoing (including the *Family SKILLS* programme, which focuses on parental engagement to improve the literacy skills of reception class pupils and their parents for whom English is an additional language). The EEF Teaching and Learning Toolkit, which is regularly updated, contains a growing synthesis of research on this topic and is well used by schools.

4.3 The Department will continue to work with the EEF to disseminate its findings on this and other topics through various methods which themselves are being evaluated by the EEF. These include the publication and distribution of evidence-based guidance reports; the provision of excellence funding, to incentivise schools to adopt programmes which have been proven through research to be effective in raising pupil attainment; regional campaigns, through which local support organisations are appointed to help schools translate research findings into practice; and the establishment of a national network of EEF research schools which can promote and support evidence-based approaches to other schools in their locality.

7: Committee of Public Accounts conclusion:
There continues to be wide variation in the funding given to schools, even those dealing with similar levels of disadvantage.

Recommendation:
The Department should set out a clear timetable for completing its review of the schools funding formula and should make sure this review leads to a more structured and evidence-based approach to setting overall funding for schools with similar levels of disadvantage.

7.1 The Government accepted the Committee's recommendation.

Target implementation date: April 2018.

7.2 In December 2016, the Department launched a consultation to seek views on the detailed design of the schools national funding formula, building on the earlier consultation on the principles and structure. The consultation closed in March 2017. The Department received more than 25,000 responses. Introducing a national funding formula is an historic reform that puts the Department firmly on track to ensure that every pound of investment is allocated fairly and consistently across the country, based on the needs and characteristics of individual pupils and schools.

7.3 The Department wants schools to have the resources they need to deliver a world class education for their pupils. There will therefore be an additional £1.3 billion for schools and high needs across 2018-19 and 2019-20, in addition to the funding secured at the 2015 spending review. The additional investment will allow the Department to increase the basic funding that all pupils attract through the national funding formula, whilst continuing to protect the actual spend by local authorities on disadvantaged pupils as was proposed in December 2016.

7.4 Improving social mobility is a high priority for the Government, and so it is vital that the national funding formula supports schools to help children from deprived backgrounds succeed. Eligible pupils will continue to attract the pupil premium, which has a specific focus on raising the attainment of deprived pupils.

7.5 As the Secretary of State confirmed to Parliament on 17 July[5], the Department will be introducing a national funding formula from April 2018.

[5] Hansard 17 July 2017 col 563

Fifth Report of Session 2015-16

Department for Education

Care leavers' transition to adulthood

Summary of the Committee's findings

Over 10,000 young people aged 16 or over leave local authority care each year. They have often had difficult lives and 62% were in care because of abuse or neglect. Children must leave local authority care by their 18th birthday, whereas 50% of all 22-year-olds still live at home. Those leaving care may struggle to cope with the transition to adulthood and may experience social exclusion, unemployment, health problems, or end up in custody. In 2013–14, 41% of 19-year-old care leavers were not in education, employment or training (NEET) compared with 15% of all 19-year-olds.

Background resources

- NAO report: *Care leavers' transition to adulthood* – Session 2015-16 (HC 269)
- PAC report: *Care leavers' transition to adulthood* – Session 2015-16 (HC 411)
- Treasury Minutes: January 2016 (Cm 9190)
- Treasury Minutes Progress Report: January 2017 (Cm 9407)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 11 recommendations in this report. As of the last Treasury Minute (Cm 9506), 8 recommendations were implemented and the Department did not accept 2 recommendations. 1 recommendation remained work in progress, which has now been implemented, as set out below.

8: Committee of Public Accounts conclusion:
Good practice on how best to support care leavers is emerging but is not systematically identified and shared nationally.

Recommendation:
The Department should take the lead in developing and sharing good practice, and be proactive in helping to bring the worst performing local authorities up to the standard of the best. It should also establish a central resource of good practice and embed good practice in statutory guidance.

8.1 The Government accepted the Committee's recommendation

Recommendation Implemented.

8.2 In 2015, the Department set aside up to £20 million across four years to develop the new What Works Centre (WWC) for Children's Social Care alongside a wider national learning system. The WWC will build a robust evidence base on effective practice in children's social care. This will support local practitioners and commissioners to deliver the most cost-effective frontline services. The Department has appointed Nesta to develop and test the initial What Works Centre model, including the development of a dissemination and engagement strategy. Cardiff University has been appointed to develop the research programme and develop the evidence base.

8.3 57 independent evaluations of projects funded through the first round of the Children's Social Care Innovation Programme have now been published and are available on GOV.UK. Six thematic reports have also been published, including a social work infographic and a final overall evaluation report. These reports bring together the learning from across the first-round projects about what works in children's social care. In addition, the Department published an independent evaluation of the New Belongings project,[6] which increases the extent to which local authorities used the experiences and wisdom of care leavers in the development of services for this group of young people.

[6] https://www.gov.uk/government/publications/new-belongings-programme-evaluation

8.4 In December 2016, the Department launched a Targeted Funding Opportunity through the Innovation Programme to catalyse innovation in a number of priority policy areas, including piloting Staying Close for young people leaving residential care and testing the use of social investment to improve outcomes for care leavers. Eight of the proposals to pilot Staying Close submitted through the Targeted Funding Opportunity have been approved. Decisions on proposals to test the use of social investment to improve education, employment and training outcomes for care leavers will be announced in 2018.

8.5 The Department is continuing to develop a learning programme to share evidence, learning and best practice from the Innovation Programme. This includes interest groups and learning networks, workshops and conferences, toolkits, guides, insight boards and webinars, all of which will feed in to the new What Works Centre.

Sixth Report of Session 2015-16

HM Revenue and Customs

HM Revenue and Customs performance in 2014-15

Introduction from the Committee

HMRC collected £517.7 billion from UK taxpayers in 2014-15, some £11.9 billion more than in 2013-14. Total tax revenue has increased in each of the past 5 years, during which HMRC reduced its running costs from £3.4 billion to £3.1 billion. HMRC has thereby improved its ratio of revenue collected per £1 of administrative expenditure from £138.14 in 2010-11 to £166.95 in 2014-15. In 2014-15, HMRC also reduced tax losses (mainly the amount of tax written off because there is no practical way to collect it) and the balance of tax debt (tax that is overdue and outstanding at the end of the year), while paying out more in benefits and credits. HMRC estimates its compliance work (tackling those who do not comply with their tax liabilities) saved £26.6 billion in 2014-15. The July 2015 budget announced that HMRC would be given a further £800 million to collect an additional £7.2 billion in tax revenue from its compliance work between 2015 and 2020.

Background resources

- NAO report: *HM Revenue and Customs 2014-15 Accounts* - Session 2014-15 (HC 18)
- PAC report: *HM Revenue and Customs performance in 2014-15* – Session 2015-16 (HC 393)
- Treasury Minutes: January 2016 (Cm 9190)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 2 recommendations had been implemented and the Department disagreed with 3 recommendations. 1 recommendation remains work in progress, as set out below.

5-6 Committee of Public Accounts conclusion:
HMRC is still failing to provide and acceptable service to customers and could not tell us when it would be able to do so.

Recommendation:
HMRC should identify what impact its poor level of service is having on tax revenues and produce a detailed plan setting out how and when it will provide an acceptable standard of customer service. This should include a clear plan for the efficient management of its change programme and introduction of new IT systems.

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2020.

5.2 In the first two quarters of 2017-18, the Department's average speed of answer was just over 4½ minutes, it handled nearly 88% of call attempts and dealt with nearly 73% of post with 15 working days. With the creation of the Customer Service Group, the Department no longer reports solely on personal taxpayer post, the figure of 73% relates to all post handled by Customer Service group.

5.3 Improving service levels is at the heart of the Department's plans, supported by new enhanced online services, including online chat and secure messaging via the Personal Tax Account (PTA). An additional £71million of funding was provided in Budget 2016 to further improve HMRC's service offering. This has enabled the Department to introduce a 7-day service.

5.4 The Department's transformation programme centres around improving service and compliance and over the next 5 years, transforming the way customers interact with it. The Department's digital offering includes online tax accounts for all customers. This will provide individuals and their agents with control of their tax affairs via a secure, personalised tax account. By the end of September 2017, 13

million users had accessed their Personal Tax Account. The Department believes that with better use of data and more intelligence it will be able to secure the correct amount of tax from the outset, thus reducing error and increasing voluntary compliance.

5.6 The Department, working with the NAO, will continue to measure the impact on behaviour, including on compliance, of changes to the way services are delivered. The Department recognises that this relationship is very difficult to prove and no work by any international tax authority or the OECD has provided any definitive position.

Tenth Report of Session 2015-16

Department of Health / Department for Communities and Local Government

Care Act first-phase reforms and local government new burdens

Introduction from the Committee

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

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

Background resources

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

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 5 recommendations were implemented. 1 recommendation remains work in progress, as set out below.

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

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

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: September 2019.

1.2 It is for local authorities to ensure their statutory duties are met. The Department is commissioning a programme of research to evaluate and inform implementation of the Care Act 2014 to inform its understanding of how the Act is being implemented and how effectively the Act is achieving its underlying aims. Research projects will focus on: prevention - the impact and outcome of these services; Carer support to provide quantitative evidence about the impact on carers' welfare of carer assessments and support; personalisation, choice, control and continuity of care; planning for later life; market shaping; and partnership approach to implementation. It is envisaged that each research project will take up to 3 years for completion.

1.3 The Department of Health will continue to work with NHS Digital to ensure that national data collections support the monitoring of Care Act implementation and its cost, where appropriate. Data collections are kept under review to ensure to ensure that the Department collects the data required to monitor implementation and to ensure that it is collected with minimum cost and burden.

Fourteenth Report of Session 2015-16

Department of Health

General Practice Extraction Service

Summary of the Committee's findings

Work on the GPES project began in 2007 when it was the responsibility of the NHS Information Centre (NHS IC), which designed and ran the project. It was overseen by the Department which approved the business cases and provided the required funding as well as contributing technical expertise around the design and how it would integrate with other NHS systems. GPES is designed to extract data from the four major clinical IT systems used by GPs. NHS IC contracted with the four major suppliers of the clinical IT systems used by GPs to produce software to extract data from their systems. NHS IC also awarded a contract to Atos in December 2011 to produce the central software required to interact with each of these systems. On 31 March 2013 NHS IC closed and responsibility for GPES transferred to the new Health and Social Care Information Centre (HSCIC).

Background resources

- NAO report: *General Practice Extraction Service- Investigation* - Session 2015-16 (HC 265)
- PAC report: *General Practice Extraction Service* - Session 2015-16 (HC 503)
- Treasury Minutes: March 2016 (Cm 9220)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)
- Treasury Minute Progress Reports: January 2017 (Cm 9407)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9506), 6 recommendations had been implemented. 1 recommendation remains work in progress, as set out below.

1: Committee of Public Accounts recommendation:
GPES is late, over budget and still does not deliver all that was intended.

Recommendation:
The Department and HSCIC need to develop a clear plan for the future of GPES that sets out the functionality and capacity required and how it will be delivered. The Committee expects the Department to report back once a decision on the future of GPES has been made, or within 6 months, whichever is sooner.

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2018.

1.2 The Department wrote to the Committee on 15 July 2016 outlining the strategic plan for delivering the business need currently met by the General Practice Extraction Service (GPES), including the cost of any additional investment in the service.

1.3 Phase 1 of the project is on track. This will ensure service continuity for existing GPES customers as contracts come to an end as well as deliver capabilities to be incorporated into the broader replacement to GPES.

1.4 The detailed planning for Phase 2 of the project is due to complete in Spring 2018. This plan will set out the broader replacement of GPES, and is dependent on finalising technical issues, full engagement of the medical professions and assessing implications of the General Data Protection Regulation (GDPR).

Fifteenth Report of Session 2015-16

Department for Environment, Food and Rural Affairs/Ofwat

Economic regulation of the water sector

Introduction from the Committee

The water industry in England and Wales, privatised in 1989, now includes 18 large independent privately-owned companies who are monopoly suppliers to 22 million households and to most of the 2 million non-household customers. The Department for Environment, Food and Rural Affairs and the Welsh government set the policy and legislative framework for the water industry in England and Wales.

Ofwat is the independent economic regulator of the water industry. Its main statutory duties include: protecting the interests of consumers; securing the long-term resilience of water supply and wastewater systems; and ensuring that companies carry out their functions and are able to finance them. Companies are funded from customer bills and financed through private investment. Ofwat sets limits to the prices companies may charge for 5-year periods, allowing for operational and financing costs of delivering services to customers, and making assumptions about the efficiency improvements that companies should make. The average household bill in 2014–15 was £396.

Background resources

- NAO report: The economic regulation of the water sector - Session 2015-16 (HC 487)
- PAC report: Economic regulation of the water sector – Session 2015-16 (HC 505)
- Treasury Minutes: March 2016 (Cm 9237)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9506), the Department disagreed with 2 recommendations. 3 recommendations remained work in progress, all of which have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
Ofwat has consistently over-estimated water companies' financing and taxation costs when setting price limits.

Recommendation:
Ofwat should review its approach to setting allowances for the cost of debt and corporation tax, taking into account the methods used by other economic regulators, and report publicly on what actions it intends to take to improve its performance.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 Ofwat is looking at how it sets the cost of debt and its approach to tax as part of its overall strategy for the next price review in 2019 (PR19) to ensure that there is an appropriate sharing of risks between companies and customers in line with its statutory duties. Ofwat is working closely with other regulators through the UK Regulators Network (UKRN) on common policy areas, which includes tax and cost of debt.

1.3 Ofwat published a draft methodology in July 2017. The methodology proposed to index the cost of new debt to remove the forecast errors from estimating the cost of debt. On corporation tax, Ofwat proposed to introduce a mechanism to adjust the tax allowance for certain matters that are outside company control. Ofwat consulted on the possibility of extending the mechanism to include adjustments for other changes in corporation tax legislation or accounting standards, which may have a material impact on the level of corporation tax that companies pay. A tax pass-through mechanism should ensure that customers pay no more than is implied by prevailing tax rates where tax rates are below the price determination. Ofwat will publish the final methodology in December 2017.

3: Committee of Public Accounts conclusion:
Ofwat does not do enough to benchmark the efficiency of water companies against comparators from outside the sector.

Recommendation:
Ofwat should use comparisons with other sectors and international suppliers to develop a clearer picture of what services should cost if provided efficiently.

3.1 The Government agreed the Committee's recommendation.

Recommendation implemented.

3.2 Ofwat already makes use of comparisons with other sectors in driving efficiencies by benchmarking financial performance and the cost of capital. In addition to incentivising financial efficiency, Ofwat encourages competition in the provision of a range of services and activities, so that customers benefit from market forces and the expertise and efficiency of a full range of suppliers. Where there are remaining areas of monopoly, Ofwat will set targets for efficient costs. Companies are required to demonstrate that they have undertaken proper options appraisals and that their cost estimates are efficient, including providing evidence of robust review and challenge by international suppliers.

3.3 Ofwat have been very clear in their draft methodology that they expect companies to make a step changes in their efficiency for the period 2020-25 and that customers should not pay extra for inefficient services.

5: Committee of Public Accounts conclusion:
Customers in areas of water scarcity are paying to develop expensive new capacity when water trading with other companies might be a more cost-effective option.

Recommendation 5a:
Ofwat should set out what it intends to do to promote more water trading between companies and greater transparency of costs, to encourage new more cost-effective suppliers to enter the market.

5.1 The Government agreed the Committee's recommendation.

Recommendation implemented.

5.2 In December 2017, Ofwat published its final 2019 Price Review methodology. This promotes water trading between companies, greater transparency of costs and encourages new cost-effective suppliers to enter the market. By enabling the water resources and wider demand side market to operate more efficiently and with greater choice of how companies can obtain supplies, Ofwat considers the water industry will be more resilient.

5.3 Ofwat will set a binding price control for water resources to help better facilitate an effective market by revealing improved information that will provide more targeted incentives. This includes water trading incentives, to increase rewards for exports and lower the costs of imports. In October 2017, Ofwat implemented information remedies that will allow third parties to identify and respond to opportunities, allowing for the 'bidding in' of resource and demand management options on an ongoing fairer basis. Ofwat has been clear in its PR19 methodology that it expects to see water companies utilise options outside of company boundaries where it is cost-effective to do so and business plans will be assessed for quality, ambition and innovation in this area.

Nineteenth Report of Session 2015-16

Department for Work and Pensions

Universal Credit: progress review

Introduction from the Committee

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

Background resources

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

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9506), 1 recommendation was implemented and the Department disagreed with 3 recommendations. 1 recommendation remains work in progress, as set out below.

5: Committee of Public Accounts conclusion:
The Department has an extensive evaluation programme but the impacts on claimants remain very uncertain.

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

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2020.

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

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

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

Twenty First Report of Session 2015-16

Department for Transport

Reform of the Rail Franchising Programme

Introduction from the Committee

The Department for Transport is responsible for awarding franchises in England and Wales to private sector companies to run passenger rail services. In October 2012, the Department cancelled its competition for the InterCity West Coast franchise, having discovered errors in the procurement process. The Department also paused three further franchise competitions. The Committee and the National Audit Office published reports on the events that led to the cancellation of the InterCity West Coast competition and made recommendations for the Department to implement to protect value for money. The Department also commissioned its own inquiry into the collapse of the West Coast competition, as well as a wider review of passenger rail franchising - the Brown Review.

In March 2013, the Department launched a revised rail franchising programme of 15 competitions over an eight-year period. To maintain the provision of train services and to facilitate a staggered programme of competitions, the Department also planned to make 2 short-term, single tender actions (direct awards). Since the launch of the programme the Department has awarded 5 franchises through competitions and has made 11 direct awards.

Background resources

- NAO report: Reform of the rail franchising programme - Session 2015-16 (HC 604)
- PAC report: Reform of the rail franchising programme – Session 2015-16 (HC 600)
- Treasury Minutes: April 2016 (Cm 9260)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 5 recommendations were implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

6: Committee of Public Accounts conclusion:
The Department's lack of a coherent strategic vision for the rail system presents a risk that it will make decisions now that prove costly in the future.

Recommendation:
The Department needs to provide a coherent strategic vision and stronger leadership to ensure that the investment decisions it makes now do not result in increased costs in the long term.

6.1 The Government accepted the Committee's recommendation.

Recommendation implemented.

6.2 Following work with the rail industry and the Office of Rail and Road, the Department published the *High-Level Output Specification for 2019-2024* on 20 July 2017.[7] This set out the Government's objectives for the railway and the work to provide assurance on the costs of key railway activities, which will provide confidence in setting the level of public funding available to the railway.

[7] https://www.gov.uk/government/publications/high-level-output-specification-2017

6.3 A further announcement, on 12 October 2017[8], on the level of funds available indicated a direct Government grant of up to £34.7 billion to support assumed expenditure on the railway of around £47.9 billion over the period. The Government then published '*Connecting people: a strategic vision for rail*', on 29 November 2017.

6.4 It's also worth noting that the Department has adopted joint working with Network Rail to ensure oversight of investments, upgrades and improvements.[9] A vital part of this joint work is to ensure the processes of development, design and delivery have strong leadership, that decisions are taken based on clear principles, and that future development is in line with our overall strategy for rail.

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[8] https://www.gov.uk/government/publications/railways-statement-of-funds-available-2017

[9] https://www.gov.uk/government/publications/improving-the-delivery-of-railway-investments-mou-between-dft-and-network-rail

Thirty Third Report of Session 2015-16

Department for Work and Pensions

Contracted out health and disability assessments: progress update

Introduction from the Committee

The Department has increasingly used third-party contractors to provide health and disability assessments. In 2005, the Department awarded a contract to Atos Healthcare (Atos) for Incapacity Benefit and, from 2008, Employment and Support Allowance (ESA) assessments. After Atos requested to exit the ESA contract early, the Centre for Health and Disability Assessments (CHDA) a wholly-owned subsidiary within MAXIMUS, took over ESA assessments from March 2015. In July 2012, the Department signed three concurrent regional contracts to provide Personal Independence Payment (PIP) assessments: two with Atos and one with Capita Business Services Limited (Capita).

In July 2014, the Department signed a contract with Health Management Limited (HML), a wholly-owned subsidiary within MAXIMUS, to provide Fit for Work service in England and Wales. The Department and its contractors have reduced the backlogs that existed. Outstanding PIP assessments fell from 242,000 in mid-2014 to 57,000 in August 2015, and outstanding ESA assessments from 724,000 in early 2014 to 410,000 in August 2015. Over the 3 years from April 2015 to March 2018 the Department expects to spend £1.6 billion on contracts for around 7 million health and disability assessments.

Background resources

- NAO report: Contracted-out health and disability assessments - Session 2015-16 (HC 609)
- PAC report: Contracted-out health and disability assessments – Session 2015-16 (HC 727)
- Treasury Minute: May 2016 (Cm 9270)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 4 recommendations had been implemented. 2 recommendations remained work in progress, 1 of which has now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
There are unacceptable local and regional variations in the performance of the Department's contractors.

Recommendation:
By Autumn 2016, the Department should publish quarterly national and regional data on contractor performance and average and maximum times to return both ESA and PIP assessments.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 The Department already publishes median journey times information for Personal Independence Payments (PIP). In September 2017, the Department started to publish additional quarterly information relating to the claimant journey on Employment and Support Allowance (ESA). The data shows the overall median time from claim registration to final Department award decision, while also separating out the different elements of the claimant journey. The breakdown shows the time from the registration of a claim to the claim being passed to the contractor, the time the claim spends with the contractor, and the time from the claim being returned from the contractor to the final decision being made. The data covers performance data going back to the introduction of ESA in 2008. This matches the journey times data already published for PIP.

1.3 The Department's statisticians publish information that will provide context and be of most use to customers. This includes the median customer journey time for the duration of the customer journey from registration of an ESA claim to Department decision. In their professional view, publishing the maximum clearance time could be misleading as it would not be a typical customer experience and would not be representative of the majority of ESA claims. There is also no accompanying information the Department could publish detailing the reason for the delay as they can be caused by a number of reasons for example complex cases or instances where the claimant has not followed the claim procedures correctly.

6: Committee of Public Accounts conclusion:
There is a real risk of value for money if there is not a competitive market for health and disability assessments.

Recommendation:
The Department should consider the merits of different commercial approaches, particularly those used in markets where competition has been limited, to ensure it is well-placed to deliver value for money if market interest falls.

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2018.

6.2 The Department has developed an overarching health services commercial strategy which has drawn from lessons learned. The Department's market engagement activity continues in support of the PIP re-contracting exercise which starts in spring 2018 and the Health and Disability Assessment Service exercise which commences in the autumn. Over the next six months, the Department will be applying the framework of best practice that its commercial strategy provides and will develop a range of commercial packaging options, which will be tested with the market place to assess whether it strikes the right balance of risk, reward and value for money.

6.3 As part of its PIP re-procurement the Department is applying lessons learned. For example, the Department's procurement approach will be built around a two stage, competitive procedure with dialogue; which will allow the Department to undertake due diligence and challenge supplier proposals. The Department believes this will provide greater levels of assurance around the deliverability of supplier proposals and lead to stronger performance and relationships in the contracts it awards. The Department is also developing a more detailed specification which will stipulate how parts of the process are to be delivered.

Thirty Fifth Report of Session 2015-16

Department for International Development

Department for International Development: responding to crises

Introduction from the Committee

Over recent years, the number and severity of crises that have humanitarian consequences have been increasing. Crises threaten the health, safety, security, wellbeing and livelihoods of people and impede the progress of developing countries. Some crises occur suddenly, such as natural disasters; others develop over time and become protracted. The Department leads the UK Government's response to humanitarian crises, often working with other government departments. In 2014–15, the Department spent almost £1.3 billion on humanitarian assistance, representing 14% of its overall budget (compared to 6% in 2010–11). The Department provides most of its crisis response by funding UN agencies and other multilateral organisations, non-governmental organisations and contractors. These first-tier partners often deliver assistance through engagement with their own partners.

Background resources

- NAO report: *Responding to crises* – Session 2015-16 (HC 612)
- PAC report: *Department for International Development: responding to crises* – Session 2015-16 (HC 728)
- Treasury Minutes: July 2016 (Cm 9323)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 5 recommendations have been implemented. 1 recommendation remains work in progress, which has now been implemented, as set out below.

6: Committee of Public Accounts conclusion:
For many of its crisis interventions, the Department does not have a full understanding of how much of the taxpayer's pound is spent by which bodies and on what.

Recommendation:
As a matter of routine, the Department should identify all the bodies involved in providing assistance, the funding each receives and the main costs incurred. It should use this information to help manage risk and identify cost-effective partners and practices.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 The Department completed a review of four key UN agencies (the UN High Commissioner for Refugees, UNICEF, the World Food Programme and UN Office for the Coordination of Humanitarian Affairs). The review built on the outcome of the Department's Multilateral Aid Review and makes a number of recommendations for the UN's operations in protracted crises, including the need to improve unit cost data; ensure local, regional and international procurement options are considered when making decisions; and using benchmarking to mitigate the risk of collusion. These are in line with commitments made by the UK and other donors, UN agencies and Red Cross agencies as part of the 'Grand Bargain' at the World Humanitarian Summit in May 2016.

6.3 In March 2017, the Department introduced Delivery Chain Mapping to track how funds are being used through the delivery chain, in addition to due diligence assessments – this requirement includes humanitarian assistance. Delivery chain mapping is a process whereby the Department requests all partners it funds to set out and identify the names of all partners further down the delivery chain that are involved in delivering a specific good, service or change, ideally down to the end beneficiary. Delivery Chain Mapping for all existing and new programmes within the Department's Humanitarian Response Group has now been implemented.

6.4 The Department works with multiple partner agencies, governments, multilateral agencies, NGOs and the private sector to help deliver its programmes, often through complex delivery chains in challenging environments. By better understanding delivery chains, the Department can establish a comprehensive view of all partners receiving the Department's funding; develop and strengthen future supplier bases; understand a delivery partner's role in achieving programme outcome(s) and opportunities for potential scale up; capture and manage risks that could affect programme outcomes; ensure risks are being managed by those best placed to do so; strengthen programme management capacity and programme delivery; and respond quickly and efficiently to requests for information about funding to specific organisations, in a time of increased scrutiny.

Thirty Eighth Report of Session 2015-16

Department for Communities and Local Government

Extending the Right to Buy to housing association tenants

Introduction from the Committee

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

Provisions in the Housing and Planning Bill 2015–16 (the Bill) will enable the voluntary agreement to be implemented.

Background resources

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

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9506), the Department did not accept 1 recommendation. 4 recommendations remain work in progress, as set out below.

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

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

1.1 The Government accepted the Committee's recommendation.

Target implementation date: Spring 2019.

1.2 The 2015 Government's manifesto set out a commitment to extend Right to Buy discounts to housing association tenants, funded through the sale of higher value council homes. The National Housing Federation came forward with an offer, on behalf of the housing association sector, to extend the Right to Buy on a voluntary basis: 'the Voluntary Right to Buy Agreement'. As a result, it was not necessary for the Government to take through primary legislation setting out a statutory framework for the extension of the Right to Buy to housing associations.

1.3 The clauses in the Housing and Planning Act 2016 give the Government a power to pay grant to housing associations to recompense them for discounts in relation to sales to tenants. They do not set out a detailed policy framework. The detail of how the Voluntary Right to Buy Agreement will be implemented is being developed in partnership with the housing association sector, including through the pilots with housing associations.

1.4 A number of the detailed policy decisions underpinning both the higher value asset and Right to Buy policies were still under consideration by Ministers at the point at which the Bill was published. The Government was therefore not in a position to publish a full impact assessment for these policies at the time of the Housing and Planning Bill's introduction.

1.5 The Housing and Planning Act 2016 provides powers for Government to make secondary legislation to define 'higher value' homes and to set out any exclusions from that definition. It also enables Government, following consultation, to issue a determination specifying the amount that local authorities must pay in respect of their higher value vacant housing.

1.6 The Department will publish further assessment of the impact of both policies when the secondary legislation on higher value assets is introduced. The regulations defining higher value will be subject to affirmative procedure, which will give Parliament further opportunity to scrutinise the detail of the policy.

1.7 The Government has made clear that local authorities will not be expected to make a higher value asset payment in 2017/18 and has also confirmed that they will not be required to make a payment in 2018/19.

2: Committee of Public Accounts conclusion:
It is not clear how this policy will be funded in practice, or what its financial impacts might be.

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

2.1 The Government accepts the Committee's recommendation.

Target implementation date: Spring 2020.

2.2 The Government has confirmed that local authorities will not be expected to make a payment with respect to their higher value assets in either 2017/18 or 2018/19. At the Autumn Budget 2017, the Government announced a regional pilot of the voluntary Right to Buy in the Midlands, which will run from summer 2018. The pilot will be funded by the Government, and will test key aspects of the voluntary agreement with housing associations not tested in the initial small-scale pilot, including the portable discount and one for one replacement.

2.3 The Department will publish its analysis of the costs and financial impacts of these policies in the normal way, at the time of their full commencement. In addition, the payments that local authorities will be required to make to central Government will be set out in the determinations which will be informed by the secondary legislation set out in the Housing and Planning Act.

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

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

3.1 The Government accepts the Committee's recommendations.

Target implementation date: Spring 2020.

3.2 The Department will announce its plans for collecting and monitoring the additional homes provided through the voluntary Right to Buy and the sale of higher value vacant housing prior to the full commencement of the policies.

4: Committee of Public Accounts conclusion:
The Department lacks a cumulative picture of capital risks and pressures across the sector.

Recommendation:
The Department should write to the Committee within six months providing estimates of the amounts of public money lost through fraud and other sharp practice since 2012 under the reinvigorated Right to Buy, and the amounts at risk under the new policy of extending the Right to Buy; providing an assessment of the capacity of, and costs on, local authorities and housing associations to vet all Right to Buy applicants effectively; and setting out its plans for tackling fraud and abuse to protect public money.

4.1 4.1 The Government accepts the Committee's recommendation.

Target implementation date: Summer 2018.

4.2 The Government takes fraud seriously. Subletting council housing is illegal and legislation ensures anyone found guilty could face fines or custodial sentences. The Prevention of Social Housing Fraud Act, which came into force on 15 October 2013, increases the deterrent to tenants considering cheating the system, allows those who do cheat to be detected more easily and punished more severely, and encourages social landlords to take a more proactive approach to tackling tenancy fraud. The Government has also provided £19 million to help councils tackle the problem.

4.3 Local authorities prosecute those tenants that exploit the Right to Buy scheme locally, and the measures that are already in place are designed to catch those that are exploiting the system. It is made clear to applicants that providing false or misleading information may be regarded as a criminal offence, and result in court action and recovery of the property. There are also clear rules around 'deferred resale', where tenants and companies enter into an agreement which results in the property ceding the property to the company in return for a loan to purchase. Even if the transfer takes place after a number of years, the discount has to be repaid from the date of the agreement, making the practice less attractive, and tenants are required to declare any such arrangement at the outset.

4.4 Under the reinvigorated scheme, local authorities can keep a portion of the sales receipt to cover their transaction costs, which can include fraud prevention measures.

4.5 As the Department develops the main voluntary Right to Buy scheme in collaboration with the housing association sector, it is consciously taking steps to ensure that as far as possible fraud prevention measures are designed into the sales process. Fraud is a key issue being considered on the applications and sales process, and different approaches to preventing fraud were trialled under the initial pilot.

4.6 The Department's has set up a new working group with social landlords and key partners to help determine how common these practices are and identify additional safeguards.

Fortieth Report of Session 2015-16

Department of Health

Managing the supply of NHS clinical staff in England

Summary of the Committee's findings

The NHS employs around 824,000 clinical staff, including doctors, nurses, midwives and allied health professionals, such as physiotherapists. Clinical staff cost around £43 billion each year to employ and account for around half of NHS providers' costs.

The Department of Health is ultimately accountable for securing value for money from spending on health services, including on training and employing clinical staff. Health Education England is responsible for providing leadership and oversight of workforce planning. It develops national and regional plans and commissions the training of new clinical staff. It spent £4.3 billion on training places in 2014-15 and 140,000 students are in clinical training at any one time. Healthcare providers, including NHS trusts and NHS foundation trusts, are responsible for employing staff and supporting clinical placements. Trusts are overseen by NHS Improvement, which brings together the NHS Trust Development Authority and Monitor.

Background resources

- NAO report: *Managing the supply of NHS clinical staff in England* – Session 2015-16 (HC 736)
- PAC report: *Managing the supply of NHS clinical staff in England* – Session 2015-16 (HC 731)
- Treasury Minutes: July 2016 (Cm 9323)
- Treasury Minutes Progress Report: January 2017 (Cm 9407)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9506), 6 recommendations were implemented. 2 recommendations remain work in progress, as set out below.

6: Committee of Public Accounts conclusion:
The Committee is concerned about the impact that the proposed changes to the funding system could have on applicants for nurse, midwifery and allied health professional training.

Recommendation:
The Department and Health Education England should assess the likely effect of the new funding system on rates of applications for nursing, midwifery and allied health training courses, including whether the impact is consistent across different demographic and courses and how the changes are expected to affect the relative number of overseas students to home students. The committee also expects them to monitor the effects in real-time and report back to the Committee in autumn 2018 after the first year of the new funding system

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2018.

6.2 The Department is working with relevant bodies across health and education to monitor the effects of the reform and as part of this, plans to publish an update following the close of the 2017-18 application cycle.

6.3 Universities and Colleges Admissions Service (UCAS) end-of-cycle data show that the number of applicants with confirmed places to study pre-registration nursing and midwifery in England from August 2017 is 22,575. This represents a drop of 3% from this time in 2016, which is consistent with the performance of other higher education courses when tuition fees were introduced historically, but is an increase on the numbers at the same stage in 2014 and 2015. The Department will continue to monitor the effect of the reforms through data gathered by Health Education England (HEE) and the Higher Education Funding Council for England (HEFCE).

6.4 To meet the growing need to increase the future supply of registered nurses, additional clinical placement funding was announced by the Department in August and October 2017. This enables around 5,000 more nursing students to enter training each year to 2020-21, representing a 25% increase compared to 2016-17. This is part of a range of measures to ensure the NHS meets current and future nursing workforce needs, to improve working conditions, and to provide new routes into the profession.

6.5 In addition to the 25% increase in nurse training places, the Department is committed to training up to a further 5,000 Nursing Associates in 2018 and 7,500 in 2019. Nursing Associates who have successfully completed training and who want to progress into nursing will be able to do this through a shortened Nurse Degree Apprenticeship. As part of this expansion in nursing staff, the Department will explore opportunities for higher education institutes to deliver formal classroom teaching in a more innovative way in employers' facilities.

6.6 The Department remains committed to the provision of several sources of non-repayable additional support to pre-registration nursing, midwifery and allied health profession students whilst at university including additional support for childcare costs, expense reimbursement to cover travel and dual accommodation for clinical placements and exceptional hardship funding. In addition, the Department has enabled students who have been through the university system once previously to access the student loan system for a second degree. The Department also published an Equality Impact Assessment at the time of the funding reforms which ensured consideration of equality issues was built into the policy development process, and informed Ministers' decision making.

7: Committee of Public Accounts conclusion:
No coherent attempt has been made to assess the headcount implications of a number of major policy initiatives such as the 7-day NHS.

Recommendation:
All major health policy initiatives should explicitly consider the workforce implications, and specifically the Department should report back to the Committee by December 2016 with a summary of the workforce implications of implementing the 7-day NHS.

7.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2018.

7.2 The Department working with its Arm's Length bodies continues to undertake work to estimate the workforce implications of all official polices. The estimate has been informed by national data on consultant intensity as well as information provided by a sample of trusts.

7.3 On 13 December 2017, Health Education England published 'Facing the Facts, Shaping the Future - a draft health and care workforce strategy for England to 2027' for consultation with stakeholders and the public. Amongst a number of specific measures, it is seeking views on the introduction of a 'Workforce Impact Assessment' for new best practice or service redesign recommendations, ensuring that workforce competencies, skills and training as well as numbers are considered early in the planning phase.

Forty Second Report of Session 2015-16

Cabinet Office / Crown Commercial Service

Government spending with small and medium-sized enterprises

Introduction from the Committee

In 2010, for the first time, the Government set a target, that by 2015, 25% of Government spending would go to small and medium-sized enterprises (SMEs). By increasing its spending with SMEs the Government aims to develop a more diverse provider market for Government contracts and to get best value for the public purse through increased choice and competition. Each year, the Government spends around £45 billion on goods and services supplied by non-public sector organisations. In 2014–15, the Government reported that 27% (£12.1 billion) of Government's procurement spending had reached SMEs. In August 2015, the Government increased its target to 33% by 2020. The Cabinet Office's Crown Commercial Service is responsible for leading on the Government's SME procurement policy.

Background resources

- NAO report: Government's spending with small and medium sized enterprises – Session 2015-16 (HC 884)
- PAC report: Government's spending with small and medium sized enterprises – Session 2015-16 (HC 882)
- Treasury Minutes: July 2016 (Cm 9323)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 2 recommendations were implemented. 4 recommendations remained work in progress, of which 2 have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
The Government has lost some momentum in work to increase its spending with SMEs and it is not clear that it has increased competition for government business.

Recommendation:
The CCS should report back to the Committee by March 2017 on what it has done to re-establish momentum towards achieving 33% and set out how this is increasing competition.

1.1 The Government accepted the Committee's recommendation.

Recommendation implemented.

1.2 Malcolm Harrison, Chief Executive of the Crown Commercial Service wrote to the Committee on 11 October 2017, setting out key activities and future plans to re-establish momentum towards increasing Government spend with SMEs.

3: Committee of Public Accounts conclusion:
The Government's figures for spending with SMEs are not a meaningful measure of performance.

Recommendation:
The CCS needs to be able to compare both direct and indirect spend with SMEs between years, to track performance. It should also consider introducing separate targets for each.

3.1 The Government accepted the Committee's recommendation.

Recommendation implemented.

3.2 Malcolm Harrison, in his letter to the Committee on 11 October 2017, also addressed the issue of spend data methodology.

3.3 To estimate indirect spend, for the past three years CCS has surveyed the top 500 suppliers to the Government asking them to report their business with each Government department and how much goes to SME subcontractors. Because CCS relies on reported data from suppliers, the approach to indirect spend can only ever be indicative and is liable to fluctuate. As with direct data, returns are reviewed and signed off by each department's Commercial Director. CCS took this approach for 2015-16 and is retaining the same approach we are taking for 2016-17 data.

3.4 From 2017-18 onwards, CCS will also use data from larger suppliers on the proportion of spend from major Government contracts which flows to smaller businesses in their supply chains. CCS is still developing the detail on how to manage this, and propose to engage with the NAO on the approach and then write to the Committee to set this out.

3.5 CCS has considered, following the Committee's recommendation, whether to establish separate targets for direct and indirect spend. However, CCS believes this will reduce departments' flexibility in delivering their targets and it may lead to perverse incentives, for example, to award contracts based just on contribution to delivering the SME target, rather than value for money which remains the over-arching objective. CCS will not be recommending this approach to Ministers.

Progress on the implementation of Government accepted recommendations of the Committee of Public Accounts: Session 2016-17

Updates on recommendations reported as work in progress

#	Report Title	Page
2	Personal budgets in social care	66
3	Training new teachers	68
4	Entitlement to free early years education and childcare	72
5	Capital investment in science projects	74
7	Confiscation Orders – progress review	76
9	Service family accommodation	78
12	Discharging older people from acute hospitals	80
13	Quality of service to personal taxpayers and replacing the Aspire contract	82
14	Progress with preparations for High Speed 2	83
15	BBC World Service	85
17	Transforming rehabilitation	87
18	Better regulation	90
19	Analysis of the Government's balance sheet	93
20	Shared Service Centre	96
23	Universal Credit; and fraud and error – progress review	98
24	Sale of Northern Rock assets	101
26	Financial sustainability of local government	103
27	Managing Government spending and performance	107
28	Apprenticeship Programme	109
29	HMRC Performance 2015-16	112
30	St Helena Airport	113
31	Child protection	115
33	Troubled families – progress review	117
34	Syrian Vulnerable Persons Resettlement Programme	119
35	Upgrading emergency service communication	122
36	Collecting tax from high net worth individuals	125
37	NHS treatment of overseas patients	126
38	Protecting information across Government	130
39	Consumer funded energy prices	133
40	Progress on the Common Agricultural Policy Development Programme	136
41	Excess Votes 2015-16	137
42	Benefit sanctions	139
44	Modernising the Great Western Railway	143
46	National Citizen Service	144
47	Delivering the defence estate	147
48	Crown Commercial Service	150
49	Financial sustainability of schools	153
50	UKTI and the contract with PA Consulting	155
51	HMRC's contract with Concentrix	157
52	Upgrading emergency service communications	158
53	HMRC estate	161
54	DFID: investing through CDC	163
55	Tackling overseas expenditure	165
56	Defence Equipment Plan	168
57	Capital funding for schools	171
58	Local support for people with a learning disability	177
59	BBC licence fee	179
60	Integrating health and social care	181
61	Access to general practice – progress review	183
62	NHS ambulance services	187
63	Housing – state of the nation	190

Updates on recommendations reported as work in progress

#	Report Title	Page
64	Carbon capture storage	192

Recommendations fully resolved

#	Report Title
1	Efficiency in the criminal justice system
6	Cities and local growth
8	BBC critical projects
10	NHS specialised services
11	Household energy efficiency measures
16	Improving access to mental health services
21	Oversight of arm's length bodies
22	Progress with the disposal of public land for new homes
25	Uniting Care Partnership contract
32	Devolution in England: governance, financial accountability and following the taxpayer pound
43	Financial sustainability of the NHS
45	Delivering restoration and renewal

Progress on the implementation of Government accepted recommendations of the Committee of Public Accounts - Session 2010-12 available from page 10; Session 2012-13 on page 15; Session 2013-14 from page 16, Session 2014-15 from page 27 and Session 2015-16 from page 36.

Second Report of Session 2016-17

Department of Health / Department for Communities and Local Government

Personal budgets in social care

Introduction from the Committee

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

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

Background resources

- NAO report: *Personalised Commissioning in Adult Social Care* -Session 201-16 (HC 883)
- PAC report: *Personal Budgets in Adult Social Care* -Session 2015-16 (HC 74)
- Treasury Minutes: November 2016 (Cm 9351)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9506), 7 recommendations were implemented. 1 recommendation remains work in progress, as set out below.

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

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

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2019.

6.2. The NHS is undertaking a significant shift towards personalised care, which is at the heart of the vision of the Five Year Forward View (FYFV). *Next Steps*[10] sets the expectation that by the end of 2018-19, the Integrated Personal Commissioning model will reach over 300,000 people, whilst over 20,000 people will have a personal health budget (PHB) in 2017-18 rising to 40,000 in 2018-19. This supports progression towards the Mandate commitment of 50,000-100,000 people benefitting from a PHB by the end of 2020-21. Good progress is being made, with almost 18,000 people benefiting from PHBs in first half of 2017/18.

6.3 Assessing Local Authorities' experience of introducing and delivering personal budgets is a cornerstone of PHB policy development, informing the national delivery programme and implementation. Initially, the PHB pilots used learning from personal budgets to test how budgets could improve people's

[10] https://www.england.nhs.uk/publication/next-steps-on-the-nhs-five-year-forward-view/

choice and control within the NHS; with the lessons learnt being applied to PHB rollout. Learning from Personal Budget rollout and implementation, and applying this learning to PHBs, continues to be a fundamental part of the programme.

6.4 Existing measurements of numbers of PHBs are in place, and further measurements are planned which will provide a more holistic evaluation of the use of PHBs. Measures currently in place include an ongoing assessment of PHB take-up, exploration of which patient cohorts are using PHBs and the proportion taking up option of a direct payment.

6.5 Moving forwards, there are a range of measurements planned. For example, NHS England is considering how to measure people's experience of receiving a PHB, building on work already underway as part of the Integrated Personal Commissioning Programme (IPC Programme) evaluation. The Department has also commissioned a formal evaluation of the IPC Programme, which will report in Spring 2019. Early learning has already been published by NHS England in the Personalised Health and Care Framework.[11] Local progress in IPC areas is being monitored quarterly by the IPC programme board, whilst NHS England has also recently established an 'Evidence Unit' to identify learning from PHBs, which can then also be applied to Integrated Health and Social Care Budgets. As a package, this will provide the Department with a robust regime to monitor the effectiveness of PHBs, by Spring 2019.

[11] https://www.england.nhs.uk/personalised-health-and-care-framework/

Third Report of Session 2016-17

Department for Education

Training new teachers

Introduction from the Committee

The Department for Education is responsible for the supply of sufficient numbers of new teachers to publicly-funded schools in England. It also aims to raise the quality of the teaching profession and give teachers and head teachers greater professional autonomy and responsibility for recruitment and training. Its executive agency, the National College for Teaching and Leadership (the National College), is responsible for allocating places to training providers, distributing grants to providers and trainee bursaries, accrediting providers and overseeing the market of training providers. Some 455,000 teachers work in the state funded sector in England. Of the 44,900 teachers entering state-funded schools in 2014, 23,900 (53%) were newly qualified.

Between 2011–12 and 2015–16, the Department and the National College increased the number of routes into teaching for prospective trainees from four to eight, with an overall policy objective to expand school-led training. In line with policy, they expanded the number of school-centred providers from 56 to 155, while continuing to involve universities in the training of new teachers. They also grew the number of schools leading the new school-led route, School Direct, from zero to over 800. The cost to central Government and schools of training new teachers is around £700 million each year.

Background resources

- NAO report: *Training new teachers* – Session 2015-16 (HC 798)
- PAC report: *Training new teachers* – Session 2016-17 (HC 73)
- Treasury Minutes: November 2016 (Cm 9351)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9506), 3 recommendations were implemented. 4 recommendations remain work in progress, of which 3 recommendations have now been implemented, as set out below.

2: Committee of Public Accounts conclusion
The Department does not understand the difficult reality that many schools face in recruiting teachers.

Recommendation:
The Department and the National College should set out when and how they will talk more to schools leaders—and not just those involved in their school-led training programmes—about the recruitment challenges they face and demonstrate how they will use that information to plan interventions more carefully, especially the future location of training places. They should also examine the impact of agency fees on school budgets and consider ways to manage this.

2.1 The Government agreed with the Committee’s recommendation.

Recommendation implemented.

2.2 In September 2016, the Department published analysis that showed how teacher vacancy rates vary between the regions. In May 2017, the Department published further analysis of teacher supply, retention and mobility at a local level, including information on movement in and out of the state school sector, characteristics associated with in-school and in-system retention and teacher mobility between schools and geographic areas. More recently, in September 2017, the Department published a second compendium of teacher supply analysis, which includes: the Supply Index, predicting those schools that are more likely to have teacher recruitment and retention issues; information on access to Initial Teacher Training (ITT) providers; and a review of evidence on factors related to teacher supply and retention.

2.3 The Department regularly engages with teachers, school leaders and organisations to discuss recruitment, retention and workload issues. The Department also runs three reference groups that meet five times a year – a primary and a secondary headteacher reference group, and a teacher reference group. These stakeholder groups provide important feedback from professionals working in schools and support the Department's policy development and implementation.

2.4 The Supply Index is new evidence that, for the first time, enables the Department to identify those schools that are more likely to be facing significant supply challenges. The Department announced a £30 million investment in a tailored support package for some of those schools that struggle the most with recruitment and retention. This programme uses the evidence described above, and builds on extensive engagement with teachers, schools, Multi Academy Trusts (MATs) and others in the sector.

2.5 For the 2018-19 academic year the Department will take further steps to support areas with insufficient supply of high-quality newly qualified teachers (NQTs). This includes improving the supply of teachers in areas with the greatest need, and focusing on schools' most challenging subjects and phases.

2.6 The Department has no immediate plans to legislate on fees charged by some agencies when offering a supply teacher permanent employment. The Department is working with Crown Commercial Service to develop a new commercial framework for schools aimed at bringing consistency and transparency of cost to this area- anticipated for use by schools from September 2018.

5: Committee of Public Accounts conclusion

The Department's drive to improve quality is being frustrated by its inability to attract enough applicants and, in the current year, may be affected by the way it has allocated training places for courses in 2016–17.

Recommendation:

The Department and National College should work with school leaders to assess the impact of their policies on the quality of teachers and develop a richer understanding of what makes for good-quality teaching, whether its current approach of national allocation quotas is creating a rush to recruit resulting in lower quality trainees and whether School Direct schools have an unfair advantage when it comes to recruitment.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The Department is investing in the Educational Endowment Foundation, which is helping to build the evidence around effective practices and interventions, and continues to support the independent College of Teaching, which seeks to drive teaching excellence from within the profession. Furthermore, England is taking part in the OECD Teaching and Learning International Survey (TALIS) 2018[12] video study on teaching practices, which will contribute to the understanding of effective teaching. The pilot stage for the Video Study was successfully completed in May 2017. The main stage is taking place between October 2017 to June 2018 in secondary schools in England.

5.3 The Teaching Schools Council, with support from the Department, is already contributing to the understanding of effective teaching through the *Modern Foreign Languages Pedagogy* report, and the *Effective Primary Teaching Practice* report. In July 2016, the Department published the *Standard for Teachers' Professional Development*[13] to help schools and teachers understand what makes effective professional development to help with the continual improvement and development of teachers and teaching.

5.4 The Department has worked with internal and external behavioural insight teams to implement a range of behavioural insight initiatives. This includes: development of best approach to e-mail marketing; opportunities to maximise attendance at events and applications following such events; and activities to increase applicant rates to Modern Foreign Languages.

[12] http://www.oecd.org/edu/school/jointalis2018.htm

[13] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/537031/160712_-_PD_Expert_ Group_ Guidance.pdf;

5.5 Following discussions with schools and universities, the Department implemented an allocations approach for the 2017-18 academic year that supported recruitment to the subjects where teachers were needed most. For 2018-19, the Department is significantly increasing the number of subjects where recruitment is unrestricted, lessening recruitment constraints for providers. This approach gives organisations the flexibility required to freely recruit for most subjects.

5.6 For 2018-19, multiple-year allocations have been issued to 61 providers, which guarantees allocated places for three years. The continuation of this approach supports recruitment to Teacher Supply Model targets by ensuring that the best performing providers have greater certainty about their ability to recruit, by giving them longer term stability and planning opportunities. The aim is to build greater stability and continuity into the Initial Teacher Training sector. The Department will continue to monitor the proportion of the market that receives multiple-year allocations.

5.7 The Department is undertaking a marketing campaign ('Get Into Teaching') to key audience segments of graduates, undergraduates and career changers. This includes national advertising on TV, press, radio, and video-on-demand services, in addition to targeted digital and social media advertising with specific messages for defined audience groups.

5.8 The Department is also talking to Higher Education Institutions providers to better understand the decisions they make as to which candidates to offer places and whether there is more the Department can do to reduce the number of good candidates turned away from Initial Teacher Training courses.

6: Committee of Public Accounts conclusion

The Department has not persuaded us that its bursaries are delivering value for money.

Recommendation:

The Department should evaluate properly, as a matter of urgency given the large sums involved, whether bursaries, and other payments such as the future teacher scholarships, lead to more, better quality teachers in classrooms, including whether the money could be more effectively spent in other ways, such as on retention measures.

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2018.

6.2 The Department completed a review of financial incentives and has recently announced two new pilots. The first of these is a bursary phasing pilot for mathematics trainee teachers starting ITE in the 2018-19 academic year. This will comprise a £20,000 bursary or £22,000 scholarship during the training year followed by two additional early-career payments of at least £5,000 each in the third and fifth year of teaching, which will be conditional on having taught in a state-funded school since completing Initial Teaching Education (ITE). Uplifted early-career payments of £7,500 each will be offered in 39 local authorities to encourage teachers to teach in these areas.

6.3 The Department is piloting this to test whether offering a lower bursary upfront followed by retention incentives once in teaching secures a greater supply of teachers than the traditional bursary approach, where the entire bursary is paid during the ITE year only.

6.4 The second pilot is student loan reimbursement for teachers. This pilot programme aims to increase recruitment and retention in areas of greatest need. From September 2018, the Department will be offering reimbursement of the student loan repayments that new teachers of biology, chemistry, computer science, language and physics have made, targeted in 25 local authorities.

6.5 The Department will be completing full evaluations of both pilots to assess their impact on teacher recruitment and retention, and therefore their value for money in comparison to traditional bursaries. The evaluations will also assess the extent to which the pilots have incentivised teachers to teach in the specified local authorities.

7: Committee of Public Accounts conclusion

The Committee welcomes the Department's willingness to experiment with a range of approaches, training routes and other initiatives but it does not evaluate its experiments thoroughly enough.

Recommendation:

The Department needs to set out how and by when it plans to evaluate all of the initiatives it has put in place so that it can invest in programmes that work best to put more good quality teachers in classrooms.

7.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

7.2 The Department commissioned £14 million of research and evaluation during 2015-16, and invested in the Education Endowment Foundation (EEF) and the Early Intervention Foundation (EIF) on 'what works' centres. The research outputs from EEF, in particular, are specifically aimed at schools to provide them with a range of possible interventions and enable schools to understand which interventions are the most effective and most cost effective.

7.3 The Department has progressed its research further to include an assessment of the effectiveness of each strand and how many people went into teaching, as a result of the intervention, who otherwise would have pursued a different career. The Department has also implemented a range of behavioural insight initiatives including: development of best approach to e-mail marketing; opportunities to maximise attendance at events and applications following such events; and activities to increase applicant rates to Modern Foreign Languages.

Fourth Report of Session 2016-17

Department for Education

Entitlement to free early years education and childcare

Introduction from the Committee

In September 2010, the Department introduced an entitlement to 15 hours of free childcare per week for all three- and four-year-olds in England. As well as providing childcare the free entitlement is also expected to provide early education and developmental benefits for the child. In 2013, the Department extended the offer of free childcare to include two-year-olds from disadvantaged families. Free childcare can be taken in playgroups, pre-schools, nursery schools, nursery classes in primary schools, in children's centres or with childminders. The Department oversees the delivery of childcare. It gives funding to local authorities and sets the overall policy for free childcare. In 2015–16, the Department gave £2.7 billion to local authorities, with 1.5 million children taking up a free childcare place.

Local authorities are responsible for ensuring sufficient places for the funded hours and allocating money to providers. They are legally required to provide information to help parents find an appropriate place for their child, and should also give support and training to providers to ensure childcare in their area is high quality. There are approximately 105,000 childcare providers in England. Parents choose which provider and how many hours to use. Providers can choose whether to offer free childcare, but must register with Ofsted, which inspects childcare settings to ensure they deliver good-quality education and care.

The Department plans to double the number of hours' free childcare that working families with three- and four-year-olds are entitled to from 15 to 30 hours per week from September 2017. The additional hours are primarily to support parents with the cost of childcare so they can take up work, or work more hours. The primary objective is not to have an additional impact on children's educational outcomes beyond the proven positive impacts of the existing first 15hours. The Department plans to pilot the new entitlement from September 2016.

Background resources

- NAO report: *Entitlement to free early years education and childcare* – Session 2015-16 (HC 853)
- PAC report: *Entitlement to free early years education and childcare* – Session 2016-17 (HC 224)
- Treasury Minutes: November 2016 (Cm 9351)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 5 recommendations were implemented. 1 recommendation remains work in progress, as set out below.

2: Committee of Public Accounts conclusion
The Department has no mechanisms for identifying whether local authorities are managing their childcare markets effectively or to intervene if needed.

Recommendation:
The Department should set out how it will oversee local authorities' role in ensuring that there are sufficient places for childcare and intervene where local authorities are not managing the childcare market in their area effectively.

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: October 2018.

2.2 A Departmental implementation team continues to work alongside an independent contractor, Childcare Works, to ensure that local authorities (LAs) are able to deliver sufficient 30 hours places. Childcare Works provide universal support and challenge to all LAs, and more intensive support to the LAs with the highest delivery risk. Together the delivery team and contractor regularly contact all local

authorities and conduct formal assessments of sufficiency and implementation, which informs a programme of tailored support to help deliver implementation plans. The most recent assessment was undertaken in the 2017 autumn term.

2.3 Since national rollout, on 1 September 2017, the Department has not experienced widespread sufficiency issues or had any official reports of parents being unable to access a place. The demand for 30 hours has been healthy with over 224,885 eligibility codes generated against a target of 200,000, 94% of these codes have been validated via the Department's Eligibility Checking System. On 19 December 2017 the Department published an Experimental Statistics release which set out that, based on data collected from LAs via a voluntary survey, an estimated 202,800 children were in a 30 hours place in the 2017 autumn term. This is 90% of the total codes generated for the autumn term. Looking forward to the second term of delivery, as of 13 December, over 305,000 30 hours eligibility codes have been generated for the 2018 spring term and 74% of these have been validated.

2.4 The Department is aware that the sufficiency challenge becomes greater for LAs through the academic year, as more children turn 3-years-old and parental awareness increases, and therefore have made £8.65 million available to support LAs with ensuring sufficient places in this first year of delivery. Allocation is being conducted as a bid round for all LAs – which closed for applications on 15 December 2017. Funds will be distributed by March 2018 to support delivery in the summer term.

2.5 The Department recognised that adequate funding is key to ensuring that providers were able to deliver enough free childcare places to meet the needs of the eligible children from September 2017. The Department has allocated an additional £1 billion per year by the 2019-20 academic year to pay for free childcare, including £300 million to increase the hour funding rate paid to childcare providers.

Fifth Report of Session 2016-17

Department for Business Energy and Industrial Strategy

Capital investment in science projects

Introduction from the Committee

The Government invests in science to support economic growth, improve national productivity and help the UK take the lead in new markets. Since 2007, the Department for Business, Energy and Industrial Strategy (the Department) has committed around £3.2 billion capital funding for major science projects and has announced plans to spend £5.9 billion on capital projects between 2016 and 2021. The Department's capital investments in science include oceanographic research ships, supercomputers, research institutes and the UK's participation in international programmes such as the European Space Agency. The Department funds science through its Research Councils and through the Higher Education Funding Council for England (HEFCE), which funds research facilities in universities.

Background resources

- NAO report: *BIS's capital investment in science projects* - Session 2015-16 (HC 885)
- PAC report: *Capital investment in science projects* – Session 2016-17 (HC 126)
- Treasury Minute: November 2016 (Cm 9351)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 2 recommendations have been implemented and the Department disagreed with 2 recommendations. 2 recommendations remain work in progress, as set out below.

1: Committee of Public Accounts conclusion:
The lack of a clear process and structured plan for prioritising projects means that the Department for Business, Innovation & Skills cannot be certain it has made the right investment decisions.

Recommendation:
The Department should implement a structured, consistent and systematic approach for prioritising projects, drawing on consolidated information about the existing condition of infrastructure and future requirements. This should include clarifying the role played by other parties in identifying and proposing projects.

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2018.

1.2 The Department has commissioned UK Research and Innovation to provide advice on priorities for future spend, including capital projects. In 2017-18, UKRI (operating in shadow form) will examine the short-term priorities for immediate investment in critical infrastructure. It has also begun the process of designing a longer-term capital roadmap exercise which will identify the pipeline of capital investments that are necessary to sustain the UK's world-leading research and innovation capabilities. For both of these exercises, clear criteria will be established where different options will be assessed as a basis for decision making.

4: Committee of Public Accounts conclusion:
The Committee is not convinced that the Department is doing enough to protect the intellectual property that results from its investment and to secure the benefits for the UK economy.

Recommendation:
The Department should ensure that there are clear accountabilities in place to safeguard intellectual property rights and the benefits that should accrue to the UK economy as a result of public investment in research.

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2018.

4.2 There are already clear accountabilities in place to safeguard Intellectual Property (IP). Ownership of IP arising from publicly funded research in the UK resides with the originating institution or university. Exploitable IP normally results from the accumulation of knowledge funded over extended periods, by different funders and involving multiple researchers, and this means that disaggregation below the institution level would be complex, costly and restrict exploitation.

4.3 The Government requires UK universities to have exploitation arrangements as a condition of the transfer of IP ownership (for example, in Research Council grants) but do not set income targets or dictate terms. The Intellectual Property Office supports universities to develop effective IP management strategies through toolkits and guidance. The Government also incentivises the application and commercialisation of research results.

4.4 The Department is continuing to develop additional proposals to enhance and support effective exploitation of publicly funded research as part of the Industrial Strategy. The £100 million Connecting Capabilities Fund announced in autumn 2016 will support collaborative projects between universities to boost their capability and capacity on tech transfer and working with business. The creation of UK Research and Innovation (UKRI) will bring together the Research Councils and later-stage innovation funding through Innovate UK with a new organisation, Research England. In its first year of operation, UKRI will develop and deliver a clear strategy for maximising the benefits of its investments in publicly funded research. It will enable the Department to identify future opportunities and keep the UK at the cutting edge of new technologies and developing solutions to global challenges.

4.5 The Government announced, at Autumn Statement 2016, an additional investment of £4.7 billion by 2020-21 in R&D funding. As part of this, the Department will create a new Industrial Strategy Challenge Fund (ISCF) to help Britain capitalise on its strengths in research and innovation such as robotics, clean energy and biotechnology. This builds on the creation of UKRI. The ISCF will bring together the UK's world leading research and the IP it generates with businesses ready to investment in innovation and the development of new products with a strategically managed programme to drive progress in specific challenges which R&D can solve.

Seventh Report of Session 2016-17

Home Office

Confiscation Orders

Introduction from the Committee

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

Background resources

- NAO report: *Criminal Justice System: Confiscation orders – progress review* - Session 2015-16 (HC 886)
- PAC report: *Confiscation orders – progress review* – Session 2016-17 (HC 124)
- Treasury Minutes: November 2016 (Cm 9351)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 9 recommendations in this report. As of the last Treasury Minute (Cm 9506), 3 recommendations had been implemented and the Department disagreed with 3 recommendations. 3 recommendations remained work in progress, 2 of which have now been implemented, as set out below.

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

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

2.1 The Government agreed with the Committee's recommendation

Target Implementation date: April 2018**.**

2.2 The Department published Asset Recovery Statistics on 12 September 2017, which included collection rates, progress on priority orders, and the amount that can realistically be recovered from the nominal total value of uncollected confiscation orders. The statistics were published on an experimental basis, for the 2016/17 financial year, and the Department will continue to work with operational partners to revise the statistics that are published for future years.

2.3 The Department will publish an Action Plan on asset recovery in early 2018, which will also set out how it is tackling uncollected orders.

3: Committee of Public Accounts conclusion:
The fall in the numbers of experienced financial investigators risks weakening the enforcement of orders

Recommendation 3b:
The Criminal Finances Board, supported by the College of Policing, should report back to the Committee by the end of March 2017 on what action will be taken to ensure sufficient numbers are recruited and retained.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The Department wrote to the Committee, with an update, on 29 September 2017.

3.3 The Department and law enforcement partners formed a multi-agency working group in early 2016 to examine factors which impact on the capacity and capability of financial investigation across law enforcement. Whilst there is a recognition that the public sector cannot compete with the private sector in terms of pay and benefits, law enforcement agencies are continuing to identify opportunities for the recruitment of high calibre candidates, and ensuring that there are clear career development pathways for through which new recruits can develop.

3.4 The Department is committed to public-private partnership to tackle economic crime. The Joint Money Laundering Intelligence Taskforce, a public-private partnership led by the National Crime Agency, demonstrates how collaborative working enables the skills and expertise of financial investigators working in the private sector to be deployed for the benefit of the UK as a whole.

3.5 Drawing agencies together has proved to be beneficial in identifying examples of good practice. However, the challenge is to drive initiatives like these forward and to ensure that they are developed and shared as much as possible. The Department has incorporated the development of this work into the Asset Recovery Action Plan, which will be monitored by the Criminal Finances Board.

6: Committee of Public Accounts conclusion:
The incentive scheme to encourage the many bodies involved to confiscate proceeds of crime remains ineffective.

Recommendation 6b:
The Home Office should also explore with HM Treasury how incentive funding can be used for longer term investment. Reform should be completed by the 2017–18 financial year.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 The Department wrote to the Committee, with an update, on 29 September 2017.

6.3 The Department recognises the difficulties that annual incentive funding causes for some agencies. The Department will continue to keep funding under review, working with operational partners to consider further options to ensure that ARIS works effectively. This may include consideration of the expansion of the existing top slice arrangements under the collaborative framework of a revised - and more operationally focussed - Criminal Finances Working Group.

Ninth Report of Session 2016-17

Ministry of Defence

Service Family Accommodation

Introduction from the Committee

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

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

Background resources

- NAO report: *Service Family Accommodation*
- PAC report: *Service Family Accommodation* – Session 2016-17 (HC 77)
- Treasury Minutes: November 2016 (Cm 9351)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9506), 5 recommendations were implemented. 3 recommendations remain work in progress, as set out below.

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

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

3.1 The Government agreed with the Committee's recommendation.

Target implementation date: December 2019.

3.2 The Department has robust commercial policies and processes in place which require suppliers wishing to bid for work to demonstrate that they have the necessary good standing, capability and capacity to deliver the contract. For contracts, over £20 million, this includes providing evidence of past performance on comparable contracts. The Department's tendering policies require bidders to demonstrate how they will meet the requirements of the contract, and the Department's approach to contract management through the life of the contract has been strengthened with the introduction of new

policy and a contract management handbook. To further improve on this, the Department will introduce new guidance on incentives in 2018.

3.3 The replacement of the Next Generation Estates Contract (NGEC) will be the Future Defence Infrastructure Service (FDIS), which will be procured within this framework of mature Departmental policies. FDIS are already engaged with Service User leads in the Front-Line Commands to establish the future requirement, and the Single Service Families Federations in the specific context of Service Families Accommodation (SFA). The FDIS Commercial strategy, including the approach and sequencing of advertising, the design of the tender evaluation process and incentivisation mechanism, are all under development.

4a: Committee of Public Accounts conclusion:

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

Recommendation:

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

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: December 2018.

4.2 The Future Accommodation Model is looking at how best to support Service personnel by using a combination of current accommodation, greater use of the private rental market and encouraging home ownership. The Department is also investigating the application of alternative funding, procurement and long term management models for new housing and accommodation. These approaches are linked to the rationalisation of the Defence Estate and could assist in balancing operational requirements for new housing against the greater choice and flexibility for Service Personnel presented by the Future Accommodation Model.

4.3 The options being considered include the potential to partner with Registered Providers or Private Rented Sector operators to provide Service Personnel with access to good quality rented housing at enduring Defence locations, whilst minimising MOD's funding input and transferring more risk in the provision, funding and operation of new housing to the private sector. The partner would also be able facilitate Service Personnel being able to access a broader range of tenure options during the course of their career.

Recommendation 4b:

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

4.4 The Government agreed with the Committee's recommendation.

Target implementation date: December 2018

4.5 The Department has already taken this under consideration and will continue to do so during policy formulation. The Department, through the Defence Estate Optimisation Programme, is consolidating the Defence estate into centres of specialisation that will offer Service personnel more geographic stability in their careers. These changes will better support personnel to buy a home in an area they return to throughout their career, but the Department recognises that this will not work for everyone. The Future Accommodation Model aims to support all personnel regardless of where they choose to live, providing greater choice in the type of accommodation and increased flexibility to change between home ownership and alternative forms of accommodation, including in retained Service Families Accommodation and Single Living Accommodation.

Twelfth Report of Session 2016-17

Department of Health

Discharging older people from acute hospitals

Introduction from the Committee

Discharging older people from hospital involves not only hospitals, but also community health and social care services as many older people need some support in the short or longer term to allow them to live in their own homes or to take up a place in a care home. The number of older people (aged 65 and over) in England is increasing rapidly, by around a fifth every 10 years. Emergency admissions of older patients have gone up at an even faster rate—by 18% between 2010–11 and 2014–15. This rising demand for services, combined with restricted or reduced funding, is putting pressure on the capacity of local health and social care systems. Official figures show the number of delayed transfers for older people—that is where a patient remains in hospital after the clinicians and professionals involved in their care decide they are ready to leave—increased by 31% to 1.15 million bed days between 2013 and 2015.

Background resources

- NAO report: *Discharging older patients from hospital* - Session 2016-17 (HC 18)
- PAC report: *Discharging older people from acute hospitals* - Session 2016-17 (HC 76)
- Treasury Minute: November 2016 (Cm 9351)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9506), 7 recommendations had been implemented. 1 recommendation remains work in progress, as set out below.

8: Committee of Public Accounts conclusion:
Financial incentives across local health and social care systems are not encouraging all organisations to work together to reduce delays.

Recommendation:
NHS England and NHS Improvement, working with local government partners, should seek to understand which contracting and payment mechanisms, including targeted use of fines, offer the best incentives for community health providers and local authorities to integrate and co-ordinate their activities better and accept patients as quickly as possible.

8.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2018.

8.2 There are already penalties that can be applied to Local Authorities and to Trusts for delayed discharges. The operation of these mechanisms and any necessary refinements will be kept under review.

8.3 NHS England and NHS Improvement have been supporting sites in developing new care models in line with the Five Year Forward View, supported by moves towards Accountable Care Organisations (ACO) and more collaborative Accountable Care Systems (ACS). Both ACOs and ACSs are intended to help integrate services across health and care, supporting the population in the most appropriate and cost-effective setting to avoid avoidable admissions to hospital and to enable discharge as quickly as possible when medically fit.

8.4 These approaches allow for a gain / loss sharing mechanism to support the alignment of financial incentives across commissioners and providers, including in respect of delayed discharges.

8.5 One of the key features of emerging ACSs is a commitment on the part of commissioners and providers, working closely with local authorities, to take collective responsibility for managing their resources in more efficient and effective ways to improve quality of care and health outcomes. This will

include taking collective decisions on how best to deploy resources and integrate services to prevent delayed discharges.

8.6 The development of new approaches to measuring and paying for community services will also support more effective commissioning and provision of those services to reduce delayed discharges. The data to underpin this started to flow to NHS Digital in November 2017 and the first publication of the Community Services Dataset is due in February 2018.

Thirteenth Report of Session 2016-17

HM Revenue and Customs

Quality of Service to personal taxpayers and replacing the Aspire contract

Introduction from the Committee

HMRC's digital strategy aims to improve the efficiency and quality of its customer services by moving more personal taxpayers online, thereby reducing demand for more costly to handle telephone and postal contact. Between 2010–11 and 2014–15, HMRC cut staff in personal tax from 26,000 to 15,000. HMRC expected to have reduced demand for contact with customers towards the end of this period. It introduced two new services, automated telephony and paperless self-assessment in 2013–14, but demand for telephone advice did not fall. To live within its budget, it released 5,600 staff from personal tax in 2014–15, reducing customer service capacity. HMRC failed to answer more than a quarter of calls in 2014–15 and 2015–16. In October 2015, average waiting times peaked at 34 minutes for the taxes line and 47 minutes for Self Assessment calls.

HMRC's Aspire contract with Capgemini has been the Government's largest IT contract and accounted for about 84% of HMRC's total spend on technology between April 2006 and March 2014. In replacing the contract, which has cost around £700 million per year, HMRC is seeking to take greater control of its IT services, make efficiency savings and enable wider transformation. After being extended by 3 years, the contract was due to end in 2017. When HMRC appeared before the previous Committee in March 2015, it was planning to replace all Aspire services by 2017. HMRC is now adopting a phased approach to replacing Aspire services between 2015 and 2020. It is extending some Aspire services by a further three years, bringing some in-house and using smaller, shorter contracts for others. Replacing Aspire is central to HMRC's plans to take control of its IT estate and move towards a fully digital tax system by 2020. HMRC calculates that replacing Aspire will lead to annual savings of £200 million by 2020–21.

Background resources

- NAO report: *The quality of service for personal taxpayers* - Session 2016-17 (HC 17)
- NAO Memorandum for the House of Commons PAC: *Replacing the Aspire contract* - June 2016
- PAC report: *Quality of service to personal taxpayers and replacing the Aspire contract* Session 2016-17 (HC 78-79)
- Treasury Minutes: November 2016 (Cm 9351)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9506), 5 recommendations were implemented and the Department disagreed with one recommendation. 1 recommendation remains work in progress, as set out below.

4: Committee of Public Accounts conclusion:
HMRC does not know what impact the quality of service it provides has on tax revenue

Recommendation 4a:
HMRC must make significant progress in understanding and measuring the relationship between service quality and tax revenue

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2018.

The Department will continue to measure the impact on behaviour, including on compliance, of changes to the way services are delivered. The Department is working with the NAO on this activity exploring what is feasible and what will deliver robust and useful results. The Department and the NAO recognise that this relationship is very difficult to prove and no work by any international tax authority, or the OECD, has provided any definitive position. The Department will share its findings from this work in spring 2018.

Fourteenth Report of Session 2016-17

Department for Transport

Progress with preparations for High Speed 2

Introduction from the Committee

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

Background resources

- NAO report: *Progress with preparations for High Speed 2* - Session 2016-17 (HC 235)
- PAC report: *Progress with preparations for High Speed 2* - Session 2016-17 (HC 486)
- Treasury Minutes: December 2016 (Cm 9389)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 3 recommendations were implemented. 3 recommendations remain work in progress, 1 of which has now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
The Committee is not convinced that the timetable for delivering High Speed 2 is realistic.

Recommendation:
The announcement of the route of phase 2b this autumn should include a realistic timetable against which the Committee will hold the Department and HS2 Ltd to account. At the same time, the Department should confirm whether it intends to open phase 1 in 2026, or 2027.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 The announcement on the Phase 2b route by the Secretary of State on 15 November 2016 included a publication of the timetable on which the Department is proceeding with the project.

1.3 Schedule confidence for Phase One has improved, and the Department expects HS2 Ltd to improve it further as construction contractors are brought on board and further design work is progressed. The Department continues to set HS2 Ltd the target of opening Phase One of the project for passenger services, in line with current plans.

5: Committee of Public Accounts conclusion:
Sufficient funding will be required to secure the promised regeneration and growth benefits of High Speed 2.

Recommendation:
The Department should seek assurances from the relevant local authorities that they have plans in place to identify sources of funding and financing, to secure the local regeneration and growth benefits of High Speed 2.

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: December 2018.

5.2 The Department is supporting the Department for Communities and Local Government (DCLG), working with local authorities to ensure they make full benefit of HS2. Local authorities have, or are preparing, local growth strategies which set out their plans to catalyse the growth and regeneration benefits of HS2 in their areas. These strategies and the subsequent implementation plans are or will be underpinned by funding and finance plans that establish the local funding sources, and the opportunities to attract private finance. The Government is encouraging local authorities to seek private investment first and foremost to fund their ambitions.

5.3 The Department and DCLG wrote to the authorities responsible for developing plans around the four HS2 stations on the Phase 2b route in July 2017. The letter set out the process authorities should go through to develop their aspirations for HS2 station plans, in order that they might be reflected into the Phase 2b hybrid Bill.

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

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

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: June 2019.

6.2 The Government recognises the importance of effective integration of HS2 services and other rail services on the West Coast and East Coast main lines. The success of HS2 also relies upon the use of released capacity HS2 delivers for other parts of the rail network. Learning from the past the Government believes that to achieve the right results for passengers a series of steps are required. The first of these is to appoint a private sector operator to act as the shadow operator. The West Coast Partner will be appointed in 2019 to work with the industry to achieve the best outcome for passengers and communities.

6.3 The Government recognises the transformational nature HS2 will have on the railway network in the UK and the Department has formed a One Railway Steering group that involves Network Rail, HS2, and the Department to work together to ensure we maximise the benefits of HS2.

6.4 The Department expects it will be able to provide more information on the integration of services once the West Coast Partner is appointed and it starts its refinement of the train services working with the industry partners in 2019 to 2022.

Fifteenth Report of Session 2016-17

Foreign & Commonwealth Office / BBC

BBC World Service

Introduction from the Committee

The BBC World Service is an international broadcasting service run by the BBC providing radio, television and online services in 29 languages to an estimated global audience of 246 million. In 2014–15 it spent £254 million and employed 1,518 staff, many of whom are required to operate in often challenging environments at some risk to themselves. Its objectives include providing an accurate, impartial and independent news service covering international and national developments. The Service is facing several strategic challenges. Until recently, it broadcast mainly on radio. However, changes in technology and consumer behaviour have contributed to a long-term decline in demand for short-wave radio as audiences increasingly access news online or via FM radio and television. The Service is also facing increased competition from other international and local broadcasters.

In October 2010, the Government announced significant reductions in the Service's funding and that, from 2014–15, it would cease to be funded by the Foreign and Commonwealth Office. Instead, the Service would be funded mainly from the television licence fee. In response to these challenges, the Service has succeeded in transforming itself, investing in new digital and television services and integrating its operations more closely with the rest of the BBC, while at the same time reducing its annual expenditure by £46.8 million compared to a 2010 baseline through efficiencies and reductions in its services.

Background resources

- NAO Report – *BBC World Service*
- PAC Report – *BBC World Service* – Session 2016-17 (HC 298)
- Treasury Minutes: December 2016 (Cm 9389)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 1 recommendation was implemented, the Department disagreed with 1 recommendation and 2 recommendations were for the BBC. 2 recommendations remained work in progress, both of which have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
The targets set for the BBC World Service proved to be undemanding and, despite the fact that they met easily ahead of schedule, they have not been revised.

Recommendation:
The BBC Trust, or its proposed successor, needs to ensure that the targets set for the Service from January 2017 are suitably stretching and subject to regular review.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 The BBC Board has agreed to objectives, priorities and targets which have been developed in discussion with the Department. These will be included in the new Operating Licence which will run until 2023.

1.3 Targets have been set which reflect the rapidly changing media environment and the increase in access to information through digital platforms. The target for audience reach is stretching and requires a 35% increase in audience over five years. The target for access to World Service digital platforms is also challenging requiring a 173% increase in audience over five years. They also focus on under-represented

groups such as women and young people. Progress on the achievement of targets will be determined in relation to annual milestones to facilitate annual performance review.

1.4 Targets on quality and impact task the BBC World Service to surpass all other international news competitors who have similar scope, budget and size on reliability, trust, independence, and supporting audience awareness and understanding of world events. The target on value for money tasks annual reviews to assess efficiency, including where appropriate benchmarking against similar international news competitors.

1.5 The Foreign Secretary and BBC Director General plan to meet in the first quarter of 2018 for the annual review of the BBC World Service and to discuss the new Operating Licence. They will ensure the targets remain stretching and up to date during their annual reviews. The FCO Director of Communication and BBC World Service Director have met regularly to discuss progress. Officials also meet on a quarterly basis to review performance against targets in the BBC World Service World 2020 Agreement.

2: Committee of Public Accounts conclusion:
The Committee is disappointed that the BBC World Service chose to reduce the amount of information it published on its performance.

Recommendation:
The Service should report publicly on a wider range of performance information and in more depth - for example: the cost per audience member for each language service where appropriate - to demonstrate better to the licence fee payer the value it delivers.

2.1 The Government agreed with the Committee’s recommendation.

Recommendation implemented.

2.2 The new objectives, priorities and targets cover a wide range of performance information across reach, quality, impact and value for money. The 2017 BBC Charter also commits the BBC to report in reasonable detail on the performance of the BBC World Service.

2.3 The new expanded targets cover reach with audiences across the three main distribution platforms (TV, radio and digital) and for women and young people, assessed as under-represented groups. The reach target is broken down into annual milestones to measure progress. For the digital platform, the BBC has committed to provide annual performance information on each individual language service for review (this information is more easily obtained for digital than for TV or radio).

2.4 The quality of the service provided takes into account its perceived reliability, trustworthiness and independence, benchmarked against other similar international news competitors. Impact with audiences will be assessed by analysis of the audience’s awareness and understanding of world events, again benchmarked against other similar international news competitors. A requirement to ensure value for money commits the BBC World Service to regular annual reviews to assess efficiency, benchmarking as appropriate against other similar international news competitors.

2.5 The Department has agreed with the BBC World Service after discussion not to include ‘cost per audience member’. It was agreed that as cost per audience member would vary widely between different services due to the range of different operating conditions and scope that this was a potentially misrepresentative or misleading demonstration of ‘value’.

Seventeenth Report of Session 2016-17

Ministry of Justice

Transforming Rehabilitation

Introduction from the Committee

Probation is the means through which offenders are supervised and their rehabilitation is pursued. In 2012, the Ministry of Justice announced it would deliver a 'rehabilitation revolution' by reforming probation services. In June 2014, it split 35 probation trusts into a public sector National Probation Service (NPS) and 21 new community rehabilitation companies (CRCs). The NPS now advises courts on sentencing all offenders and manages those offenders presenting higher risks of serious harm or with prior history of domestic violence and sexual offences. CRCs supervise offenders presenting low- and medium-risk of harm.

CRCs were in public ownership until February 2015 when, following an extensive procurement, they transferred to eight, mainly private sector, providers working under contract to the National Offender Management Service. The reforms also extended probation supervision to offenders released from prison sentences of under 12 months, a group with particularly high reoffending rates; and the prison system was reorganised to provide offenders in custody with enhanced resettlement services in preparation for release. Through these reforms the Ministry of Justice and the National Offender Management Service hope to secure economic benefits to society from reduced reoffending that are estimated to be worth more than £12 billion over seven years.

Background resources

- NAO report: *Transforming Rehabilitation* - Session 2015 -16 (HC 951)
- PAC report: *Transforming Rehabilitation* - Session 2016 -17 (HC 484)
- Treasury Minutes: December 2016 (Cm 9389)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9506), 4 recommendations were implemented. 4 recommendations remain work in progress, as set out below.

1: Committee of Public Accounts conclusion:
The Ministry of Justice has yet to bring about the 'rehabilitation revolution' it promised and must do so at the same time as implementing other far reaching new reforms, all with increasingly constrained resources.

Recommendation:
The Committee expects the Ministry to update the Committee on progress by the end of 2017 to provide confidence that performance data on rehabilitation services is reliable and complete and show whether the overarching aim of reducing reoffending is being met.

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2018.

1.2 The Department has published data against the new performance frameworks for both NPS and CRCs, enabling full coverage of metric reporting. The Department already publishes results against a wide range of performance metrics applying to CRCs and the NPS in the Community Performance Quarterly Management Information release[14]. All metrics in the revised CRC performance framework have been implemented and revisions to NPS metrics have taken place. These will be reported in subsequent Community Performance Quarterly MI releases. The Department has a full Data Governance and Assurance Framework in place to improve the quality and robustness of CRC and NPS performance data in general, which is overseen by a Data Governance and Assurance Board.

[14] https://www.gov.uk/government/statistics/community-performance-quarterly-mi-update-to-june-2017

1.3 In October 2017, the Department published the first set of adult proven reoffending statistics for the October to December 2015 cohort by which CRCs will be measured under Payment by Results arrangements, alongside results for the NPS. They showed, that 13 of the 21 CRCs made statistically significant reductions in the binary reoffending rate in the October to December 2015 cohort when compared to the 2011 baseline reoffending rates. In addition, two CRCs produced a statistically significant increase in binary reoffending rates for the October to December 2015 cohort. As well as the binary reoffending rate, CRCs are also measured on whether they reduce the frequency of reoffending. Frequency is measured on an annual cohort, with the interim results on frequency showing that for contract year two, 18 CRCs will be required to make payments to the Department and three CRCs will receive payments from the Department.

2: Committee of Public Accounts conclusion:
Two years into the reforms, it is unclear whether the extension of supervision to offenders sentenced for less than 12 months is having the desired impact.

Recommendation:
While lack of data is an issue the Ministry itself acknowledges, there are issues with supervision of short-term prisoners. The Ministry should identify these issues and set out clearly how it will tackle these prior to re-offending data being made available in late 2017.

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2018.

2.2 The Department accepts that the delivery of *Through The Gate* services to offenders serving short custodial sentences is falling short of our vision for the effective resettlement of released prisoners. The Department recognises the issues raised by HM Chief Inspectors of Prisons and Probation in their reports published in June 2017 and in October 2016 and is doing further work to consider improvements we can make to the delivery of supervision and rehabilitative services for short-term prisoners. This includes working with providers and stakeholders to develop an enhanced specification for Through the Gate services. The Department continues to monitor the number of licence recalls of offenders following the Offender Rehabilitation Act 2014 reforms.

5: Committee of Public Accounts conclusion:
There are significant barriers to encouraging the promised innovative practice in rehabilitating offenders.

Recommendation 5b:
The National Probation Service should develop a coherent plan to better guide court staff on the rehabilitation services available from CRCs.

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2018.

5.2 The National Probation Service (NPS) has developed a system (now known as the SMART tool) to provide court staff with advice on the most appropriate sentencing options for offenders, based on the risk and need profile of offenders and the correlation with rehabilitation services made available by CRCs. It provides court staff with easier access to information on all services being offered by each CRC in England and Wales. The information is quality-assured by the CRCs before input. Implementation is under way, with the whole of the North-East Division of the NPS now having access. The Department expects to have full national coverage by April 2018. Once rolled out nationally, all NPS court teams will have access, via this tool, to all available intervention information (interventions provided by NPS and those provided by CRCs). Further research and analysis will be undertaken into the effectiveness of the tool.

5.3 The NPS's first quarterly bulletin for sentencers was issued in December 2016, with subsequent editions in March, July, October and December 2017. The first set of bulletins included a survey to enable sentencers to give their views on the quality of service provided to the courts by the NPS and CRCs. The Department will use the results of the survey to inform the work of the NPS in advising sentencers.

7: Committee of Public Accounts conclusion:
ICT systems in probation are inefficient, unreliable and hard to use.

Recommendation:
NOMS should, without delay, meet its commitments to improve the usability of nDelius and to implement a fully functional and reliable link between NOMS and CRC systems by the end of 2016.

7.1 The Government agreed with the Committee's recommendation.

Target implementation date: March 2018.

7.2 In September 2016, the Department successfully delivered the Strategic Partner Gateway to allow CRCs to adopt new case management systems. We continue to work with CRCs to support implementation of those systems and expect the first to come into use in Q1 2018.

7.3 The Department has made significant changes to nDelius to improve its performance, including moving the system to cloud based hosting. This has improved the speed of the system for the staff who use it on a daily basis. In addition, a number of enhancements was implemented to NDelius for probation users across the NPS and CRCs to increase its usability.

Eighteenth Report of Session 2016-17

Department for Business, Energy and Industrial Strategy

Better Regulation

Introduction from the Committee

Regulation has many purposes, including protecting consumers, employees and the environment, promoting competition and supporting economic growth. Regulation can benefit both businesses and consumers through, for example, building consumer confidence in the products and services they buy. However, businesses incur costs in complying with regulations, which can act as a barrier to competition and reduce productivity. The Government has set a target, known as the Business Impact Target, to reduce the total cost of regulation for business by £10 billion between 2015 and 2020. The Better Regulation Executive, a joint unit of the former Department for Business, Innovation and Skills and the Cabinet Office, is responsible for developing and implementing a framework for achieving these cost savings. Departments and regulators are responsible for delivering the cost savings to achieve the target through the regulatory decisions they make.

Background resources

- NAO report: *Business Impact Target: cutting the cost of regulation* – Session 2016-17 (HC 236)
- PAC report: *Better Regulation* – Session 2016-17 (HC 487)
- Treasury Minutes: December 2016 (Cm 9389)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 2 recommendations were implemented. 4 recommendations remained work in progress, of which 2 have now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
The credibility of the Target is undermined by its failure to reflect the full range of administrative and regulatory costs that businesses incur.

Recommendation:
The Committee looks to the Better Regulation Executive to explain how they will develop a more comprehensive picture of the overall compliance costs that Government places on the business community and who it will involve in this task.

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: February 2018.

2.2 All regulatory provisions covered by the Small Business, Enterprise and Employment Act 2015 must already be transparently reported on in the Government's Business Impact Target Annual Report, regardless of whether or not they count towards the target. This includes the National Living Wage and regulations originating from the European Union.

2.3 However, because tax is not regulation, the 2015 Act does not require tax administration changes to be included in the Business Impact Target Annual Report. HMRC has a separate and complementary target to reduce the annual cost to business of tax administration by £400 million per year by the end of March 2020. This is an HMRC Strategic Objective, reported to the Treasury and included in HMRC's annual report.

2.4 The Department for Business, Energy and Industrial Strategy will strengthen future Business Impact Target Annual Reports by including information about the impact of changes in tax administration alongside the existing comprehensive picture of the impact of changes in regulation.

2.5 Under the Small Businesses, Enterprise and Employment Act 2015, a new Business Impact Target must be set by June 2018. The £10 billion target announced in March 2016, ceased to have effect on the day of the 2017 General Election. The Government's Annual Report on the Business Impact Target, due to be published shortly, will report on progress with the £10 billion BIT made during the last Parliament.

4: Committee of Public Accounts conclusions:
Once Departments have implemented a regulatory decision, they do not do enough to monitor and evaluate its impact.

Recommendation:
The Better Regulation Executive should set out how it will ensure that Departments include adequate plans for monitoring and evaluation in their impact assessments and implement these plans once the regulation is in place.

4.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

4.2 The Better Regulation Executive continues to encourage Departments to include monitoring and evaluation plans in all Impact Assessments on significant regulatory proposals that have a statutory review clause. This has been reflected in the Statutory Guidance on Post-Implementation Reviews published on 28 December 2017, which also includes an expectation that this applies to measures where a review clause is deemed inappropriate.

5: Committee of Public Accounts conclusions:
Departments do not do enough to measure the wider costs and benefits to society of their regulatory activity.

Recommendation:
The Better Regulation Executive should publish in its annual report estimates of the wider costs and benefits of regulatory decisions and provide details of each department's and regulator's performance in assessing these.

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: February 2018.

5.2 The Government's Annual Report on the Business Impact Target will in future set out the wider impact of each significant measure as well as the impact on business. In its own Annual Report, the Regulatory Policy Committee already comments on the Government's performance in assessing impacts. These assessments already address the treatment of wider costs and benefits.

6: Committee of Public Accounts conclusions:
The Better Regulation Executive's rules for assessing and validating the expected impact of a regulation are the same, regardless of the scale of the regulation's impact.

Recommendation:
The Better Regulation Executive should inform the Committee by the end of 2016 how it plans to change the rules to allow a more proportionate approach where significantly more effort can be applied to the assessment and validation of the small number of regulations with the greatest impact.

6.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

6.2 To achieve a more proportionate approach to better regulation, from November 2017, the Government has introduced a *de minimis* threshold of £5 million per annum, whether regulatory or deregulatory, for independent scrutiny of regulatory impact assessments. This is in advance of

announcing the Business Impact Target for 2017-22. The *de minimis* threshold ensures that those regulatory provisions that generate over 90% (92% over the 2015-17 Parliament) of regulatory impacts by value are fully scrutinised. This will introduce a requirement that significant deregulatory measures go through the same independent scrutiny as significant regulatory changes. This represents approximately 10% of the number of individual regulatory provisions. Those regulatory provisions below the *de minimis* threshold will no longer require automatic scrutiny. This change is being made to allow Departments and the Regulatory Policy Committee to focus on those larger measures that are expected to have the greatest impact on businesses.

6.3 The Government will publish interim guidance, early in 2018, setting out how Departments should use this greater autonomy to decide how to provide proportionate and robust analysis that meets the needs of Parliament. Each Department will establish its own processes to identify those measures above the *de minimis* threshold that require full regulatory impact assessment, and scrutiny by the Regulatory Policy Committee. Departments are then able to decide how those measures below the threshold will be assessed to meet the needs of Parliament and its stakeholders. This approach will provide greater autonomy for Departments and allow scrutiny to focus on those regulatory provisions with the greatest impact.

Nineteenth Report of Session 2016-17

HM Treasury

Government Balance Sheet

Introduction from the Committee

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

Background resources

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

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9506), 2 recommendations were implemented. 5 recommendations remained work in progress, 1 of which has now been implemented, as set out below.

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

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

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: January 2019.

1.2 The current target is to publish WGA within one year of the end date to which the accounts relate and the medium-term aspiration is to reduce that timescale to nine months. The Treasury will continue to work with stakeholders in central and local government and the NAO to deliver progressive improvements in the timing of future publications and will aim to produce the 2017-18 WGA by January 2019.

1.3 The Treasury will adopt the simplifying and streamlining accounts agenda in the 2015-16 WGA to critically review the content of the accounts to determine whether the disclosures are proportionate and focussed on the material items in the accounts.

1.4 The Government already publishes national and regional splits of expenditure data as part of the Public Expenditure Statistical Analysis (PESA) annual publication. The Treasury is currently working through the data collection and analysis implications and will provide an update on the feasibility and usefulness of including regional level data in the 2015-16 WGA accounts.

2: Committee of Public Accounts conclusion:
The WGA provides the most complete view of the Government's financial risks, which complements the Government's preferred statistical measures.

Recommendation:
HM Treasury needs to find a way in the WGA to provide clarity over how the different sources of information used by the Government are employed in managing public finances and the impact that these have on the affordability of key liabilities.

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: March 2018.

2.2 The main source of information used by Government for fiscal policy is the National Accounts, which are prepared by the Office for National Statistics. The WGA already includes reconciliations and explanations of the differences between these publications, which are mainly due to the differing requirements of the two international frameworks applied. The Treasury agrees that improvements can be made to provide context, specifically with regards to how the different sources of information are used by Government in managing public finances and the affordability of key liabilities. Accordingly this section of the account will be improved in future publications.

3: Committee of Public Accounts conclusion:
Despite some progress, the Government's approach to financial planning needs to be more long-term and sophisticated.

Recommendation:
HM Treasury needs to prioritise its plans for strengthening financial management across government. By March 2017, it should set out what steps it will be taking to improve the quality of long-term decision making across Government Departments.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The Financial Management Reform (FMR) programme was developed in response to the recommendations of the Financial Management Review, and aims to drive value and build capability across the Government Finance Function. Significant progress has been made on design and implementation of reforms, many of which have already had a positive impact across Whitehall. This has included the development of a dedicated costing unit in Treasury, working with Departments across Government to better understand large areas of spend and drive value for the taxpayer. The Finance Leadership Group continues to provide cross-Government strategic leadership of the Government Finance Function, driving a culture of continuous improvement, stronger financial management and building capability across all Government Departments.

3.3 Single Departmental Plans (SDPs) establish a consistent framework for medium-term business planning to link what a department will deliver to how they will deliver it, within the multi-year Spending Review settlement. This is part of the Treasury and Cabinet Office's overall effort to continuously improve and develop the way government plans and manages its business to deliver value for money. SDPs are refreshed on an annual basis to respond to policy and fiscal announcements and consider planned delivery over the full term of the Parliament informed by detailed business and financial planning.

3.4 The Treasury Green Book on the appraisal and evaluation of public value is currently being refreshed to bring it up to date with current best practice and include lessons learned since the previous edition in 2003. This is an evolutionary development of the current approach and will be published once the formal consultation is complete.

3.5 The Infrastructure and Projects Authority (IPA) arranges and manages more than 200 independent assurance reviews of major Government projects each year. The IPA have developed a capability framework to support the development of all project delivery professionals in Government.

3.6 The Government has considered reviewing its balance sheet since early 2017, when it also launched the new process for approving and managing contingent liabilities. Consequently, the Government announced the launch of the Balance Sheet Review at Budget 2017 and set out its objectives. Specifically, the Review will aim to improve oversight of balance sheet risks and enable the government to better manage public sector assets and liabilities across government. The Treasury will work closely with other Government Departments in carrying out the Review. This will allow the Government to release resources to be invested in public services and contribute to the long-term fiscal sustainability of the public finances. The Government will provide an update on progress at Budget 2018.

4: Committee of Public Accounts conclusion:
Significant liabilities on the Government's balance sheet could crystallise in the event of a significant shock to the economy.

Recommendation:
HM Treasury should analyse its most significant liabilities and guarantees to understand the factors which could cause them to crystallise and, as a priority, develop contingency plans for those most affected by an economic downturn.

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: March 2018.

4.2 Provisions on the balance sheet are significant, but it is worth noting that more than half of Government provisions arise from the Government's long term energy policies and around two thirds of these are expected to settle after 5 years or more (predominantly decommissioning provisions). In addition, significant guarantee schemes are liabilities arising from Government market interventions since the global financial crisis, and have a positive effect on Public Sector Net Debt.

4.3 WGA, along with the accounts of individual Government Departments, have increased transparency by publishing Government liabilities and guarantees, while other Government publications, such as the annual Debt Management Report, has also played a role in explaining the risks in managing debt liabilities, a key item on the balance sheet.

4.4 The Treasury has established governance processes to oversee risks, including contingent liabilities, for example through an internal Fiscal Risks Group. The Treasury has allocated more resource since September 2016 specifically to analyse public sector balance sheet developments and inform decision-making on asset, liability, and risk management. The Treasury will include relevant analysis from this work in its response to the Office for Budget Responsibility's Fiscal Risks Report, published in July 2017. The Fiscal Risks Report represents a strengthening of the UK's institutional framework, and puts the UK at the forefront of international practice in fiscal risk management, as the publication of WGA did for government accounting and creation of the OBR did for fiscal forecasting. The publication of the Fiscal Risk Report means the UK joins the small group of countries producing regular fiscal risk assessments, including the Netherlands and New Zealand.

6: Committee of Public Accounts conclusion:
The Government's pension liability is significant and rising but the year-on-year movements recorded in the WGA are distorted by the discount rate.

Recommendation:
HM Treasury should provide extra analysis and commentary in the WGA to explain the movement in the liability and to bridge the gap between the presentation in the accounts and the information it uses to assess affordability.

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: January 2019.

6.2 The Treasury will work on the extra analysis required to enhance the information presented in the accounts. Specific focus will be on providing explanations of significant movements and including context on the affordability of liabilities by linking it to the Fiscal Sustainability Report produced by the OBR.

Twentieth Report of Session 2016-17

Cabinet Office

Shared service centres

Introduction from the Committee

Central government has long pursued shared service centres as a way to reduce costs while at the same time freeing up resources from back-office functions to provide better front-line services. The principles of reducing costs through using shared services are straightforward and widely understood, combining two key elements: standardised processes and services, and the outsourcing of operations to an organisation which can offer the service at a lower cost through benefiting from economies of scale.

Cabinet Office's Next Generation Shared Services Strategy promoted the setting up of two independent shared service centres to provide back-office functions for up to 14 departments and their arm's length bodies. It was intended that the centres and the introduction of single operating platforms would achieve £128 million of savings a year and that further efficiencies would allow benefits to increase to between £300 million to £400 million a year. The actual savings delivered after two and half years of operation are £90 million, less than the £94 million estimated total investment costs of the programme to date. Furthermore, only 2 of 26 organisations that planned to adopt single operating platforms by April 2016 had done so.

The Committee examined this topic in 2012 and reported that: shared service centres had provided poor value for money in the past; the Cabinet Office had not provided the strong leadership required to get buy-in from individual Departments and that most Departmental customers had not streamlined or standardised their back-office processes, leading to overly tailored services and complex systems.

Background resources

- NAO Report: *Shared service centres* – Session 2016-17 (HC 16)
- PAC Report: *Shared service centres* – Session 2016-17 (HC 297)
- Treasury Minutes: December 2016 (Cm 9389)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 4 recommendations had been implemented. 2 recommendations remained work in progress, both of which have now been implemented, as set out below.

3: Committee of Public Accounts conclusion:
The Cabinet Office, once it had decided not to make it compulsory for Departments to join the programme, did not secure sufficient buy-in from Departments.

Recommendation:
The Cabinet Office needs to define what levers it requires to ensure that it can secure the commitment of departments to cross-government programmes, particularly if it decides to allow departments to choose whether to opt in.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The Shared Services Strategy Board agreed a cross-Government approach to shared services in October 2017. The new approach sets out a governance model that binds all Departments to converging around one of three technology platforms, a limited selection of Business Process Outsourcing (BPOs) and aligning processes. This approach is underpinned by a new governance model which gives Departments autonomy, while providing the function switch change control through a Government Design Authority. This Authority will prevent changes being made to technology or to BPO without first gaining an

exemption from the Authority. This approach will ensure fit for purpose operations and efficiency.

3.3 Cabinet Office will continue to work with Departments to refine this model throughout the implementation of the strategy, while continuing to consider the need for specific levers for working within the agreed approach across Government.

6: Committee of Public Accounts conclusion:
The failure to develop standardised processes led to delays to the programme and increased costs.

Recommendation:
The Committee expects the Cabinet Office and Heads of Professions to agree a set of standard processes by March 2017.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 The Shared Services Strategy Board signed up a new governance arrangements for Shared Service for Government on 24 October 2017. It has set up specific governance arrangements for Performance, Delivery and commercial HR and Finance performance boards.

6.3 The Global Design for Finance Processes has been developed and agreed with Finance Directors across Government. Finance Design Authority has been established to oversee this process. The Global Design for HR Processes also has been developed and agreed with HR Leads across Government, via the HR Operations Board.

6.4 Both Finance and HR design authorities have been established. The processes have the strong support of HR and Finance communities plus the Shared Services Strategy Board. It ensures both Finance and HR process are agreed and documented.

6.5 As part of on-going development, both design authorities will further improve, with convergence work across Government Departments continuing into 2018 and beyond.

Twenty Third Report of Session 2016-17

Department for Work and Pensions / HM Revenue and Customs

Universal Credit and fraud and error: progress review

Introduction from the Committee

The Committee has reported several times, in recent years, on the Department for Work and Pensions implementation of Universal Credit, and on its efforts, alongside HMRC, to tackle fraud and error when paying benefits and tax credits. The Committee's most recent report on Universal Credit was in February 2016 and the Committee's most recent report on fraud and error was in October 2015. The Committee does not underestimate the challenges of implementing such an ambitious programme as Universal Credit and of getting to grips with the longstanding problem of fraud and error. However, in the Committee's view, the responses from both the Department of Work and Pensions and HMRC to the recommendations in the two reports are weak, and the Committee was not convinced that either Department was doing enough to address the Committee's concerns. The Committee therefore recalled the two Departments to discuss matters further.

Background resources

- PAC report: Fraud and error stocktake – Session 2015-16 (HC 394)
- PAC report: Universal Credit: progress update - Session 2015-16 (HC 601)
- PAC report Universal Credit and fraud and error: progress review – Session 2016-17 (HC 489)
- Treasury Minutes: January 2016 (Cm 9190)
- Treasury Minutes: March 2016 (Cm 9327)
- Treasury Minutes: February 2017 (Cm 9413)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9506), 3 recommendations were implemented. 5 recommendations remained work in progress, 4 of which have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
The Department for Work and Pensions has announced yet another delay to completing the roll-out of Universal Credit, which it attributes to policy changes announced a year ago.

Recommendation:
The Department should explain why its flexible approach to system development has been unable to accommodate policy changes announced in July 2015 and should set out clearly what impact these delays will have on operational costs, staff and claimants on both Universal Credit and legacy systems. This explanation should be provided to the Committee by March 2017.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 The Department wrote to the Committee on 18 October 2017[15] and explained that there is always a limit to what a flexible approach to delivery can bring. Flexibility does not provide unlimited capacity. The welfare reforms that came into effect in April 2017 needed to be inserted into the work schedule for the development of the Universal Credit system which meant the Department had to defer the development of other features which were necessary to run Universal Credit at scale.

[15] http://www.parliament.uk/documents/commons-committees/public-accounts/Correspondence/2017-19/Correspondence-DWP-Universal-Credit-201017.pdf

2: Committee of Public Accounts conclusion:
The Department has not updated its assessment of the expected benefits of Universal credit in the light of policy and operational changes.

Recommendation:
The Committee reiterates its previous recommendation that the Department should set out clearly the changes to the business case for Universal Credit since its outline business case in 2015. It should include a brief summary of the policy changes and, using its ready reckoners, a clear explanation of the impact on the Programme's costs and benefits.

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2018.

2.2 In the note to the Committee[16] the Department explained that the Outline Business Case was submitted in September 2015, before the passage of the Welfare Reform legislation through Parliament. The Outline Business Case will be replaced by the Full Business Case which will reflect the later changes. The Department will send to the Committee an analysis of the main changes between the Outline Business case and the Full Business Case in Spring 2018.

3: Committee of Public Accounts conclusion:
The Department has not yet resolved the potentially destabilising impact that Universal Credit may have on its ability to identify disadvantaged pupils.

Recommendation:
Before the speed at which Universal Credit is rolled out is increased, the Department should ensure that there are sufficient opportunities for staff to engage in testing and learning processes and set out for the Committee what it has done to address staff concerns. The Department should write to the Committee to inform it of action taken by May 2017.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 In the note to the Committee[17], staff involvement in the testing and delivery of Universal Credit is considerable. Staff are also involved in the later assurance of the design, providing scrutiny before each release of software, and input to the design of any learning and development products.

3.3 The Department also encourages feedback from stakeholders to enhance the system. The Department has launched a new process to handle questions and queries from external partners through its network of Partnership Managers.

5: Committee of Public Accounts conclusion:
Neither the Department for Work and Pensions, nor HMRC, has set meaningful targets for tackling fraud and error.

Recommendation:
The Department for Work and Pensions and HMRC should set stretching targets for fraud and error across all benefits and tax credits to secure better performance, review these targets annually, and report progress to the Committee.

5.1 The Government agreed with the Committee's recommendation.

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[16] http://www.parliament.uk/documents/commons-committees/public-accounts/Correspondence/2017-19/Correspondence-DWP-Universal-Credit-201017.pdf

[17] http://www.parliament.uk/documents/commons-committees/public-accounts/Correspondence/2017-19/Correspondence-DWP-Universal-Credit-201017.pdf

Recommendation implemented.

5.2 In July 2016, The Department for Work and Pensions (DWP) and HMRC announced a new external target for overpayments to be no more than 1.6% of expenditure during 2017-18. This measures net loss across welfare (DWP benefits plus Tax Credits) once DWP recoveries are taken into consideration. The target represented a 20% reduction compared to 2013-14. Both departments also set 2017-18 targets for underpayments. Progress against targets is reported annually in the Departments' accounts.

5.3 Both Departments review progress and consider Departmental and joint targets for future performance as part of their normal planning processes, under the governance of their respective executive teams. Both Departments also report progress to the Head of the Civil Service, via a cross-Government Fraud, Error and Debt Steering Group. Department forecasts are updated as the latest data is published. The insights from the data inform Departments' strategy for tackling fraud and error.

7: Committee of Public Accounts conclusion:

The Department for Work and Pensions estimates that inaccuracies in its information on income and earnings resulted in almost £1 billion of losses in 2015–16.

Recommendation:

The Department for Work and Pensions should update the Committee, following the publication in November 2016 of the 2015-16 final fraud and error estimates, on its progress in tackling the largest areas of loss. It should include details of the impact of making full use of RTI in reducing over and underpayments due to errors in income and earnings.

7.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

7.2 Following analysis of the final 2015-16 statistics, the Department wrote to the Committee on 6 December 2017 outlining progress in tackling earnings related fraud and error and the impact of using Real-Time Information (RTI).

7.3 Undeclared and under-declared earnings by claimants have been a long-standing problem for the Department, accounting for over a third of the money lost through fraud and error, which is why the Department has focused so much attention on this loss area.

7.4 Since 2014, the Department has been using RTI to detect and correct earnings anomalies through bulk data matching exercises. By the end of 2015-16, estimates were that RTI bulk data matching had resulted in benefit savings of around £360million.

7.5 More recently, the Department has moved to a preventative approach, with the Verify Earnings and Pensions (VEP) initiative applying RTI data across existing benefits to help ensure customers receive the right payment at the outset. This is a central principle of Universal Credit. The deployment of VEP on Housing Benefit is forecast to save £246million between 2018-19 and 2022-23.

Twenty Fourth Report of Session 2016-17

HM Treasury

The sale of former Northern Rock assets

Introduction from the Committee

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

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

Background resources

- NAO report: *The £13 billion sale of former Northern Rock assets* - Session 2016-17 (HC 513)
- PAC report: *The sale of former Northern Rock assets* - Session 2016-17 (HC 632)
- Treasury Minute: February 2017 (Cm 9413)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9506), 4 recommendations were implemented and the Department disagreed with 3 recommendations. 1 recommendation remains work in progress, as set out below.

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

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

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2018.

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

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

5.4 The market study will explore a range of issues, some of which address the Committee's recommendation. For example, it will examine whether there are any concerns that are more pronounced for different types of products and consumers with different circumstances, and if necessary will consider

what can be changed to help consumers make better choices. This work will involve consideration of consumers' understanding of mortgage products and the choices available to them - this includes rates, fees and charges and other product attributes more broadly. These considerations should be the same irrespective of whether the lender changes.

5.5 Consumers' ability to understand their mortgage product and shop around effectively is important regardless of who owns the mortgage, therefore the work will cover all consumers, including those where the owner of their mortgage has changed. The FCA have set out the intended scope of the market study in a terms of reference document.[18]

5.6 The FCA aims to publish an interim report in Spring 2018, setting out the analysis and preliminary conclusions including, where practicable and appropriate, possible remedies to address any concerns identified, and release the final report in late Autumn 2018.

[18] https://www.fca.org.uk/publication/market-studies/ms16-02-1.pdf

Twenty Sixth Report of Session 2016–17

Department for Communities and Local Government

Financial sustainability of local authorities

Introduction from the Committee

The Department for Communities and Local Government has responsibility in government for the local government finance system. Accountability for capital is more devolved than for revenue, but the Department still has responsibility for ensuring that local authorities are financially sustainable. The Department recognises that this includes both revenue and capital. The Department also maintains the accountability system for local government to enable assurance to Parliament about local authority use of resources.

In 2014–15, local authorities spent £38.1 billion on revenue to deliver services and £12.3 billion on capital (excluding education). Capital spending pays for local assets like leisure centres, libraries and roads. Revenue spending on services has fallen since 2010–11, while capital spend has increased in real terms for local authorities as a whole. However this overall increase masks changes in the purpose of capital spending as authorities now focus increasingly on using their capital programmes to generate revenue returns rather than solely to provide services.

Background resources

- NAO report: *Financial sustainability of local authorities* - Session 2016-17 (HC 234)
- PAC report: *Financial sustainability of local authorities* - Session 2016-17 (HC 708)
- Treasury Minutes: March 2017 (Cm 9429)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9506), the Department disagreed with 1 recommendation. 6 recommendations remain work in progress, as set out below.

1: Committee of Public Accounts conclusion:
The Committee is concerned that the Department for Communities and Local Government appears complacent about the risks to local authority finances, council tax payers and local service users resulting from local authorities increasingly acting as property developers and commercial landlords with the primary aim of generating income

Recommendation 1a:
By summer 2017, the Department should send an update to the Committee setting out how it is strengthening its understanding of the scale and nature of authorities' commercial activities, focussing in particular on the scale of risk across the sector and the types of authorities placing themselves at greatest risk.

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2018.

1.2 The Department has engaged extensively with CIPFA, the LGA and a range of local authorities to enhance its understanding of the scale and nature of local authorities' commercial activities. Together with the Treasury, the Department has also started to consider potential macro-economic impacts.

1.3 The Department has completed its initial analysis of the scale and nature of local authorities economic activities, and has identified that commercial activities fall into three broad categories. These are 'invest to save' initiatives that have been expanded into commercial activities, activities that achieve regeneration or other policy outcomes that are delivered through commercial vehicles and activities designed to generate yield. Many commercial activities fall into more than one category. A majority of authorities' commercial activities are small scale in the context of overall local authority expenditure and

do not give rise to systemic risk. However, the Department has identified concentrations of commercial activity that are potentially riskier in a small number of authorities.

1.4 The Department issued a consultation document on updating the *Statutory Guidance on Local Authority Investments*[19] 10 November 2017 with its proposals to update the control framework. Subject to the outcome of the consultation, the Government will update the Statutory Guidance to take effect from 2018-19.

2: Committee of Public Accounts conclusion:
Neither the Department, nor the Treasury understand why local authority investments on deposit are now at record levels.

Recommendation:
In its update to the Committee in summer 2017, the Department and the Treasury should explain clearly the causes of, and risks associated with, the build-up of investment cash held on deposit by local authorities based on both analysis of data and direct engagement with local authorities.

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2018.

2.2 The Department and the Treasury have a programme of analysis in place to develop an understanding of the causes of the build-up of investment cash held on deposit by local authorities, including interactions between the low interest rate environment and the prudential borrowing framework. The Department and the Treasury originally committed to providing an update to the Committee in Summer 2017, but the work programme has been expanded to include trends in investment activities including investment in non-financial assets such as commercial property The Department and Treasury will provide an update in Spring 2018 once the revised programme of work has been completed.

2.3 Work so far has indicated that the build-up of cash does not in itself give rise to additional risk, but the way in which local authorities invest additional cash may result in increased risk. The low interest rate environment means that many council investments generate low yield. There is, therefore, a risk that local authorities will seek to invest excess cash in more risky investment classes as a way of generating higher levels of yield.

2.4 The Department and the Treasury took account of this risk when they published the November 2017 consultation by extending the scope of the guidance to all financial and non-financial investments and by enhancing the requirement for local authorities to disclose and decision makers to demonstrate that they understand the risks that they are taking on.

3: Committee of Public Accounts conclusion:
The Department does not have a good enough understanding of the extent to which revenue pressures are affecting local authorities' capital spending and resourcing activities.

Recommendation:
The Department should ensure that the interactions between revenue spending, capital spending and borrowing and the resulting pressures on local authority capital programmes are considered fully in future spending reviews and in the design for the 100% business rates retention scheme. The Department needs to set out plans to do this in its summer 2017 update to the Committee.

3.1 The Government agreed with the Committee's recommendation.

Target Implementation Date: Spring 2018.

3.2 The Department is increasing its modelling capacity to continue to improve its understanding of underlying pressures that impact on the financial sustainability of the sector. The Department is

[19] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/658458/Consultation_on_the_proposed_changes_to_the_prudential_framework.pdf

developing a financial sustainability model which will include the impact of interactions between capital financing choices and revenue spending. Once developed, this will enable the Department to estimate the impact of policy choices such as spending reviews and business rates retention on the sustainability of local authorities.

3.3 In addition, the Department has worked with sector partners to develop a stress test that will enable individual authorities to assess the cumulative impact of their capital financing and investment decisions on their financial sustainability. The Department consulted on this as part of the updates to the Codes that comprise the prudential framework. The different elements of the stress test will be contained in the updated Prudential Code, published by CIPFA and elements in the updated Guidance on Local Authority Investments, published by the Department.

3.4 Ensuring that the draft Codes refer to each other is a deliberate decision as the Department and CIPFA want to ensure that local authorities consider the procedures that they are required to have regard to when making borrowing and investment decisions in an integrated manner. CIPFA published their consultation on the update to the Prudential Code on 11 August. The Department also issued the consultation on its proposals for updating the Investments Guidance on 10 November 2017.

4: Committee of Public Accounts conclusion:
The Department lacks a cumulative picture of capital risks and pressures across the sector.

Recommendation:
The Department's update note should set out how it intends to strengthen its use of quantitative data and other information to ensure it has a clear understanding of trends and risks across the sector relating to capital spending and resourcing.

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2018.

4.2 The Department is in the process of updating and improving its statutory data collections on capital expenditure and financing and reviewing additional cross Government and other data sources on commercial activity. The proposals relating to statutory data collections will include more specific categories of commercial activity types which have been identified with modelling needs in mind. This will allow the Government to track emerging trends and support analysis on sector risk relating to capital spending.

4.3 The Department developed the changes to these statutory data collections in consultation with local authorities. The changes were approved through the normal process, by a paper to the Central and Local Government Information Partnership[20] Finance Statistics group for its meeting on 7 June 2017. This is a group of representatives from local authorities, as well as from, inter alia, the NAO, the Treasury and CIPFA. The Department also sent the proposals to contacts in all local authorities' finance departments inviting comments. The proposals were given final approval by the Single Data List Gateway Group[21] on 2 October 2017.

4.4 The LGA is also a key member of the Central and Local Government Information Partnership group and is in the lead on the latter. The changes will include new categories for local authority commercial activity, and where capital grants or loans are made to other organisations, the type of organisation will be categorised too. They are being prepared for implementation in Department's annual data collections which are sent out to local authorities each Spring. The preparatory work for this is scheduled to be completed for the capital estimates (budget) return by the end of February 2018, and for the capital outturn returns by the end of March 2018. The first data incorporating the changes is scheduled for publication in June 2018.

[20] https://www.local.gov.uk/our-support/research/partner-organisations/central-local-information-partnership-clip
[21] https://www.gov.uk/government/publications/single-data-list

5: Committee of Public Accounts conclusion:
Neither the Department, nor the Treasury understand why local authority investments on deposit are now at record levels.

Recommendation:
In the update note for summer 2017, the Department should set out what measures it has introduced to ensure that the purpose and geographical location of capital spending can be ascertained and what specific steps it has taken to remove double counting from its figures.

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2018.

5.2 The Department has reviewed the capital spending and financing data provided by all local authorities. The changes to the data collections also include the requirement to quantify any flow of funds between any local authorities. This is of relevance for some of the new Combined Authorities and it will enable netting off of any resultant double-counting when summing across the local authority sector. The changes will be included in the data collections that are sent to local authorities in Spring 2018 and which are scheduled for publication in June and September 2018.

5.3 In addition to the improvements, the Treasury has provided data it collects on local authority commercial investments to DCLG. DCLG has begun to use the data to analyse patterns in local authority investments which, supported with case study analysis, will help inform understanding of the potential purpose of such investments.

5.4 The Department also reviewed how Local Enterprise Partnership (LEP) expenditure was being recorded in its statutory data collections. Some of the local authorities which act as accountable bodies for LEPs were reporting all LEP finance in the local authority data returns, whereas others were treating the LEP as a third party. The former treatment caused an observable uplift in the capital expenditure figures for 2015-16. The data collection guidance is now prescriptive on this issue, and requires authorities to use the third-party approach.

6: Committee of Public Accounts conclusion:
The Department's figures for capital spending in the sector do not provide sufficient detail to identify significant changes in its purpose and objectives

Recommendation:
Working with CIPFA, the Department should ensure that the local government capital finance framework remains current and continues to reflect developments in the sector, alongside wider institutional and economic changes.

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2018.

6.2 The Department has worked with CIPFA to update the statutory framework. The update to the framework will aim to enhance the transparency of decision-making, will require local authorities to consider the long-term consequences of borrowing decisions and to consider their total exposure from commercial activities and it will strengthen the gate-keeper role of Chief Finance Officers. CIPFA launched the consultation on their codes on 11 August 2017 and the Department issued its consultation on 10 November 2017.

Twenty Seventh Report of the Session 2016-17

HM Treasury and Cabinet Office

Managing Government spending and performance

Introduction from the Committee

HM Treasury carries out spending reviews to allocate funding across the Government's priorities, and set clear limits on Departmental spending. Spending Reviews are also one of the main ways for the Treasury to work with Departments to set the Government's overall strategy. The Spending Review 2015 allocated almost £2 trillion in Departmental spending, and another £2 trillion in welfare and benefit payments, over 5 years. It was a significant logistical exercise, involving a wide range of teams across the Treasury, Departments and other stakeholders. The Government started working on a new business planning and performance management system soon after the 2015 election.

In July 2015, Departments were asked by the Cabinet Office to set out 'Single Departmental Plans' (SDPs) to 2020, covering formal reporting on key Government priorities, cross-cutting goals which span more than one Department, and the day-to-day business of Departments. The Treasury and the Cabinet Office originally set out to integrate the development of SDPs with the Spending Review 2015, though in practice the detailed SDP planning happened after the Spending Review had been finalised in November 2015.

Background resources

- NAO report: *Government's management of its performance: progress with single departmental plans* - Session 2016-17 (HC 872)
- NAO report: *Spending review 2015* – Session 2016-17 (HC 571)
- PAC report: *Managing Government spending and performance* – Session 2016-17 (HC 710)
- Treasury Minutes: March 2017 (Cm 9429)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 1 recommendation was implemented and the Departments disagreed with 2 recommendations. 3 recommendations remain work in progress, as set out below.

1-6: Committee of Public Accounts conclusions:

1: Government has made some progress in the way it plans and manages its business.

2: Government makes plans with a poor understanding of current performance, of the outcomes it is seeking, and of the link between outcomes and associated funding.

3: Many of the Government's key objectives cut across more than one Department and involve multiple organisations delivering services.

4: The Committee is yet to be convinced that SDPs will be able to deal with significant changes in priorities within and beyond this Parliament (for example Brexit).

5: There is significant variation in the maturity of planning across individual Government Departments, and no shared approach to encourage continuous improvement.

6: The SDPs do not enable taxpayers or Parliament to understand the Government's plans and how it is performing, and therefore have not enhanced their ability to hold the Government to account for its spending.

Recommendation:

As the Treasury and Cabinet Office recognise, improving planning and performance across Government is a key priority, but one which involves many challenges and will not be easily resolved. The Committee's recommendations, below, help to address these challenges.

Recommendations 1-2:

1: HM Treasury and the Cabinet Office, working together, should now set out a vision of how the overall approach to how the Government plans and manages its business will ensure value for money across Government, and a plan for how they will get to that state at least in time for the next Spending Review. This should include:

> ***i: how individual processes, including spending reviews and SDPs, will be integrated to improve the Government's ability to deliver value for money, underpinned by rapid progress with the Financial Management Review;***
>
> ***ii: how both the Government and taxpayers can use all the different public information (including the Spending Review, SDPs, Annual Reports, and Estimates) as a package, to see what the Government is planning, how much it is spending, and what it is achieving, against a consistent set of objectives which cover both the implementation of new policies and programmes and "business as usual";***
>
> ***iii: how the quality of planning and management in different Departments will be brought up to a consistently high standard; and***
>
> ***iv: how the approach can accommodate both the long-term view needed for many Government projects and programmes, and the flexibility needed to meet any new administration's shorter-term commitments.***

2: HM Treasury and the Cabinet Office should work with Departments on practical ways to improve joined-up planning across Government, to bring planning and delivery out of the confines of Departmental boundaries.

1.1 The Government agrees with the Committee's recommendations.

Target implementation date: Spring 2018**.**

1.2. Following the General Election, Treasury and Cabinet Office Ministers have agreed that Single Departmental Plans (SDPs) will continue to provide the framework for medium-term business planning and performance management. The publication of the 2016-17 Annual Reports and Accounts have also, for the first time, provided the opportunity for departments to present an assessment of performance aligned with the objectives set out in their SDPs which were published in February 2016.

1.3. It was not possible to update SDPs to the original timetable due to the General Election. As a result, the Government intends to update SDPs later this year (2017).

1.4. The Treasury and Cabinet Office will also set out the Government's planning and performance process. This will explain how public information, such as that included in the Spending Review, Estimates, SDPs and Annual Reports and Accounts can be used to understand Government's planning, spending and performance. Meanwhile a planning peer group has been established. It is developing tools to help Departments assess their capability and identify actions to drive improvement in planning across Government.

1.5. The Treasury and Cabinet Office will write to the Committee with an update in Spring 2018.

Recommendation 4b:
Departments should update published SDPs to reflect recent changes in responsibilities and priorities by the end of the 2016–17 financial year at the latest.

4.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2018.

4.2. It was not possible to update published SDPs to the original timetable due to the General Election. Departments are now revising their plans to reflect the priorities of the new Government and business-as-usual responsibilities. The Government intends to update SDPs later this year to allow the public to track progress against the Government's objectives and key outcomes.

4.3 The Treasury and Cabinet Office will write to the Committee with an update in spring 2018, at the latest.

Twenty Eighth Report of Session 2016-17

Department for Education

Apprenticeships Programme

Introduction from the Committee

In England, an apprenticeship is a full-time paid job, available to those aged 16 or over, which incorporates on- and off-the-job training. In July 2016, the Department for Education assumed overall responsibility for apprenticeship policy, having previously shared responsibility with the then Department for Business, Innovation and Skills. Several other bodies, such as the Skills Funding Agency, Ofsted and Ofqual, are also involved in overseeing the system.

The Department is introducing some significant changes to support the delivery of the apprenticeships programme. For example: groups of employers, representing their sectors or occupations, are coming together to design a brand new set of apprenticeship standards; from April 2017, employers with a pay bill of over £3 million per year will be required to pay 0.5% of their pay bill in the form of an apprenticeship levy; and also in April 2017, an independent, employer-led Institute for Apprenticeships will begin to operate, whose role will include regulating the quality of apprenticeships. In 2015–16, public funding of apprenticeships was around £1.5 billion. In the five year period broadly equivalent to the last Parliament, there were around 2.4 million new apprenticeship starts. The current objective is to facilitate 3 million new apprenticeship starts during the period 2015 to 2020.

On 1 April 2017 the Education Funding Agency and Skills Funding Agency were merged into the Education and Skills Funding Agency.

Background resources

- NAO report: *Delivering value through the apprenticeships programme* – Session 2016-17 (HC 624)
- PAC report: *The apprenticeships programme* – Session 2016-17 (HC 709)
- Treasury Minutes: February 2017 (Cm 9413)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 4 recommendations were implemented. 2 recommendations remained work in progress, 1 of which has now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
The development of new apprenticeship standards is taking longer than expected and some may not meet the needs of certain sectors and employers.

Recommendation:
The Department should streamline the process for devising, implementing and reviewing standards. The Committee expects the Department to report back within the year on progress against its target of having all apprenticeship starts covered by the new standards by 2020.

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2018.

2.2 The Government has announced that all apprenticeship starts meet new apprenticeship standards by 2020, with one new standard for each occupation identified by employers as requiring an apprenticeship. The Department has not specified the number of standards needed, as this will be entirely dependent on employer demand.

2.3 Currently, over 200 standards are available for delivery and there are more than 300 in development. Employers are increasingly demanding these new high quality apprenticeships. Starts on

apprenticeship standards increased from 4,400 in 2015-16 to 24,700 in 2016-17. Starts on standards accounted for just under 5% of total starts in 2016-17 and the Department expects to see further growth in 2017-18 as more standards come online.

2.4 The Institute for Apprenticeships (the Institute) leads and manages the standards approval and review process. The Institute is taking the following actions to improve and accelerate the standards development process:

- Appointed a Single Responsible Owner from September 2017 to own continuous improvement within the approvals system.
- Offering concurrent approval processes (for standards, assessment plans and proposed funding bands) instead of sequential ones to those trailblazer groups that want them, thereby reducing the process from the current 24-week minimum.
- Helping Trailblazers to work more quickly, through providing clearer, more concise advice from an updated "How to" Guide and front-loading engagement with Trailblazers to encourage more rapid progress.
- Overhauling its internal Management Information to provide a single Institute-wide process flow to help identify where standards are in the system and explaining any lack of progress.
- Issued a communication 'Faster and Better' (December 2017) outlining plan to speed up and improve processes[22].

2.5 The Department is working with the Institute on ongoing work to streamline the approval process, following feedback from employers about the speed of approvals.

2.6 The Department is currently working with the Education and Skills Funding Agency and the Institute to support development of the Institute's digital system. Expected to roll out in April 2018, it will improve the way the Institute works and interacts with trailblazer groups. An interactive service will provide trailblazer groups, all employers and anyone with a general interest, continually updated information on the progress of those standards and assessment plans currently in development.

6: Committee of Public Accounts conclusion:
The value of apprenticeships, in terms of improved earnings and career progression, is not sufficiently clear to prospective apprentices and their parents.

Recommendation:
The Department needs to make better use of the data it has to communicate the value of apprenticeships to potential apprentices, schools and careers services.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 The Benefits Realisation Strategy sets out the Programme's objectives, approach to benefits realisation and defined success for the Programme, proposing a range of high level, long-term indicators which will capture positive outcomes for stakeholders.

6.3 The National Apprenticeship Service (NAS) is working with levy paying employers using return on investment data to encourage employers to maximise their use of apprenticeships to achieve productivity and growth. It will use data, case studies and actual apprenticeship opportunities to promote apprenticeships to potential apprentices.

6.4 The Department has considered how data can be further incorporated into messaging and support for careers advisors and schools. This has included highlighting positive outcomes on wage returns and progression to advisors and in resources available to Schools such as the Amazing Apprenticeship portal for schools.

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[22] https://www.instituteforapprenticeships.org/media/1520/a-preview-of-the-changes-to-come-final.pdf.

6.5 From January 2018 there will be a new legal requirement for schools to give providers the opportunity to talk to pupils about approved technical education qualifications and apprenticeships. This will ensure that they hear more consistently about the merits of alternatives to school-based routes and are aware of all routes to higher skills and the workplace.

6.6 The Government published a comprehensive careers strategy in December 2017. This sets out a long-term plan to build a world class careers system, and explains how the Government will make sure that everyone has access to the right advice, in the right place, at the right time – backed up by inspiring experiences with employers and educators that will make a difference, including measures to increase awareness of apprenticeships.

6.7 To increase its reach to young people and their parents, the Department has developed partnerships with UCAS, Which University, The Student Room and The Good School's Guide. Messaging included case studies of young apprentices, national apprenticeship award winners and highlighted the progression opportunities that apprenticeships offer at degree level and beyond.

6.8 The next phase of the Department's campaign focuses on employers, potential apprentices and their influencers, has now been approved by Ministers, and is due to launch in January 2018 with a spend of £1.91 million to cover the remainder of the 2017-18 financial year. This will underpin other ongoing activity to communicate the value of apprenticeships, including the expansion of the excellent Young Apprentice Ambassador Network, where young apprentices return to schools to promote the value of apprenticeships to students, parents and teachers using their own personal experiences.

Twenty Ninth Report of Session 2016-17

HM Revenue and Customs

HM Revenue and Customs performance in 2015-16

Introduction from the Committee

HMRC collected £536.8 billion from UK taxpayers in 2015–16, some £19.1 billion more than in 2014–15. While HMRC's running costs increased over the same period from £3.1 billion to £3.2 billion, the cost of collection fell from 0.58 pence per £1 of revenue in 2014–15 to 0.55 pence per £1 in 2015–16. HMRC estimates it achieved a compliance yield (from tackling those who seek to avoid or evade their tax liabilities) of £26.6 billion in 2015–16 against a target of £26.3 billion. In 2015–16, HMRC reduced tax losses (mainly the amount of tax written off because there is no practical way to collect it) but saw the balance of tax debt (tax that is due but not yet received at the end of the year) rise to £26.7 billion (from £26.0 billion in 2014–15).

Background resources

- NAO report: *HM Revenue and Customs 2015-16 Accounts – progress update* - Session 2016-17 (HC 338)
- PAC report: *HM Revenue and Customs performance in 2015-16* – Session 2014-15 (HC 712)
- Treasury Minutes: March 2017 (Cm 9429)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 5 recommendations were implemented. 1 recommendation remained work in progress, as set out below.

1: Committee of Public Accounts conclusion:
The way HMRC measures the tax gap and the impact of its efforts to close it remain unclear.

Recommendation:
HMRC should report each year on the effect its work to generate compliance yield is having on its efforts to reduce the tax gap. As part of this, HMRC should assess how accurate its compliance estimates turn out to be in practice.

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2018.

1.2 Building on improvements made in its 2016-17 Annual Report and Accounts, the Department will continue to show more clearly how its compliance activity reduces and prevents growth of the tax gap in both its Annual Report and Accounts and the Measuring Tax Gaps publication for 2018. The Department will also pilot changes to these documents in 2017, whilst recognising that the relationship between these measures is not straightforward.

1.3 The tax gap is the difference between the full amount of tax that should be collected against what is actually collected, and reflects a single year. The Department's reported compliance yield contains an estimate for the amount of cash collected from their compliance activities, which may refer to liabilities established for many previous years, as well as the revenue losses prevented and future revenue benefits. Both measures are needed to give a rounded picture of performance. The Department will further develop the approach of using case study examples to explain the relationship between these two measures to help illustrate how compliance activity closes, and prevents, growth of the tax gap.

1.4 The Department continues to keep the accuracy of its compliance estimates under review and updates the NAO on this work. The Department will build on the research to provide further explanation in its Annual Report about the uncertainty associated with reported compliance yield, to better inform readers of the estimates and assumptions underlying its performance.

Thirtieth PAC Report of Session 2016-17

Department for International Development

St Helena Airport

Introduction from the Committee

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

Background resources

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

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9506), 2 recommendations were implemented. 3 recommendations remain work in progress, as set out below.

1: Committee of Public Accounts conclusion:
It is staggering that the Department commissioned and completed the St Helena airport before ascertaining the effect of prevailing wind conditions on landing commercial aircraft safely at St Helena

Recommendation:
The Department should, as soon as it is completed, send the Committee a copy of its review identifying who was accountable for the failure to identify this key issue.

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2018.

1.2 The Department aims to share with the Committee the conclusions of the review in a way which does not prejudice any potential legal proceedings.

4: Committee of Public Accounts conclusions:
The Committee is extremely sceptical about the Department's projected tourism figures and the island's ability to support such growth in the tourist industry.

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

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2018.

4.2 The new scheduled commercial air service is expected to commence in October. The Department will commission work to recalculate the projected tourism figures based on the real data from flight operations by April 2018 to allow for six months of flight operations. This will include additional information from initial testing of the tourism market.

5: Committee of Public Accounts conclusions:
The reputational damage to St Helena from this fiasco could further hinder its ability to attract investment.

Recommendation:
The Department should engage closely with the St Helena Government to secure real progress against the joint Memorandum of Understanding to remove barriers to inward investment.

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2018.

5.2 The St Helena Government, working with Enterprise St Helena (the agency) as the economic development agency, continues to focus on investment climate reform, in close consultation with other parts of the St Helena Government. Recent developments include proposals for a new Investment Strategy building on and updating the 2010 Memorandum of Understanding, and the 2011 Investment Policy. The new Strategy will be spearheaded by a St Helena Government and the agency, working with relevant stakeholders such as the private sector and the Bank of St Helena. An Action Plan with prioritised targets will be provided by the agency, working with the St Helena Government, by 31 December 2017. The St Helena Government is also updating the Sustainable Economic Development Plan to develop further their economic strategy.

5.3 The St Helena Government has re-introduced a cross-stakeholder tax working group which is reviewing current tax policy and whether it is optimal. In addition, the St Helena Government has decided to appoint a tax advisor who will consider the systems, processes, and organisational structure within which the tax polices of St Helena are applied to maximise the tax revenue stream. The St Helena Government also plan to work with HMRC in 2018 to digitise their tax system and improve compliance.

Thirty First Report of Session 2016-17

Department for Education

Child protection

Introduction from the Committee

Local authorities have statutory duties for safeguarding and promoting the welfare of children in their area and work with the police and health services, among others, to meet these duties. In 2014-15, authorities spent £1.8 billion on children's social work, including on child protection. The Department for Education (the Department) is responsible for the legal and policy frameworks within which authorities operate. The Department also publishes data; sets the framework against which Ofsted inspects each authority's services; and intervenes where an authority fails to deliver services to an acceptable standard.

In 2010, the Department recognised that child protection services were not good enough and commissioned the Munro review. In 2014-15, local authorities accepted 635,600 requests for services to be provided by children's social care because of concerns about a child's welfare. The total number of children in need of help or protection across the year was over 780,000. If an authority suspects a child is at risk of significant harm, it may need to put in place a child protection plan. In 2014-15, 62,200 children became the subject of a plan and over the past ten years, the rate of children starting on plans has risen by 94%. By 2016, the Department acknowledged that the quality of work with children and families was still too inconsistent and published new plans to ensure that all vulnerable children, no matter where they live, receive the same high quality care and support by 2020.

Background resources

- NAO report: *Children in need of help or protection* – Session 2016-17 (HC 723)
- PAC report: *Child protection* – Session 2016-17 (HC 713)
- Treasury Minutes: March 2017 (Cm 9429)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 9 recommendations in this report. As of the last Treasury Minute (Cm 9506), 5 recommendations had been implemented and the Department disagreed with 2 recommendations. 2 recommendations remained work in progress, both of which have now been implemented, as set out below.

3: Committee of Public Accounts conclusion
Ofsted inspections do not provide sufficient and up-to-date information on service quality.

Recommendation:
The Department should work with Ofsted and set out for the Committee by March 2017 what steps it will take to get more timely assurance on the quality of children's services.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 Following extensive consultation and piloting, Ofsted published its new framework for the Inspection of Local Authority Children's Services on 29 November 2017, which came into effect on 1 January 2018. The new framework significantly improves the timeliness of assurance on the quality of children's services and comprises several elements:

- **A more proportionate approach to inspection:** Children's services that were last judged as 'good' or 'outstanding' will have a one-week inspection, and those judged as 'requires improvement to be good' will have a two-week inspection. Those judged as 'inadequate' will continue to be inspected under the previous framework (lasting two or four weeks, depending on their circumstances);

- **Focused visits between inspections for all local authorities judged as 'requires improvement' or better:** Local authorities will have one or two focused visits, lasting two days and looking at particular aspects of services. Focused visits will help identify areas of concern so that authorities can take remedial action, as well as highlight and share good practice. Local authorities that are rated inadequate will continue to receive quarterly monitoring visits as now; and

- an annual conversation between the Director of Children's Services and Ofsted, informed by the local authority's self-assessment of practice.

3.3 The findings of focused visits and annual conversations may influence the nature and timing of the full inspection. Under the new framework, Ofsted expects to inspect every local authority within a three-year period. This is an increase in frequency from the current framework, where some local authorities waited up to five years between inspections.

5: Committee of Public Accounts conclusion
Six years after the Munro review the Department still has no evidence on what works.

Recommendation:
The Department should set out for the Committee its plans for evaluation, dissemination and embedding good practice.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The Department continues to develop a blueprint for a national learning infrastructure for children's social care. This will bring together the lessons from the reformed serious case review system, the Innovation Programme and Partners in Practice Programme, with the creation of a new What Works Centre for Children's Social Care at its centre. The national learning infrastructure will seek to unite all the elements of innovation, best practice, robust evaluation and evidence, learning and dissemination to improve practice at the frontline and ultimately improve outcomes for our most vulnerable children.

5.3 In 2015, the Department set aside up to £20 million across four years to develop the new What Works Centre (WWC) for Children's Social Care, alongside a wider national learning system. The WWC will build a robust evidence base on effective practice for children's social care to support local practitioners and commissioners to deliver the most cost-effective frontline services. The Department appointed a consortium led by Nesta in September 2017, to develop and test a model for the WWC, and Cardiff University as the WWC Research Partner to bring together the existing evidence base, run new trials and evaluations to develop the evidence base further.

5.4 All 57 independent evaluation reports of projects funded through the first round of the Children's Social Care Innovation Programme are available on the GOV.UK website, alongside six thematic reports and a final overall evaluation report. Evaluations of all of the projects funded through the second and third rounds of the Innovation Programme and of the Partners in Practice are underway, further testing the strongest findings from the first round of the programme. Interim evaluation reports will be available in January 2019.

5.5 The Department is continuing to develop a learning programme to share evidence, learning and best practice from the Innovation Programme. This includes interest groups and learning networks, workshops and conferences, toolkits, guides, insight boards and webinars, all of which will feed in to the new WWC.

5.6 The Children and Social Work Act 2017, includes provisions to establish the Child Safeguarding Practice Review Panel. The Department has progressed this work and has advertised the role of Chair and members via the public appointments process. The assessment for the Chair is now underway. The assessment panel has expertise from health, police and local government to reflect that expertise is needed across all disciplines. The Department expects the panel to be fully functional in the first quarter of 2018, subject to Ministerial decision.

Thirty Third Report of Session 2016 17

Department for Communities and Local Government

Troubled families: progress review

Introduction from the Committee

In August 2011, following riots in some parts of England, the then Prime Minister announced a commitment to turn around the lives of the 120,000 most troubled families in England by 2015. The Government estimated that the annual cost of these families to the public sector was £9 billion, £8 billion of which was spent reacting to their problems instead of solving them. To meet the Prime Minister's commitment, the first phase of the Troubled Families programme was launched in April 2012. Initial central Government funding of the programme was £448 million between 2012 and 2015. The Department funded local authorities for achieving outcomes with troubled families through a payment by results framework. While it did not prescribe how local authorities should work with troubled families, many adopted the perceived good practices of earlier family intervention projects, such as using key workers to join up public services. In June 2013, the Department committed a further £920 million to extend the programme to 2020.

The Department had commissioned a consortium to evaluate phase one of the programme. The evaluation aimed to assess the impact of the programme, its cost-effectiveness and how it was implemented. In August 2016, the BBC"s Newsnight programme reported that the Department had ''suppressed" this evaluation, and that part of it had found that the programme had had "no discernible impact". The evaluation was published on 17 October 2016, two days before the Committee's evidence session.

Background resources

- PAC Report: *Programmes to help families facing multiple challenges* – Session 2013-14 (HC 668)
- NAO report: *The Troubled Families Programme: update* - Session 2016-17 (HC 668)
- PAC report: *Troubled Families Progress Review* - Session 2016-17 (HC 711)
- Treasury Minutes: March 2017 (Cm 9429)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 5 recommendations were implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

3b: Committee of Public Accounts conclusion:
The quality and accessibility of information to enable residents and councillors to scrutinise local authorities' decisions varies.

Recommendation:
The Department needs to track what on-going support is provided to determine what works.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The National Impact Study element of the current programme's evaluation will track family progress for periods up to 5 years after interventions undertaken within the scope of the programme have ended. The first set of data showing the progress of families receiving support from the programme was published on 8 December 2017. Further updates will be published at six monthly intervals throughout the lifetime of the programme, including within the annual report, which is laid in Parliament each spring.

3.3 In addition to this national level data, the Government is taking a number of steps to ensure that data and information is available at the local level. The programme's online information system feeds data on local family outcomes to councils, allowing authorities to review family progress, estimate cost-savings, and make comparisons with similar authorities. The Government has worked with the Early Intervention Foundation to publish new guidance for local commissioners on evidence-based parenting programmes for complex families. The Government has also recently launched a digital platform to disseminate information about innovative local practice to councillors, local officials and voluntary organisations.

Thirty Fourth Report of Session 2016-17

Home Office

The Syrian Vulnerable Persons Resettlement Programme

Introduction from the Committee

Since it began in 2011, the civil war in Syria has caused mass movement of Syrians, both within the country and to neighbouring countries. Syrians now make up the largest refugee population in the world, with almost five million having fled to neighbouring countries to escape the conflict. In January 2014, the UK Government announced that it would establish a Syrian Vulnerable Persons Resettlement programme (the programme) to allow selected refugees to resettle in the UK. The programme was relatively small in scale, resettling 239 refugees up to the end of September 2015.

In September 2015, the Government announced that it would expand the programme to resettle 20,000 of the most vulnerable Syrian refugees in the UK by May 2020. The programme became the joint responsibility of the Home Office (the Department), the Department for Communities and Local Government and the Department for International Development. It is open to Syrians registered as refugees with the United Nations High Commissioner for Refugees (UNHCR) in Jordan, Iraq, Egypt, Lebanon, or with the government in Turkey, and who meet one or more of UNHCR's criteria for vulnerable groups. The Department and its partners successfully met their initial target to resettle 1,000 Syrian refugees as part of the programme by Christmas 2015. By the end of June 2016, a total of 2,659 Syrian refugees had been resettled, making up 13% of the overall target.

Background resources

- NAO report: *Syrian Vulnerable Persons Resettlement Programme* – Session 2016-17 (HC 626)
- PAC report: *Syrian Vulnerable Persons Resettlement Programme* – Session 2016-17 (HC 768)
- Treasury Minutes: March 2017 (Cm 9429)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9506), 3 recommendations were implemented. 5 recommendations remained work in progress, 1 of which has now been implemented, as set out below.

3: Committee of Public Accounts conclusion:
Community Sponsorship, where groups of individuals agree to provide initial support to refugees, was introduced in July 2016.

Recommendation:
The Department should write to the Committee within six months to provide an update on community sponsorships.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The community based sponsorship scheme was launched on 19 July 2016. The scheme put in place the previous Home Secretary's commitment to develop a scheme to allow community groups to support refugees directly. Community sponsorship is a ground-breaking development for resettlement in the UK and the Government's intention has always been that this relatively new scheme would start on a small scale and be monitored closely to ensure it delivers positive outcomes for resettled families and local communities.

3.3 The Department has seen interest in the scheme from across the UK and is working with a number of groups as they develop their plans. Supporting a vulnerable resettled family is a significant responsibility and the Department carefully assesses every sponsoring organisation. The approval

process ensures that each prospective sponsor has sufficient resources (housing, financial and personnel); has a credible plan for supporting a resettled family, backed by relevant experience; and does not present a risk to the resettled family.

3.4 The Department wrote to the Committee providing an update on the Community Sponsorship scheme in September 2017.

4: Committee of Public Accounts conclusion:

The Department's plans for evaluating the success of the programme are still too vague.

Recommendation 4a:

The Department should, by the end of this financial year, analyse the evidence it has collected in order to produce a baseline for the programme.

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2018.

4.2 The Department has established a mechanism to secure monitoring data from local authorities which requires them to provide this at two points each calendar year, and so by this point the Department will have a data set of sufficient size to facilitate useful analysis. The Department also hopes to have access to data held by other Government Departments, agencies and the Devolved Administrations, with whom the Department continues to have discussions.

Recommendation 4b:

The Department should, by the end of this financial year, set out the outcomes against which it will judge the success of the programme.

4.3 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2018.

4.4 The Department hopes to have concluded negotiations on data sharing with other Government Departments, agencies and the Devolved Administrations by Spring 2018. Subject to data availability, this data will supplement those from local authorities to help the Department refine more detailed refugee focused outcome indicators. These negotiations have not been affected by the unanticipated general election. The Department's plans to secure an independent supplier to undertake qualitative research briefly paused in line with election purdah. This qualitative research will involve the development of meaningful outcomes, and generate data against them.

5: Committee of Public Accounts conclusion:

The Department has not yet worked out what is the right amount of English language teaching to provide.

Recommendation:

The Department should, within six months, review what is being delivered by the increased funding for teaching English to determine whether it is sufficient to allow refugees to communicate independently with service providers and integrate quickly into their local communities.

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2018.

5.2 Learning English is a key integration outcome for refugees and the monitoring of the Vulnerable Persons and Vulnerable Children's Resettlement Schemes therefore involves collecting numerous individual level data sets on ESOL. For example, whether they are attending ESOL and the reason if not, how many hours per week they receive, and their levels in each of the four domains (reading, speaking, listening and writing). The Departments monitoring process involves local authorities and community sponsors providing two sets of information on refugees they are supporting and they are approached at

fixed points in the year – in the Spring and Autumn. The Spring 2017 reporting window provides a benchmark data set for 3,587 refugees and data from the Autumn 2017 reporting window is being collated, cleaned and analysed. This is a time-consuming task given the window captured in excess of 5,000 refugees and c.200k individual pieces of data.

5.3 The Department will therefore be in a position in Spring 2018 to examine ESOL progression and the factors which support or undermine this. To capture the ESOL outcomes of those who have benefited from the additional funding, the Department will draw upon additional data which local authorities will be reporting after the end of the 2017/18 financial year on how funding has been used. This reporting was introduced because the additional ESOL funding was announced in Summer of 2016 after the Department had communicated the detail of the monitoring plans to local authorities. The Department therefore needed additional and more specific data sets to allow for analysis of the outcomes achieved by those who have benefited from the additional funding.

5.4 From 1 August 2017, local authorities have been required to ensure that where formal language training is deemed appropriate, the adult refugee can access a minimum of eight hours per week within one month of arrival, and for a period of 12 months, or until the individual reaches ESOL entry level three.

6: Committee of Public Accounts conclusion:

It is not clear that survivors of torture are receiving the specialist support and treatment they need.

Recommendation:

The Department should, within six months, along with local authorities and delivery partners, undertake a full review of how victims of torture are being identified and supported to understand what more can be done.

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2018.

6.2 The identification of survivors of violence and torture takes place in the Middle East North Africa (MENA) region through UNHCR assessments and IOM health screening. The Department works closely with UNHCR and IOM to intensify their outreach, coverage and capacity to identify, support and refer individuals that may have lingering physical or psychological effects from torture or violence.

6.3 The Department has been working closely with partners in the UK to better understand the mental health and wellbeing needs of those resettled under the scheme. The Department has asked partners how operational practices can be improved and has identified some areas where changes could be made, including sharing of best practice in using existing VCRS funding to put in place services for this cohort.

6.4 The Department is also trialling the pre-departure use of the Global Mental Health Assessment Tool[23] at the IOM clinic in Beirut for a small cohort of resettled people. The GMHAT is a computerised clinical interview tool developed to assess and identify a wide range of mental health problems in primary health care settings. It consists of a series of questions that leads to a comprehensive yet quick mental state assessment, and was developed to help staff in any primary care setting make a standardised mental health assessment. The pilot has completed and is currently being evaluated. It is too early to draw conclusions.

[23] www.gmhat.org

Thirty Fifth Report of Session 2016-17

Home Office

Upgrading Emergency Services Communication

Introduction from the Committee

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

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

Background resources

- NAO report: *Upgrading Emergency Services Communications: Emergency Services Network* Session 2016-17 (HC 627)
- PAC report: *Upgrading Emergency Services Communications* – Session 2016-17 (HC 770)
- Treasury Minute: March 2017 (Cm 9433)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9506), 1 recommendation had been implemented. 4 recommendations remain work in progress, as set out below.

1: Committee of Public Accounts conclusion:
It seems unlikely that the ambitious target date for delivering the Emergency Services Network will be met.

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

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2018.

1.2 The Department remains committed to providing the Emergency Service users the time they need to transition safely to ESN and are working on the assumption of a continuing need for a 27 month user transition period once mobilisation has been completed. Work continues on an integrated programme plan to cover both the mobilisation and transition periods. The delay in the programme has given more time to prepare for transition. This could ultimately mean the total length of time required for transition could reduce. The Department understands users need to be convinced of the case for this.

1.3 The Department has been working closely with Business Change Leads and senior representatives from the three Emergency Services to engage with users across the country and gain

their feedback on the updated Programme Plan, transition timelines and regional transition running order. The Department has recently deployed a team of local implementation leads, funded from departmental budgets, to help users develop their own individual transition readiness requirements and plans. Reporting processes have been implemented that enable a clear route for escalating user queries and concerns back to the Department and distributing programme updates. The Department has also been engaging regularly with the larger non-Emergency Service user organisations and will continue to increase this activity.

1.4 The Department has written to the Committee providing a progress update, in line with the recommended September deadline. The Department will appear in front of the Committee at the November 2017 ESN recall hearing, which will be followed by a further update in January 2018 Treasury Minute Progress Report.

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

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

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2018.

2.2 The current transition timetable includes a contingency of two months within each three Emergency Service region's budgeted 12 month transition period. Following completion of the current review of transition timing undertaken in conjunction with three emergency service user representatives, the programme will re-assess the level of contingency necessary to support the revised plan.

2.3 The Department is separately forecasting what further Airwave extensions might be required to provide for an extended period of transition. The cost of these extensions will be included within the Full Business Case forecast that guides the Departments in forming their future budgets for the programme. The Department will provide the Committee with an update on this recommendation by September 2017 and will aim to have confirmed the plan for transition by December 2017. The Department has written to the Committee providing a progress update, in line with the recommended September deadline. The Department will appear in front of the Committee at the November 2017 ESN recall hearing which will be followed by a further update in January 2018 Treasury Minute Progress Report.

2.4 In August 2016, the Home Office and the other Emergency Services agreed a Change Control Note to the Airwave Emergency Services Contracts that makes provision for extension of the contracts beyond the National Shut Down target date of 31 December 2019.

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

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

3.1 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2018.

3.2 The test strategy for ESN includes a seven stage test and test assurance process. The final test stages, Service Acceptance Test (Stage 6) and Pilot Test (Stage 7) will consist of a period of trials and pilot testing in the live operational environment.

3.3 Trials and pilot testing will be undertaken by the three emergency services, supported by the ESN Suppliers. The Department and emergency services will work together to design Test Stages 6 and 7 and agree a robust and comprehensive approach to test assurance and trial evaluation. All ESN Users will be encouraged to consider the full range of options, including independent verification, in achieving a decision.

3.4 The Department has been working with Transport for London (TFL) to make progress on ensuring that ESN will be delivered in the London Underground in time for transition. TFL have prioritised delivery of ESN over a public cellular network system and are planning to complete ESN implementation by December 2018. EE are supporting the work through a change Request to the ESMCP Mobile Services Contract and the Department is working with TFL and EE to assure and ensure delivery.

5: Committee of Public Accounts conclusion:
The Committee is concerned that the incumbent suppliers will be in a very strong position when the ESN contracts are recompeted.

Recommendation:
The Department should, working with Ofcom, ensure other network operators have sufficient and timely information to enable them to make use of the ESN infrastructure and should report back to this committee in 2017 on take-up. For devices, the Department should engage with suppliers and ensure that specifications are standardised and do not favour any individual supplier.

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2018.

5.2 The Department is working with the Department for Digital, Culture, Media and Sport (DCMS) and EE to ensure that, where possible, infrastructure can be shared to improve coverage. EE have indicated they intend to make sites available for commercial use where possible, and under the State Aid agreement for ESN, where EE use government-funded sites commercially they are obliged to make these sites available to other operators on an equal access basis. EE are now publishing information on the location of sites from which ESN coverage will be delivered, as soon as the lease is signed and planning permission is obtained.

5.3 For Extended Area Services (EAS) sites being built by the programme, the Home Office plans wherever possible to build these sites to a specification which will allow multi-operator use in the future, for example by building extensible masts, and larger site compounds. The Home Office has shared with the Scottish and Welsh Governments a list of all proposed EAS site locations, which in turn has been shared with all four mobile operators under a Non-Disclosure Agreement. This will enable the devolved governments and the other UK mobile network operators, to identify which sites could improve commercial mobile coverage in the future.

5.4 The Department has engaged extensively with device vendors in advance of the forthcoming procurements. The Department has also worked closely with Motorola, the systems integrator for ESN, to ensure that the specifications for devices allow the largest possible number of suppliers to bid to provide devices for ESN.

Thirty Sixth Report of Session 2016-17

HM Revenue and Customs

Collecting tax from high net worth individuals

Introduction from the Committee

In 2009, HM Revenue and Customs set up a specialist unit dedicated to collecting tax from 'high net worth individuals'. HMRC considered there to be around 6,500 such individuals in 2015–16, about one in every 5,000 taxpayers. These are people who have wealth of more than £20 million. They paid more than £4.3 billion in tax in 2014–15. HMRC assigns a "customer relationship manager" to each high net worth individual, who is a named contact in the department responsible for administering their tax affairs. Tax authorities focus on high net worth individuals because: they pay significant amounts of tax; they often have complex tax affairs; and they have more opportunity to engage in tax planning than the average taxpayer. In addition to the tax that is voluntarily declared by high net worth individuals, HMRC estimates that, in 2015–16, its specialist unit raised a further £416 million from them, compared with £200 million in 2011–12.

In 2016, HMRC reduced to £10 million the threshold above which it will consider someone to be a high net worth individual and therefore subject to the attentions of its specialist unit. In addition to collecting tax, HMRC has a role in identifying tax rules that are not working as Parliament intended and bringing these to the attention of HM Treasury.

Background resources

- NAO report: *HMRC's approach to collecting tax from high net worth individuals* Session 2016-17 (HC 790)
- PAC report: *Collecting tax from high net worth individuals* – Session 2016-17 (HC 774)
- Treasury Minutes: March 2017 (Cm 9433)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 4 recommendations were implemented and the Department disagreed with 1 recommendation. 1 recommendation remained work in progress, which has now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
HMRC's approach to dealing with the very wealthy suggests that they get help with their tax affairs that is not available to other taxpayers.

Recommendation:
HMRC should revise and publish guidance to remove any scope for ambiguity about what staff in its high net worth unit can do. It should change the name of its customer relationship managers to something that better describes what they do, and does not suggest an overly close and inappropriate service to the wealthy.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The Department has launched a new development programme, which establishes a set of professional standards for the role of Customer Relationship Manager (CRM). This programme will support staff in that role to further enhance their skills. It will ensure consistent and high levels of professionalism in compliance work across all customers where a CRM is deployed. The Department has decided to rename the CRM role to Customer Compliance Manager to ensure that the name better describes what they do.

Thirty Seventh Report of Session 2016-17

Department of Health

NHS treatment of overseas patients: Progress Update

Introduction from the Committee

Whether patients are supposed to pay for treatment depends on whether they are resident in the UK and on the type of treatment. Some treatments, including GP appointments and accident and emergency care, are currently free to all patients and some patients, such as refugees and those applying for asylum, are exempt from charges. In other cases, statutory regulations require hospital trusts to make and recover charges in respect of the cost of treating overseas visitors. Most hospital care is chargeable. Trusts should charge visitors from outside the European Economic Area and Switzerland (EEA&S) directly, and report when they treat visitors from the EEA&S so that the UK can recoup charges from other member states, for example under the European Health Insurance Card (EHIC) scheme.

Research for the Department for Health in 2013 indicated that the NHS recovered less than a fifth of the amount it could have charged. In July 2014, the Department launched an overseas visitor and migrant cost recovery programme with the aim of increasing the amount recovered, from £73 million in 2012–13 to £500 million a year by 2017–18, by extending the scope of charging and implementing the existing regulations more effectively. New rules extended the charging regime in April 2015, so that students and temporary migrants from outside the EEA&S now have to pay an immigration health surcharge as part of their visa application.

Background resources

- NAO report: *Recovering the cost of NHS treatment for overseas visitors* - Session 2016-17 (HC 728)
- PAC report: *NHS treatment for overseas patients* – Session 2016-17 (HC 771)
- Treasury Minutes: March 2017 (Cm 9433)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9506), 1 recommendation was implemented. 4 recommendations remained work in progress, of which 3 have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:

The Committee is not confident that the Department for Health is taking effective action to recover more of the costs of treating overseas visitors.

Recommendation:

The Department of Health should publish, by June 2017 at the latest, an action plan setting out specific actions, milestones and performance measures for increasing the amount recovered from overseas visitors. The action plan should name senior individuals in the Department and NHS Improvement whom the Committee can hold to account.

1.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

1.2 The Government published its formal response to its *consultation*[24] on the extension of charging overseas visitors using the NHS in England on 6 February 2017, detailing planned activity to increase cost recovery rates during the 2017-18 financial year and beyond. The response set out a number of measures for extending the charging of overseas visitors and improving identification of them and the Department introduced Regulations into Parliament on 19 July 2017 to enact these.

[24] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/590027/Cons_Response_cost_recovery.pdf

1.3 The first part of the Regulations came into force on 21 August 2017 including, amongst others, for NHS trusts and NHS foundation trusts to flag an overseas visitor's chargeable status on their NHS record and the removal of assisted conception services from the NHS services to which surcharge payers are entitled without charge.

1.4 The second part of the Regulations came into force on 23 October 2017, bringing in non-NHS Providers into the scope of the Charging Regulations for the first time. The Regulations now require all providers of NHS-funded care to make and recover charges from chargeable overseas visitors when providing them with non-primary care services and to receive up-front full payment before treatment can commence, except where this would delay urgent or immediately necessary treatment.

1.5 The Department will continue to consider all options for further extending cost recovery including A&E and Ambulance services. Any such measures will be tested to address the feasibility of implementing; whether they are proportionate; the benefits can be achieved and they do not place unjustified burden on providers and front-line staff.

1.6 The Accounting Officers for the Department of Health and NHS Improvement remain accountable to the Committee.

2: Committee of Public Accounts conclusion:

Progress in increasing the amounts recovered, particularly for patients from other EEA&S countries, is hampered because the NHS is not effectively identifying chargeable patients.

Recommendation:

The Department should do more to build on existing systems, such as the NHS number and electronic patient record, to flag to trusts when people are entitled to free care as well as when they are not. This could help tackle both the very low levels of cost recovery for EEA&S patients, and the problem that some people resident in this country may find it hard to show documents that indicate their entitlement. The Government should work with other agencies public and private to make clearer in advance of people coming to the UK what health insurance should be taken out and individual liabilities.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The Department has made significant progress in seeking out opportunities for building on existing IT systems in secondary care to flag to providers of NHS services when patients are chargeable or not. As a result of a recent IT discovery project, NHS Digital has recommended to proceed with the development of a system for Overseas Visitor Managers (OVMs) to check a patient's entitlement using an attribute checking portal. Incorporating OVM feedback, the scope has been extended and will be taken into the next stage of development building on the ability to access existing data to support decision making and exploring the possibility of using real-time cross-government data to indicate likely chargeable status.

2.3 In June 2017, the Department initiated the process to implement an Information Standards Notice to mandate NHS IT suppliers to present a chargeable categories flag in Patient Administration Systems. The proposed standard is expected to be submitted to the NHS Digital Data Co-ordination Board in January 2018 and the approach will ensure that IT suppliers prioritise cost recovery.

2.4 To satisfy itself that the Department has a complete and coherent IT strategy that is fit for purpose and aligned to deliver the business outcomes, the Programme's Senior Responsible Owner has asked the Infrastructure Projects Authority (IPA) to consider information technology in its upcoming Gateway 0 review (planned for January 2018). The review will consider the enabling activity underpinning the programme; including the approach and robustness of IT and data solutions. The recommendations will be taken forward with oversight from existing governance arrangements.

2.5 The Department continues to keep under review its existing communications available to visitors ahead of travelling to the UK so they remain current and up to date. The Department will develop further communications that impact on visitors and migrants as the UK exits from the European Economic Area (EEA) and will continue to work closely with related Departments and agencies.

4: Committee of Public Accounts conclusion:

While the statutory responsibility to identify and charge overseas patients lies with trusts, other parts of the health system also have an important role and are not yet doing enough to support cost recovery.

Recommendation 4:

NHS Improvement should collect and share data on the performance of trusts in charging patients and recovering money, and intervene when performance is clearly falling short. At local level, clinical commissioning groups should scrutinise the performance of their local trusts, and use their powers to audit trusts if they are not confident that trusts' charging processes are robust.

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2018.

4.2 Relative cost recovery performance data is now collected by NHS Improvement and made available to trusts on the Model Hospital dashboard. By January 2018, each individual provider's dashboard will include the benchmarked financial opportunity available to them.

4.3 NHS Improvement has considered Cost Recovery performance alongside other factors in its wider assessment of trusts' efficiency improvement during 2017-18. The Single Oversight Framework includes an efficiency map which identifies the tools and guidance available to trusts to support efficiency programmes. Overseas patient cost recovery is included in this. Cost recovery opportunity is now being filtered into those trusts in formal regulatory action via NHS Improvement's regulation teams and will be formalised based on the benchmarked opportunity that exists from January 2018.

4.4 NHS England is working with NHS Improvement to develop auditing tools that commissioners will be able to use to provide assurance that providers are taking appropriate and reasonable measures to identify patients that are not eligible for NHS funded care and to recover costs where they are provided with care.

4.5 NHS England and NHS Improvement are planning a joint publication of the updated document "Improving Systems for Cost Recovery for Overseas Visitors" in January 2018 targeted at commissioners and providers of NHS funded healthcare: this explicitly updates the relevant paragraphs of the Who Pays guidance.

5: Committee of Public Accounts conclusion:

GPs could do more to help the NHS increase the amounts recovered for treating chargeable patients

Recommendation 5:

NHS England should clarify what it expects of GPs in relation to identifying chargeable overseas patients, and issue guidance by the end of June 2017. The guidance should set out the role of GPs in the charging system and how they might best fulfil this role.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 NHS England and the Department have made progress in working towards operationalising the General Practitioners' (GP) contract agreement for 2017-18. Contractual changes agreed will help to identify European Economic Area (EEA) patients for whom the UK Government may be able to seek reimbursement from their home member state through patient self-declaration, at the point of registration.

5.3 NHS England has published guidance[25] for GP practices and local commissioners to accompany the changes to the GP contract Regulations, which came into force on 6 October 2017. It is tripartite

[25] http://www.nhsemployers.org/~/media/Employers/Documents/Primary%20care%20contracts/GMS/2017-18%20GMS%20Guidance.pdf

guidance from the British Medical Association, NHS England and NHS Employers and will be disseminated widely.

5.4 The outcome of the 2017-18 GP contract agreement also gave a commitment for NHS England and the General Practitioners' Committee to work with NHS Digital who will ensure that General Practice system suppliers put in place an automated process to replace the manual process as soon as practicable. Once the technical solution to automatically collect this data is in place, further discussions with the General Practitioners' Committee will take place to support implementing the collection of the data, including appointment data for EEA patients.

Thirty Eighth Report of Session 2016-17

Cabinet Office

Protecting information across Government

Introduction from the Committee

Protecting the information government holds from unauthorised access or loss is a critical responsibility for departmental accounting officers, particularly with the increasing need to disseminate this information to other public bodies, delivery partners, service users, and citizens via new digital services. The Cabinet Office is responsible for coordinating this activity across central Government Departments. However, increasing dependencies between central Government and the wider public sector means traditional security boundaries have become blurred.

In recent years, the threat of electronic data loss from cyber-crime, espionage, and accidental disclosure has risen considerably; the Government Communications Headquarters (GCHQ) dealt with 200 national cyber security incidents (defined as attacks which threatened UK national security) per month in 2015, up from 100 per month in 2014. Concurrently, personal data breach reporting remains highly variable, with some Departments recording thousands of incidents in the 2014–15 financial year and five Departments recording none at all. In October 2016, GCHQ launched the new National Cyber Security Centre, designed to act as a bridge between industry and Government, providing a unified source of advice, guidance and support on cyber security, including the management of cyber security incidents. The Cabinet Office's second National Cyber Security Strategy was published in November 2016.

Background resources

- NAO report: Protecting information across government – Session 2016-17 (HC 625)
- PAC report: Protecting information across government – Session 2016-17 (HC 769)
- Treasury Minute: March 2017 (Cm 9433)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 1 recommendation was implemented and the Department disagreed with 1 recommendation. 4 recommendations remained work in progress, 3 of which have now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
The Cabinet Office's approach to protecting information places too little emphasis on informing and supporting citizens, service users, and the wider public sector beyond Whitehall.

Recommendation:
The Government should establish a clear approach for protecting information across the whole of the public sector and delivery partners - not just central Government - and clearly communicate to all these bodies how its various policy and guidance documents can be of most use, including during a data breach incident.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The National Cyber Security Strategy 2016–2021 emphasises the importance of public sector organisations having the knowledge and ability to defend themselves from cyber-attack and to ensure that their information is secure. The public sector holds vast quantities of sensitive data and it is critical that these are properly protected. The National Cyber Security Centre (NCSC) has provided timely and relevant advice to Local Authorities through the Cyber Security Information Sharing network (CiSP). CiSP is a joint industry and Government initiative set up to exchange cyber threat information in real time, in a secure, confidential and dynamic environment, increasing situational awareness and reducing the impact on UK business. It is free to join for all public sector organisations.

2.3 The Department for Communities and Local Government (DCLG), in association with the National Cyber Security Programme (NCSP) and other key strategic partners, hosts free seminars and conferences aimed at organisational leaders across all levels of local government and Local Resilience Forums to highlight the importance of cyber resilience across localities. In support of this, DCLG's NCSP-Local Team operates the Think Cyber - Think Resilience Mentoring Initiative. This has inducted over 1,000 senior local public sector staff in the priority areas of the National Cyber Security Strategy and outlined how they can partner with the NCSC to help mitigate the potential cyber security risks that impact upon the wider local public service sector.

2.4 The NCSC's Active Cyber Defence programme aims to provide tools that are free at the point of use, which help public sector organisations to tackle, in a relatively automated way, a significant proportion of the cyber-attacks that hit the UK. Many of the measures created to date are relevant to the public sector and the Cabinet Office is actively encouraging uptake. The Local Government Association coordinates a Cyber Stakeholder group and technical forums. Represented at these meetings are professional bodies including SOLACE, SOCITIM and CIPFA who are empowered to advise central Government what it is that they need in order to feel most confident in dealing with their own cyber security.

4: Committee of Public Accounts conclusion:
The Cabinet Office's attitude to departmental reporting has led to poor monitoring of the costs and performance of individual departments' efforts to protect information.

Recommendation 4:
The Cabinet Office should regularly assess the cost and performance of Government information security activities, and identify a set of baseline indicators that departments should report against to support this objective.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 Cabinet Office has developed a suite of new baseline Government Security standards that set minimum expectations across Government Security. The standards will monitor a range of performance measures, which all Departments will be required to report against, and collate data on cost, from November 2017. Departments will be expected to submit their reports by April 2018. The performance data will be collated by Cabinet Office as part of the revised Departmental Health Check process, which occurs on a yearly basis (with additional data submitted on a more regular basis throughout the year). This process will ensure that Cabinet Office has clear oversight of all Departmental performance, including that which relates to costs and protecting information, and is able to quickly identify and resolve any issues.

5: Committee of Public Accounts conclusion:
The Cabinet Office's ability to make informed information security decisions is undermined by inconsistent and chaotic processes for recording personal data breaches.

Recommendation 5:
The Department should write to the Committee, within 6 months, to update us on its plans to mitigate the risk that Universal Credit will make it harder to identify all genuinely disadvantaged pupils.

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2018.

5.2 Cabinet Office has designed Security Incident Management Standards. These define the minimum measures that Departments must implement with regards to managing security incidents. This will drive consistency across Government in how incidents are reported and managed. Cabinet Office is working with the Information Commissioners' Office (ICO) and the Department for Digital, Culture, Media and Sport (DCMS) on best practice reporting guidelines. These are awaiting an ICO decision on the new personal data breach reporting threshold in line with the EU General Data Protection Regulation, which will come into force in May 2018.

6: Committee of Public Accounts conclusion:
The Government is struggling to ensure its security profession is suitably skilled.

Recommendation 6:
The Cabinet Office should write to the Committee within six months of this report, setting out its findings from the pilot security cluster and what steps it is taking to improve Government's capability in this area.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 The Cabinet Office wrote to the Committee on 6 December 2017 with findings from the pilot and next steps on capability.

Thirty Nine Report of Session 2016-17

Department of Business, Energy and Industrial Strategy

Consumer funded energy policies

Introduction from the Committee

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

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

Background resources

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

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9506), 2 recommendations were implemented. 4 recommendations remained work in progress, 3 of which have now been implemented. as set out below.

3: Committee of Public Accounts conclusion:
Governance responsibilities for the Framework were badly defined and HM Treasury failed to provide sufficient oversight.

Recommendation:
The Department and the Treasury should review the governance arrangements for all consumer-funded energy schemes, and write to us with the outcome of the review. Governance arrangements should ensure boards responsible for the schemes meet regularly and include sufficiently senior officials from both departments.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The Department and the Treasury continue to monitor and scrutinise the costs of existing low carbon electricity levies through the governance arrangements considered by the NAO and the Committee. The Department and the Treasury have reviewed the governance arrangements for the other consumer-funded energy schemes. The Department's Permanent Secretary wrote to the Committee on 18 January 2018 detailing the outcome of the review. In summary, all of the boards responsible meet regularly with attendance by Treasury officials, as well as from other Government Departments where appropriate. Furthermore, in responding to the Committee's broader conclusions on internal challenge

and transparency, the Department can confirm that these boards regularly hold sessions to challenge and test assumptions and that these are published.

4: Committee of Public Accounts conclusions:
The Department does not publish enough information on the Framework and has not produced, as promised, annual reports on consumer funded energy schemes.

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

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: December 2018.

4.2 The Government is committed to being transparent about the projected costs of its consumer funded policies.

4.3 In November 2016 the Department published its Consumer Funded Policies Report which included the wholesale price assumptions used for the Framework's projections. In October 2017, the Department published the Clean Growth Strategy which set out the impacts on the average annual household dual fuel bill of supporting cleaner energy policies. This compared the average annual household dual fuel bill in 2012 and 2016. The average bill has come down approximately £14 on average, due primarily to lower wholesale fuel prices and the effect of energy policies in saving household's money.

4.4 The Department regularly publishes information on the Framework such as details of the assumptions which underpin the Levy Control Framework modelling. These are published twice a year in Office for Budget Responsibility updates alongside fiscal events and through the annual Renewables Obligation Setting process. Strike prices for signed Contracts for Difference are available on the Low Carbon Contracts Company website. Renewables Obligation and Feed in Tariff Scheme deployment data are published monthly on the Renewable Energy Planning Database and Ofgem's website respectively.

4.5 Alongside the Autumn Budget announcement in November 2017, HM Treasury published details of the current forecast of spend on low carbon electricity levies out to 2025. This included assumptions underpinning the projects (estimates of generation capacity and load factors by technology). Government has confirmed it will update the forecast of low carbon electricity levies on an annual basis.

4.6 The Department will work with its partner organisations to develop a publication of annual forecasts of the impact of policies on energy bills. Our aim will be to facilitate this before the end of 2018. This time is needed to agree the appropriate methodology and resolve any resourcing and governance issues in advance of publication.

5: Committee of Public Accounts conclusions:
The review of the Framework needs to address drawbacks in the current design to avoid it becoming increasingly ineffective at controlling costs to consumers and supporting investor confidence.

Recommendation:
In reporting the results of the review the Treasury should set out in detail how the future Levy Control Framework or its successor will operate. It should also demonstrate how stakeholders' concerns were identified and addressed in the new arrangements, including regarding the way costs are measured.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 Autumn Budget 2017 announced the new Control for Low Carbon Levies which sets out that the government will not introduce new low carbon electricity levies until the burden of such costs is falling. On the basis of the current forecast, this means there will be no new low carbon electricity levies until 2025. All existing contracts and commitments will be respected, including up to £557 million for further Contracts for Difference. An accompanying technical note provides further detail.[26]

5.3 The Government sought the views of stakeholders, including representatives of consumers, the low carbon industry, think tanks and the NAO. Stakeholders called for transparency of costs and of how any new framework would operate. Visibility of support for low carbon electricity generation beyond 2020, a need for a degree of flexibility, and to consider fluctuations in wholesale prices were also common themes.

5.4 The Control provides visibility to the low carbon industry about future support, setting out conditions for when new low carbon electricity levies may be considered, while confirming that all existing contracts and commitments are honoured. The technical note published alongside the Autumn Budget announcement includes the forecast of policy costs out to 2025 providing at least seven years of visibility, as well as detailed information on methodology and assumptions. The forecast of low carbon electricity levies in the technical note represents the total costs of these levies.

5.5 Given the volatility of the forecasts and their sensitivity to changes in wholesale prices, the Government would look closely at the drivers and sustainability of any decline before considering possible additional levies. Even if costs are not falling, in order to ensure lowest costs for consumers, new levies may still be considered where they have a net reduction effect on bills and are consistent with the government's energy strategy.

6: Committee of Public Accounts conclusions:
Other schemes that impact on energy bills are not included in the Framework.

Recommendation:

As part of reviewing the future of the Framework the Department should ensure it has appropriate arrangements to monitor and control the costs of all consumer-funded energy schemes.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 Appropriate arrangements are in place to monitor and control the costs of all consumer-funded energy schemes. The Department and the Treasury continue to monitor and scrutinise the costs of existing low carbon electricity levies through the governance arrangements considered by the NAO and the Committee.

6.3 The Warm Home Discount (WHD) and Energy Company Obligation (ECO) are covered by the Fuel Poverty and Obligations Board, which meets monthly. Both Boards consider current delivery and future policy development. The scheme year usually ends in March and Ofgem is required to publish an annual report for the WHD scheme before the end of October. The Department publishes monthly, quarterly and annual statistics on ECO scheme delivery.

6.4 The monitoring of Capacity Market Operations works to an annual cycle of prequalification in summer and subsequent auctions. Typically, the Board scrutinises the outcomes of the auctions in the New Year, puts in place work to look at any issues that emerged, and oversees any necessary consultation on those issues in the autumn. The Board also looks at issues like planning the long-term review scheduled for 2018.

6.5 The Energy Intensive Industry Exemption (EII) is overseen by a Programme Board which typically meets once every two or three months. The elements of the EII relief programme that have an impact on bills are overseen by a project board which meets weekly.

[26] https://www.gov.uk/government/publications/control-for-low-carbon-levies

Fortieth Report of Session 2016-17

Department for the Environment, Food and Rural Affairs

Common Agricultural Policy Delivery Programme

Introduction from the Committee

The Common Agricultural Policy (CAP) is the European framework of subsidies and rural development programmes. The Department has overall responsibility for CAP and the Rural Payments Agency, as the paying agency for all CAP payments in England, pays out £1.8 billion a year to English farmers and landowners. The CAP provides direct financial support to farmers primarily through the Basic Payment Scheme (which accounts for around 80% of total payments) and funding for rural development programmes such as the Countryside Stewardship Scheme. The EU reforms the CAP every seven years or so. The new CAP came into force in 2014 and is expected to be in place until 2020.

The RPA is developing the CAP Delivery Programme, a new suite of IT solutions to administer CAP, but implementation was significantly delayed, and the online application portal was not ready in time, resulting in a reversion to paper-based applications for the 2015–16 application window. In 2015–16 the RPA paid out £1.39 billion to 87,500 farmers in England between December 2015 and October 2016. The Department for Environment, Food and Rural Affairs (the Department) incurs penalties, or disallowance, when it is deemed not to have complied with EU requirements for delivering the CAP. Since 2005 the Department has incurred £642 million in disallowance.

Background resources

- NAO report: Progress on the Common Agricultural Policy Delivery Programme - Session 2016-17 (HC 727)
- PAC report: Progress on the Common Agricultural Policy Delivery Programme – Session 2016-17 (HC 766)
- Treasury Minutes: March 2017 (Cm 9433)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9506), 6 recommendations were implemented. 1 recommendation remains work in progress, as set out below.

2: Committee of Public Accounts conclusion:
The RPA needs better data to make full payments promptly and accurately.

Recommendation:
As part of its commitment to providing farmers with timely payments, the RPA must ensure that its land register is accurate. It should in the response to this report, set out when it expects to have digital maps with data that is no older than three years and also when it will reduce this to one year.

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2018.

2.2 The Department is committed to improving the mapping data it uses to administer CAP payments so that it is more accurate and up to date, thereby helping to improve the accuracy of payments and reduce the risk of disallowance. The Agency is using a range of data sources, including additional satellite imagery, to update the mapping data. Work is underway to ensure that none of the claimed land parcels on the Agency's land register is based on mapping data which is more than three years old. This work is being undertaken ready for the opening of the Basic Payment Scheme payment window in December 2017.

2.3 The Agency is also further improving its mapping data in ways which offer value for money. The Agency is considering a range of measures including improving its processes for assessing the eligibility of land parcels, acquiring additional satellite imagery to improve its data on common land and establishing a rolling programme of mapping updates. These measures will be in place by Winter 2017-18.

Forty First Report of Session 2016-17

HM Treasury / Department for Education

Excess Votes 2015-16

Introduction from the Committee

The Public Accounts Committee scrutinises, on behalf of Parliament, the reasons individual Departments exceeded their allocated resources, and reports to the House of Commons on whether it has any objection to the amounts needed to rectify the reported excesses. The Committee may also make recommendations to Departments concerning the causes of these excesses.

In 2014-15 and 2015-16, the Department for Education breached its expenditure limits. On the basis of the Committee's examination of the reasons why the Department for Education exceeded its voted provisions, the Committee has no objection to Parliament providing the necessary amounts by means of an Excess Vote.

The Committee also commented on the Treasury's approach to controlling Parliament's spending limits and overseeing Departmental financial performance.

Department	Non-Budget	Resource AME	Capital DEL
	Excess / Amount to be voted £	Excess / Amount to be voted £	Excess / Amount to be voted £
Department for Education 2014-15	3,072,871,000	101,366,000	31,228,000
Department for Education 2015-16	-	175,116,000	115,855,000

Background resources

- PAC report: *Excess Votes 2015-16* - Session 2016-17 (HC 954)
- Treasury Minutes: March 2017 (Cm 9433)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)

Updated Government response to the Committee

There were 9 recommendations in this report. As of the last Treasury Minute (Cm 9506), 8 recommendations were implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

3: Committee of Public Accounts conclusion:
The Committee noted that the Department for Education plans to produce a Sector Annual Report and Accounts (SARA) for academies, which will address some of its current accounting challenges, but it remains to be seen to what extent it will improve oversight and understanding of the academies sector.

Recommendation:
The Department for Education should ensure that it demonstrates clearly how the Sector Annual Report and Accounts will improve accountability and oversight of the academies sector. It should set out these improvements in the first consolidated report for the sector together with its plan for addressing the issues relating to accounting for academy land and buildings.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The Sector Annual Report and Accounts for the year ending 31 August 2016 was published on 26 October 2017[27]. It explains the relationship with the Department's Consolidated Annual Report and Accounts and details the responsibilities and accountabilities for the Academies sector of the Department, Education and Skills Funding Agency and individual Academy Trusts.

3.3 It combines the academies performance report required by section 11 of the Academies Act 2010 with the financial results of all academy schools in England over the 2015-16 academic year. Bringing this information together in a single publication is an important step, providing greater transparency on the activities of the academies sector.

3.4 The qualified audit opinion around the Department having insufficient evidence to support the recognition and valuation of academy land and building assets remains. Land and building assets are held under various models from freehold to leasehold to rentals. Where land and buildings are leased from local authorities most of these leases are for 100 or 125 years and there is usually only a notional or peppercorn rent.

3.5 The Department is developing a Land and Buildings Collection Tool to collect detailed information from Academy Trusts regarding the basis on which they occupy land and buildings. This information will be used to determine which land and buildings should be recognised. The Department continues to work with its professional valuers to develop a more robust method of determining the condition and value of the recognised lands and buildings. It has a primary focus on removing the current audit qualifications.

27 https://www.gov.uk/government/publications/academies-consolidated-annual-report-and-accounts-2015-to-2016

Forty Second Report of Session 2016-17

Department for Work and Pensions

Benefit Sanctions

Introduction from the Committee

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

Background resources

- NAO report: Benefit sanctions - Session 2016-17 (HC 628)
- PAC report: Benefit sanctions - Session 2016-17 (HC 775)
- Treasury Minutes: October 2017 (Cm 9505)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9505), 5 recommendations remained work in progress. 1 recommendation has been implemented and 2 recommendations will not be implemented, as set out below.

1: Committee of Public Accounts conclusion:
Benefit sanctions affect a large number of people, sometimes leading to hardship and undermining efforts to find work.

Recommendation:
The Department for Work and Pensions should undertake a trial of warnings (rather than sanctions) for first sanctionable offences, as recommended by the independent Oakley Review and the Work and Pensions Select Committee.

1.1 The Government agreed with the Committee's recommendation.

Recommendation not implemented.

1.2 The Department has given further consideration to the feasibility of undertaking a trial of warnings for the first sanctionable offence. Competing priorities in the Parliamentary timetable mean that the legislative change that would be necessary to introduce a trial of this type cannot be secured within reasonable timescales. Consequently, there is currently no opportunity for the Department to implement this recommendation. The Department will, however, keep the spirit of the recommendation in mind in its future thinking on sanctions policy.

2: Committee of Public Accounts conclusion:
Sanctions are imposed inconsistently on claimants by different jobcentres and providers

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

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2018.

2.2 To monitor variation in sanction referrals, the Department has established a regular sanctions variation dashboard overseen by a senior steering group. This will allow the Department to make use of the latest internal data to ensure that any issues are identified in a timely way. The dashboard includes monitoring levels of variation, highlighting areas with unusually high or low referral rates compared to historical trends and also information about how rates differ between claimants due to certain characteristics such as ethnicity or age.

2.3 The Department has been examining sanction data by a range of both claimant and geographical characteristics in order to better understand the reasons for variation in sanction referrals. The Department expects to complete its current research on the reasons for variation across jobcentres by March 2018 which will be subsequently published.

2.4 The Department is still considering the best way to qualitatively assess the use and effectiveness of protections for vulnerable claimants, which are applied against a backdrop of dynamic and changing claimant circumstances. Protections are applied, but the Department's systems do not support the central collection of this data. Ensuring protections are applied appropriately is a local management responsibility, which is underpinned in work coach quality standards and other supporting products.

3: Committee of Public Accounts conclusion:
The Department's data systems are not yet good enough for it to routinely understand what effect sanctions have on claimants' employment prospects

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

3.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2018.

3.2 The Department has carried out work to review and utilise new data sources to determine both the durations and start and end dates of sanctions. Experimental duration statistics for Universal Credit and Employment Support Allowance were published in August 2017, with Jobseekers Allowance following in November 2017. This was a complex technical task, involving developing a methodology. This will be reviewed and improved as additional data becomes available. Further development to enhance the statistics will continue in 2018.

3.3 The Department has made significant progress in developing and publishing statistics to meet the commitments specified in the written evidence[28] to the Committee. This work has been completed apart from the inclusion of earnings data. The Department intends to have this linked to sanctions data in line with the timetable set out in the written evidence.

3.4 The Department has published a fuller analysis of sanctions statistics as requested by the UK Statistics Authority including information on: numbers of decisions to sanction; reviews; reconsiderations and appeals; a rate of claimants undergoing a sanction; sanctions statistics for Income Support and Universal Credit; and statistics on durations of sanctions. The UK Statistics Authority has been kept informed of the progress made.

3.5 The Department is addressing the recommendations made by the National Audit Office and is keeping them informed of the progress made.

[28] http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/public-accounts-committee/benefit-sanctions/
written/44767.html

4: Committee of Public Accounts conclusions:
The Department does not understand the wider effects of sanctions.

Recommendation:
The Department should work with the rest of Government to estimate the impacts of sanctions on claimants and their wider costs to government and report back to us on progress by the end of 2017.

4.1 The Government agreed with the Committee's recommendation.

Recommendation not implemented.

4.2 Officials from the Department held discussions with other Government departments and public bodies including: the Department for Communities and Local Government, Local Government Association, Department of Health, Probation Service and the Home Office, to consider the broader impacts of sanctions. These discussions resulted in no robust findings.

4.3 The Department looked into the financial impact of sanctions and, where information was available, found that the estimated cost of sanctions on these areas was small.

4.4 For example, only 0.2% of total Scottish Welfare Fund applications were from claimants indicating they were undergoing a benefit sanction. However, we do not have information on how many of these were successful, or on the size of the awards to be able to accurately calculate its cost. Nevertheless, based on the small percentage of applications, we estimate that sanctions do not have a substantial effect on the fund, either in terms of money paid out or time spent making decisions on applications.

4.5 There are significant practical issues around any large-scale cross-government research, which makes it extremely difficult to quantify potential impacts. For example, the Department's data is indexed by National Insurance Numbers, whereas most other departments use a custom reference (such as NHS numbers). The resources and expertise needed to cross-reference the data and draw robust conclusions would be significant and the Department does not have the capacity to undertake this activity. However, the Department will analyse relevant data as it becomes available in order to understand more fully the impacts of sanctions.

5: Committee of Public Accounts conclusions:
The impacts of sanctions can be worse for people with housing-related barriers to employment.

Recommendation 5:
The Department should work to better understand the relationship between sanctions and the housing-related barriers to employment that some people face. It should set out what more it will do to assure itself that Housing Benefit is not being stopped in error due to sanctions.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The Department has reviewed external literature on the use of the homelessness easement to understand issues surrounding the use of conditionality easements for people who are homeless. The Department has refreshed guidance to Work Coaches on supporting claimants with complex needs including when and how to apply the homelessness easement.

5.3 The Department has investigated the claim that Housing Benefit has been stopped in error due to sanctions but, has been unable to identify any evidence to support this, nor at the time of writing have any specific examples been provided to the Department in order for investigations to be carried out.

5.4 However, the Department believes the perception that Housing Benefit has stopped in error due to a sanction may have arisen due to processes that must be followed by Local Authorities when JSA is stopped following intermediate level sanctions. The Local Authority is legally required to suspend payment of Housing Benefit and issue forms to the claimant to establish entitlement on low income grounds. Once they are satisfied Housing Benefit is due, payment is reinstated. However, occasionally

Local Authorities do not receive a reply from the claimant and it on these occasions that Housing Benefit may be stopped. It is therefore important that claimants contact their Local Authority following a JSA intermediate level sanction to ensure Housing Benefit continues to be paid.

5.5 The Department continues to monitor payment of Housing Benefit through an annual, independent audit of all 380 Local Authorities. This includes a check that all processes have been followed correctly and no audit has identified any example of JSA claimants having their Housing Benefit claim suspended inappropriately following a sanction.

Forty Fourth Report of Session 2016-17

Department for Transport

Modernising the Great Western Railway

Introduction from the Committee

Modernising the Great Western Railway involves upgrading infrastructure, trains and passenger services along the rail route that connects London with south-west England and south Wales. The Department for Transport expects electrification of the railway line to increase capacity, reduce journey times, reduce operating costs and generate environmental benefits. The programme has seen significant cost increases and is taking longer than expected, and in November 2015 Network Rail replanned the modernisation programme. Electrification of the railway line between Maidenhead and Cardiff is now expected to cost £2.8 billion, which is an increase of £1.2 billion against the estimated cost of the project in 2014. The Department also currently expects to incur costs of up to £330 million as a result of delays to electrification. Electrification of some sections of the route will be delayed by up to 36 months. Some parts of the electrification project, such as between Bristol Parkway and Bristol Temple Meads, have been deferred to the next rail investment period (2019–2024). The Department is revising its business case for the entire modernisation programme, which is expected to be completed in March 2017.

Background resources

- NAO report: *Modernising the Great Western Railway* – Session 2016-17 (HC 781)
- PAC report: *Modernising the Great Western Railway* – Session 2016-17 (HC 776)
- Treasury Minutes: October 2017 (Cm 9505)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9505), 4 recommendations were implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

5: Committee of Public Accounts conclusions:
The Department's claim that nearly all the benefits for passengers can be achieved without full electrification of the route casts doubt on the value for money of this and other electrification schemes.

Recommendation:
The Department needs to reassess the case for electrification on a section by section basis and fund schemes only where worthwhile benefits for passengers could not be achieved otherwise at lower cost. In its new business case for the Great Western programme, which it expects to complete by the end of March 2017, it should reassess the extent of electrification, and it should also look again at its plans for the Midland Main Line and TransPennine routes.

5.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

5.2 The Department has completed the refresh of the full business case for the Great Western Route Modernisation programme. It incorporates recent changes to the scheme, and updated cost and benefit parameters. This information, including benefit cost ratios, influenced the recent decision to change the scope of the programme removing electrification between Cardiff and Swansea, ensuring the Department continues to deliver the benefits to passengers of improved services in the most effective and efficient way.

5.3 The Department will continue to benefit from the updated information, which has emerged because of the production of the business case, and will use this to inform future assessment of the programme. The Department is also ensuring the entire portfolio of railway upgrades will continue to be subject to an ongoing assessment of value for money and passenger benefits.

Forty Sixth Report of Session 2016-17

Department for Culture, Media and Sport

National Citizen Service

Introduction from the Committee

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

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

Background resources

- NAO report: *National Citizen Service* - Session 2016-17 (HC 916)
- PAC report: *National Citizen Service* - Session 2016-17 (HC 955)
- Treasury Minutes: October 2017 (Cm 9505)

Updated Government response to the Committee

There were 10 recommendations in this report. As of the last Treasury Minute (Cm 9505), 5 recommendations were implemented and the Department disagreed with 1 recommendation. 4 recommendations remained work in progress, 2 of which have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
NCS has shown early signs of success but the Department for Culture, Media and Sport lacks the data to measure long-term outcomes or understand what works.

Recommendation:
The Committee expects the Department to establish a clear plan, and secure agreement with other Government Departments where necessary, by September 2017 for how it is going to evaluate the long-term impact of NCS.

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: February 2018.

1.2. The first National Citizen Service (NCS) cohort will reach the age of 21 in 2017, so it has previously been too early to establish the longer-term impact of the programme. Therefore, the Department agrees that now is the appropriate time to look at how to assess longer-term impact that goes beyond the commissioned yearly impact evaluations and 2 year on studies.

1.3. NCS Trust will support the Department in the coming months to publish a clear plan for further strengthening the evaluation of the long-term impact of NCS. The Trust is building a comprehensive programme of research focused on evaluating impact, improving service design and commissioning better outcomes and increases value for public money.

1.4. The plan will build further on the existing evaluation reports of NCS, all of which are available on the NCS Trust website:

- Independent impact evaluation of 2013 programmes.
- Independent impact evaluation of 2014 programmes and "one year on" impact of 2013 programmes (Ipsos Mori, 2015-16).
- Independent impact evaluation of 2015 programmes, "one year on" impact of 2014 programmes and "two years on" impact of 2013 programmes (Ipsos Mori, 2016-17) Independent research into the wellbeing impact of the NCS programme, both short and long term (Jump / Simetrica) UCAS Strobe research on 2014 participants confirmed that NCS participants are significantly more likely to get accepted into university. NCS Trust published this report on 1 May 2017.

1.5. A key component of this plan will be the feasibility study that the Department will shortly be commissioning to establish the best approach to measuring long term impact and value for money, for example how data sets could be linked across Government and how wellbeing impacts can be monetised. The results of this study will highlight which data sets the Department will want to access and therefore which other Government Departments to engage with to gain access to this data. For example, it might be that the study recommends that links are forged with Department for Education data to track the educational attainment of NCS graduates.

1.6 The Department is working carefully with the NCS Trust to prepare the invitation to tender for this study, and will select a suitable provider over the summer. This provider will then conduct the study in the autumn, providing the Department with initial findings in January 2018. Given the need to ensure the provider of the study is given sufficient time to conduct a comprehensive study and provide robust recommendations, the Department will not be able to share a plan with the Committee until this point. Similarly, until the provider has highlighted the specific datasets that will need to be accessed, the Department will not be in a position to approach and secure agreements from departments across Government to access data.

2: Committee of Public Accounts conclusion:
Despite revising downwards the target for the number of NCS participants, the new target remains extremely challenging.

Recommendation:
The Department and Trust need to think radically about what meeting the revised targets means for how NCS is provided and works alongside other organisations. The Committee expects to see detailed plans to support achieving the revised participation figures within six months.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The NCS Trust submitted a Participation Plan to the Committee on 30 November 2017 outlining how NCS will achieve increased participation.

2.3 The Department and the Trust have also taken further steps to encourage wider participation. The Department recently published guidance for local authorities on NCS designed to embed NCS into local areas and increase the number of young people from all backgrounds and circumstances taking part in the programme[29]. The Department for Education published parallel guidance for schools and colleges on NCS in November outlining how best to use NCS in a school or college to maximise the impact the programme can have on students and to encourage even more schools and colleges to engage with the programme[30].

[29] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/654628/NCS___Guidance_for_Local_Authorities.pdf
[30] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/657812/National_Citizen_Service-Guidance_for_Schools_and_Colleges_.pdf

2.4 The NCS Trust has also established an innovation unit to test new ways of delivering the programme to improve the reach, quality, impact and value for money of the programme. The first innovation pilots ran over the summer and included a successful buddy scheme reducing attrition pre-programme and therefore boosting growth and lowering cost; one to one support for people with complex and additional needs on programme; and an ambitious school coordinator scheme empowering teachers to promote NCS.

2.5 A procurement round is currently underway to identify new and existing partners to deliver targeted innovative pilots during Summer 2018, and a further round will be held in early 2018. Insights from these pilots will be fed into the recommissioning of the NCS provider network, which is due to go to market in 2018 and conclude with contract awards in 2019.

4: Committee of Public Accounts conclusions:
The Trust and Department cannot justify the seemingly high cost per participant of NCS.

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

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2019.

4.2 The NCS Trust will continue to seek and test through pilots comparable delivery models, seeking to improve the overall cost per outcome (impact). In the future, the NCS target unit costs will be transparent and best practice lessons incorporated to improve overall value for money, and will be shared across the network. The NCS Trust and Department will share benchmarking of its target unit costs with the Committee when this data is no longer commercially sensitive in Autumn 2019.

4.3 Given the unique nature of NCS, direct comparison with other youth programmes is not straightforward. Examples include, but are not limited to: differing levels of existing programme awareness; relative lengths of programmes; intensity; residential; whether staff are voluntary or paid; and whether or not programmes are residential. Benchmarking will only be possible for those elements of the programme that are comparable to other organisations.

4.4 The Department and the Trust are agreeing how best to carry out this industry comparative benchmarking for elements of NCS delivery, and will publish this report in January 2018.

4.5 The Trust tracks operational performance and value for money through a robust set of KPIs which are agreed annually with DCMS and set out in the Trust's Grant Agreement. The Trust reports performance against these KPIs to DCMS throughout the year, according to an agreed reporting schedule.

6: Committee of Public Accounts conclusion:
The NCS Trust has not met the standards of transparency to be expected from organisations funded almost entirely by the taxpayer.

Recommendation:
Rather than waiting until it receives a Royal Charter, the NCS Trust should comply with public sector expectations and standards of financial reporting for the current year.

6.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

6.2. NCS Trust management and Board agreed that they will voluntarily publish additional disclosures ahead of transitioning to a Royal Charter Body. Accordingly, the NCS Trust has published audited accounts for the financial year 2016-17[31] and a Senior Leadership Team Remuneration Report[32] for all Directors who were in their roles on 31 March 2017 on the NCS website.

[31] http://www.ncsyes.co.uk/our-annual-reports

[32] http://www.ncsyes.co.uk/sites/default/files/Senior%20Leadership%20Team%20Remuneration%20Report.pdf

Forty Seventh Report of Session 2016-17

Ministry of Defence

Delivering the Defence Estate

Introduction from the Committee

The Ministry of Defence holds one of the largest estates in the country, accounting for approximately 1.8% of the UK land mass and valued at £31 billion. The defence estate is crucial to the county's defence capability. It includes land and also buildings such as offices, houses, storage units and training facilities (the 'built estate'). It also includes 50,000 Service Family Accommodation units. In 2015–16 the Department spent £4.8 billion (12%) of its budget on its estate, mainly on maintaining, building and upgrading the built part of it.

The Government has set targets for the Department to reduce its built estate by 30% by 2040 and make £1 billion between 2016–17 and 2020–21 by disposing of estate it no longer needs. The Department is also the largest contributor to the government's objective of releasing land to build 160,000 new homes between 2015 and 2020, and has a target of releasing enough land to build 55,000 homes. In 2011 the Department established the Defence Infrastructure Organisation (DIO) to manage the estate centrally.

Background resources

- NAO report: *Service Family Accommodation* – Session 2016-17 (HC 77)
- NAO report: *Service Family Accommodation Update* – January 2017
- NAO report: *Delivering the Defence Estate* – Session 2016-17 (HC 782)
- PAC report: Delivering the defence estate – Session 2016-17 (HC 888)
- Treasury Minutes: October 2017 (Cm 9505)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9505), 6 recommendations remained work in progress, of which 5 have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
Service families have seen some recent improvements in the quality of maintenance but are still unclear as to what service levels they can expect and continue to face uncertainty around the future provision of accommodation and its costs.

Recommendation:
The Department should improve its communication with service families to give them greater clarity and transparency around CarillionAmey's obligations with regard to Service Family Accommodation. It should also make available all research underpinning any decision to alter Service Family Accommodation arrangements to ensure a proper understanding of the potential implications of change and the basis on which changes are being made.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 The Department has reintroduced regular stakeholder briefings which provide important customer messages (for example: on preparing service family accommodation for winter). The Department has also issued a short information video (*We All Have a Part to Play*) which set out the responsibilities of the Department, the Defence Infrastructure Organisation, Industry Partners, the military chain of command, and occupants in service family accommodation; and an infographic. In parallel, CarillionAmey have refreshed their website to provide easier navigation and advice on their key customer activities, including 'repairs and maintenance', 'move in' and 'move out'.

1.3 A number of changes have been made following Customer Engagement Forums in 2016, including introducing a Customer Solutions and Insight team to focus on resolving Stage 1 Complaints

more effectively and quickly; improving the move in/move out experience by reviewing the Accommodation Officer tasking and training, and embedding best practice to ensure a more consistent approach; providing new communication channels for occupants to get in touch with CarillionAmey (via Facebook, Messenger, Web Chat, Twitter and Text Messaging); and improving the supply chain to instil greater customer focus and delivery.

1.4 During 2017, Customer Engagement Forums have been held at Catterick, Cosford, Woolwich, Northolt and Plymouth, and Tidworth. As with previous forums, the results of these will be analysed, and further improvements will be introduced over the coming months.

1.5 The 2017 survey of Customer Satisfaction with the provision of Service Family Accommodation, which is undertaken by an independent third party shows overall customer satisfaction has risen by 15% compared to 2016; increasing from 56% to 67%.

2: Committee of Public Accounts conclusion:
The Department's new estate strategy is a significant step forward, but there is much to be done to overcome decades of under-investment.

Recommendation:
By the end of 2017 the Department should put in place effective delivery structures to enable it to maintain momentum towards its strategic objectives over the coming decades, as well as governance arrangements which will allow it to track and report progress, challenge any inertia within the Commands, and learn and feed lessons back as the programme progresses.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The Defence Estate Optimisation Programme has been mobilised to deliver a 'Better Defence Estate' as announced in November 2017. The Deputy Chief of Defence Staff (Military Capability) has been appointed as the Senior Responsible Owner for the Programme and each of the sub-programmes are led by Senior Responsible Owners in the Commands, including arrangements for tracking progress, and managing change. Departmental governance of the programme is exercised through the Defence Major Projects Portfolio, and which is also monitored through the Government Major Projects Portfolio.

3: Committee of Public Accounts conclusion:
The Department's decisions about the estate are still subject to considerable uncertainty.

Recommendation:
In its annual report on progress against its estates strategy, the Department should set out clearly the decisions that have been taken in the previous year in relation to the restructuring of the estate, and the rationale behind those decisions.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The Department has established arrangements to provide an annual update to Parliament on progress in delivering defence estate optimisation, and the first annual update will be published in early 2018. The update reviews progress in governance development, site disposal and re-provision of capability. Changes announced during the preceding year, and changes, including and explanation of rationale, to previously announced plans will be incorporated into the annual update as appropriate.

4: Committee of Public Accounts conclusions:
The Front-Line Commands are to be given back responsibility for estate budgets even though they failed to manage these budgets effectively in the past.

Recommendation:
Before it delegates the estate to the Front-Line Commands in April 2018, the Department must develop appropriate criteria to judge the readiness of the Commands to take on responsibility for managing their estate budgets. It must then use the criteria actively to monitor Commands' ability to take good decisions in relation to the estate.

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2018.

4.2 The Department undertook an assessment in November 2017 to test the readiness of the Front-Line Commands to take on responsibility for managing their estate budgets. The analysis of this assessment will inform the decision on whether and how to proceed with delegation in April 2018.

4.3 The Department's annual Command Planning and budgeting cycle will set the Front-Line Commands' and other Top Level Budget Holders' infrastructure objectives and priorities. This process will act to drive infrastructure planning that is coherent, in line with the Defence Plan and the Strategy for Defence Infrastructure and aligned with resource allocation decisions.

4.4 It is envisaged that subsequent monitoring of the Front-Line Commands' and other Top Level Budget Holders' estate decisions will take place through the Department's existing Risk and Performance Review between the Permanent Secretary and the Chief of Defence Staff and the individual Front Line Command or Top Level Budget Holder. The Defence Infrastructure Organisation will be responsible for giving infrastructure advice to Front Line Commands and other Top Level Budget Holders to support their decision making. The Defence Infrastructure Organisation will also advise the Permanent Secretary on effectiveness of management of the whole estate.

5: Committee of Public Accounts conclusions:
The Department's model for managing the estate is still not fit for purpose which jeopardises the success of its plans for the rationalisation of the estate.

Recommendation:
The Department should write to the Committee by the end of May 2017 setting out the results of its review of the infrastructure model. This should contain information about how it intends to address recruitment and retention issues in DIO, including the impact of pay restraint, and secure the skills it needs.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The Department wrote to the Committee in November 2017.

6: Committee of Public Accounts conclusions:
The Department's contract with the Capita-led strategic business partner failedto transform the performance of DIO.

Recommendation:
In the ongoing review of the Strategic Business Partner's role, the Department must avoid repeating the mistakes of the 2014 contract negotiations. In particular, it must ensure that it incentivises the sustainability of savings and avoids enabling private sector providers to earn excessive profits.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 An amended and restated contract was signed with the Strategic Business Partner in July 2017, to better meet the needs of the Defence Infrastructure Organisation (DIO) and improve value for money. The contract provides targeted support, specified by the Department, designed to enable a smooth transition for the delegation of infrastructure funding and the continued transformation of the DIO. The amended contract will end by June 2019, at which point the leadership of the organisation will have progressively moved to individuals directly employed by the Department.

6.3 The risk and reward structure under the amended contract is appropriately balanced and there is no opportunity to achieve excessive profit levels. The reward mechanism under the original contract has been replaced with tailored approaches for the delivery of each of the defined work packages, combining pre-agreed rates and an incentive fee payable for the delivery of planned outputs and outcomes.

Forty Eighth Report of Session 2016-17

Cabinet Office / Crown Commercial Service

Crown Commercial Service

Introduction from the Committee

The Crown Commercial Service (CCS) was set up on 1 April 2014 to replace the Government Procurement Service. It aimed to centralise £13.4 billion of central Government spend on common goods and services and carry out direct buying services on behalf of all Departments. In doing so, it would improve the Government's management of commercial contracts. It would also provide framework agreements to enable both central Government Departments and the wider public sector to purchase common goods and services. The direct buying service and the purchases through framework agreements would total £22 billion. CCS is also responsible for central Government's procurement policy and building commercial skills across Government. It provides advice and support on complex transactions and negotiates with Government's strategic suppliers.

Background resources

- NAO report: *Crown Commercial Service* – Session 2016-17 (HC 786)
- PAC report: *Crown Commercial Service* – Session 2016-17 (HC 889)
- Treasury Minutes: October 2017 (Cm 9505)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9505), 1 recommendation was implemented. 4 recommendations remained work in progress, 3 of which have now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
Progress in centralising the procurement of common goods and services has been unsatisfactory.

Recommendation:
All Departments must understand the importance of achieving savings from centrally purchasing common goods and services, and transfer appropriate spending to CCS as soon as practicable. The Cabinet Office and CCS should report back to the Committee by October 2017 setting out the plans it has agreed with each Department to centralise their spending on common goods and services fully by 2020.

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2018.

2.2 CCS continues to engage closely with departments as it develops its category strategies, puts in place new frameworks and develops its call-off capability, so that it is able to provide the services which they need to get value for money from their common goods and services procurement.

2.3 Alongside this, CCS is working in conjunction with all departments through the Government Commercial Function to develop data on the frameworks and contracts used by departments for the procurement of common goods and services. This data will be instrumental in identifying what opportunities there are for further rationalisation of the framework landscape and when is the right time for spend in relevant categories to be migrated to central frameworks and deals.

2.6 CCS will report back to the Committee on progress and the plans it has agreed with Departments by April 2018.

3: Committee of Public Accounts conclusion:
CCS's performance has been poor.

Recommendation:
CCS should ensure it has the management information required to measure and track its own performance against objective and stretching performance measures so that it can identify and take appropriate action to address any performance failings. It should also publish key performance indicators that allow customers to track improvements in its performance.

3.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

3.2 CCS's annual report and accounts has been publish containing a summary of performance and progress against targets in 2016/17. CCS has also developed its annual business plan for 2017/18 which identifies clear objectives for the year and stretching performance targets, as well as the metrics by which they will be measured.

3.3 CCS routinely keeps its central Government customers informed, both individually and collectively through its commercial directors group and other category forums, as well as through its account management team. CCS will continue to keep under review and where necessary enhance the information it provides to customers to ensure they have a clear understanding of CCS performance.

4: Committee of Public Accounts conclusion:
CCS's management of procurement frameworks remains unsatisfactory.

Recommendation:
CCS should ensure that it has plans in force to replace each framework contract before it expires so that there will be no further need to use expired frameworks.

4.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

4.2 CCS has now established a single more complete and accurate database covering all its frameworks and is using this tool to ensure new frameworks are established prior to the expiry of the ones they replace as appropriate.

4.3 It may be pragmatic in some circumstances to allow an interval between the expiry of an existing framework and its replacement with a new framework - for example: where a new framework replaces multiple frameworks, which expire at different times and customer engagement indicates that a gap in provision will not affect CCS's ability to meet customers' needs.

4.4 There may also be rare occasions where expired frameworks are used, though CCS will work with Departments to minimise these. For example, where there is a requirement to take longer to establish the right category strategy, it may be expedient for CCS to allow the extension of parts of an existing framework beyond the final expiry date. CCS will only do this having thoroughly assessed the costs and benefits of an extension, having taken legal advice, and having consulted with the market and with our customers – ensuring the scope of the extension is kept to a minimum to meet specific needs.

5: Committee of Public Accounts conclusion:
CCS's current governance structure is confusing, blurs accountability and reduces clarity of the purpose of CCS.

Recommendation:
The Cabinet Office should review CCS's governance, ensuring that accountability arrangements are clear and provide a direct line of sight between activities, financial reporting and accountability, by the end of 2017.

5.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

5.2 The Cabinet Office and CCS have considered what further steps are necessary to ensure there is robust governance and clear lines of accountability for all central teams. For the time being, Cabinet Office do not intend to change the governance arrangements for the Procurement Policy team. The current arrangement – whereby the Policy team sits in CCS and is managed by the CEO CCS, but engages closely with the Chief Commercial Officer - continues to make sense operationally and ensures procurement policy is routinely informed by operational procurement experience. Cabinet Office and CCS will keep this arrangement under review.

5.3 CCS and Cabinet Office have made some changes to improve financial reporting and accountability. The Government Chief Commercial Officer now accounts to the CCS Board for spending by the commercial central teams which is met from the income and reserves generated by CCS. Cabinet Office and CCS continue to investigate what simplifications to funding arrangements for the commercial central teams might be possible and will consult with the NAO as necessary to ensure the right accounting treatment.

Forty Ninth Report of Session 2016-17

Department for Education

Financial sustainability of schools

Introduction from the Committee

The Department for Education is accountable for securing value for money from spending on education services in England. At January 2016, there were 20,179 state-funded primary and secondary schools across England, educating 6.4 million pupils aged between 5 and 15. The Department delegates responsibility for oversight to the Education Funding Agency, which oversees financial management and governance in academies directly and in maintained schools through local authorities.

The Department's overall schools budget is protected from inflation. In the 2015 Spending Review, the Government increased the core schools budget by 7.7% in cash terms, from £39.6 billion in 2015–16 to £42.6 billion in 2019–20. However, pupil numbers are expected to increase over the same period by 6.3%, from 7,262,000 in 2015–16 to 7,720,000 in 2019–20. This means that the amount that schools receive per pupil will, on average, rise only by 1.3%, from £5,447 in 2015–16 to £5,519 in 2019–20, a real-terms reduction once inflation is taken into account. The Department estimates that mainstream schools face cost pressures rising from £1.1 billion (equivalent to 3.1% of the total budget) in 2016–17 to £3.0 billion (8.0%) in 2019–20. Schools will have to counteract these cost pressures by making economies or efficiency savings. The Department aims to support schools to ensure that, by 2020, schools have the skills, capabilities and tools to manage pressures on their budgets while maintaining or improving educational outcomes.

Background resources

- NAO report: *Financial sustainability of schools* – Session 2016-17 (HC 850)
- PAC report: *Financial sustainability of schools* – Session 2016-17 (HC 890)
- Treasury Minutes: October 2017 (Cm 9505)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9505), 4 recommendations were implemented. 3 recommendations remain work in progress, as set out below.

3: Committee of Public Accounts conclusion

The apprenticeship levy will be an additional cost for schools but they will only be able to benefit in a limited way from the funds.

Recommendation:

The Government should set out by the end of June 2017 the financial impact of the Apprenticeship levy on schools.

3.1 The Government agreed with the Committee's recommendation.

Target implementation date: February 2018.

3.2 The Government will include the financial impact of the Apprenticeship Levy as part of its publication of an updated assessment of the cost pressures on schools.

3.3 The Department recognises that the apprenticeship levy is potentially an additional cost to schools, but this is only in the event that schools fail to take advantage of the opportunity afforded by apprenticeship service accounts to pay for the training and assessment costs of apprentices. The Department encourages and expects levy-paying schools to draw down funds from their accounts, and the Department similarly expects local authorities to allow their schools to do this. The Government provides a 10% top-up to apprenticeship service accounts, so that it is possible to receive more funding than is paid by way of the levy.

3.4 The Government will support schools to take maximum advantage of the apprenticeship levy. This includes working with the relevant employer groups to introduce postgraduate teaching apprenticeships, which the Department expects will be available from September 2018. Apprenticeships suitable for school business directors and school business professionals are expected to be in place in early 2018.

4: Committee of Public Accounts conclusion

In calculating the £3 billion of required efficiency savings, the Department has not assessed the impact of all the cost pressures that the Government is placing on schools.

Recommendation 4a:

The Department should publish by the end of April 2017 the results of its work to assess the impact of withdrawing the Education Services Grant

4.1 The Government agreed with the Committee's recommendation.

Target implementation date: February 2018.

4.2 The Department will include the impact of withdrawing the Education Services Grant (ESG) as part of its publication of an updated assessment of the cost pressures on schools.

4.3 New, more targeted funding of £50 million has been announced for local authorities to monitor maintained school performance, broker improvement support, and intervene where appropriate, together with a further £140 million for a new Strategic School Improvement Fund targeted at the academies and maintained schools most in need of support. Successful applications to round 1 of the fund were announced in August 2017 and total £20 million. Round 2 closed on 20 October 2017 and the Department received a total of 224 applications to a value of about £72 million. These applications are undergoing assessment and recommendations for funding will be made to Ministers.

Recommendation 4b:

The Department should routinely assess and make public the cost implications of policy changes including curriculum and assessment changes.

4.4 The Government agreed with the Committee's recommendation.

Target implementation date: September 2018.

4.5 The Department recognises the importance of assessing the impact of policy changes on schools, both in terms of any additional cash costs and the opportunity costs resulting from how staff time is used. In response to the 2014 Workload Challenge, the Department set out a number of commitments to introduce minimum lead-in times for significant changes to accountability, the curriculum and qualifications, and to do more to consider the impact on schools when introducing such changes.

4.6 Originally published in March 2015, the Department for Education Protocol was reissued in February 2017[33] and sets out a number of criteria, including providing a lead-in time of at least a year for any changes to accountability, the curriculum and qualifications. The development and reissuing of the Protocol underlines the Department's commitment to making sure schools have enough time to prepare for change. With that said, the Department recognises more needs to be done to assess the cost implications of its policy changes on schools, and will seek to better assess the cash and opportunity costs of new policies and initiatives in relation to their impact on schools.

[33] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/594215/DfE_protocol_-_Feb_2017.pdf

Fiftieth Report of Session 2016-17

Department for International Trade

UKTI and the contract with PA consulting

Introduction from the Committee

UK Trade & Investment (UKTI) is the UK's international trade and inward investment promotion organisation. Since July 2016 it has formed part of the Department for International Trade. It provides a network of advisers and experts to support UK exporters of goods and to help overseas-owned firms locate and build business in the UK. In May 2014 UKTI entered into a three-year contract with PA Consulting Services Limited (PA) for the provision of trade and investment specialists, and paid £18.8 million for the first 11 months of services. After the contract had started, UKTI became concerned about the way PA had priced the contract and about PA's transparency in its communications with UKTI. The contractual relationship eventually broke down and UKTI terminated the contract in January 2016. In May 2016, UKTI and PA reached a commercial settlement under which it was agreed that UKTI would pay the balance of PA's outstanding invoices less a £3.0 million reduction.

Background resources

- NAO Report: Investigation into the UKTI specialist services contract with PA Consulting Session 2016-17 (HC 20)
- PAC Report: UKTI and the contract with PA Consulting – Session 2016-17 (HC 772)
- Treasury Minutes: October 2017 (Cm 9505)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9505), 1 recommendation was implemented and the Department disagreed with 1 recommendation. 5 recommendations remained work in progress, of which 3 have now been implemented, as set out below.

Committee of Public Accounts conclusions:

1: ***UKTI did not have the right governance, skills or experience to procure the contract.***
2: ***UKTI's handling of the procurement significantly breached good practice, was unfair to other bidders and left UKTI open to being exploited.***
3: ***PA obfuscated about its costs and profits and allowed UKTI to believe that PA had not increased its profit when it had.***
4: ***On termination of the contract, UKTI's previous carelessness left it unable to recoup from PA the full amount that it considered it was owed.***
5: ***The Committee is not convinced that PA accepts the seriousness of its misrepresentations to UKTI or its failure to honour its duty of care to UKTI and the taxpayer.***
6: ***These failures indicate inadequate quality assurance, internal control and commercial and relationship management within PA.***

Recommendation:
Although, in Government terms, this was a relatively small contract, there are some serious lessons that need to be learned by all Government bodies undertaking procurements. Suppliers hoping to contract with the Government should also take note. With this in mind, the Committee makes the following recommendations:

Recommendations 2 and 6:
2: ***The Department for International Trade needs to satisfy itself that all its contracts will in the future be run with people with the required level of experience. It must put processes in place to ensure that all senior responsible owners (SROs) are properly qualified and given appropriate support.***

Recommendations 2 and 6:

6: ***The Committee will want to review the efforts of the Department for International Trade to improve its commercial capability in the future and satisfy itself that adequate action has been taken. In response to the Committee's report in March 2016 on Transforming Contract Management, the Cabinet Office undertook to develop and agree a Capability Blueprint with each department, which will contain a future operating model for commercial activity and a plan to build that future model. Once the Department has completed its Capability Blueprint, it should write to the Committee to inform on the outcome and its plans for further development***

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2018.

2.2 The Department is on track to deliver a completed and signed off Commercial Blueprint. This sets out its contracts held, future pipeline of procurements, future operating model, key risks and actions and governance structures. This will cover all aspects of its commercial capability to provide the Committee with assurance of the Department's continuing efforts.

2.3 The Department is currently completing further work in line with updated guidelines and then will seek internal approval from senior stakeholders in the Department including the Audit and Risk Committee. In addition, the Department continues to liaise with the Government Commercial Function, Cabinet Office and Treasury to set 'Gateway' panels, the final step in the sign off process.

Recommendations 3-5:

3: ***The Cabinet Office and the Government Commercial Function should extend their capability programme so that it supports arm's-length bodies, and should ensure that all Government bodies have arrangements to ensure SROs are properly qualified and given appropriate support.***

4: ***The Cabinet Office and the Government Commercial Function should prescribe a minimum level of documentation that all public bodies should maintain for all procurements and contracts.***

5: ***The Cabinet Office and the Government Commercial Function should write to the Government bodies reminding them to procure simple things in simple ways.***

3.1 The Government agreed with the Committee's recommendations.

Recommendations implemented.

3.2 Gareth Rhys-Williams (Government Chief Commercial Officer) has written to Commercial Directors reminding them of the published guidance available to them. However, even simple contracts and procurements may require different commercial approaches, involving different forms of contract, different procurement procedures and different contract management methods. Therefore, even with the procurement and contract documentation available and a prescribed minimum level of documentation, a simple approach may not always be appropriate or possible.

3.3 The Crown Commercial Service (CCS) has already published advice and guidance to public purchasing authorities to help them streamline their procedures and ensure that procurements are well managed and well documented. This includes *The Public Contracts Regulations 2015*[34]; *Onerous practices in procurement and contracting*[35]; *Model services contract*[36]; and guidance for public sector buyers on lean or streamlined sourcing to help introduce lean sourcing and manage the process.[37] The CCS website also provides a range of information on procurement options and best practice, and on existing frameworks and contracts for common goods and services that enable customers to buy standard products and services as simply as possible.

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[34] http://www.legislation.gov.uk/uksi/2015/102/contents/made

[35] https://www.gov.uk/government/publications/procurement-policy-note-1016-onerous-practices-in-procurement-and-contracting

[36] https://www.gov.uk/government/publications/procurement-policy-note-0414-model-services-contract

[37] https://www.gov.uk/government/publications/lean-sourcing-guidance-for-public-sector-buyers

Fifty First Report of Session 2016-17

HM Revenue and Customs

HMRC’s contract with Concentrix

Introduction from the Committee

In 2013, HM Revenue & Customs set a target to reduce error and fraud in personal tax credits to no more than 5.5% by 2014–15. To help meet its target, in May 2014 HMRC signed a three-year contract with Concentrix. The contract aimed to provide additional capacity and analysis to check for possible error and fraud in tax credits. Concentrix contacted tax credits claimants, collected and assessed evidence and made changes to their tax credits entitlement. HMRC retained overall responsibility for the tax credits system, including stopping payment if a claimant did not renew their claim by the annual deadline of 31 July.

HMRC assured the Committee, in July 2016, that it had succeeded in bringing Concentrix’s service to an acceptable level but, in August 2016, instances of poor customer service and decision-making were widely reported. In November 2016, HMRC and Concentrix agreed to end the contract as it was not meeting the customer service standards or savings that HMRC had intended. In December 2016, the Work and Pensions Committee reported on the Concentrix contract, highlighting that vulnerable people had lost benefits to which they were entitled as a consequence of avoidable failures.

Background resources

- NAO report: *Investigation in to HMRC’s contract with Concentrix* – Session 2016-17 (HC 915)
- PAC report: *HMRC’s contract with Concentrix* – Session 2016-17 (HC 998)
- Treasury Minutes: October 2017 (Cm 9505)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9505), 4 recommendations were implemented. 1 recommendation remained work in progress, as set out below.

4: Committee of Public Accounts conclusion:
The payment-by-results model used for the contract was flawed and HMRC lacked the commercial capability to design the contract effectively.

Recommendation:
HMRC should set out how it plans to develop its commercial capability and what it is doing to implement its plan. It should work with the Government Commercial Function to take forward this recommendation

4.1 The Department agrees with the Committee’s recommendation.

Target implementation date: March 2018.

4.2 The Cabinet Office has published a set of 8 Commercial Operating Standards which define how all Government Departments should operate to ensure strong commercial capability and value for money. The standards are designed to be used internally by each department and integrated into their commercial management. The latest iteration of the standards includes metrics which will inform the Department’s approach to improving commercial capability.

4.3 The Department is committed to developing its commercial capability and is fully supportive of the introduction of these standards. It is working closely with the Government Commercial Function to adopt the standards and has produced plans to meet these standards by March 2018. This will include making use of flexible commercial contracts that can adapt to future changes. The Department will also implement adequate contract management processes to ensure that performance is effectively measured against the requirements throughout the contract lifecycle.

Fifty Second Report of Session 2016-17

Home Office

Upgrading emergency services communications - recall

Introduction from the Committee

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

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

Background resources

- NAO report: Upgrading emergency service communications: the Emergency Services Network Session 2016-17 (HC 627)
  PAC report: Upgrading emergency service communications – Session 2016-17 (HC 770)
- PAC report: Upgrading emergency service communications: recall – Session 2016-17 (HC 997)
- Treasury Minutes: October 2017 (Cm 9505)

Updated Government response to the Committee

There were 4 recommendations in this report. As of the last Treasury Minute (Cm 9505), 4 recommendations remained work in progress, as set out below.

1: Committee of Public Accounts conclusion:
The 'little slippage' in delivering the ESN programme that the Department told the Committee about in November has now become a delay of nine months.

Recommendation:
The Department should ensure it is in a position to know which regions require an extension of Airwave by the end of 2018. Motorola must confirm that receiving notice at the end of 2018 will give it enough notice to carry out the work required to extend Airwave from December 2019.

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: June 2018.

1.2 When Motorola took ownership of Airwave, the Department negotiated a deal to enable monthly extension of contracts by region, rather than requiring an extension of the contract in its entirety for a full 12 months. The agreement also enables the Department to defer the National Shut Down Date (NSD) in the event that extensions are required should ESN not be ready for full national operation.

1.3 The Department must give 12 months' notice to defer NSD or extend service to a Transition Group, specifying which regions require Airwave to be extended and the number of months. As the current NSD for Airwave is 31 December 2019, no formal decision is required about extending Airwave until 31 December 2018. The Programme will initiate a project in June 2018, to assess the delay impact on the NSD and establish the terms of the notice to be given by 31 December.

1.4 The Department's Transition Plan is staggered. The team are working with suppliers to better understand their timeline for delivery and subsequent impacts to user timelines for commencement and completion of transition. It is presently envisaged that some regions may not require contract extensions, whilst the maximum requirement for extension currently stands as an extra 9 months, in order to meet the final region transition completion in September 2020.

2: Committee of Public Accounts conclusion:
With ESN delayed until September 2020, it is not clear how emergency services communications will be provided from March 2020, given that it might not be possible to extend Airwave beyond that date.

Recommendation:
The Department must urgently engage in conversations with Motorola and Vodafone to explore the full range of options for resolving this issue and provide the Committee with regular updates on progress and estimates of any additional costs.

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: June 2018.

2.2 The Department has been engaging with Motorola and Vodafone to examine a variety of possible options for the transmission solution. The Department is confident there are a range of credible options. Vodafone have provided positive assurance that they are working through the viability of providing Airwave with service options beyond 2020.

2.3 As Airwave is an outsourced PFI contract, supplied as a service, it is Motorola's responsibility to determine how the service will be provided in the period after Vodafone withdraw their legacy transmission product. Whilst the Department understands that technical solutions are available, Motorola have yet to provide confirmation of how the continuation of the service will be maintained following the withdrawal of Vodafone's legacy transmission product.

2.4 The Department has an agreement with Motorola for extending Airwave services at predetermined prices / indexation arrangements. Therefore, this issue should not result in additional costs to Government within the boundary of the Airwave extension agreements.

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

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

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: June 2018.

3.2 The Department has consistently identified the Emergency Services Mobile Communications Programme (ESMCP) as a key Departmental risk due to the transformational nature of the implementation of ESN and its status as the largest Programme operating within the Department. It was first noted on the Departmental Risk Register in July 2015.

3.3 Regular reporting and in-depth analysis has and will continue to take place in relation to ESMCP's risks. The top ESMCP risks and issues are provided weekly for review to the Programme Governance Boards. The Programme will conduct a full review of each risk as migration to the new Risk Management System (SmartCore) which is due to complete September 2017.

3.4 The Department closely monitors risks regarding the longevity of the Airwave Service. The major Airwave risks are shared at the quarterly Airwave Executive Oversight Board attended by the Programme senior management team and Airwave senior management team.

3.5 Risks and issues are reviewed with Motorola and EE on a bi-monthly basis with follow on reviews held at the monthly Mobilisation Board, the supplier facing governance Board. Suppliers are required to highlight their top risks and issues in their monthly Detailed Implementation Plan (DIP) progress reports.

4: Committee of Public Accounts conclusions:
Providing emergency services communications underground is a significant and imminent risk to this programme but the Department has not yet finalised how ESN will work underground.

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

4.1 The Government agrees with the Committee's recommendation.

Target implementation date: December 2018.

4.2 The Department continues to work closely with Transport for London (TfL). TfL intends to install and maintain a neutral host solution that will be scaled to deliver ESN but provides the capability to be expanded to support other services in the future. TfL has committed to delivering ESN, for all stations and tunnels, by December 2018. The Department regards this date as an important objective. The Department is actively supporting TfL in their work to prepare detailed plans and is validating TfL's planning assumptions.

4.3 The Department has agreed to fund an infrastructure that supports ESN. TfL will need to develop a viable funding model for the additional costs of delivering other services in the future, such as a Public Cellular Network solution: in addition, the Department will expect to receive payments to offset the investment in public infrastructure if it is being used to provide commercial services from which TfL receives revenue. Discussions between EE and TfL are under way, and the high-level design of the technical solution has been agreed. TfL is working with EE to finalise the design and has appointed Ericsson as the design assurance lead.

4.4 TfL is working on providing a detailed project baseline for delivering ESN, which they intend to put before their Portfolio Investment Committee for approval in October 2017 subject to agreeing funding with the Department. The Department has engaged independent specialist reviewers to assure TfL's proposal ahead of seeking formal requests for funding from Home Office governance bodies.

Fifty Third Report of Session 2016-17

HM Revenue and Customs

HMRC Estate

Introduction from the Committee

HM Revenue and Customs (HMRC) has a strategy to redesign and reduce its estate over the next 10 years. It plans to move from a current estate of 170 offices to 13 large regional centres, supplemented by five specialist sites and a headquarters in central London. HMRC's estate programme is one of 15 current major programmes aimed at transforming how it operates and administers tax. Two thirds of HMRC's current estate is provided under the STEPS contract, a 20-year private finance initiative (PFI) deal, which HMRC set up in 2001 with Mapeley STEPS Contractor Ltd. HMRC considers that the end of this contract in 2021 provides an opportunity to reconfigure its estate. HMRC's relocation programme is the first significant step in government's wider plans to move most civil servants to regional hubs.

In 2015–16, HMRC spent £269 million running its estate, accommodating some 58,600 staff. It forecasts that implementing its plan for a new estate will need an investment of over £500 million over the next 10 years. HMRC considers that it will achieve cumulative efficiency savings of over £300 million in running its estate by 2025–26, and £80 million a year thereafter. It expects that closing existing offices and opening regional centres will result in 38,000 employees needing to move their workplace and estimates that 5,000 staff may leave.

Background resources

- NAO report: *Managing the HMRC estate* – Session 2016-17 (HC 726)
- PAC report: *The HMRC Estate* – Session 2016-17 (HC 891)
- Treasury Minutes: October 2017 (Cm 9505)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9505), 6 recommendations were implemented and the Department disagreed with 1 recommendation. 1 recommendation remained work in progress, which has now been implemented, as set out below.

5: Committee of Public Accounts conclusion:
HMRC has signed 25-year leases for two of its regional centres which, as technology and working practices change, could lock government into holding larger properties than it will need.

Recommendation:
HMRC and the Government Property Unit should work together to ensure there is an appropriate mix of medium- and long-term leases that provide flexibility for regional centres and hubs so that the Government estate can adapt to future changes in the way Departments work

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The design of regional centres builds in flexibility for future change from the outset in the building layout, in the ability to easily separate out every floor of the buildings so that space can be reallocated. In addition to the ability to sub-let space across wider Government, revised arrangements have been agreed recently that provide flexibility for Government to sublet to third parties outside government. Standard Heads of Terms for new acquisitions have been agreed with Government Property Agency (GPA). The Treasury support this, but will remain subject to individual case negotiation.

5.3 The Programme has supported the development of a Government Property Acquisition Strategy which is aligned fully with the HMRC Property Strategy which the Department is implementing. These

strategies contain criteria that are aimed at providing flexibility of accommodation occupancy, including an understanding of the long-term demand for space from the Civil Service in each region of the UK.

5.4 As a further protection against future changes in technology and working practices, the Department has ensured that their future estate will have flexibility of lease lengths and occupancy. The Department's policy, to achieve best value for money lease terms and flexibility is to agree to leases of up to 25 years' duration. To avoid a large number of future lease expiries occurring at or around the same time, the Department will deliver an estate with lease expiries across a range of dates supported by lease lengths with a proportion in the range 20–25 years, and a number of 20 years or less. This will be achieved through the negotiation of suitable terms in each individual case, to include "lease break" options or shorter leases. Under the Landlord and Tenant Act 1954 the Department will be able to either renew the lease for an agreed period or allow it to end on the due date.

5.5 Further flexibility is obtained during the lease term, via the ability to assign leases in whole to non-Government bodies, subject to landlord's consent which cannot be unreasonably withheld.

Fifty Fourth Report of Session 2016-17

Department for International Development

Department for International Development: investing through CDC

Introduction from the Committee

The Department for International Development aims to reduce poverty in part by promoting economic development and global prosperity in the developing world. CDC Group plc is the Department's principal mechanism for encouraging private sector investment in developing countries. CDC is a private company wholly owned by the Secretary of State for International Development. CDC's mission is to *"support the building of businesses throughout Africa and South Asia, to create jobs and make a lasting difference to people's lives in some of the world's poorest places"*.[1] In July 2015, the Secretary of State for International Development approved the business case for a £735 million recapitalisation of CDC to provide further funding for CDC to invest in new projects. The Commonwealth Development Corporation Act 2017, enacted after the Committee took evidence, increases the existing limit of government funding for CDC of £1.5 billion to £6 billion.

Background resources

- NAO report: *Department for International Development: investing through CDC* Session 2016-17 (HC 784)
- PAC report: *Department for International Development: investing through CDC* Session 2016-17 (HC 956)
- Treasury Minutes: October 2017 (Cm 9505)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9505), 2 recommendations were implemented and the Department disagreed with 1 recommendation. 2 recommendations remained work in progress, both of which have now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
It is difficult to determine what wider economic development impact CDC has achieved.

Recommendation:
The Department and CDC should design and publish an evaluation plan for CDC to sit alongside the new investment policy being prepared. The Department should also, as soon as possible, and in advance of any further increases in CDC's funding, let the evaluation contract agreed as part of the business case to recapitalise CDC.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The Department has outlined an evaluation plan for CDC, which was set out in the CDC Business Case, published in October 2017. Following publication of the Business Case, the Department has developed a more detailed evaluation plan setting out how it will evaluate direct and indirect, short and longer-term development impacts of CDC activities - on people, jobs, firms, sectors, financial flows and the behaviour of other investors.

2.3 As well as generating more and better evidence to prove impact, the evaluation plan has been designed to ensure emerging findings from evaluation studies help to improve CDC's investment appraisal and Monitoring and Evaluation systems, through provision of practical insights and analysis that can deepen understanding of routes to impact.

2.4 The evaluation plan will sit alongside an expanded approach to monitoring impact which the Department and CDC have agreed. This approach will track a range of indicators at portfolio, sector and individual investment level. It includes additional areas of reporting that CDC have agreed to work on over the coming 5-year strategy period, including on sector specific indicators, climate change, women's economic empowerment and job quality.

2.5 The Department has tendered a major longitudinal study into CDC's mobilisation of private sector capital and its impacts on the perceptions and behaviours of other investors and awarded the contract in September 2017.

5: Committee of Public Accounts conclusions:
CDC faces serious recruitment and retention challenges which may undermine its ability to meet the Department's ambitions for future investment through CDC.

Recommendation:
The Department and CDC should agree CDC's approach to recruitment and retention alongside agreeing the next five-year investment strategy and three-year remuneration framework. As part of the business case for further investment in CDC, the Department should ask CDC to set out how and when it will secure the right number and mix of resources to oversee the proposed expansion it its business.

5.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

5.2 The CDC Board's People and Remuneration Committee has carried out a review of CDC's employee value proposition to ensure that CDC can attract and retain high-quality employees. This has included how to make more of the non-monetary benefits of working at CDC to retain and recruit staff, as befits a mission-driven organisation. A thorough benchmarking exercise has been undertaken and several targeted adjustments made to the Remuneration Framework to address specific recruitment and retention issues faced by the company. The Department has worked closely with the CDC Board on this and has taken advice from UKGI and the Treasury.

5.3 To deliver the objectives set out in its new 5-year strategy, CDC will need to expand capacity and recruit and retain staff with the right skills and expertise. CDC has presented to its Board in November 2017 a five-year operational plan, which sets out how it intends to deliver the overall 2017-21 strategy and includes projections for how staffing is anticipated to grow both in 2018 and over the full five-year strategy period.

Fifty Fifth Report of Session 2016-17

Department for International Development / Foreign and Commonwealth Office

Tackling overseas expenditure

Introduction from the Committee

In line with its commitment to spend 0.7% of gross national income (GNI) on Official Development Assistance (ODA), the Government spent £12.133 billion on overseas aid in 2015. To meet this commitment, DFID's budget rose from £7.722 billion in 2011 to £9.767 billion in 2015, a 26.5% increase. In 2015, the Government published its Strategic Defence and Security Review, which committed DFID to spend at least half of its budget in 'fragile states and regions', places that are more likely to be vulnerable to fraudulent activity. DFID currently concentrates its bilateral funding in 32 countries, 15 of which are ranked as among the most corrupt according to Transparency International's Corruption Perception Index, a widely-recognised measure of fraud risk. Traditionally, the FCO and the British Council have focused on internal fraud risks, such as business processes and personnel, including locally-employed staff across 268 posts and 115 countries respectively. More recently the FCO's ODA budget has risen to £466 million, bringing its fraud risks more in line with those faced by DFID.

Background resources

- NAO report: *Department for International Development: investigation into the Department's approach to tackling fraud* - Session 2016-17 (HC 1012)
- PAC report: *Tackling overseas expenditure* – Session 2016-17 (HC 1034)
- Treasury Minutes: October 2017 (Cm 9505)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9505), 2 recommendations were implemented. 3 recommendations remained work in progress, 2 of which have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
Reported levels of fraud in DFID, FCO and British Council expenditure do not seem credible, given the risks they face overseas.

Recommendation:
Within six months, all three bodies should report back to the Committee setting out what more they will do to provide better estimates of the likely levels of fraud.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 The Department for International Development (DFID) continues to engage in the Government Cabinet Office Fraud, Error and Debt activities. DFID is on track with the random sampling exercise, where the procedures for the disposal and transfer of assets as part of the project closure process will be tested. The exercise consists of four stages and is scheduled to be completed by autumn 2018. To date, DFID has met all of the Cabinet Office deadlines.

1.3 The British Council continues to work towards identifying more fraud. It has completed further work in raising awareness internally using mandatory training and country office visits, and also externally by supporting the Charity Commission's Fraud Awareness Month and Cabinet Office initiatives. Additional capacity has been provided by allocating part of a regional role to counter fraud. This includes the rolling out of focal points in each country office and the implementation of essential counter fraud standards, which will allow benchmarking for each against the risk of fraud. The examination of data for fraud detection is still being explored.

1.4 FCO is continuing to work on introducing data analytics to highlight potential areas of inappropriate expenditure that will be subject to review. A practical solution has been identified and IT issues are currently being addressed. It is hoped that the solution will be in place in 2018. FCO's counter fraud team has been working with their strategic partner to explore alternative approaches to identifying potential fraud. Government Departments work to a much tighter definition of fraud than used by others - FCO uses the Cabinet Office's definition of the Fraud Act 2006 to a balance of probabilities rather than a lay definition. Both may find disallowable expenditure and seek recovery, but the contractor has a lower threshold for declaring that inappropriate expenditure as fraud.

4: Committee of Public Accounts conclusions:
The FCO's and the British Council's counter-fraud activities do not yet match the risks they face. In particular, the FCO does not yet have adequate controls in place for assuring its increasing programme funds.

Recommendation:
The FCO and the British Council should each publish a clear plan setting out how they will improve their counter-fraud activities.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 FCO has implemented a robust system of portfolio management as agreed with the Treasury. The new Portfolio Board, chaired by the FCO Permanent Under Secretary, met for the first time in September 2017 to provide strategic direction and oversight for the growing portfolio of policy programmes and to scrutinise the largest and highest risk individual programmes.

4.3 FCO has clarified guidance on the governance assurance and governance of policy programmes to produce more transparent guidance for staff. It has also allocated two members of staff to coordinate the Departmental assurance of the largest programmes, which follows standard Treasury processes. The risk of fraud is a key consideration in the scrutiny of business cases including by the COO Chaired Investments, infrastructure and Operations Committee.

4.4 In FY 2017/18, FCO has delegated core programme budgets formally to Heads of Mission. This has given Heads of Mission better visibility of programme funds managed in their post and clarified their direct accountability as senior budget holders. Additionally, FCO has produced guidance for officers involved in programme work to mitigate the risk of fraud. In September 2017, FCO held two counter-fraud telephone training sessions with programme officers in London and overseas and will be producing a video for the FCO's training tool on counter fraud in programme work.

5: Committee of Public Accounts conclusions:
DFID, the FCO and the British Council publish limited information on confirmed cases of fraud and how they were resolved.

Recommendation:
All three bodies should publish more detailed information on their fraud cases for 2016–17, including any sanctions applied for each case. Each body should include a link to this information in its next Annual Report and Accounts. The Treasury should also review its guidance for reporting fraud, and specifically whether its minimum requirements are appropriate for DFID, the FCO and the British Council.

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: Autumn 2018.

5.2 DFID is committed to transparency and details on fraud loss and recovery are publicly available on the DFID website. The Annual Report and Accounts are published in line with the Treasury initiative to drive consistency across UK Government Departments and complies with the Treasury's *Managing Public Money* and the *Financial Reporting Manual*. The Department recognises the importance of sharing fraud related information and continues to participate in the Government Cabinet Office Fraud, Error and Debt reporting through the Consolidated Data Reporting (CDR) exercise. DFID's results will be published

along with those of all Government Departments in the first Cabinet Office Fraud Annual Report. Both the Treasury and Cabinet Office maintain relevant guidance and will update Departments to any changes in the guidance.

5.3 The British Council has now published on its external website two documents. Firstly, a Counter Fraud report for 2016-17 showing high level data and including a section on lessons learnt. The second is a list of all reported cases that were closed during the financial year. There is a link to these documents in an appropriate section of the British Council's Annual Report and Accounts.

5.4 FCO is committed to transparency in the use of public money and is happy to publish the information. The fraud loss data for 2016 has been published on the FCO's website. Systems are in place to ensure that each year's data will be published on the FCO's website at the same time the annual report and accounts are published. Timing in 2017 meant that FCO could not include a link in the 2017 FCO annual report and accounts. In future years, this will be done. FCO remains committed to working with DFID and the British Council to ensure a uniformity of approach to the presentation of the information.

Fifty Sixth Report of Session 2016-17

Ministry of Defence

The Defence Equipment Plan

Introduction from the Committee

Following the identification of a long-term imbalance between available funding and forecast expenditure in 2009, the Ministry of Defence had to re-scope, cancel and delay a number of equipment procurements to balance its budget. In response to this, and to generate greater stability in procurement activity, in 2012 the Department took the important step of producing an annually updated 10-year Equipment Plan which forecasts spend on military equipment and related support. Annually, the Department publishes a Statement on the affordability of the Plan, and at the request of the Secretary of State, the Comptroller and Auditor General reports on the robustness of the assumptions underpinning the Plan.

After a period of relative stability, the 2015 Strategic Defence and Security Review added over £24 billion of new commitments to the Plan which is forecasting expenditure of £178 billion from 2016 to 2026. Additional external funding supports only just over £6 billion of these new commitments. The rest is to be met by efficiency savings from existing projects in the plan and other areas of the wider defence budget. The Plan accounts for over 40% of the entire Defence budget.

Background resources

- NAO report: *The Equipment Plan 2016 to 2026* – Session 2016-17 (HC 914)
- PAC report: *The Defence Equipment Plan* – Session 2016-17 (HC 957)
- Treasury Minutes: October 2017 (Cm 9505)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9505), 1 recommendation was implemented. 5 recommendations remained work in progress, all of which have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
The Ministry of Defence committed itself to new equipment purchases arising from the 2015 Strategic Defence and Security Review before it had established how these would be paid for.

Recommendation:
When the Department presents the next Equipment Plan to Parliament, it should report on progress being made against its 2015 and 2016 plan targets, and detail the impact on the Plan of any shortfall in available funding resulting from a failure to meet these targets, including any resulting time slippages or cost increases on individual projects.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 The Department will publish the 2017 Equipment Plan where it will provide an updated position on progress towards delivery of the efficiency plan targets.

2: Committee of Public Accounts conclusion:
Uncertainties and over-optimism in project costs mean that the cost of the Plan might be significantly understated.

Recommendation:
The Department must ensure that costings for the new projects introduced into the Plan by the Review are put on a firm footing as quickly as possible, with appropriate input from the Cost Assurance and Analysis Service (CAAS), and incorporate any increase in cost into next year's Plan.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 In 2016, some £3.9 billion of additional investment (out of £24.4 billion) had still to go through detailed costing. This included some Navy Equipment Plan funding, and some centrally held investment funding, that was for projects too immature to programme. in 2017, of the additional investments, £2.1 billion remains within the Navy plan. Navy Command will continue to allocate this funding into projects as soon as possible, as they mature.

2.3 New requirements, including those resulting from the Strategic Defence and Security Review, are considered and prioritised against Defence outputs before entering the investment process. Requirements that are selected are delegated to the relevant Front Line Command who then follow the Concept, Assessment, Development, Manufacture, In-Service, and Disposal cycle for acquisition. The Concept phase defines the outputs that the Users require and involves industry in identifying the procurement options and costs. Business case approval is required to progress to the Assessment Phase, based on agreed costs, time and performance.

2.4 The project budget for the remaining phases is set at the Main Gate investment appraisal. The Cost Assurance and Analysis Service are involved throughout the process. Any changes in cost are taken into account in the DE&S's Quarterly Review of Performance and Cost process.

3: Committee of Public Accounts conclusion:

The Department is experiencing continuing problems in delivering the Astute submarine programme within budget.

Recommendation:

In addition to its ongoing commitment to provide Parliament with an annual update on the future nuclear deterrent, the Department should report on the progress made to finalise the structure for the management of nuclear programmes, and report how the new governance model is addressing the failures of the past.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The Department will include an update on the development of the Director General Nuclear organisation and the Submarine Delivery Authority within the 2017 Equipment Plan summary, due for publication in early 2018.

4: Committee of Public Accounts conclusions:

Over a period of years, the Department has failed to agree a workable way forward with the prime contractor on the procurement of the Type 26 warship, which has compromised maritime capability and placed further upward pressure on costs.

Recommendation:

As part of the development of the Government's industrial strategy, the Department should clarify how it will balance the potentially conflicting priorities of maintaining the UK industrial base with maximising value for money and long-term skills retention for the services and industry from major equipment procurement.

4.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

4.2 The Department is analysing aspects of the defence industrial landscape, including elements of the UK aerospace sector, to understand longer-term options for international partnering, industry's appetite to invest, adjacent civil investment and overall affordability. Some of this work is being taken forward in the context of the National Security Capability Review. It would not be appropriate to speculate now about the options that might later consider as a consequence of that analysis.

4.3 The National Shipbuilding Strategy, published in September 2017, set out a clear vision for a competitive marine industrial sector (encompassing the supply chain and the wider marine sector, both civil and military). The Department is committed to working with the Industry sector to support the skills agenda and encouraging innovation and competitiveness.

4.4 The Department also published its refreshed Defence Industrial Policy in December 2017, setting out the further steps that it will take to help industry grow and compete successfully, consistent with Departmental commitment to maximise value for money. This includes taking fuller and earlier account of economic value, international interests and industrial resilience in defence procurement and making it easier for companies to do business with the Ministry of Defence. It supports the whole of government approach in the Industrial Strategy, notably to strengthen productivity, including in long-term skills and talent development, in which Defence and key partners in defence industry recognise they have an integral role.

6: Committee of Public Accounts conclusions:
There is no longer any scope in the Plan to cope with new equipment requirements resulting from emerging threats.

Recommendation:
Future Equipment Plans presented to Parliament should show the impact of accommodating any new requirements on existing plans. As well as indicating what capability has been changed, the Department should show the incremental costs associated with any decisions to re-scope, cancel or delay existing projects, even where these occur beyond the current Plan.

6.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

6.2 The annual planning cycle is used to maintain the affordability of the Equipment Plan in the face of changes in requirements, progress with existing projects and other factors. The key changes are reflected in the Department's annual Equipment Plan summary, which includes data from the 2017 planning period (2016/17 to 2026/27).

6.3 The Annual Budget Cycle does not define where financial provision allocated to a particular equipment project is transferred specifically to another. Balance of investment decisions taken as part of the Annual Budget Cycle to seek to ensure that the equipment plan as a whole remains affordable and relevant to our evolving defence and security priorities.

Fifty Seventh Report of Session 2016-17

Department for Education

Capital funding for schools

Introduction from the Committee

In England there are around 21,200 schools, educating 7.9 million pupils aged between four and 19. Local authorities are legally responsible for ensuring that there are enough places for all children to attend good schools. The Department for Education allocates capital funding and oversees the provision of school places. In 2015–16 it provided £4.5 billion, around half to create places in new or existing schools and half to maintain and improve school buildings. The Department also uses capital funding to support its wider reform agenda, by opening new schools as part of the expanding Free Schools Programme, which aims to increase choice, encourage innovation and promote competition, and thereby raise educational standards.

The Department expects to open 883 free schools by 2020 – this total includes the 500 free schools that the Government promised in 2015. The Government has committed to provide funding for a further 110 free schools beyond 2020. There is no automatic link between a new school being granted permission to open and the need for a new school in an area.

The Department sets the policy and statutory framework for spending capital funding and is accountable for securing value for money from this funding. The Education Funding Agency is responsible for implementing the Department's capital policy, in some cases directly and in other cases through local authorities, academy trusts or individual schools

On 1 April 2017, the Education and Skills Funding Agency was formed following the merger of the Education Funding Agency and Skills Funding Agency

Background resources

- NAO report: *Capital funding for schools* – Session 2016-17 (HC 1014)
- PAC report: *Capital funding for schools* – Session 2016-17 (HC 961)
- Treasury Minutes: October 2017 (Cm 9505)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9505), 1 recommendation was implemented and the Department disagreed with 1 recommendation. 6 recommendations remained work in progress, 2 of which have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
***The Committee was not convinced that the Department for Education is using its funding in the most coherent and cost-effective way to provide the right number of school places in the right areas at the right time*.**

Recommendation:
The Department should demonstrate to the Committee how it will work effectively with local authorities to understand local demand for school places. It should also define more clearly the range of surplus places that local authorities should seek to maintain, how the Department will fund these, and the circumstances where higher or lower levels of spare capacity would be tolerated.

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2018.

1.2 Providing sufficient school places is one of the Department's top priorities. The Department already works closely with local authorities to understand local demand for school places. Local

authorities submit data to the Department annually through the school capacity (SCAP) survey, which includes the current capacity of the schools in their area and the foremost demand for school places, on which funding allocations are based. The current SCAP survey improves upon past methods for collecting data on the need for school places. Pupil place planning advisers in the Education and Skills Funding Agency (ESFA) have an open dialogue with local authorities to maintain a live understanding of the need for places in each local area. The advisers also offer support and challenge as appropriate to ensure sufficient schools places are delivered.

1.3 In this period of sustained demographic growth in the school age population, the Department and the system have rightly focussed on the delivery of sufficient places to meet demand. The Department recognises the need to consider the appropriate level of capacity to maintain as the current demographic pressure moves through the system. It will always be necessary and efficient to have some unfilled places in schools, to manage shifting demand within the system and provide for parental choice. The Department funds an operating margin of 2% at planning area level through the basic need allocations process for exactly this kind of operational flexibility.

1.4 The costs and benefits of keeping and removing surplus capacity are very sensitive to local factors – particularly the costs involved in removing existing capacity and different local land values. In this context, there is not a single number or range of places that local authorities should seek to maintain. The Department does, however, expect local authorities, as part of fulfilling their duty to provide sufficient places, to consider carefully their local circumstances and manage the local school estate efficiently and reduce or find alternative uses for high levels of surplus, to avoid detriment to the educational offer or financial position of schools in the area. The Department will continue to work closely with local authorities, schools, and academy trusts to help them to ensure that capacity is managed to a prudent level in each local area.

1.5 Effective place management should go hand-in-hand with local school improvement work, with due account taken of the quality and diversity of provision in the area. The Department is monitoring carefully situations where local authorities are proposing to increase pupil numbers in poor quality schools and setting a clear expectation that expansions should only normally be considered for schools that are performing well.

2: Committee of Public Accounts conclusion:
It is not clear precisely what the Department means when it says it aims to provide parents with choice and whether it is creating choice fairly and cost-effectively.

Recommendation:
For each successful application, the Department should quantify and publish the extent to which the proposed free school aims to meet local needs for new school places, greater parental choice and improved educational standards. The Department should also set out how it weighs up the costs and benefits of choice in assessing applications, and how it makes sure that it creates choice in a cost-effective and fair way across the country.

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: July 2018.

2.2 The Department is committed to a free schools programme that delivers greater choice, innovation and higher standards for parents. The Department agrees that every free school should meet local needs, and demonstrating why a proposed free school is needed is, therefore, crucial to the outcome of every application.

2.3 For each free school application round, the Department has published a "criteria for success" document, which included the range of circumstances in which a local area might need a new school. The most recent success criteria document (July 2016) set out six reasons why a free school could be needed. These included the need to provide more school places, the need to address underperformance in existing schools or the need to meet demand for greater choice and diversity, such as by offering a different curriculum, ethos or pedagogy. Each application was assessed against the success criteria and only the strongest applications were approved. After each application round, the Department has published the successful applications so the extent to which each addressed the success criteria and met the local need for a new school was clear.

2.4 In due course, the Department will confirm its arrangements for approving new free schools and will set out the range of circumstances in which a new school might be needed.

3: Committee of Public Accounts conclusion:
On average, the Department has paid nearly 20% more for land for free schools than official valuations.

Recommendation:
By the end of December 2017, the Department should set out how it will assess the performance of LocatED, including whether it is able to recruit and retain staff with the specialist skills it requires and the metrics it will use to judge whether LocatED is securing value for money in acquiring sites for free schools.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 LocatED became fully operational in April 2017. It has already recruited the majority of staff it needs by offering a salary package that reflects commercial normal pay rates. An update on progress to set up LocatED to the end of March 2017 is included in LocatED's 2016-17 annual report published on 27 November 2017[38].

3.3 In its first full year of operation, the Department is monitoring the effectiveness of LocatED, including securing value for money, against 6 performance indicators:

- average time from commissioning an acquisition to exchange on a site;
- number of sites secured;
- average total costs per pupil of delivering a school on sites secured (including acquisition costs and anticipated construction costs);
- acquisition cost compared to Red Book Value (to ensure LocatED purchase sites which deliver strong value for money for the taxpayer);
- satisfaction ratings for engagement on projects with the Department for Education and ESFA; and
- public and parliamentary communications functions.

3.4 Ministers have set targets for LocatED, which anticipate that it will improve on historic ESFA performance in its first full year. Ministers are involved in six-monthly assessments of LocatED's performance. LocatED will report on progress against targets in its annual report and accounts covering 2017-18, which will be published in line with usual timescales after the end of the financial year.

3.5 The performance indicators will be reviewed at the end of 2017-18 to enable measures and new targets to be agreed for 2018-19. Further detail on the performance indicators are being set out as part of LocatED's publication scheme.

4: Committee of Public Accounts conclusions:
The current arrangements mean that housing developers may not be paying their fair share towards the cost of school places.

Recommendation:
The Department for Education should work with the Department for Communities and Local Government to crack down on loopholes that may allow some developers to contribute less than they should to the cost of new school places.

4.1 The Government agreed with the Committee's recommendation.

[38] https://www.gov.uk/government/publications/located-annual-report-and-accounts-2016-to-2017

Recommendation implemented.

4.2 The Department does not recognise that there are "loopholes" in developer contributions. Nevertheless, it is aware from its work with local authorities that the Community Infrastructure Levy (CIL) is raising smaller amounts of funding than expected for infrastructure such as school places. This has been raised with the Independent CIL Review Panel whose final recommendations have been published alongside the Housing White Paper.[39]

4.3 The Department has been working with the Ministry of Housing, Communities and Local Government (MHCLG), formerly the Department for Communities and Local Government, on the Government's response to the CIL Review and continues to work closely with other key stakeholders including the Homes and Communities Agency, housing developers, local authorities and free school trusts to facilitate the delivery of developer-funded free schools. The Department also holds meetings with Local Planning Authorities to build relationships and to ensure a better understanding of education infrastructure needs and funding opportunities.

4.4 The Government published its overall response to the CIL Review on 22 November 2017 as part of the Budget Statement.[40]

4.5 The MHCLG will be consulting, in due course, on a number of measures which have the potential to help secure developer contributions to new school places. These include:

- removing existing restrictions on how section 106 planning obligations can be pooled;
- speeding up the process of introducing and revising the Community Infrastructure Levy (CIL);
- making CIL more market responsive; and
- bringing forward a Strategic Infrastructure Tariff.

4.6 Following this consultation, the Department will be reviewing the detailed proposals and will continue to work with the MHCLG to ensure that the final proposals brought forward reflect the needs of the education sector.

6: Committee of Public Accounts conclusions:
***There is insufficient focus on routine maintenance to keep school buildings in good condition and prevent more costly problems in the future*.**

Recommendation:
The Department should use information, including from the property data survey, to develop a robust approach for holding local authorities and academy trusts to account for maintaining their school buildings, including how it will intervene if they are not doing so effectively. It should also assess whether schools can afford the level of maintenance necessary given the real-terms reductions in funding per pupil.

6.1 The Government agreed with the Committee's recommendation.

Target implementation date: July 2018.

6.2 Under the national funding formula, there will be an additional £1.3 billion for schools and high needs across 2018-19 and 2019-20, on top of existing spending plans. This means that core funding for schools will rise from almost £41 billion in 2017-18 to £42.4 billion in 2018-19. In 2019-20, this will rise again to £43.5 billion. This represents an increase of £2.6 billion, and means funding per pupil will now be maintained in real terms for the remaining two years of this Spending Review.

6.3 On capital funding, the Government is providing £1.4 billion of condition funding directly to the sector in 2017-18, to enable schools, local authorities and academy trusts to carry out essential ongoing and preventive maintenance, repairs and refurbishments.

[39] https://www.gov.uk/government/collections/housing-white-paper#community-infrastructure-levy-review-and-three-dragons-and-university-of-reading-research-report
[40] https://www.gov.uk/government/publications/autumn-budget-2017-documents/autumn-budget-2017#housing

6.4 To prevent expensive maintenance issues in the future, it is essential that this funding is spent wisely. As such, the Department is developing new data sources that will enable it to monitor whether the funding provided for school maintenance and improvement is being used efficiently. Data on the condition of the school estate will be analysed with data collected on schools' actual spending on maintenance and improvement to understand and compare spending patterns and changes in condition. This, in turn, will allow the Department to develop better metrics and benchmarks to compare performance, enabling it to identify where and when it needs to intervene to challenge and support improvement.

6.5 The Department are currently exploring the option of national procurement deals for the benefit of the school estate, which could bring down the running costs in areas such as heating and lighting. The Department will report back in the next Treasury Minute Progress Report (July 2018) on the improvements it has made to monitoring performance and holding responsible bodies to account for maintaining their school buildings.

7: Committee of Public Accounts conclusions:
The Department does not know enough about the quality and suitability of new school buildings, provided under the Priority School Building Programme and the Free Schools Programme, to demonstrate value for money.

Recommendation 7a:
The Department should report back to the Committee by the end of December 2017 on the quality and suitability of new school buildings provided under the Priority School Building Programme and Free Schools Programme, including the temporary accommodation that is being used for some free schools.

7.1 The Government agreed with the Committee's recommendation.

Target implementation date: July 2018.

7.2 The Department is committed to the delivery of good school buildings that support high quality education. The Department is focused on delivering schools under the Priority School Building Programme (PSBP) and free schools programme that support educational attainment, are simple to operate and have low ongoing running costs. In delivering new buildings, the Department works closely with schools to ensure that designs are suitable for their needs and provide good value for money. It has developed baseline designs for schools which demonstrate how standards and specifications can be met, providing a robust starting point for the design of all projects.

7.3 Standards and specifications are reviewed regularly to reflect changing requirements and lessons learned. Following a major review, the current specification was updated in November 2017 as part of a new procurement framework and includes considerable changes in response to lessons learned from previous building programmes, and completed schools.

7.5 In July 2017, the ESFA launched a new Post Occupational Evaluation (POE) strategy which ensured a cross programme and collaborative approach with the aim of embedding learning from customers into capital work-streams and ensuring that projects were aligned with the Government Soft Landings (GSL) approach as mandated by Cabinet Office. The ongoing POE includes both stakeholder surveys and Building Performance Evaluation (BPE) to ensure that buildings are performing as expected. Results from the user satisfaction survey show very high levels of satisfaction from schools across all ESFA programmes.

7.6 Free schools open in temporary accommodation were included in the user satisfaction survey. Initial results showed high levels of school staff satisfaction with facilities provided and the Department continues to work with schools in temporary buildings to ensure that pupils have access to suitable provision that meets their needs.

7.7 As part of the overall POE strategy, the ESFA has commenced targeted end user engagement including a major review of free schools converted from non-education buildings (including offices, libraries and warehouses) and an in-depth review of completed Special Educational Needs (SEN) schools. Both reviews will test the success of the buildings, how far they meet the needs of the occupants and what lessons can be learnt for future acquisitions and projects. These reviews will complete in April 2018.

7.8 Future stages of evaluation will address longer term value for money and address the effectiveness of a variety of building performance issues including energy and environmental concerns, operational effectiveness and efficiencies, and flexible approaches to changes in pedagogy and school leadership.

7.9 The outcomes of the POE strategy 12 months after implementation will be reported in the July 2018 Treasury Minute Progress Report.

Fifty Eighth Report of Session 2016-17

Department of Health

Local support for people with a learning disability

Introduction from the Committee

Central and local government spend £8 billion a year between them on supporting adults aged 18–64 who have a learning disability. The Department sets policy for adult learning disability services, while local authorities provide social care services and NHS England is responsible for meeting their health needs. There are an estimated 930,000 adults with a learning disability in England, 129,000 of whom receive local authority social care support.

There are approximately 2,500 people with a learning disability who are in mental health hospitals. Since 2012, following the abuse scandal at Winterbourne View, the Department committed to move people, where appropriate, out of mental health hospitals into the community. In 2015 NHS England, the Local Government Association and the Association of Directors of Adult Social Services (ADASS) launched *Building the right support,* a strategy which aims to reduce the number of beds for people with a learning disability in mental health hospitals by 35%–50% by 2019 and provide support for people to live in the community instead.

Background resources

- NAO report: *Local support for people with a learning disability* - Session 2016-17 (HC 1053)
- PAC report: *Local support for people with a learning disability* - Session 2016-17 (HC 1038)
- Treasury Minutes: October 2017 (Cm 9505)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9505), 3 recommendation was implemented and the Department disagreed with 1 recommendation. 2 recommendations remained work in progress, both of which have now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
Care and treatment reviews are not working as they should.

Recommendation:
NHS England should report to the Committee in six months on the effectiveness of its refreshed care and treatment policy. This report should reflect feedback from families and people with a learning disability who have had a review.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 Following publication of the refreshed Care and Treatment Review (CTR) policy, CTRs are benefitting more people than ever before. The proportion of inpatients to have benefitted from a CTR has risen from 53% in January 2016 to 72% at the time of the last NAO report, to 85% in the latest data (September). Whilst it will not be appropriate for all inpatients to have a CTR (those who do not give their consent or who have been very recently admitted), NHS England will continue to drive up the number of people benefitting from reviews.

2.3 The number of people receiving community CTRs continues to improve. In Q1 – Q2 2017-18, 40% more pre-admission CTRs were undertaken than in Q1 – Q2 2016-17, with 79% leading to a decision not to admit into inpatient care.

2.4 NHS England undertook a review on the effectiveness of the new CTR policy. It was based on a sample of family members, carer's or people with a learning disability, autism or both. The report stated

that 89% of patients thought CTRs were helping them get ready to be discharged, and 100% thought that they felt more involved in care planning. 80% of Experts by Experience, people who have personal experience of using services or caring for someone, said the new policy was improving the effectiveness of CTRs, and 89% said it was making a positive difference to the number of discharges.

4: Committee of Public Accounts conclusion:
Proposed changes to the local housing allowance pose a real risk to the key aim of the Transforming Care programme to move people into community based care.

Recommendation:
The Committee looks to the Department to keep its commitment to act as a champion within Whitehall for people with a learning disability, and secure the right outcome for them on the issue of supported housing. It should work urgently with the Department for Communities and Local Government to resolve the matter by the end of July 2017.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2. Plans to apply Local Housing Allowance rates to Supported Housing and to the social sector more widely are no longer going ahead. On 31 October 2017, the Department for Communities and Local Government (DCLG) and the Department for Work and Pensions (DWP) published a policy statement announcing the future arrangement for funding Supported Housing.[41]

4.3 DCLG and DWP have listened carefully to the concerns raised by the Supported Housing sector and other key stakeholders, and announced a new funding model which recognises the diversity of provision across the sector and ensures it works for providers, commissioners, and vulnerable tenants, as well as for the taxpayer. The new model will be implemented in April 2020.

4.4. Incorporated in the policy statement are two consultation documents relating to key design components of the funding models for Sheltered and extra care housing, and Short-term supported accommodation. Long-term supported accommodation, such as housing for people with learning or physical disabilities or mental ill health will remain in the welfare system, also uncapped by Local Housing Allowance rates. The Government will work with the sector to develop and deliver improvements to cost control, quality and outcomes.

[41] https://www.gov.uk/government/publications/funding-for-supported-housing

Fifty Ninth Report of Session 2016-17

Department for Culture, Media and Sport

BBC Licence Fee

Introduction from the Committee

Everyone in the UK who watches or records television programmes as they are broadcast, as well as anyone watching or downloading BBC content on iPlayer, must be covered by a valid TV licence. In June 2016, there were just over 26 million licensed premises, and the TV licence fee represented £3.74 billion (78%) of the BBC's overall £4.83 billion income in 2015–16. The Secretary of State for Culture, Media and Sport sets the level of the TV licence fee, as well as any concessions and the payment plans through which the licence fee can be paid. In 2010, the government froze the annual cost of a colour TV licence at £145.50. The licence fee remained at this level until April 2017, when it rose to £147. The BBC is responsible for issuing TV licences and collecting the licence fee. It holds contracts with a range providers who support the collection of the licence fee, the largest of which are with Capita and Proximity. The BBC paid Capita £59 million in 2015–16.

Background resources

- NAO report: *TV Licence Fee collection*
- PAC report: *BBC Licence Fee* – Session 2016-17 (HC 1037)
- Treasury Minutes: October 2017 (Cm 9505)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9505), the BBC responded to 4 recommendations. 2 recommendations remained work in progress, both of which have now been implemented, as set out below.

3: Committee of Public Accounts conclusion:
The current collection and enforcement approach has led to more women than men being caught and prosecuted for TV licence fee evasion.

Recommendation:
The BBC should act on the review it is carrying out jointly with DDCMS into gender disparity in TV licence enforcement, and update the Committee within three months of that review concluding with full details, including a timetable for the changes it plans to make.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The BBC published its gender disparity review on 11 December 2017 and sent an update to the Committee on the same day. The Department agrees with the review's conclusions and supports the actions the BBC has identified to minimise the risk that its enforcement activity might contribute to the gender disparity. The Department is also working with the BBC to introduce more flexible payment plans to help those who struggle to pay the licence fee.

4: Committee of Public Accounts conclusions:
There is no clear justification for charging licence fee payers more to pay by quarterly direct debit.

Recommendation:
The Department for Digital, Culture, Media and Sport should review additional charges for quarterly direct debit payments. In the meantime, the BBC should more actively communicate the range of payment options to customers, particularly when trials of more flexible payment plans are complete.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The £5 premium charge for quarterly direct debit has been in place since quarterly direct debits were introduced in 1989, and has remained at the same level since that time. The Government asked the BBC to provide a business case for retaining the quarterly direct debit premium charge.

4.3 The BBC presented a strong case for retaining the premium charge. The premium helps to offset significant financial risk. Unlike the other payment schemes, the quarterly payment plan is effectively pay-as-you-go as customers only pay for three months at a time. This flexibility for customers means high financial exposure for the BBC, if a customer cancels their licence. The risk is clear from comparative cancellation rates across the payment schemes. While churn for all direct debit schemes is very low, the cost of quarterly direct debit customer cancellations is significantly higher than other schemes and this is reflected in a significant impact on the licence fee net debt balance.

4.4 The premium therefore makes an important contribution to the BBC's financial risk management. In 2016-17, it generated £16.5 million additional revenue. The BBC is transparent about this additional revenue, which is reported as a separate line item in the BBC Annual Report and Accounts. The premium charge is made clear in licensing communications, so customers can make an informed choice, and at no point is quarterly direct debit presented as the only payment option. However, the BBC has committed to pilot new messaging in quarterly direct debit renewal letters to further highlight that alternative payment schemes are available. It is also worth noting that other organisations use a surcharge to offset risk - for example, DVLA applies a 5% surcharge on monthly or biannual direct debits, with no surcharge for annual payments.

4.5 The BBC also provided evidence that quarterly direct debit is strongly preferred by more affluent and mobile customers (for example: single renters and older suburban families) who are more willing to pay the premium in return for flexibility. BBC data shows that only 12% of all licence holders pay by quarterly direct debit. Whilst annual and monthly direct debits have grown in popularity over the last 10 years, there has been a 16% decrease in quarterly direct debit customers over the same period.

4.6 Based on the BBC's strong business case, the Government has decided to retain the quarterly direct debit premium charge. The premium helps absorb substantial financial exposure, and the Department is confident that customers are able to make an informed decision based on TV Licensing communications. Removing the premium would undermine the BBC's ability to offer the quarterly direct debit option, which would decrease customer choice, particularly for affluent and mobile customers who value the scheme's flexibility.

Sixtieth Report of Session 2016-17

Department of Health and Department for Communities and Local Government

Integration of Health and Social Care

Introduction from the Committee

The Department of Health is responsible for health and adult social care policy in England. The Department for Communities and Local Government has responsibility for the local government finance and accountability system. NHS England is responsible for supporting clinical commissioning groups and for the commissioning of NHS services overall. Rising demand for care services and the demographics of an aging population are putting pressure on the capacity of local health and social care systems. One way that the two departments and NHS England are trying to meet such pressure is through integrating health and social care services. Integration aims to overcome boundaries between the health and social care sectors, placing patients at the centre of the design and delivery of their care with the aim of improving patient outcomes, satisfaction and value for money.

Integration of health and social care services offers the prospect of improving both patient outcomes and value for money for the taxpayer. Two years ago, the Committee expressed serious doubt that the Government's latest integration initiative, the Better Care Fund, would save money, reduce emergency admissions to hospitals and reduce the number of days people remain stuck in hospital unnecessarily. Since then the Fund has failed to achieve any of these objectives and the witnesses displayed an appallingly casual attitude to the targets that had been set for reducing emergency admissions and delayed transfers of care, both of which have actually increased. In practice, the Fund was little more than a complicated ruse to transfer money from health to local government to paper over the funding pressures on adult social care.

Integration must now be delivered in the context of the sustainability and transformation planning process. Place-based planning will be critical to the future of health and social care. However, to succeed, the NHS must find better ways to engage more genuinely with local government and local populations.

Background resources

- NAO report: *Health and social care integration* - Session 2016-17 (HC 1011)
- PAC report: *Financial sustainability of the NHS* - Session 2016-17 (HC 887)
- PAC report: *Integration of Health and Social Care* - Session 2016-17 (HC 959)
- Treasury Minutes: October 2017 (Cm 9505)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9505), 2 recommendations were implemented and the Department disagreed with 1 recommendation. 3 recommendations remained work in progress, all of which have now been implemented, as set out below.

2-3: Committee of Public Accounts conclusions:

2: *The Better Care Fund was little more than a ruse to move money from the health sector to social care, disguised within an overly bureaucratic initiative that purported to integrate health and social care services.*

3: *The Better Care Fund has been rendered largely redundant as a means of building integration by the sustainability and transformation planning process.*

Recommendations 2-3:

The Departments and NHS England should reassess whether the Fund in its current form is still necessary and should identify what has worked well so this can be brought into sustainability and transformation planning.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The BCF requires local areas to pool budgets, helping to join-up health and care services so that people can manage their own health and well-being and live independently in their communities for as

long as possible. The fund has also incentivised local areas to work together better. For example, in 2015-16, 9 out of 10 areas agreed that it had improved joint-working and integration locally, whilst performance against two of the national metrics improved. In both 2015-16 and 2016-17, local areas voluntarily pooled more than the minimum required taking the total to £5.3 billion and £5.9 billion respectively.

2.3 The interim findings of the Quality and Outcomes of Person-centred Care Policy Research Unit (QORU) system-level evaluation of the Better Care Fund (BCF) have now been published. The final report will be published in spring 2018 and will provide valuable learning on what has worked well.

2.4 The *Integration and Better Care Fund Policy Framework 2017-19*[42], published in March 2017, asked that all areas set out their vision for achieving integration locally and encouraged areas to align these to other local structures, specifically identifying Sustainability and Transformation Partnerships, and Accountable Care Systems as such structures. The Framework also described the process for systems to 'graduate' within the BCF once they have demonstrated that they have moved beyond the requirements of BCF reporting and are exemplars of integration. Graduation will mean more autonomy for these areas including reduced planning and reporting requirements.

2.5 Once the first wave is confirmed, the graduates will be involved in setting criteria for future waves, and will continue to help shape policy on integration. Indeed, it will be invaluable to have local input from all areas about how the BCF could work in future years.

4: Committee of Public Accounts conclusion:
The Committee is unconvinced that sustainability and transformation planning will succeed where the Better Care Fund has failed in building successful integrated services.

Recommendation:
The Departments and NHS England should set out criteria for measuring success of integration by July 2017. They must set realistic targets for initiatives that aim to integrate services, within a credible timeframe for achieving them by July 2017.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 In July 2017, metrics which focused on patient flow at the interface of health and social care were published. The Social Care Institute for Excellence (SCIE) was commissioned by the Department to develop these as part of a wider integration scorecard, combining outcomes, user experience, and process measures. SCIE conducted an extensive stakeholder engagement exercise to test and refine the model. This work has now completed and was published on 27 November 2017.

4.3 The need to integrate services more closely around the needs of patients was also highlighted in both NHS Operational Planning and Contracting Guidance and the Next Steps on the Five Year Forward View. Both made it clear that the future of the NHS is through the development of local partnerships and integration of services across both health and social care.

4.4 Integration is a key element of Sustainability and Transformation Partnerships (STPs), and all local plans contained proposals to integrate services more closely around the needs of patients. As STPs develop, the expectation is that levels of integration and joint working between organisations within the local health and care economy will continue to improve. Metrics at STP level were published in July 2017. These align with NHS Improvement's Single Oversight Framework for NHS provider trusts and NHS England's annual CCG Improvement and Assessment Framework, published in July 2017.

4.5 The Integration and Better Care Fund Planning Requirements 2017-19, published in July 2017, asked all areas to set out their vision for further integration of health and social care locally by 2020, which remains the Government's target and all BCF plans have now been submitted and assured. In order to give these plans added clarity and to ensure that local areas are progressing as intended, local planners were required to demonstrate how the plans fit with other local structures, such as STPs and devolution arrangements.

[42] https://www.gov.uk/government/publications/integration-and-better-care-fund-policy-framework-2017-to-2019

Sixty First Report of Session 2016-17

Department of Health

Access to General Practice: progress review

Introduction from the Committee

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

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

Background resources

- NAO Report: *Improving patient access to general practice* - Session 2016-17 (HC 913)
- PAC Report: *Access to General Practice: progress review* - Session 2016-17 (HC 892)
- Treasury Minutes: October 2017 (Cm 9505)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9505), 6 recommendations remained work in progress, 2 of which have now been implemented, as set out below.

Committee of Public Accounts conclusions:
1: *Many GP services are closed to patients at times during supposedly core hours, leading to worse outcomes for patients.*
2: *Despite being introduced in 2004, the main GP contract does not clearly set out what patients should reasonably expect from their practice during core hours.*

Recommendation 1:
NHS England should report back to the Committee by September 2017 on how it has ensured that practice opening hours are reasonable.

Recommendation 2:
NHS England should report back to the Committee by March 2018 on what practices should provide to patients during core hours, and how it will ensure that commissioners are using this definition in managing contracts.

1.1 The Government agreed with the Committee's recommendations.

Recommendations implemented.

1.2 In summer 2017, commissioners were issued guidance in respect of those practices that have closed weekly for half a day, whilst claiming funding for extended hours services under the Directed Enhanced Services. Commissioners were required to ascertain all relevant practice intentions, in respect of their take up of the DES, recognising that they would not continue to qualify for this additional funding,

if they do not address their weekly half day closing. As part of the GP contract agreement for 2017-18, new conditions were introduced which meant that practices that regularly close for half a day, on a weekly basis, will not ordinarily qualify for the extended hours Directed Enhanced Service from 1 October 2017.

1.3 Developed with input from patients, NHS England has issued operational guidance to commissioners that describes the expectations of general practice services during core opening hours. Commissioners are expected to use this guidance in conversation with GP practices and their patient groups, and come to a judgement about whether a practice is meeting the reasonable needs of its patients. The expectation is that any remedial action identified is put in place by April 2018.

3: Committee of Public Accounts conclusion:
NHS England still does not have the information it needs on the availability of appointments during core hours to help it understand when patients can see a professional and where it needs to seek improvements.

Recommendation:
NHS England should set out how it will collect data on the availability of, and waiting times for, appointments during core hours at each practice, and when it plans to publish these data.

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: Autumn 2018.

3.2 NHS England already publishes data about patient experience of making an appointment in individual practices. Most practices offer the capability for patients with urgent needs to be seen on the same day or very soon after. However, NHS England's continued aim is to have more information on the availability of GP appointments and be able to describe the provision of, and demand for, general practice to the public.

3.3 NHS England continues to pursue a range of work with NHS Digital to obtain good quality data on general practice activity levels. A new data collection on the availability and utilisation of general practice appointments at each general practice commenced in September 2017 and will continue on a monthly basis. As a new data collection, and recognising the variation in practice use of their different appointment systems, work is needed to ensure data is of sufficient quality to be meaningful to commissioners and the population they serve. NHS Digital is currently quality assuring the data and following that exercise will consider the best way of sharing the information more widely.

3.4 NHS Digital has also introduced a new data extraction to provide a forward look of available capacity in general practice. However, it is likely that substantial work on the data quality will be required to provide a reliable data series. Data will be shared when it is agreed to be of sufficient quality.

4: Committee of Public Accounts conclusion:
There is a risk that new extended hours arrangements could prove expensive and duplicate existing out-of-hours services.

Recommendation:
NHS England should report back to the Committee by March 2018 on how it is ensuring that clinical commissioning groups are delivering the wider benefits intended from extended hours funding and minimising any duplication of funding.

4.1 The Government agrees with the Committee's recommendation.

Target implementation date: March 2018.

4.2 The *NHS Operational Planning and Contracting Guidance 2017-19* set out the new funding available, trajectory and national core requirements clinical commissioning groups should meet in delivering improved and extended access, including on evenings and weekends, to general practice services.

4.3 One of the national core requirements specifically directs clinical commissioning groups to demonstrate effective connection to other system services. This enables patients to receive the right care from the right professional including access from and to other primary care and general practice services

such as urgent care. Clinical commissioning groups are being directed to commission a seamless, integrated out of hospital service for their local population and will be clear to the public which services should be used and when, to ensure they receive appropriate treatment according to their specific needs.

4.4 The approach is intended to reduce the risk of unnecessary duplication of services in the out of hours period and improve value for money. This approach incentivises clinical commissioning groups to drive value for money, ensuring it aligns and integrates access to routine and urgent services including NHS 111.

4.5 NHS England is taking a comprehensive approach towards assurance of General Practice Forward View (GPFV) plans, including GP access.

5: Committee of Public Accounts conclusion:
Since our previous report a year ago there has been no progress on increasing the number of GPs

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

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: December 2020.

5.2 The most recent provisional data for September 2017 indicates that the number of doctors working in general practice decreased by 240, equivalent to 259 fewer Full Time Equivalents (FTE), since June 2017. It will take time for the action being taken by Health Education England, NHS England, and the Department on recruitment and retention to impact on GP numbers. Future reports will help identify progress against the target to increase the number of GPs. Final data for September 2017 will be published in February 2018.

5.3 In 2016, Health Education England increased the number of GP trainees recruited onto the specialist training programme from 2700 to 3019, against a target of 3250. In 2017, 3157 places were filled which is the highest number of GP trainees ever recruited.

5.4 The new targeted enhanced recruitment scheme offers a one-off salary supplement payment of £20,000 to GP trainees committed to working in a select number of training places in England that have been hard to recruit to for the past three years. These areas have a good track record for education, but are initially less popular simply because of their geographical location. In 2016, the scheme filled 105 of the 122 places available. In 2017, the number of training places offered via the scheme increased to 144, with 133 posts filled. Due to the success of the scheme, in October 2017 the Department announced an expansion of the scheme to 200 training places from 2018.

5.5 In March 2017, a major return to practice campaign aimed at attracting GPs back into practice was launched. The Induction and Refresher (I&R) scheme aims over time to attract 500 GPs back into the workforce. Since the improved national I&R scheme was launched, 129 GPs are now working in practices having completed the programme and a further 183 GPs are currently on the scheme.

5.6 In August 2017, NHS England set out its plan, working with Health Education England, the General Medical Council, the Royal College of GPs, the British Medical Association, Local Medical Committees, NHS Employers and the Department of Health to scale up targeted international recruitment to recruit, in total, an extra 2,000 international doctors into general practice over the next three years.

6: Committee of Public Accounts conclusion:
There remains too much reliance on patients seeing GPs, rather than nurses, mental health professionals and other staff

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

6.1 The Government agrees with the Committee's recommendation.

Target implementation date: December 2020.

6.2 NHS England and Health Education England are working together to deliver a minimum of 5,000 non-GP staff working in general practice by 2020. Clinical commissioning groups and practices are receiving support to shift to an increasingly multi-disciplinary workforce. Latest statistics released by NHS Digital on 22 August 2017 show that at the end of March 2017 the wider (non-GP) workforce had grown by 2,709 FTE since September 2015, putting us over half way to meeting the target. Most of this increase (+2,264 FTE) has been seen in staff with direct patient care responsibilities.

6.3. Significant progress has been made on the commitment of 1,500 additional clinical pharmacists in general practice by 2020. In the first wave of recruitment towards this target, NHS England has now approved applications for funding towards more than 520 clinical pharmacists across 1,791 GP sites. A further wave of applications is now under review, with further waves continuing through to 2019 to allow all practices in England the opportunity to benefit from funding towards a clinical pharmacist. This is in addition to the 491 pharmacists that were recruited through the pilot scheme implemented in 2015-16.

6.4 NHS England has committed £15 million to general practice nurse development. The GP Nursing 10-point plan has now been launched. In 2017-18, NHS England is investing £3 million to secure additional pre-registration placements for pre-registration student nurses; bespoke return to practice programmes for those wishing to become general practice nurses: mentor training and the development of mentorship programmes for General Practice Nurses. In addition, a pilot programme will commence to develop digital nurse champions, so that people are supported to manage their care and reduce the number of GP appointments required.

Sixty Second Report of Session 2016–17

Department of Health

NHS ambulance services

Introduction from the Committee

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

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

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

Background resources

- NAO report: *NHS ambulance services* – Session 2016-17 (HC 972)
- PAC report: *NHS ambulance services* – Session 2016-17 (HC 1035)
- Treasury Minutes: October 2017 (Cm 9505)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9505), the Department disagreed with 2 recommendations. 5 recommendations remained work in progress, 2 of which have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:

Ambulance trusts have organised themselves to meet response-time targets, at the expense of providing the most appropriate response for patients.

Recommendation:

The Department, NHS England, NHS Improvement and ambulance trusts should implement the recommendations of the Ambulance Response Programme at pace. Any changes to the response-time target system should address 'tail breaches' (very long delays) and the lack of focus on Green calls.

1.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2018.

1.2 The recommendations of the Ambulance Response Programme (ARP) are currently being implemented across all Ambulance Trusts. All mainland Ambulance Trusts went live with ARP by November 2017 in time for winter. Isle of Wight Ambulance Trust will be live from 1 April 2018.

1.3 The new Ambulance Quality Indicators were published on 11 August 2017 and seek to address very long delays. Responses to lower acuity (formerly Green) calls will be nationally monitored within the new standards framework.

2: Committee of Public Accounts conclusion:
Despite this Committee identifying significant variations in ambulance service performance and efficiency in 2011, the causes of these variations are still not well understood.

Recommendation:
NHS Improvement should determine the underlying causes of variations in performance, identify an optimal operating framework for ambulance services and work with NHS England to incorporate this framework into commissioning arrangements for 2018–19. The new framework and commissioning arrangements should establish commonality, but allow flexibility where appropriate.

2.1 The Government agreed with the Committee's recommendation.

Target implementation date: Spring 2019.

2.2 The Ambulance Improvement Programme (AIP) is progressing work to implement a common operating framework for ambulance trusts by Spring 2019.

2.3 The AIP is developing national guidance on commissioning of core 999 services and Emergency Prevention, Preparedness and Response. This will detail what is to be commissioned and the desired outcomes to reduce variation across the system, as well as how services should be commissioned and what the optimum governance arrangements should be to integrate the ambulance service, with the out of hospital and urgent care systems.

2.4 The AIP is also implementing the recommendations of the Lord Carter review, reviewing operational productivity and performance in ambulance trusts, seeking to eliminate unwarranted variation, identify efficiency improvements, and specify the benchmarking criteria for an "optimal model" ambulance trust. Reference groups have been developed to drive forward three key deliverables: procurement, data metrics and benchmarking, and operational productivity.

3: Committee of Public Accounts conclusion:
Various ambulance service improvement programmes are now underway, but this has taken too long to happen.

Recommendation:
The Department of Health, NHS England and NHS Improvement should set out a trajectory with clear milestones for all its modernisation programmes that focus on ambulance services, by October 2017. As part of these programmes, they should ensure consistent and reliable data sets for key performance measures are available, including clinical outcomes, new models of care, efficiency metrics, and patient-transfer times at hospital.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The AIP Board was formed in March 2017 and acts as the joint NHSE and NHSI governance vehicle for the full range of ambulance related activity, with the objective of ensuring a clinically effective and sustainable ambulance service. The AIP has established a programme management approach comprising five work streams, each of which has a set of deliverables and milestones. Progress against these outcomes is monitored monthly.

3.3 A refreshed set of Ambulance Quality Indicators was introduced on 11 August 2017, which includes data on the degree to which new models of care have been adopted. A set of refreshed Clinical Quality Indicators, which will include data on a wider range of clinical outcomes, will be published by April 2018.

3.4 Initial engagement with ambulance trusts on productivity and efficiency metrics has been completed. An initial suite of metrics for ambulance trusts has been established and additional information is being added as it becomes available. These metrics will be made available to ambulance trusts through the NHS Improvement Model Hospital Portal. Further releases will include data on paramedics, fleet and patient handover delays, as well as higher level metrics on estates and annual financial position.

4: Committee of Public Accounts conclusions:

To deliver new ways of working, ambulance services will need a different mix of skills and vehicles. They will also need to work with their commissioners to fund a paramedic pay increase from 2018–19. It is not clear how the costs associated with these changes will be funded.

Recommendation:

NHS England and NHS Improvement should assess whether sufficient resources are available to ambulance trusts to support new ways of working including capital expenditure. They should also provide additional assurances to the Department regarding how increased paramedic costs will be met from 2018–19 onwards if the provision of central funding to cover these costs does not continue after 2017–18.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 In 2016, NHS England and the Department agreed to provide additional funding for ambulance services to meet the increased paramedic costs in 2017-18 and 2018-19, contingent on the implementation of the necessary delivery changes within ambulance services to realise the consistent national application of new models of care. An initial review of progress against meeting these conditions for 2017-18 has been completed and an agreement to release funding has been confirmed.

4.3 NHS England and NHS Improvement are also working together to identify the efficiencies released as part of the Ambulance Response Programme and Urgent and Emergency Care Review. The AIP is also developing a five-year Sector Strategic Finance Model, which will identify the responsibilities of ambulance trusts in terms of efficiency requirements, cost pressures and investments.

5: Committee of Public Accounts conclusions:

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

Recommendation:

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

5.1 The Government agreed with the Committee's recommendation.

Target implementation date: April 2018.

5.2 The AIP has established a work programme to tackle key ambulance workforce issues. Workforce supply and demand modelling scenarios are being developed to support trust planning. An initial assessment of existing work programmes designed to improve and support the health and wellbeing of the sector's workforce has been completed, and recommendations for future development will be made. A similar review of leadership development programmes is also underway.

5.3 A new band 6 paramedic job description has been drafted with the involvement and engagement of stakeholders. The National Education Network for Ambulance Services has conducted a national training needs analysis which trusts are using to devise training plans to ensure appropriate support for paramedics to deliver on the new role. A quality assurance process and fast-track programme for newly qualified paramedics has been developed and is being implemented.

5.4 Health Education England (HEE) is supporting the paramedic workforce to upskill to degree level, investing £4 million into ambulance services in 2016-17, with a further £5.25 million being invested in 2017-18. This programme of upskilling is planned to continue for a further 3 years. Alongside this, HEE have funded two cohorts of the Paramedic Pre-Degree Pilot, with a final cohort planned for 2017-18. A pilot to develop sustainable models for advanced and specialist paramedics is also underway.

Sixty Third Report of Session 2016–17

Department for Communities and Local Government

Housing: State of the Nation

Introduction from the Committee

The Department for Communities and Local Government leads on housing on behalf of the Government. It has two strategic housing objectives: driving up housing supply, with the ambition of delivering one million new homes over the five years of this Parliament, and increasing home ownership. These objectives are supported by a range of interlocking programmes. In February 2017, the Government published a White Paper in which it acknowledged the housing market in England was “broken”, and had not been delivering enough houses to meet demand for many years. The results of this long-running shortfall in supply are that, in many areas of the country, housing has become increasingly difficult to afford. First-time buyers now on average need to borrow over three times their income, for example and private tenants in London have seen rents go up twice as fast as earnings in a decade. Homelessness has risen since 2009–10, with more than 70,000 families in temporary accommodation at the end of March 2016.

Background resources

- NAO report: *Housing in England: Overview* - Session 2016–17 (HC 917)
- PAC Report: *Housing: State of the Nation* – Session 2016-17 (HC 958)
- Treasury Minutes: October 2017 (Cm 9505)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9505), the Department disagreed with 2 recommendations. 4 recommendations remained work in progress, as set out below.

2: Committee of Public Accounts conclusion:
While the Department has acknowledged that the housing market is ‘broken’, it is still reliant on the market to achieve its housing ambitions.

Recommendation 2a:
To aid evidence-based consideration of alternative policy options to accelerate housebuilding, the Department should review international evidence and report to Parliament on lessons to be learned from the housing policy and institutional landscape of other countries with higher rates of housebuilding than England, in particular focusing on innovative methods of accelerating construction and improving affordability

2.1 The Government agrees with the Committee’s recommendation.

Target implementation date: April 2018.

2.2 The Department reviews international evidence as part of its policy-making process. The Department has drawn on the experience of other countries in developing the policies in the Housing White Paper, for example on custom build and on land assembly. The Department will write to the Committee on what can be learnt from housing policies in other countries by April 2018, and continue to review international evidence as part of the policy making process.

3: Committee of Public Accounts conclusion:
The Department has not been transparent enough about its overarching housing objectives and the progress of individual programmes which will contribute to meeting them.

Recommendation 3:
The Department should improve the transparency with which it reports both its objectives and progress towards achieving them. In particular, in its Single Departmental Plan it should set out the cumulative total of net additions since the beginning of its one million homes ambition, showing how many homes need to be completed in future years, and how its individual programmes and spending are contributing to the one million homes ambition (making clear where these are projected as being additional to what the market is likely to have delivered in any case).

3.1 The Government agrees with the Committee's recommendations.

Target implementation date: April 2018.

3.2 The Department is committed to transparency about its objectives and progress towards achieving them. The Department will publish annual net additions figures and the cumulative total from April 2015 onwards in its Single Departmental Plan.

3.3 The Government has set specific targets for how many homes some individual programmes and spending will deliver, which will contribute to the one million homes by 2020 ambition. The Department will publish these in its Single Departmental Plan. However, it is not possible to reliably project how many homes would have been delivered without a specific programme (additionality) because of other Government interventions and changes in the macro-economy and the impact that has on private investment decisions.

4-5: Committee of Public Accounts conclusions:
4: ***The Government spends around £21 billion each year on housing benefit, but does not know what contribution this money makes to the supply of new housing.***
5: ***Too often, the Government is subsidising landlords in the private rented sector to provide homes below a decent standard.***

Recommendations:
4: Reporting back to the Committee within one year, the Department should work with DWP to identify metrics that can be used to establish the full impact of housing benefit on construction of new homes, and examine the scope for this financing to be used more innovatively to increase housing supply and home ownership.

5: Working with the Department for Work and Pensions, DCLG should commission research on how many non-decent homes in the private rented sector are being subsidised through housing benefit, the total amount of housing benefit this represents, and potential policy mechanisms for utilising this funding to raise the quality of the housing it subsidises so as to meet decent homes standards.

4.1 The Government agrees with the Committee's recommendations.

Target implementation date: Summer 2018.

4.2 The purpose of Housing Benefit is to help tenants meet the cost of renting a home where they do not have sufficient resources to do so on their own. As Universal Credit rolls out, Housing Benefit for working age people will cease to exist and the housing support element of Universal Credit will become one part of a total benefit payment. No new claims to Housing Benefit can be made, by those of working age, from autumn 2018.

4.3 Both Departments agree to continue to consider how to effectively use the Government's financial and policy levers to achieve its goals, including supply, quality and home ownership. Both Departments are assessing the evidence on the relationship between Housing Benefit, housing supply, ownership and quality and plan to look at the interactions and the scope for future joint strategic interventions. The Departments will write to the Committee by Summer 2018.

4.4 The Department will work with DWP to estimate figures for how many non-decent homes in the private rented sector are occupied by working age housing benefit claimants in England, and the total amount of housing benefit this represents. The Department will write to the Committee with the data by the end of 2017.

Sixty Fourth Report of Session 2016-17

Department for Business, Energy and Industrial Strategy

Carbon Capture and Storage

Introduction from the Committee

CCS is a process whereby carbon dioxide is captured from large emitters, such as power stations, before being stored indefinitely, often under the sea. CCS has the potential to play a central role in decarbonising the UK's economy at the lowest cost. It could reduce carbon dioxide emissions from the power sector, heavy industry, heating systems and transport, which together account for over 80% of the UK's emissions. However, there are challenges to deploying CCS in the UK that mean it may not be currently commercially viable, including the need to build supporting infrastructure for some projects and manage long-term storage risks. The Department for Business, Energy and Industrial Strategy has therefore aimed to support construction of the first CCS facilities in the UK over the past decade. It has run two competitions for government support, but neither has reached a successful conclusion, and there are still no CCS plants working in the UK.

Background resources

- NAO Report: *Carbon Capture and Storage: the second competition for government support* – Session 2017-17 (HC 950)
- PAC Report: *Carbon Capture and Storage* - Session 2016–17 (HC 1036)
- Treasury Minutes: October 2017 (Cm 9505)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9505), 3 recommendation was implemented and the Department disagreed with 1 recommendation. 2 recommendations remained work in progress, both of which have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
After two competitions costing taxpayers £168 million, the UK is no closer to establishing CCS. The UK has now missed opportunities to be at the forefront of a growing global industry.

Recommendation:
The Department should set out in its Industrial Strategy the role that CCS can play, recognising the potential economic value of being a world leader in a globally expanding technology.

1.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

1.2 The Industrial Strategy, published in November 2017, sets out the Government's broader approach to maximising UK industrial advantage from the global shift to a clean economy.

1.3 The Department agrees that there is an opportunity for the UK to become the global technology leader for Carbon capture usage and storage (CCUS). CCS can be a globally significant technology, given its prominence among options for industrial decarbonisation, and the Department will support UK companies to exploit the global economic opportunities CCS may present, where it is cost effective to do so.

1.4 As set out in the Government's Clean Growth Strategy, CCUS also provides opportunities to decarbonise industrial centres in the UK such as Teesside, Grangemouth, South Wales and Merseyside, enhancing their long-term competitiveness. The Department will work with these potential industrial CCUS clusters to test their proposals. CCUS could also provide existing North Sea industries with new economic opportunities, through the storage of carbon dioxide. The Department will work with these industries to progress this.

1.5 The Department remains committed to working with industry, industrial regions and different sectors to unlock the potential that CCUS offers the UK. This was acknowledged in the Industrial Strategy[43].

3: Committee of Public Accounts conclusion:
Without CCS, there is a gap in the Government's plans for achieving decarbonisation at least cost while ensuring a secure supply of electricity.

Recommendation:
The Department's Emissions Reduction Plan should set out a clear, joined-up strategy for deploying CCS in the sectors where it is needed to achieve decarbonisation at least cost.

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

Recommendation implemented.

3.2. The Department agrees that CCUS has the potential to play a vital future role in reducing emissions across a range of activities. This includes producing lower-emission electricity, decarbonising industry where fossil fuels are used and industrial processes, as well as providing a decarbonised production method for hydrogen, which can be used in heating and transport. This makes CCUS a potentially large global economic opportunity for the UK. However, the current technology is expensive and there are only 21 large-scale plants operating, or in construction, across the world, of which 16 rely on revenue from providing carbon dioxide for enhanced oil recovery.

3.3 The Government's Clean Growth Strategy, published in October 2017, sets out the Government's new approach to CCUS with an ambition for the UK to become the global technology leader for CCUS which the Department will do through re-affirming the Government's commitment to deploying CCUS in the UK, subject to cost reduction; international collaboration to work with Governments and industry to drive down the cost, and accelerate deployment, of CCUS; and investing up to £100 million to support CCUS and industrial energy innovation.

3.4 The Department will set out further details of the £100 million in 2018, although the Department has already announced a £20 million programme[44] to design and construct carbon capture and utilisation (CCU) demonstration projects. This programme will encourage industrial sites to capture carbon dioxide which could then be used in industrial applications while also reducing the costs and risks associated with carbon capture.

[43] Pages 149 and 233 of the Industrial Strategy

[44] https://www.gov.uk/guidance/funding-for-low-carbon-industry

Treasury Minutes Progress Reports Archive

The Government produces Treasury Minutes Progress Reports on the implementation of recommendations from the Public Accounts Committee.

Publication Date	PAC Reports	Ref Number
January 2012	Session 2010-12: updates on 13 PAC reports	Cm 8271
July 2012	Session 2010-12: updates on 28 PAC reports	Cm 8387
February 2013	Session 2010-12: updates on 31 PAC reports	Cm 8539
July 2014	Session 2010-12: updates on 60 PAC reports Session 2012-13: updates on 37 PAC reports	Cm 8899
March 2015	Session 2010-12: updates on 26 PAC reports Session 2012-13: updates on 17 PAC reports Session 2013-14: updates on 43 PAC reports	Cm 9034
February 2016	Session 2010-12: updates on 8 PAC reports Session 2012-13: updates on 7 PAC reports Session 2013-14: updates on 22 PAC reports Session 2014-15: updates on 27 PAC reports	Cm 9202
July 2016	Session 2010-12: updates on 6 PAC reports Session 2012-13: updates on 2 PAC reports Session 2013-14: updates on 15 PAC reports Session 2014-15: updates on 22 PAC reports Session 2015-16: updates on 6 PAC reports	Cm 9320
January 2017	Session 2010-12: updates on 1 PAC report Session 2013-14: updates on 5 PAC reports Session 2014-15: updates on 7 PAC reports Session 2015-16: updates on 18 PAC reports	Cm 9407
October 2017	Session 2010-12: updates on 3 PAC reports Session 2013-14: updates on 7 PAC reports Session 2014-15: updates on 12 PAC reports Session 2015-16: updates on 26 PAC reports Session 2016-17: updates on 39 PAC reports	Cm 9506
January 2018	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 5 PAC reports Session 2014-15: updates on 4 PAC reports Session 2015-16: updates on 14 PAC reports Session 2016-17: updates on 52 PAC reports	Cm 9566