HM Treasury

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

Cm 9506

October 2017

Treasury Minutes Progress Report

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

This is the 8th 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 9506 October 2017

TREASURY MINUTES PROGRESS REPORT DATED 19 OCTOBER 2017 ON GOVERNMENT RESPONSES TO THE COMMITTEE OF PUBLIC ACCOUNTS: SESSIONS 2010-12, 2012-13, 2013-14, 2014-15, 2015-16 AND 2016-17.

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

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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)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9407), 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.

Forty Second Report of Session 2010-12

Department for Education

Getting value for money from the education of 16-18 year olds

Summary of the Committee's findings

In 2009, over 1.6 million 16- to 18-year-olds participated in some form of education and training at a cost of over £6 billion. Most of these young people studied full-time for Level 3 qualifications (such as A levels or National Vocational Qualifications) at a general further education college, sixth form college or school sixth form. The Government's approach is to encourage choice and quality of education through a market of providers. Young people choose where they want to study, subject to entry criteria, with funding following the student.

Background resources

- NAO report: *Getting value for money from the education of 16- to 18-year-olds* - Session 2010-12 (HC 823)
- PAC report: *Getting value for money from the education of 16- to 18-year-olds* - Session 2010-12 (HC 1116)
- Treasury Minutes: October 2011 (Cm 8212)
- Treasury Minutes Progress Report: February 2013 (Cm 8539)
- Treasury Minutes Progress Report: July 2014 (Cm 8899)
- Treasury Minutes Progress Report: March 2015 (Cm 9034)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9320), 5 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.

6: Committee of Public Accounts recommendation:
Information to measure the performance of providers is not comparable, making it difficult to assess the value for money they offer and inhibiting the operation of a market driven by student choice.

Recommendation:
The Department should require all providers to compile and publish comparable performance information to support the assessment of value for money. The information should be sufficient for prospective students to use in choosing the right course, thereby improving student engagement and retention.

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

Recommendation implemented.

6.2 The Department published comparable performance information in January and March 2017. The 16-18 performance tables compare all schools and colleges against the same five headline measures (progress, attainment, retention, progress in English and maths and destinations). Furthermore, the performance tables website has been re-designed to allow prospective students to compare providers in each of the five headline measures[1].

6.3 All schools and colleges are required to publish the headline performance measures on their websites and provide a link to the school and college performance tables.[2] [3]

[1] https://www.compare-school-performance.service.gov.uk/
[2] https://www.gov.uk/guidance/what-maintained-schools-must-publish-online
[3] https://www.gov.uk/guidance/what-academies-free-schools-and-colleges-should-publish-online

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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9320), 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*[4] 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.

[4] 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

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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
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29	Tax avoidance: tackling marketed avoidance schemes
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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 3; Session 2013-14 from page 10; Session 2014-15 from page 25, Session 2015-16 from page 45 and Session 2016-17 from page 106.

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

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
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
47	Contracting out public services to the private sector
48	Local Council Tax support

Recommendations fully resolved

#	Report Title
50	Rural Broadband Programme
51	Programmes to help families facing multiple challenges
52	BBC Digital Media Initiative
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 3; Session 2012-13 on page 9; Session 2014-15 from page 25, Session 2015-16 from page 45 and Session 2016-17 from page 106.

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)

Updated Government response to the Committee

There were 4 recommendations to this report. As of the last Treasury Minute (Cm 9320), 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 on-going, and expected to conclude in autumn 2017, subject to any further litigation proceedings. The Commission will publish detail regarding its decision to register Cup Trust once the inquiry is concluded.

Target implementation date: Autumn 2017.

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 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.

1.6 On 3 May 2017 the Commission made an order under section 181A of the Charities (Protection and Social Investment) Act 2011 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.

1.7 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.

1.8 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. The Commission is continuing with its formal investigation of the charity and will report its findings, and any further regulatory action taken, once this is concluded.

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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9320), 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: April 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: April 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: April 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: April 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*'.

Fortieth Report of Session 2013-14

Department of Health

Maternity Services in England

Summary of the Committee's findings

Having a baby is the most common reason for admission to hospital in England. In 2012, there were nearly 700,000 live births, a number that has risen by almost a quarter in the last decade. There has also been an increase in the proportion of 'complex' births, such as multiple births or those involving women over 40. Maternity care cost the NHS around £2.6 billion in 2012-13. The Department is ultimately responsible for securing value for money for this spending. Since April 2013, maternity services have been commissioned by clinical commissioning groups, which are overseen by NHS England. Maternity care is provided by NHS trusts and NHS foundation trusts.

Background resources

- NAO report: *Maternity Services in England* - Session 2013-14 (HC 794)
- PAC report: *Maternity Services in England* - Session 2013-14 (HC 776)
- Treasury Minutes: April 2014 (Cm 8847)
- Treasury Minutes Progress Report: February 2016 (Cm 9202)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9320), 4 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.

4: Committee of Public Accounts conclusion:
The clinical negligence bill for maternity services is too high.

Recommendation:
The Department and NHS England should build on recent research to address the main causes of maternity clinical negligence claims and to stop so many claims coming forward. They should also investigate the variations in performance between trusts to see how services can be improved so that fewer tragic mistakes occur.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 NHS England and the Department have undertaken a comprehensive programme of work that supports this recommendation in the context of the Health Secretary's ambition to halve rates of stillbirths, neonatal and maternal deaths, and intrapartum brain injuries in babies by 2030; and *Better Births*, the report of the independent National Maternity Review, which made a number of recommendations to improve maternity services.

4.3 Under the auspices of the Maternity Transformation Programme (launched in July 2016 to implement the *Better Births* recommendations), the 'Promoting best practice for safer care' workstream has overseen the following actions, aimed at reducing the number of incidents, and ensuring learning and improvement where things do go wrong:

- distribution of an £8m fund to every NHS trust with maternity services through Health Education England for multi-professional training to improve the safety of maternity care;

- the launch of the NHS Improvement-led Maternity and Neonatal Health Safety Collaborative, which will help providers identify and implement improvements to services;
- the commissioning of a perinatal mortality review tool to enable learning from every stillbirth and neonatal death in a standardised way; and

- the launch of NHS England's *Saving Babies Lives' Care Bundle* – a package of clinical interventions intended to reduce stillbirths and other adverse outcomes.

4.4 NHS Resolution has introduced an 'Early Notification' process for high value maternity incidents. When an incident is reported, NHS Resolution will work with Trusts in tandem with their statutory duty of candour investigations, to support maternity and legal teams and to share learning across NHS maternity services.

8: Committee of Public Accounts conclusion:
The department lacks the data needed to oversee and inform policy decisions on maternity services.

Recommendation:
The Department and NHS England should make better use of existing and emerging data, and of research, to monitor progress against its policy objectives and to inform decisions.

8.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

8.2 The Maternity Services Data Set (MSDS), commissioned by the Department, collects and reports key information from NHS maternity services for monitoring local and national outcomes. Monthly publication of data began in November 2015. NHS England and the Department are working with NHS Digital and NHS Improvement to increase the number of trusts submitting data and to improve data quality. NHS Digital expects that data quality will be sufficient for monitoring progress against objectives by spring 2018.

8.3 The National Maternity Review recommended the development of a nationally agreed set of indicators and a dashboard to help local maternity systems track, benchmark and improve the quality of maternity services. Following a consultation with stakeholders, NHS England has finalised a first iteration of the National Maternity Indicators (NMI) and Clinical Quality Improvement Metrics (CQIM). NMIs are a broad set of indicators which are reflective of the entire maternity care pathway and will be used in conjunction with the CQIM, a set of clinical care metrics capable of monthly scrutiny, to help providers and commissioners understand their services and identify unwarranted variation in outcomes, to ultimately drive improvement. These draw from the MSDS and other sources of data, including surveys and outcomes data. Work to develop a dashboard is ongoing and will be available for use as part of a maternity data viewer by 2018.

8.4 The Department and NHS England continue to ensure they are aware of pertinent research through the Department's policy research units and stakeholder relationships.

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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9320), 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 seven day services in relevant hospital clinical standards have been set out in the Government's Mandate to NHS England in 2016-17 and 2017-18. Over the next two years, these are to roll-out the clinical standards to: 25% of the population by March 2017 and 50% of the population by April 2018. An additional milestone is 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) by November 2017.

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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9320), 5 recommendations were implemented. 1 recommendation remains work in progress, 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.

Target implementation date: December 2017.

6.2 From April 2014 to March 2016, the Home Office invested £2.74 million in the Joint Asset Recovery Database (JARD), including the three year improvement plan to ensure that it can provide a modern platform for current and future enhancements and also improving the data quality across agencies. The work by HM Courts and Tribunal Service, with the support of the National Crime Agency, 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. The improvement plan delivered immediate technical improvements to JARD by June 2015, and further work to complete the original planned enhancements to the confiscation orders section of JARD will continue until the end of 2017.

6.3 As development work continues to JARD, further enhancements are being identified beyond the original planned programme, which will mean work may continue on an on-going basis into 2018 and possibly beyond. Work to develop a better range of costs and performance information will continue as part of the improvement plan.

Fifty Third Report of Session 2013-14

Ministry of Justice and National Offender Management Service

Managing the Prison Estate

Introduction from the Committee

The Agency, part of the Ministry of Justice, is responsible for the prison system in England and Wales which holds around 84,000 prisoners. The prison estate consists of some 130 prisons of varying layout, geographical location, age and state of repair. Prisons also vary in the type of prisoner they hold and the activities they offer. The prison population has stabilised since the late 2000s, allowing the Agency to take a more strategic approach to the prison estate. The main factor behind the Agency's estate strategy, of closing small costly prisons and building new accommodation which is cheaper to run, is the need to make recurring savings. Under the strategy, the Agency had by the end of 2013, closed 13 prisons and built two new prisons and a new prison block in an existing prison. The Agency has little control over the prison population, except through its role in rehabilitating prisoners to prepare them for release at the earliest opportunity and in assisting in the removal of foreign national prisoners.

Background resources

- NAO report: *Managing the Prison Estate* - Session 2013-14 (HC 735)
- PAC report: *Managing the Prison Estate* - Session 2013-14 (HC 1001)
- Treasury Minutes: June 2014 (Cm 8871)
- Treasury Minutes Progress Report: March 2015 (Cm 9034)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)
- Treasury Minute Progress Report: January 2017 (Cm 9407)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9407), 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.

3: Committee of Public Accounts conclusion:
The two new large contracted-out prisons have performed poorly since they opened, and they do not appear to give sufficient priority to meeting offenders' rehabilitation needs.

Recommendation 3d:
The Agency should monitor the level of good-quality purposeful activity provided by each prison, and use this information to increase the quality and quantity of purposeful activities to reach a level deemed acceptable by HM Chief Inspector of Prisons. As a first step, the Agency should satisfy the Chief Inspector that the quantity and quality of purposeful activity across the prison system has increased by the end of 2014-15.

3.1 The Government agreed with the Committee's recommendations as far as it relates to an establishment's performance, but did not agree that this is necessarily caused by its size.

Recommendation implemented.

3.2 Hours worked in production workshops have increased from 13.1 million in 2012-13 to 14.2 million in 2013-14 and to 14.9 million in 2014-15. The trend of increased hours has continued with 16 million hours being worked during 2015-16. Of this c70% contributed to delivering products/services to the Internal Market, c25% to Commercial Business and c5% to Other Government Departments. Progress will continue to be monitored. Additionally, private sector prisons have reported delivering over 1 million hours of work per annum.

3.3 Since the meeting between representatives from Public Sector Prison Industries and HMIP in June 2016, HMIP's expectations document around purposeful activity was being updated. This will be shared with HMPPS and there will be further meetings to ensure expectations and indicators align with changing strategy.

3.4 The Department is constantly working with external businesses to find the best solution for them while allowing us to deliver real work opportunities and employment for prisoners. There are on average 11,000 prisoners engaged in daily work relating to defined Industry workshops which includes engineering, charity, printing, external recycling and other workshops. Prisoners are also involved in other learning, vocational training or in-prison work opportunities which contribute to the effective running of a prison.

3.5 The Department’s programmes have supported the increase in purposeful activity. There are over 250 businesses engaged with prisons, each one a potential employer in the community. This enables prisoners to gain the skills and qualifications needed to gain employment.

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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9407), 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

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Recommendations fully resolved

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Recommendations fully resolved

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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)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9407), 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: Autumn 2017.

6.2 The Government is reviewing the implementation of the Transparency Code, which was published in 2015 and which requires certain authorities to publish both quarterly and annual information. The Department has reviewed compliance with the Transparency Code by checking a 25% sample of authorities the Code applies to. The Department also ran a public consultation in 2016 on updating the Transparency Code. This included questions about whether new data should be published, for example on local authority assets. The Department is carefully considering the consultation responses.

Twenty Second Report of Session 2014-15

Department of Health

Out of hours GP services in England

Introduction from the Committee

Out-of-hours GP services provide urgent primary care when GP surgeries are closed, typically from 6.30pm to 8.00 am on weekdays and all day at weekends and bank holidays. In 2013-14, out-of-hours GP services in England handled around 5.8 million cases at an estimated cost of £400 million. Since 2004, GPs have been able to opt-out of responsibility for ensuring there are out-of-hours GP services in place and most have done so. NHS England has devolved responsibility to clinical commissioning groups for securing these services. Around 10% of GPs have retained responsibility for out-of-hours GP services and are accountable for ensuring they are in place. The Department of Health (the Department) is ultimately responsible for securing value for money for spending on health services and has set national quality requirements for all out-of-hours GP services. NHS England is accountable to the Department for the quality and value for money of out-of-hours GP services.

Background resources

- NAO report: *Out-of-hours GP services in* England – Session 2014-15 (HC 439)
- PAC report: *Out-of-hours GP services in* England – Session 2014-15 (HC 583)
- Treasury Minutes: February 2015 (Cm 9013)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9320), 5 recommendations were implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

4: Committee of Public Accounts conclusion:
The urgent and emergency care system is complex and fragmented and the present financial incentives run the risk of undermining effective integration of the different elements.

Recommendation:
Given the pressures on the NHS budget it is important that NHS England should expedite the redesign of urgent and emergency care services. NHS England, working with Monitor, should urgently identify solutions for paying for urgent and emergency care that address the current misaligned incentives and promote the treatment of patients in the most appropriate setting and the most effective use of NHS resources.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 NHS England and NHS Improvement have developed a range of payment approaches which can be enacted via a local variation. The National Tariff Payment System for 2017-18 and 2018-19[5] was published in December 2016 including guidance on urgent and emergency care (UEC) local variations. The approach pursued by individual areas should be determined by local factors. These payment approaches should help to better align incentives, treat patients in the most appropriate setting and make best use of NHS resources.

[5] https://improvement.nhs.uk/resources/national-tariff-1719/

Twenty Sixth Report of Session 2014-15

HM Treasury

Whole of Government Accounts 2012-13

Introduction from the Committee

The Treasury published the audited 2012-13 WGA in June 2014. It is the most comprehensive picture of the government's finances currently available, combining the financial activities of some 3,800 organisations across the public sector. The WGA reports net expenditure (total expenditure less income) for the year of some £179 billion compared to £185 billion the previous year. Net liabilities (the difference between the Government's assets and liabilities) have risen from £1.3 trillion to £1.6 trillion by 31 March 2013.

Background resources

- NAO report: *Whole of Government Accounts 2012-13* - Session 2014-15 (HC 93)
- PAC report: *Whole of Government Accounts 2012-13* - Session 2014-15 (HC 678)
- Treasury Minutes: March 2015 (Cm 9033)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)

Updated Government response to the Committee

There were 12 recommendations in this report. As of the last Treasury Minute (Cm 9320), 7 recommendations were implemented and the Department disagreed with 4 recommendations. 1 recommendation remained work in progress, which has now been implemented, as set out below.

4: Committee of Public Accounts conclusion:
The WGA does not provide Parliament with information on national or regional spending.

Recommendation:
The Treasury should develop and implement an action plan and timetable for the future disclosure of expenditure on a national and regional basis.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The Treasury worked through the data collection and analysis implications of the suggested inclusion of regional spending analysis in the Whole of Government Accounts (WGA) and determined that it would not be feasible.

4.3 The Government already publishes national and regional splits of expenditure data as part of the Public Expenditure Statistical Analysis (PESA) annual publication.

4.4 The Treasury therefore included in the 2015-16 WGA a comparison between public services expenditure per PESA with the public services expenditure in the WGA and a high level summary of the differences between the two. The account now also includes a specific reference to the further information available to users on the country and regional analysis of public expenditure in the PESA.

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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9320), 4 recommendations were implemented. 2 recommendations remained work in progress, of which 1 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.

Target Implementation Date: December 2017.

2.2 Senior officials from the Home Office and Ministry of Justice meet fortnightly to discuss the cross Government FNO agenda, aligning Departmental priorities and coordination of operational processes.

2.3 The Home Office and NOMS have established a bilateral performance group which meets monthly to improve and review management information and performance. Analysts from both Departments attend to foster greater collaboration and data sharing.

2.4 Mobile finger print devices were rolled out nationally, but were of limited use due to issues of connectivity. Work is underway to replace all mobile devices with a wireless device. This will enable access to all IT systems and capture, enrol and check biometrics. The device is expected to be rolled out from September 2017. Further, the Departments are working to build a case to install livescan machines in prisons to replace the manual process.

2.5 The Home Office are investing in replacing IT systems to enable smarter working. Whilst this is being developed, the department has introduced a new workflow tool to track and better manage cases through the deportation process.

6: Committee of Public Accounts conclusion:
Schemes designed to remove foreign national offenders from the UK have not delivered the required results.

Recommendation:
The Home Office needs to assess which schemes work best in removing foreign national offenders early and quickly. The Department should revisit its current assumptions and expectations so that policy and resource decisions are evidence based, and reflect both political and practical issues.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 The Home Office, the Ministry of Justice and the National Offender Management Service continue to work closely to maximise removals under the early removal scheme (ERS) and prisoner transfer agreements (PTA).

6.3 The ERS remains the most effective mechanism for removing FNOs as quickly as possible, freeing up prison beds and saving money. The Department has increased removals under this scheme year-on-year, with more than 2,000 FNOs removed under ERS in 2015-16 and it expects to exceed this in 2016-17. Performance has been driven primarily by both a more robust approach to EEA criminality and continued benefits from the 'deport now, appeal later' provisions of the Immigration Act 2014. The Department also has a process in place for identifying FNOs who wish to leave the UK earlier in the process, and have implemented a fast track system for processing their cases.

6.4 The PTA is also used to remove FNOs from the UK. The EU PTA places an obligation on a country to take back its nationals and almost all member states have now implemented this. In 2016-17, 110 FNOs were removed from the UK to serve their remaining sentences abroad, this represents a significant rise from 2015-16 when 63 were transferred. The Home Office and Ministry of Justice are continuing to work with foreign governments to further increase repatriation, focusing efforts on those serving longer sentences to maximise impact.

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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9320), 3 recommendations were implemented. 3 recommendations remained work in progress, of which 2 have now been implemented, as set out below.

1: Committee of Public Accounts recommendation:
The Department is still learning how best to use its resources to prevent young people falling out of education, training or employment at 16.

Recommendation:
The Department should evaluate the relative effectiveness of its individual initiatives and use the results to shape future decisions about how to engage hard-to-reach young people.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 Separating out the impacts of the many reforms being made at the same time is difficult. In general, the Department (for Education) monitors data on trends and patterns in participation, attainment and destinations of learners. In addition, where the department can isolate specific impacts it commissions robust research to inform decisions on policy design and strategy.

1.3 The Department published research on effective practice in curriculum content and planning (July 2017), and pastoral support (Nov 2016) for entry level and level 1 students in post-16 institutions. The Department continues to evaluate the Traineeships programme with the first of two reports being published in July 2017 and the second due to be published by the end of 2017. The Department for Work and Pensions (DWP) published the evaluation of The Youth Unemployment Innovation Fund aimed at helping young people who are, or are at risk of becoming, NEET in July 2016. DWP will continue to work with other departments to improve its evidence base throughout the period.

1.4 The Department has implemented this recommendation through these pieces of research and through the development of a strategy for filling key evidence gaps and evaluating reforms of post-16 education and training. It will continue to evaluate the relative effectiveness of its individual initiatives and use the results to shape future decisions about how to engage hard-to-reach young people.

4: Committee of Public Accounts recommendation:
Longer and better quality apprenticeships are welcome, but it will also be important to guard against increasing barriers to young people and smaller firms participating.

Recommendation:
The Government needs to learn from the early pilots and trials of its new model for apprenticeships, particularly if they create new barriers that prevent the engagement of SMEs in the scheme. They will need to adjust their plans to have regard to this.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The Government has engaged employers of all sizes in reforming apprenticeships. This includes developing new apprenticeship standards, designing the apprenticeship service, and establishing the Institute for Apprenticeships on 1 April 2017. The Department has undertaken a wide range of communications and engagement activity to ensure employers can make the most of the opportunities presented by apprenticeship reforms, including targeted SME activity through the *Get in Go Far* campaign. Over 240 employer groups are involved in designing apprenticeship standards with over 500 standards currently published or in development and over 170 ready for delivery. All new standards must have the support of smaller employers at all stages – from design to assessment – to ensure that they work for them.

4.3 The apprenticeship levy was launched on 6 April 2017 to fund a step-change in the quantity and quality of apprenticeship training in England. New apprenticeship funding rules, in effect from May 2017, make it easier for employers of all sizes to navigate and choose apprenticeship training. Support for SMEs includes the government co-investment of 90% of training and assessment costs for apprenticeships.

4.4 A policy paper, setting out how apprenticeship funding in England will work post-May 2017, was published on 25 October 2016. This includes additional support for smaller employers that hire younger apprentices.

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.

Target implementation date: January 2018.

6.2 The Industrial Strategy includes a commitment to publish, later this year, a comprehensive careers strategy to improve the quality and coverage of careers advice in schools and colleges.

6.3 The Careers & Enterprise Company's Enterprise Adviser Network is now connecting over 1,700 schools and colleges with local employers to provide experiences of the workplace for young people.

6.4 The Technical and Further Education Act 2017 includes new legislation that will require schools to give education and training providers the opportunity to talk directly to pupils in years 8-13 about approved technical education qualifications and apprenticeships that they may offer. The new law will come into force on 2 January 2018.

6.5 Destination measures now feature as a headline measure in the Key Stage 4 and 16-18 performance tables. The data show the percentage of students continuing their education or training (including through an apprenticeship), going into employment, and those who were NEET. The inclusion of these measures alongside attainment and progress measures shines a light on how well schools are supporting their pupils to succeed beyond these key stages and prepare them for adult life.

Thirty Second Report of Session 2014-15

Department for Education

School oversight and intervention

Summary of the Committee's findings

The Department for Education is accountable to Parliament for the overall performance of the school system in England. There are 21,500 state-funded schools, of which 17,000 are maintained schools overseen by local authorities, and 4,500 are academies directly accountable to the Secretary of State. The department's overall objective is for all children to have the opportunity to attend a school that Ofsted rates as 'good' or better. To achieve this, the department expects school leaders, along with governors and trustees, to manage resources effectively in an increasingly autonomous system so as to raise educational standards.

Background resources

- NAO report: *Academies and maintained schools: oversight and intervention* – Session 2014-15 (HC 721)
- PAC report: *DFE: School oversight and intervention* – Session 2014-15 (HC 735)
- Treasury Minutes: March 2015 (Cm 9033)
- Treasury Minutes Progress Report: February 2016 (Cm 9202)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)
- Treasury Minutes Progress Report: January 2017 (Cm 9407)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9407), 4 recommendations were implemented and the Department disagreed with 2 recommendations. 1 recommendation remained work in progress, which has now been implemented, as set out below.

6: Committee of Public Accounts recommendation:
The Department does not know enough about which formal interventions are most effective to tackle failure under which circumstances.

Recommendation:
The Department should commission a full evaluation of the cost-effectiveness of all formal interventions in schools.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 The Department's report on the *Cost and Effectiveness of Formal School Interventions in England* was published on 9 February 2017[6].

6 https://www.gov.uk/government/publications/formal-school-interventions-in-england-cost-and-effectiveness

Thirty Fifth Report of Session 2014-15

Department of Health

Financial sustainability of NHS bodies

Introduction from the Committee

In 2013-14, the Department of Health (the Department) allocated £95.2 billion to NHS England to pay for NHS services. NHS England allocated £65.4 billion of this to the 211 clinical commissioning groups in England, for them to commission health care services from hospitals and other healthcare providers on behalf of their local populations. As at 31 March 2014, there were 98 NHS trusts and 147 NHS foundation trusts which provided community, mental health, acute and specialist health services. Monitor regulates NHS foundation trusts, and a new body, the NHS Trust Development Authority, supports NHS trusts that are yet to achieve foundation status. The Department has provided some £1.8 billion of additional cash support to NHS trusts and foundation trusts under financial stress between 2006-07 and 2013-14.

Background resources

- NAO report: *Financial sustainability of NHS bodies - Session 2014-15* (HC 722)
- PAC report: *Financial sustainability of NHS bodies – Session 2014-15* (HC 736)
- Treasury Minutes: July 2015 (Cm 9091)
- Treasury Minutes Progress Update: February 2016 (Cm 9202)
- Treasury Minutes Progress Update: July 2016 (Cm 9320)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9320), 6 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 current system of payment for emergency admissions hinders, rather than helps, secure the financial sustainability of NHS bodies.

Recommendation:
Monitor and NHS England should complete their review of the national payment system for emergency admissions promptly and implement the required changes within the next year including updating the 2008-09 baseline, taking into account the impact on patient care and the finances of organisations in deficit.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The changes made to the marginal rate for emergency admissions in the 2016-17 national tariff, have been retained for the two-year national tariff which commenced in April 2017. To support on-going development of the new models of care set out in the NHS Five Year Forward View, NHS England and NHS Improvement have developed a range of payment approaches for urgent and emergency care services[7], enacted via a local variation, which should offer solutions to the issues raised. In short, these are payments based on an agreed level of activity and associated spend, overlaid with a gain and loss share; payment comprised of a fixed (core) element and an activity-based element; and Whole Population Budget, overlaid with a gain and loss share.

3.3 Whichever approach is chosen by individual areas to suit their needs it should help them better align incentives, treat patients in the most appropriate setting and make best use of NHS resources.

[7] https://improvement.nhs.uk/uploads/documents/2017-2019_national_tariff_payment_system.pdf

Forty Fifth Report of Session 2014-15

Department of Health

Progress in improving cancer services and outcomes in England

Introduction from the Committee

The number of people diagnosed with cancer in England is increasing by 2% a year on average, driven by better awareness and the ageing and growing population. More than 1-in-3 people will develop cancer in their lifetime. In 2012, around 280,000 people were diagnosed with cancer and an estimated 133,000 people died from cancer. The Department of Health is ultimately responsible for securing value for money for spending on cancer services, estimated at £6.7 billion in 2012-13. Responsibility for commissioning cancer services is shared between NHS England, through its area teams, and the 211 clinical commissioning groups. Public Health England takes the lead in providing access to cancer data to inform commissioners and help improve services. The National Institute for Health and Care Excellence reviews new cancer drugs to assess whether they should be available on the NHS.

Background resources

- NAO report: *Progress in improving cancer services and outcomes in England* - Session 2014-15 (HC 949)
- PAC report: *Progress in improving cancer services and outcomes in England* - Session 2014-15 (HC 894)
- Treasury Minutes: July 2015 (Cm 9091)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9320), 6 recommendations were implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
It is unacceptable that NHS England does not understand the reasons why access to treatment and survival rates are considerably poorer for older people.

Recommendation:
NHS England and Public Health England should build on existing initiatives to understand better the impact of age on access to cancer treatment and outcomes and the causes of any discrimination. They should establish the extent to which the variation can be reduced, and encourage commissioners and frontline clinical staff to take action to improve access and outcomes for older people.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented

2.2 The report of the independent Cancer Taskforce considered the entire cancer pathway and addressed unwarranted variation, including for older people with cancer. It recommended that NHS England, the Trust Development Authority and Monitor (now both NHS Improvement) should pilot a comprehensive care pathway for older patients (aged 75 and over in the first instance). In implementing the recommendation of the independent Cancer Taskforce, NHS England has linked work to address age inequalities in cancer treatment to wider initiatives to improve access to frailty and geriatric assessment across the NHS.

2.3. NHS England is working to assess the level of use and impact of tools such as the Electronic Frailty Index, Clinical Frailty Scale and the Summary Care Record (SCR), including in patients with cancer, as part of a multi-disciplinary approach involving geriatricians as part of the multi-disciplinary teams (MDT) who manage the care of cancer patients. This work will determine whether there are specific actions that can be taken to promote the use of the SCR in secondary care for people with cancer. The national Cancer Programme is also exploring options for further work to expand and develop our understanding of the causes and scale of age inequalities in cancer.

Forty Sixth Report of Session 2014-15

Department of Health

Update on Hinchingbrooke Health Care NHS Trust

Introduction from the Committee

Hinchingbrooke Health Care NHS Trust is a small district general hospital in Cambridgeshire, with some 250 beds and nearly 1,500 staff. In 2013-14, the Trust had an annual income of £111.6 million. It has had a history of financial difficulties and had an estimated underlying deficit of between £3 million and £4 million in 2011-12. In 2007, the Department of Health gave the then Strategic Health Authority approval to explore options to implement a new management structure at Hinchingbrooke, with the aim of making the Trust financially sustainable and enabling it to repay the cumulative deficit. Following a procurement process, the Strategic Health Authority awarded Circle a 10-year operating franchise beginning in February 2012.

Background resources

- NAO report: *Franchising of Hinchingbrooke Health Care NHS Trust* - Session 2012-13 (HC 628)
- PAC report: *Franchising of Hinchingbrooke Health Care NHS Trust and Peterborough and Stamford Hospitals NHS Foundation Trust* - Session 2012-13 (HC 789)
- PAC report: *An update on Hinchingbrooke Health Care NHS Trust* - Session 2014-15 (HC 971)
- Treasury Minutes: July 2015 (Cm 9091)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9320), 5 recommendations were implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

4: Committee of Public Accounts conclusion:
The contradictory assessments of the quality of care at Hinchingbrooke risk confusing commissioners, the public and others about the actual quality of care being provided.

Recommendation:
Once the first full round of inspections of hospital trusts has been completed at the end of 2015, the Department and the Care Quality Commission should evaluate the effectiveness of different approaches to monitoring quality and clarify the roles of the different bodies involved. In particular, it should examine whether its monitoring system is resulting in sufficiently accurate ratings.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The Care Quality Commission (CQC) is responsible for inspecting and reaching a judgement on the quality and safety of care, and providers themselves are responsible for making the necessary improvements, supported where necessary by NHS Improvement (Monitor and the NHS Trust Development Authority). The CQC completed the first round of comprehensive ratings inspections of NHS trusts in June 2016.

4.3 The CQC has an established programme of evaluation to ensure ongoing learning is embedded in its approach. The CQC's view remains that it is necessary to combine quantitative and qualitative data alongside inspection findings and feedback from staff and people using services, which remain fundamental, to build a comprehensive assessment of quality. The CQC explored this as part of the development of its new strategy, which was published in May 2016. This was followed by consultation on a new regulatory methodology for hospital trusts in December 2016, which was finalised and published in June 2017.

4.4 Establishing a single shared view of quality is one of the four principal objectives of the CQC's strategy, and it has committed to work with the Department and NHS Improvement to ensure assessments of quality are clearer to commissioners, providers and the public.

4.5 The Department will work with the CQC and NHS Improvement to evaluate in greater depth the impact of CQC inspection and the system of special measures on safety and quality of care, once a sufficient number of follow-up inspections for trusts in special measures have been completed. The CQC's Business Plan for 2017-18 stated that the CQC would evaluate its benefits, costs and value for money and included an assessment in its Annual Report 2016-17 which was published on 18 July 2017. A report on the CQC's impact on quality and improvement in health and social care was published on 25 April 2017. The NAO is part way through the second phase of its review of the CQC, which considers how the CQC is responding to the changing risks to patient care. This review is expected to conclude in the autumn 2017.

4.6 The Department commissioned research on the impact of the CQC inspections and ratings from the King's Fund and Alliance Manchester Business School. The research started in September 2015 and is due to run for two years.

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)

Updated Government response to the Committee

There were 7 recommendations to this report. As of the last Treasury Minute (Cm 9320), 1 recommendation had been implemented. 6 recommendations remained work in progress, of which 3 recommendations have 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.

Target implementation date: December 2017.

2.2 The Environment Agency is introducing new technology and new ways of working through its Creating Asset Management Capacity (CAMC) programme. The Environment Agency will gather more detailed information on individual Flood and Coastal Erosion Risk Management (FCERM) assets, including their maintenance needs, replacement costs and rate of deterioration to implement this programme. This will enable the Environment Agency to manage FCERM assets through their whole lifecycle, and to target maintenance activities where and when they are most appropriate, optimising asset life and maximising value for money. The Environment Agency is also working towards achieving accreditation to ISO55000, the international standard covering the management of physical assets, which will help determine changes in practice to optimise investment and maintenance throughout the lifespan of assets.

3: Committee of Public Accounts conclusion:
There is a lack of transparency around the consequences of allowing some defences to fail.

Recommendation:
The Agency should be open and transparent with local communities and communicate clearly to them the consequences of the difficult decisions it has to make around prioritising maintenance, even allowing for the local pressure this may bring.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The Environment Agency's Creating Asset Management Capacity programme is designed to allow a more detailed maintenance programme to be shared in a consistent way. The Environment Agency published the 2017/18 maintenance programme on the GOV.UK website on the 3 April 2017. The Environment Agency has made accessing the maintenance programme easier by improving the search options. The Environment Agency has also made it easier for customers to provide feedback on both the content and presentation of the maintenance programme information by including an email address on the GOV.UK maintenance programme landing page.

3.3 The Environment Agency will continue to engage with interested local parties, including other risk management authorities (Lead Local Flood Authorities and Internal Drainage Boards), Regional Flood and Coastal Committees, Natural England (where their consent is required to undertake maintenance work) and other local community groups and organisations. The Environment Agency will explain what maintenance work can be carried out with FCERM Grant in Aid funding, describe changes to the annual programme and identify opportunities to work with local organisations to co-ordinate maintenance plans. Over the autumn and winter 2016/17, the Environment Agency has engaged and consulted with a range of partners and stakeholders on their proposed annual maintenance programme for 2017/18.

3.4 The Environment Agency has developed a Maintenance Protocol, which describes the principles for deciding how the Environment Agency will involve local communities in decisions to stop maintaining a defence on a permanent basis and how this should be communicated.

4: Committee of Public Accounts conclusion:

The approach to accessing partnership funding does not yet have the strategic focus needed to match government's ambitions for it.

Recommendation:

The Department and the Agency should implement a clear strategy for accessing partnership funding, which should include understanding what best practice looks like, so the lessons from successful schemes can be applied elsewhere.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The Department expects the 6 year flood and coastal erosion risk management investment programme could attract approximately £660 million of partnership contributions, of which approximately £350 million has been secured, and potential contributions to cover the majority of the remainder are in negotiation. In April 2014, the Department published the *Flood and Coastal Erosion Resilience Partnership Funding Evaluation*, which found the approach was progressing well in meeting policy objectives.

4.3 The Department and the Environment Agency continue to jointly work with partners to identify ways to raise contributions. The Environment Agency has carried out a partnership funding learning programme, to help build capacity across Local Authorities and train local authority staff on how partnership funding works, and identifying the full benefits of flood risk management schemes to identify all beneficiaries, legislation, and assurance of business cases. The Environment Agency has published 19 case studies to share good practice and showcase the different opportunities partnership funding brings. To encourage more private sector contributions, legislation was introduced in Finance Bill 2015 to ensure companies and unincorporated businesses can receive tax relief on their contributions to FCERM schemes.

4.4 The Department and the Environment Agency are working with the Cabinet Office to identify opportunities for Ministers to support negotiations with potential contributors. The Environment Agency has also developed a delivery confidence metric to help target interventions to secure partnership funding

4.5 The Environment Agency developed an action plan for partnership funding in the summer of 2016. Many of the actions in this plan are complete, and the others are being progressed. The plan focuses on a number of key themes aimed at securing additional funding, including working with others, benefits mapping, improving data reporting and systems, and enhancing skills and resources.

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: Autumn 2017.

5.2 The Environment 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 Environment 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 have required additional time to correct. In light of this, the Environment Agency has strengthened the assurance process, taking more time to test the final outputs with operational staff to ensure they align with local knowledge, in advance of sharing in Autumn 2017.

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

5.4 In July 2016, the Environment 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.

5.5 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 Environment Agency flood inundation models in a set of 'stress test' case studies. These have confirmed that the existing published Environment 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 Environment Agency have continued to work with the Department for Communities and Local Government (DCLG), the Local Government Association 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 As of 31 March 2017, out of 152 LLFAs, five had not yet publicly consulted on their strategy whilst 13 LLFAs were carrying out public consultation with 134 having completed and published their strategy. The Department is taking further action to ensure the outstanding strategies 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.

7: Committee of Public Accounts conclusion:

There is a lack of public awareness of the realities of flood risk management.

Recommendation:

The Agency should consider how to improve the understanding of third parties who have responsibilities for flood defences. It should be more explicit about the realities of flooding and the impact of the choices that are made in removing flood defences.

7.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

7.2 The Environment Agency inspects the condition of all third party assets on main rivers and notifies third party owners of any concerns. This is explained in the Environment Agency's position statement *Asset management – working with third party asset owners*. The Environment Agency provides information to help third party asset owners, for example, in its Living on the Edge booklet.

7.3 The Environment Agency and other risk management authorities have the power to designate features. This means they can notify owners that they own a flood risk management asset and provides the risk management authority with some control over changes to that asset. This power, in the Flood and Water Management Act 2010, commenced in 2012. Risk Management Authorities have the power to require a third party to re-instate a structure if it has been removed. Third party assets that have not been designated are protected from changes by byelaws in some cases.

7.4 The Environment Agency has been developing further guidance in conjunction with other Risk Management Authorities to support designations of flood risk management assets. The Environment Agency will publish this guidance by the end of 2017.

Fiftieth Report of Session 2014-15
HM Revenue and Customs
Improving tax collection

Introduction from the Committee

HMRC administers the tax system and is responsible for putting tax rules into practice. Since 2010, HMRC's primary focus has been to increase the collection of tax revenues, while at the same time reducing the costs of collecting tax and providing a better service to customers. HMRC interacts with over 45 million people and almost 5 million businesses and collects around £500 billion of tax each year. It is important that people have confidence in the way that HMRC works and that it administers the tax system fairly while promoting a culture of compliance. This report draws out some of the major issues the Committee has identified regarding the administration of the tax system and recommends further actions to address the areas of our greatest concern.

Background resources

- NAO report: Increasing the effectiveness of tax collection: a stocktake of progress since 2010 Session 2014-15 (HC 1029)
- PAC report: *Improving tax collection* 2014-15 (HC974)
- Treasury Minutes: July 2015 (Cm 9091)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9320), 1 recommendation was implemented and the Department disagreed with 5 recommendations. 1 recommendation remained work in progress, which has now been implemented, as set out below.

6: Committee of Public Accounts conclusion:
The Committees evidence shows that some HMRC customers receive an unacceptable quality of service. HMRC accepts that its recent customer service performance has not been good enough

Recommendation:
HMRC should aspire to provide a service on a par with good practice in the private sector to all its customers, and should set out how and when it will achieve this.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 From April 2016, the Department's headline customer service target for telephone contact has been average speed of answer (ASA). Previously, the headline target was the percentage of call attempts handled. The move to targeting the ASA reflects increasing focus on the overall customer experience, including the drivers of customer costs. Ministers set performance targets for the Department each year based on the Department's advice on the funding and performance implications of its business plans. In 2016-17, the ASA has been under four minutes. For the same period the Department has averaged over 91% call attempts handled.

6.3 At the 2015 Spending Review, the Government invested £1.3billion to transform the Department into one of the most digitally advanced tax administrations in the world, which will make it easier for customers to deal with them.

6.4 The Department has already launched Digital Tax Accounts, a 24/7 online virtual assistant and webchat services, enabling customers to manage their tax affairs and get help and support online. By the end of March 2017, 9.4million customers had accessed their Personal Tax Account (PTA).

6.5 At Budget 2016, the Government announced an additional £71million investment to bring further improvements to the Department's customer service. This investment has already made it quicker and easier for customers to contact the Department by further reducing call waiting times, extending phone and webchat opening hours across evenings and weekends, introducing a secure email service and rolling out tailored services for businesses.

Fifty First report of Session 2014-15

Department of Health

Care services for people with learning disabilities and challenging behaviour

Introduction from the Committee

The Department of Health has lead responsibility for delivering the commitments made by Government, following the Winterbourne View scandal in 2011. In December 2012, the Government made a commitment that, if a person with a learning disability and challenging behaviour would be better off supported in the community, then they should be moved out of hospital by 1 June 2014.

The Department sets the strategy to meet the Government's commitment, improve quality and safety, enable change and measure and monitor progress. In line with the Health and Social Care Act 2012, NHS England, mental health hospitals, and local health and social care commissioners determined how to meet the commitment. However, the Government failed to meet its pledge and the number of patients in hospital has been broadly stable over the last year (3,250 in September 2013 and 3,230 in September 2014).

Background resources

- NAO report: *Care Services for People with Learning Disabilities and Challenging Behaviour* - Session 2014-15 (HC 1028)
- PAC report: *Care Services for People with Learning Disabilities and Challenging Behaviour* - Session 2014-15 (HC 973)
- Treasury Minutes: July 2015 (Cm 9091)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9320), 3 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.

6: Committee of Public Accounts conclusion:
People with learning disabilities, and their families, have too little influence on decisions affecting their admission to mental health hospital, their treatment and care and their discharge.

Recommendation:
The Department should strengthen the legal rights of people with learning disabilities and their families, to enable them to challenge decisions on the location and nature of their treatment and to ensure that they receive advocacy support in doing so.

6.1 The Government agreed with the Committee's recommendation.

Recommendations implemented.

6.2 The Government published its response to the *No voice unheard, no right ignored* consultation (launched by a previous administration) in November 2015. This set out actions to achieve the vision of people with learning disabilities, autism and mental health conditions enjoying the same rights as everyone else. Working with the Innovation Unit, the Department has been piloting in a number of local authorities access for people with learning disability who have social care needs to a named social worker, who can offer advice and support. Phase one has been completed, and an evaluation undertaken which should identify useful learning for all local authorities in how to provide advocacy and other support effectively.

6.3 On 13 March 2017, the Law Commission published a report, commissioned by the Department of Health, on the Deprivation of Liberty Safeguards, the legal arrangements for ensuring people who lack mental capacity receive the least restrictive care possible. This will include many people with learning disability. The Department will examine the recommendations closely and ensure that the rights of people with learning disability are included in any improvements to these arrangements.

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

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Recommendations fully resolved

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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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9407), 1 recommendation was implemented, the Department neither accepted nor rejected 1 recommendation and did not accept 1 recommendation. 3 recommendations remained work in progress, of which 1 has now been implemented, 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: Autumn 2017.

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.

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: Autumn 2017.

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 HMIC is continuing to work with pilot forces to develop Force Management Statements 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.HMIC intend to have developed a template by April 2017, with the first force management statements published by October 2017.

6: Committee of Public Accounts conclusion:
The need to make further savings may encourage forces to make greater use of outsourcing, but even given the devolved accountability system for policing, current oversight for these types of arrangements is inadequate.

Recommendation:
The Department should ensure any outsourcing arrangements undertaken by Commissioners or forces are subject to effective scrutiny. It should also develop a clearer mechanism for assessing the long-term value for money of outsourcing; and encourage arrangements that allow forces to retain the ability to respond to evolving needs.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 The Policing and Crime Act 2017, which secured Royal Assent on 31 January 2017, increases the independence and responsiveness of HMIC. This ensures that the inspectorate has the autonomy and the flexibility to respond swiftly to emerging risks and concerns in policing. The 2017 Act includes new powers to allow HMIC to: inspect civilian staff and contractors who are involved in the delivery of policing functions; initiate inspections outside of the agreed framework; appoint Assistant Inspectors of Constabulary (AICs); and to require local policing bodies to respond to all recommendations in an HMIC report within 56 days. These new powers came into force on 2 May 2017, and have been factored into HMIC's business planning.

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)

Updated Government response to the Committee

There were 11 recommendations in this report. As of the last Treasury Minute (Cm 9407), 6 recommendations were implemented and the Department did not accept 2 recommendations. 3 recommendations remained work in progress, of which 1 has now been implemented, 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.

6: Committee of Public Accounts conclusion:
It will be important to monitor the impact of spending on the recently introduced Early Years pupil premium.

Recommendation:
The Department should review the level and effectiveness of the Early Years pupil premium after its first year of operation.

6.1 The Government accepted the Committee's recommendation.

Recommendation implemented.

6.2 The Department published two research studies of the Early Years Pupil Premium (EYPP) on 27 January 2017. The first, *Experiences of the Early Years Pupil Premium*[8] (part of the Study of Early Education and Development (SEED) programme of work), delivered detailed information from thirty EYPP recipient settings; and the second, *Early Years Pupil Premium: Providers Survey*[9], measured awareness and usage of EYPP, delivering representative information across the breadth of providers, based on 1,049 telephone interviews.

6.3 Together, the two studies provided robust baseline evidence, with broadly positive findings showing policy intent is being met, agreement that EYPP delivers additionality, and EYPP has enabled early years settings to focus on disadvantaged children.

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[10], the Department will be introducing a national funding formula from April 2018.

[8] https://www.gov.uk/government/publications/experiences-of-the-early-years-pupil-premium
[9] https://www.gov.uk/government/publications/early-years-pupil-premium-providers-survey
[10] 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)

Updated Government response to the Committee

There were 11 recommendations in this report. As of the last Treasury Minute (Cm 9407), 6 recommendations were implemented and the Department did not accept 2 recommendations. 3 recommendations remained work in progress, of which 2 have now been implemented, as set out below.

4: Committee of Public Accounts conclusion:
Too many care leavers are in unsuitable accommodation.

Recommendation 4a:
The Department should urgently consider what more it can do to help local authorities provide suitable accommodation, and keep the issue under constant review.

4.1 The Government accepted the Committee's recommendation.

Recommendation implemented.

4.2 For those who leave care at age 18 from foster care, the Staying Put offer provides an option for young people to remain with their former foster carers up to the age of 21. In the second year following the introduction of the duty on local authorities to support Staying Put arrangements, over half (54%) of eligible care leavers were living with their former foster carers three months after their 18th birthday. The Government has committed to review the implementation of Staying Put through the fostering stocktake announced in April 2017. Since then, the stocktake reviewers, Sir Martin Narey and Mark Owers, have received almost 300 submissions to the Call for Evidence and they are also gathering evidence through stakeholder meetings with fostering providers, foster carers, children and young people, academics and other organisations. They will report to Ministers by the end of 2017.

4.3 For young people leaving residential care the Government accepted Sir Martin Narey's recommendation, following his review of residential care in England[11], to introduce a Staying Close option. This will be a similar arrangement to Staying Put and will enable care leavers to live independently in a location close to their former children's home, with ongoing support provided by the staff who looked after them while they were in residential care. The Department is piloting variations of the scheme through the Children's Social Care Innovation Programme in order to develop a stronger understanding of costings, practicalities and impact. The Department began funding eight pilots from September 2017.

[11] https://www.gov.uk/government/publications/childrens-residential-care-in-england

4.4 In addition, the Department for Communities and Local Government (DCLG) has funded a homelessness charity, St Basils, to support English local authorities to implement the Supported Accommodation Framework. This helps local authority children's and housing services to work together to develop accommodation pathways for care leavers.

4.5 The Homelessness Reduction Act 2017 will require local authorities to work with those at risk of homelessness earlier to prevent homelessness rather than waiting until they experience a housing crisis.

6: Committee of Public Accounts conclusion:
The variability in the quality and cost of services is unacceptable.

Recommendation 6b:
The Department should, with the Department for Communities and Local Government and local authorities, secure reliable, comparable data on costs to support benchmarking.

6.1 The Government accepted the Committee's recommendation.

Recommendation implemented.

6.2 The Department recognises the importance of good financial data to support local authority decision making. The Department amended the 2016-17 Section 251 budget guide for local authorities on data collection to provide more detail about what should be included under the care leaving services category of spend.

6.3 The Local Authority Interactive Tool (LAIT), which is published on the GOV.UK website to facilitate more open access to statistical data and to support accountability and transparency, includes six care leaver measures. The LAIT provides a single core evidence base of robust statistical data and contextual information on local authority performance and this supports benchmarking.

6.4 With an average of 2,000 external users of LAIT each month, this database provides for more efficient and wider use of statistical data, effective information sharing and consistent robust information to support management activities, including discussions on local authority performance and improvement.[12] The LAIT includes information on approximate unit costs for looked-after children calculated by dividing local authority total gross expenditure on looked after children by the number of looked after children as at 31 March 2017.

6.5 The Department believes it would not be sufficiently robust to publish unit cost information for care leavers. This is because of differences in the definitions of care leavers between population and expenditure data. However, the Department has included in LAIT the total annual gross expenditure on leaving care support at local authority level. This will facilitate local authorities' ability to compare their care leaver expenditure to similar sized local authorities or to other local authorities with similar numbers of care leavers.

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

Target implementation date: December 2017.

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 is

[12] The average unique hits on the LAIT landing page is 2,500 per calendar month, with the LAIT database fully downloaded on average 2,000 times (source: Google Analytics report querying GOV.UK)

currently running procurement exercises for an incubator and research partner to set up the WWC and expects the initial model to be established by December 2017.

8.3 Fifty-seven 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. Some of these projects support the development of new approaches to supporting care leavers. Examples of evaluations of Innovation Programme funded projects with a care leaver focus include Stoke-on-Trent's 'House Project'[13], Calderdale County Council's 'Right Home' project[14] and North Yorkshire's 'No Wrong Door' model[15], all of which focus on helping care leavers build skills for independence.

8.4 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 and represent an important contribution to an up-to-date, high-quality evidence base about what works in children's social care. In addition, in October 2016, the Department published an independent evaluation of the New Belongings project.[16] The aim of the New Belongings project was to increase 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.

8.5 In April 2016, the Department announced a further £200 million to support innovation and improvement in children's social care over the Parliament. 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. Proposals submitted to test the use of social investment to improve education, employment and training outcomes for care leavers are currently being assessed with funding decisions expected early in 2018.

8.6 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.

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[13] https://www.gov.uk/government/publications/stoke-on-trents-house-project-evalua

[14] https://www.gov.uk/government/publications/right-home-project-evaluation

[15] https://www.gov.uk/government/publications/no-wrong-door-innovation-programme-evaluation

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

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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9190), the Department disagreed with 3 recommendations. 3 recommendations remained work in progress, of which 2 have now been implemented, 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 2016-17 the Department's average speed of answer has been under four minutes. For the same period it has handled over 91% of call attempts. The Department has replied to 81% of personal taxpayer customer correspondence within 15 working days.

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 will enable 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. This will enable them to register for new services, update their information online, and more easily understand their obligations. By the end of March 2017 9.4 million users had accessed their Personal Tax Account, which exceeds the Department's target of 7 million PTA users by the end of 2016-17.

5.5 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 In May 2016 the NAO published a report on HMRC's customer service. As a follow up from that report HMRC and NAO are working together to identify the impact of HMRC's performance on tax revenues. HMRC, therefore, extended the implementation date of this recommendation to reflect the expectation that the 2018 report will provide HMRC with recommendations that will, in turn, support the delivery of this recommendation. HMRC chose the April 2020 date as the provision of '…an acceptable standard of customer service' is related to HMRC's SR 15 bid and change programme.

5.7 The Department 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. The Department is working with the NAO on this activity and it will continue to progress this work exploring what is feasible, and will deliver robust and useful results. The Department updated the Committee on progress in December 2016.

7-8: Committee of Public Accounts conclusion:
HMRC's performance measures do not cover delivering a consistent level of customer service throughout the year.

Recommendation:
HMRC should report its performance against measures which reflect all its aims, including providing a consistent level of service and ensuring that accurate and complete advice is provided first-time.

7.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

7.2 The Department reports publicly on measures across its three strategic objectives of maximising revenues, transforming for customers and delivering a professional, efficient and engaged organisation. This includes customer service levels.

7.3 Additional performance measures have been developed that focus on measuring the quality of service across all channels, including "First Contact Resolution", and digital customer satisfaction. These measures will be published in the 2017-18 Customer Service Group plan. Measures for the success of, and customer satisfaction with, First Contact Resolution will be piloted in 2017-18.

9-10: Committee of Public Accounts conclusion:
The number of prosecutions for offshore evasion is still woefully inadequate.

Recommendation
As previously recommended, HMRC should strengthen its capability to investigate offshore tax evasion and make tougher the criminal and civil sanctions it can apply. It should make clear that those who persist in their attempts to hide assets offshore will face the threat of prosecution, and should in future demonstrate the significance of this threat through its actions.

9.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

9.2 The Department is on track to triple the number of criminal investigations into serious and complex tax crime, focusing particularly on wealthy individuals and corporates with the aim of increasing prosecutions in this area to 100 a year by 2020-21.

9.3 In addition, policy changes have toughened the criminal and civil sanctions for those involved in offshore tax evasion. These include a criminal offence that removes the need to prove intent for serious cases of failure to declare income and gains, an asset-based penalty of up to 10% of the value of the underlying asset and enhanced naming powers. A new legal *Requirement to Correct* past offshore non-compliance will deliver significantly tougher sanctions for those failing to correct.

9.4 To tackle enablers of offshore tax evasion, new civil sanctions have been introduced to include public naming and penalties of up to 100% of the tax evaded. In addition, new criminal offences to address corporate complicity in facilitating tax evasion were legislated for in the Criminal Finances Act 2017. These offences take effect from 30 September 2017.

Seventh Report of Session 2015-16

Department for Communities and Local Government

Devolving responsibilities to cities in England: Wave 1 City Deals

Introduction from the Committee

In 2012, the Government signed City Deals with eight of the largest cities outside of London. Known as 'Wave 1', these are the first in a line of government deals designed to give cities the powers and tools they need to drive economic growth. The deals were therefore designed to be individual to each area, with each deal made up of separate programmes covering a range of policies such as transport, housing and skills. The Government has committed up to £2.3 billion to the 40 programmes included in deals, mostly in the form of capital funding to enable local authorities to fund infrastructure investments such as buildings and roads.

In 2013 and 2014, the Government announced a second wave of City Deals with 18 more places, and a devolution deal with Greater Manchester. In February 2015, the Government announced that Greater Manchester would gain more devolved control of £6 billion in local healthcare funding. The Department for Communities and Local Government holds policy responsibility for the deals, but a further 8 Government departments play a significant role by providing local areas with funding for specific programmes within the deals or support in implementing their deals.

Background resources

- NAO report: *Devolving responsibilities to cities in England: Wave 1 City Deals* - Session 2015-16 (HC 266)
- PAC report: *Devolving responsibilities to cities in England: Wave 1 City Deals* - Session 2015-16 (HC 395)
- Treasury Minutes: January 2016 (Cm 9190)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9320), 3 recommendations were implemented. 2 recommendations remained work in progress, both of which have now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
The Department has not made clear who is accountable for public funds that have been devolved through City Deals.

Recommendation:
A ***Given the increasing pace of devolution, the Department should work with local areas to ensure there are effective and well-resourced local scrutiny arrangements and accountability systems to make certain that funding is well spent so the Department and local taxpayers have a clear understanding about how this money is spent. This is particularly important for devolved healthcare spending.***

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 City Deals largely focused on unlocking projects put forward by local areas, rather than the wholesale devolution of long term funding programmes to local control. The most notable exceptions to this were the agreements to devolve control over long term infrastructure funds in the Greater Manchester and Greater Cambridge City Deals. To provide clarity over accountability in these cases, the Government has since ensured that these cities, as well as areas that later received similar funds in devolution deals, published frameworks setting out their approach to the use of these funds.

2.3 On the accountability implications of devolution deals, particularly those which devolved extensive control over budgets to mayoral Combined Authorities, these deals have been agreed and the Government has now set clear requirements for scrutiny of devolved powers and funding. The Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order

2017 was informed by constructive engagement with relevant stakeholders, including the NAO, the Centre for Public Scrutiny, existing combined authorities and those involved with establishing new combined authorities. The draft Order was laid before Parliament on 28 November 2016 and came into force when the new combined authority mayors took office on 8 May 2017.

2.4 The 2017 Order establishes a robust framework to ensure that, once powers are conferred and mayors elected, combined authorities and mayors are properly held accountable. The Order provides for a politically representative membership and quorum arrangements for both overview and scrutiny and audit committees for combined authorities. The Order also provides for the maintenance of the independence of the chair and for appropriate voting arrangements for Overview and Scrutiny committees. It sets out procedures empowering an overview and scrutiny committee to call-in a decision by the combined authority or mayor and to stall its implementation for up to 14 days, as well as to require the combined authority or the mayor to hold a meeting to reconsider a decision.

2.5 An overview and scrutiny or audit committee can also require the mayor and members of the Combined Authority to attend its meetings and to answer questions. The arrangements must also be transparent, including a requirement that overview and scrutiny committees must publish notices of appointments to the committee. The Centre for Public Scrutiny has provided practical guidance[17] on how these arrangements will operate.

2.6 To help ensure clarity on respective roles and responsibilities, and meeting its commitment in devolution deal agreements, the Government has now published guides[18] on the powers and budgets being devolved to the six combined authorities which held Mayoral elections in 2017, as well as on devolution to Cornwall. These guides set out a summary of the powers, budgets and responsibilities being devolved to Mayors and Combined Authorities.

2.7 Departments will also set out accountability arrangements for powers and budgets devolved to local government within their Accounting Officer System Statements.[19] More broadly, combined authorities are subject to an extensive regime, reflected in the wider Local Government Accountability System Statement, which ensures that they are carrying out their functions in accordance with statute.

2.8 All local authorities – including combined authorities – are bound by the best value duty as defined in section 3 (1) of the Local Government Act 1999. This stipulates that authorities must make arrangements to secure continuous improvement in the way in which their functions are exercised, having regard to a combination of economy, efficiency and effectiveness. Local authorities are also specifically bound by legislation to appoint statutory finance and monitoring officers. Where it is suspected that these statutory requirements are not being met, the Secretary of State has powers of inspection and, if necessary, powers to intervene.

3: Committee of Public Accounts conclusion:
The Department's lack of monitoring and evaluation in the deals makes it difficult to assess their overall effectiveness.

Recommendation:
The Department must agree a common approach to measuring and evaluating the outcomes of growth programmes, including job creation, with other government departments and local areas, to ensure one geographical area is not 'growing' at the expense of another.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The Department has incorporated City Deals, the Local Growth Fund, Growth Hubs and the Growing Places Fund into a common monitoring framework. For the Local Growth Fund, a consistent set of measures has been agreed for all Local Enterprise Partnerships (LEPs) to use in their reporting, ranging across actual and forecast project spend; leverage of third party funding; job creation (with a specific question on data collection methodology); the quantum of different categories of infrastructure and floorspace completed; and specific outcomes for support to enterprises and entrepreneurs. These measures have been agreed with other relevant government departments and harmonised with other programmes including the European Structural Investment Fund, the Regional Growth Fund and pre-existing monitoring programmes in transport and skills.

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[17] http://www.cfps.org.uk/wp-content/uploads/Overview-and-scrutiny-in-combined-authorities-a-plain-english-guide.pdf
[18] http://www.gov.uk/government/publications/devolution-and-mayors-what-does-it-mean
[19] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/607245/pu2074_accounting_officer_guidance_2017.pdf

3.3 Some City Deals, and all mayoral devolution deals agreed to date, have included the agreement of additional long-term investment funds (‘Gain Share’) for investment in local growth priorities. Learning from the experience of City Deals, an independent National Evaluation Panel has been established to assess the impact of these investment funds, in order to ensure that local areas are using these funds to achieve robust economic outcomes. The panel will agree a robust monitoring and evaluation methodology with all partners and will submit reports at five-yearly Gateway Reviews, which will inform Ministerial decision making on the continuation of investment funding for local areas.

3.4 More broadly, all devolution deal areas have been supported by analysts from relevant Government Departments, and by the What Works Centre for Local Growth, to produce monitoring and evaluation plans for their devolution deals. The Government will continue to work with devolution deal areas as they implement, and continue to refresh and enhance, their plans in the coming months.

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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9220), 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.

1.3 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.

1.4 The Department will continue to work with HSCIC (Health and Social Care Information Centre) 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.

Twelfth Report of Session 2015-16
Department of Health
Care Quality Commission

Introduction from the Committee

The Care Quality Commission is the independent regulator of health and adult social care in England. Its purpose is to "make sure health and social care services provide people with safe, effective, compassionate, high quality care, and to encourage them to improve". The Commission is a non-departmental public body, sponsored by the Department of Health. The Committee last took evidence from the Department and the Commission in 2012. In its report the Committee expressed serious concerns about the Commission's governance, leadership and culture, and its failure to intervene quickly or strongly enough in failing providers of health or social care services. The Commission has since been working with the Department to implement significant changes, under a three-year transformation programme between 2013–14 and 2015–16.

Background resources

- NAO report: *Capacity and capability to regulate the quality and safety of health and adult social care* – Session 2015-16 (HC 271)
- PAC report: *Care Quality Commission* - Session 2015-16 (HC 501)
- Treasury Minutes: March 2015 (Cm 9220)
- Treasury Minutes Progress Report: January 2017 (Cm 9407)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (9407), 5 recommendations were implemented. 3 recommendations remained work in progress, all of which have now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
Too often the length of time between an inspection and a report is too long, and the Commission's draft reports contain too many basic factual errors.

Recommendation:
The Commission should set out how it will improve the quality of initial draft reports, and ensure that the time between inspection and publication of reports is shorter. The Committee expects to see progress on this in the next 12 months.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The Care Quality Commission (CQC) recognises the need for its reports to be more timely and accurate. Early initiatives are already resulting in quicker publication of reports in adult social care and primary care with a more radical rethink underway on hospital reports. The CQC commissioned an external review of the reporting process to help it understand how to make improvements to the report writing process, and a delivery plan was put in place in June 2017. Improvements include the introduction of shorter reports across all sectors, improving the audit-trail of post-inspection decision making, improved guidance and tools for inspectors, and streamlining the sign-off process for reports.

2.3 The length of time taken to publish reports is reported to the CQC's Board on a regular basis. The most recent report, from March 2017, showed that:

- the time taken for the production of reports has improved against the target of 50 working days, with the overall average time taken for reports post inspection being 45 working days;

- 80% of Adult Social Care reports were published within 50 working days, an increase on 67% in 2015-16;

- 60% of Primary Medical Services reports were published within 50 working days, an increase on 50% in 2015-16;

- for the year, the average length of time from inspection to publication of Adult Social Care reports was 39 working days, and 52 working days for Primary Medical Services reports.

2.4 In relation to hospitals, CQC has developed two indicators to track report timeliness, dependent upon whether there are a) less than three core services, reports for which would be published within 50 working days or b) three or more core services where final reports would be published within 65 working days. 16% of inspection reports of hospitals where fewer than three core services were inspected were published within 50 working days, and the average number of days to publish was 89 days for 2016-17. 12% of inspection reports of hospitals where three or more core services were inspected were published within 65 working days in March 2017; the average number of days to publish was 116 in 2016-17.

3: Committee of Public Accounts conclusion:
The Commission has not always made best use of vital intelligence from patients, carers and staff about the quality of care, or acted quickly enough on their concerns.

Recommendation:
As it continues to build user feedback into its work, the Commission should publicise its role, make it easier for people to say what they think of care, and prioritise action in response to safety concerns. It must work with other bodies - including the ombudsman, central and local government and the third sector — to ensure that concerns are addressed quickly, particularly those raised by whistle-blowers. It also needs to improve the quality of information available to people who are choosing a care provider.

3.1 The Government accepted the Committee's recommendation.

Recommendation implemented

3.2 The CQC presented proposals for an updated Public Engagement Strategy in December 2016[20], outlining how it was learning from its previous approach, and proposals for taking forward public engagement and raising its profile with patients and the public between 2016 and 2021. This includes further improvements to the CQC's website to support people looking for care and to make it easier for people to share their experiences of care, to continue to develop its campaigns focused at particular groups, as well as to develop partnerships with charities and voluntary organisations to promote the role, and awareness of the CQC with members of the public.

3.3 The CQC works with local and national statutory partners who have a role in responding to concerns, including the Local Government Ombudsman and the Parliamentary and Health Service Ombudsman, to share information about provider organisations. The CQC continues to work with a range of third sector organisations, and has partnerships in place with seven large national charities that are helping to publicise the role of the CQC and to make it easier for people to say what they think about their care. It has built and sustained relationships with 150 local *Healthwatch* organisations through a combination of national and regional communication; guidance and local relationships; and information sharing.

3.4 The CQC has revised and recommissioned its *Experts by Experience* programme which will include work at a local level to encourage feedback to the CQC from patients and people who use services on their experiences of care.

3.5 Dr Henrietta Hughes took up post as National Guardian for speaking up safely in October 2016. Her role is to encourage members of staff working in the NHS to speak up about concerns they have, whilst working with providers to ensure whistle-blowers are not treated unfairly.

3.6 During 2016-17 the CQC received 76,839 contacts that related to information of concern. 99% of Alerts and 95% of Concerns received at the CQC's National Contact Centre were triaged and forwarded to an inspector within 0-1 day, against a target of 95%.

[20] http://www.ccq.org.uk/content/our-plan-engaging-public-our-work-2015-16

5: Committee of Public Accounts conclusion:
The Commission will become responsible for assessing hospitals' use of resource in April 2016, but it will take over a year for it to implement these responsibilities in full.

Recommendation 5a:
The Commission should set out what its approach will be to provide assurance about the use of resources by hospital providers. It should do this as soon as possible as it takes on these responsibilities in April 2016.

5.1 The Government accepted the Committee's recommendation.

Recommendation implemented.

5.2 The CQC and NHS Improvement have committed to ensuring that there is a single integrated approach across the two organisations, with clear roles and responsibilities regarding the assessment of quality and use of resources. As set out in the CQC's strategy for 2016-21, it intends to publish an assessment of how efficiently and effectively NHS acute trusts and Foundation Trusts are using their resources alongside its existing quality ratings. It has been agreed that NHS Improvement will lead on the approach to assessing trusts' use of resources.

5.3 NHS Improvement has begun development and testing of the assessment methodology, working with the CQC. NHS Improvement published its Single Oversight Framework in September 2016. This set out a range of financial measures that it plans to track as it oversees trust performance. NHS Improvement and the CQC have agreed that performance against measures included in the Single Oversight Framework will form part of the annual assessment of a trust's use of resources, along with other metrics assessing productivity which they are currently working to develop. In tandem with this, NHS Improvement and the CQC are also developing a methodology for assessing trusts' leadership and governance of use of resources, and considering different models for how the assessment of a trust's use of resources should be fed into the CQC's provider ratings.

5.4 The CQC and NHS Improvement published a consultation in December 2016 on how the assessments could work, and published their response in summer 2017. A further consultation on the methodology is planned for autumn 2017, with a roll out of the combined use of resources rating in January 2018.

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)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9407), 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 The GP Data for Secondary Uses Programme Outline Business Case, which was approved in February 2017, set out the functionality and capacity required for the GPES replacement service. The Outline Business Case highlighted the risk that the new service may not be delivered by July 2018 when the GPES contracts expire.

1.4 By way of mitigation, a revised delivery approach has been agreed. This will deliver an initial interim solution, including in-house development, which will maintain service continuity as well as deliver capabilities to be incorporated into the broader replacement to GPES. A detailed delivery plan for the interim solution was agreed in the summer. The replacement to GPES will have the flexibility to respond to requirements in the future. Further work is underway which will conclude by the end of Spring 2018, to confirm the detailed approach and timescales for the broader replacement for GPES.

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)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9237), the Department disagreed with 2 recommendations. 3 recommendations remain work in progress 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.

Target implementation date: December 2017.

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 carrying out a programme of work that is designed to determine this policy over the next 2 years and will include its position in the methodology statement for the PR19 in December 2017. Ofwat is working closely with other regulators through the UK Regulators Network (UKRN) on common policy areas, which includes tax and cost of debt.

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 accepts the Committee's recommendation.

Target implementation date: December 2017.

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. Ofwat is further strengthening how competition and efficiency are encouraged and incentivised. This will form part of the 2019 price review methodology.

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 accepts the Committee's recommendation.

Target implementation date: December 2017.

5.2 Ofwat has set out options for a market design for water resources in its December 2015 consultation on its proposals for the 2019 price review. Ofwat's preferred option is to set a binding price control for water resources to help better facilitate an effective market by revealing improved information that will help us set more targeted incentives. Similarly, Ofwat are proposing an information database and a framework that would allow for the 'bidding in' of resource options by third parties on an ongoing and fair basis that provides a level playing field between participants. As part of its consultation, Ofwat also updated its assessment of the benefits of water trading in the sector which suggested that the unrealised benefits of increased water trading are around £1 billion. The final proposals in relation to water trading will be included in the methodology statement in December 2017.

Seventeenth Report of Session 2015-16

Department of Health

Management of adult diabetes services in the NHS: progress review

Introduction from the Committee

Since the previous Committee of Public Accounts reported in 2012, the Department of Health and NHS England have made progress in improving outcomes for diabetes patients. International evidence now available also suggests that the UK performs well compared to other countries in terms of outcomes for diabetes patients. However, there are significant variations in the routine care and support that diabetes patients receive, and in outcomes for diabetes patients.

The Committee is concerned that the witnesses from the Department and NHS England painted an unduly healthy picture of the state of diabetes services in England. Although an individual diabetes patient's prospects are getting better, the number of people with diabetes is rising by 4.8% a year, and performance in delivering the nine care processes and achieving the three treatment standards, which help to minimise the risk of diabetes patients developing complications in the future, has stalled. In addition, very few new diabetes patients are taking up education that could help them manage their condition, and the number of diabetes patients experiencing complications (which account for over two-thirds of the cost of diabetes to the NHS) continues to rise.

This all means that the costs of diabetes to the NHS will continue to rise. In order to control these costs, the Department and NHS must take significant action to improve prevention and treatment for diabetes patients in the next couple of years.

Background resources

- NAO Report: *The management of adult diabetes services in the NHS: progress review* Session 2015-16 (HC 489)
- PAC Report: Management of adult diabetes services in the NHS: progress review Session 2015-16 (HC 563)
- Treasury Minutes: March 2016 (Cm 9237)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9237), the Department disagreed with 2 recommendations. 4 recommendations remained work in progress, all of which have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
There are unacceptable variations in the take up of education programmes, delivery of recommended care processes, achievement of treatment standards and in outcomes for diabetes patients.

Recommendation:

- ***The Department and NHS England should by April 2016, use the new diabetes data available in January to identify those clinical commissioning groups that are performing poorly in comparison to the national average and establish interventions to help them improve their performance.***
- ***The Department and NHS England should by July 2016, set out a timetable to reduce geographical variations and variations between different patient groups.***
- ***The Department and NHS England should clarify which diabetes targets remain in place.***
- ***The Department and NHS England should develop a strategy for sharing best practice, including on using GP IT systems effectively to support the delivery of diabetes care, and report back to us within six months.***

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 The Clinical Commissioning Group Improvement and Assessment Framework (CCGIAF), for which the first set of data were published in 2016, includes indicators in relation to two key diabetes measures; diabetes patients that have achieved all the NICE-recommended treatment targets: three (HbA1c, cholesterol and blood pressure) for adults and one (HbA1c) for children; and, people with diabetes diagnosed less than a year who attend a structured education course. For each of these measures, Clinical Commissioning Groups (CCGs) were assessed in relation to the national average position.

1.3 In December 2016, NHS England issued a Call to Bid to CCGs and providers, inviting them to submit proposals for transformation funding to support them to make improvements against four evidence-based interventions for diabetes. Two of these were in relation to the treatment targets and structured education as above. The other two were in relation to expanding the availability of multidisciplinary foot care teams and diabetes inpatient specialist nurses. 166 CCGs have successfully secured funding to support improvements.

1.4 In addition, NHS England has funded specific diabetes posts in regional teams and clinical networks in order to further support local improvements. The criteria for the transformation fund included CCGs and partners identifying whether there were specific patients groups who were under-represented in relation to any of the four interventions and to demonstrate that their proposals were targeted towards these groups. In addition, the scoring methodology for bids included a weighting towards bids from localities that has the poorest CCGIAF diabetes outcomes. Successful bids are based on planned improvement in outcomes during the period 2017-18 to 2018-19.

1.5 Clinical networks have worked with NHS Digital to advise CCGs and GPs on effective use of GP information systems to support National Diabetes Audit (NDA) participation and the appropriate coding of structured education. 82% of GP practices submitted data to the recently published 2015-16 NDA, a significant increase from the 57% participation in the 2014-15 NDA.

1.6 This response meets the requirement to report back to the Committee.

3: Committee of Public Accounts conclusion:
The Committee welcome the introduction of the new NHS Diabetes Prevention Programme but, by itself, this will not be enough to stem the rising number of people with diabetes.

Recommendation:
NHS England and Public Health England should, by April 2016, set out a timetable to ramp up participation in the national diabetes prevention programme to 100,000 people a year, set out what it will cost, and how the programme will target those areas with the highest prevalence of diabetes. Public Health England should also set out how its other public health activities, such as marketing campaigns, will contribute to preventing diabetes.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 In 2016, roll out of the NHS Diabetes Prevention Programme (DPP) commenced across approximately 50% of England (by CCGs), made up of 27 contract areas. All areas were actively generating referrals into the programme and running services for at risk patients by autumn 2016. To the end of March 2017 this had resulted in 42,068 at risk individuals referred to the service and 14,599 people commencing programmes.

3.3 In April 2017 roll out commenced in a further 25% of England, taking national coverage to 75% and we anticipate generating up to 130,000 referrals into the service in 2017-18. NHS England will roll out to the remaining 25% of England in 2018-19, achieving nationwide coverage.

3.4 The estimated gross cost of NHS DPP interventions (excluding implementation and support costs) is £87 million. This is based on a three year roll-out of the programme to 100,000 people per year by 2020 and totalling 390,000 over five years of the programme running.

4: Committee of Public Accounts conclusion:
Current payment mechanisms do not incentivise secondary and primary care clinicians to work together to deliver integrated diabetes care.

Recommendation:
Whilst vanguard sites are testing new models of delivery, NHS England and Monitor should examine whether the current tariff arrangements support secondary and primary care clinicians to deliver integrated diabetes care. If they are a barrier to integrated care, NHS England and Monitor should develop a proposal in the next 12 months on how to resolve this.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 There are a number of initiatives taking place both within vanguard sites and in other localities to deliver a more integrated experience of care for adults with diabetes. These initiatives are at different stages and take different approaches with regards to payment, so it is too early to evaluate them at this time. National tariff rules should not be a barrier to delivering diabetes care in the most effective way. Tariff can be varied locally to take into account local circumstances and these local variations can be agreed by providers and commissioners. This mechanism permits a move away from national tariffs where this will provide care that is in the best interest of patients.

4.3 A review of incentives and funding models for diabetes has been undertaken by NHS England in partnership with Diabetes UK and Public Health England.

5: Committee of Public Accounts conclusion:
Few newly diagnosed diabetes patients are taking up education programmes that can help them manage their condition effectively and reduce their risk of developing complications.

Recommendation:
NHS England needs to develop a better and more flexible range of education support for diabetes patients and set out by when this support will be available. To support the development of education services, NHS England also needs to improve the quality of data on take up of education programmes.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 An indicator on structured education was confirmed in the published CCGIAF in July 2016. This indicator is focussed on attendance at structured education. Combined with the Quality and Outcomes Framework measure incentivising GPs to refer newly diagnosed diabetes patients into structured education, this will enable CCGs to identify where action is needed to help ensure that referral of people with diabetes translates into actual attendance at structured education.

5.3 Work has also been undertaken by NHS England's clinical networks and NHS Digital to improve the accuracy of recording the number of structured education attendances. In December 2016, NHS England invited CCGs, working with providers and other partners, to bid for diabetes transformation funding. One of the four priorities for the use of the funding was to improve uptake of structured education by both the newly diagnosed and prevalent diabetes populations, both by expanding the number of places available and by ensuring that these are well targeted at specific groups within local populations where take-up of structured education is low. NHS England plans to invest £11.1 million in 130 CCGs in 2017-18 to expand the number and range of structured education places available.

5.4 NHS England has allocated funds to support implementation of flexible learning options for people living with both Type 1 and Type 2 diabetes. This funding will be used in 2017-18 to support a number of demonstrator sites across England to test delivery of new and innovative ways of providing self-care support in practice, and to develop an evidence base and to further our understanding of the implementation issues. NHS England is also working with NHS Digital to improve digital support for people living with Type 1 diabetes and ensure it is informed by user need. In addition, the national programme is currently running a procurement exercise to implement and evaluate digital behaviour change interventions for individuals at risk of Type 2 diabetes in seven local health economies. These services will be implemented in 2017.

Eighteenth Report of Session 2015-16

Department for Work and Pensions

Automatic enrolment to workplace pensions

Introduction from the Committee

Automatic enrolment aims to reverse the long-term decline in the number of people saving into a workplace pension. Employers will have to enrol workers into a workplace pension scheme if they are working in the UK, earn more than £10,000 per year, are over 22 years old and are under State Pension Age. Workers can choose to opt out, but automatic enrolment builds on evidence of inertia in people's savings decisions to encourage more people to save for retirement. By the end of August 2015, 58,000 employers had enrolled 5.4 million people into a new workplace pension. Opt out rates have been between 8% and 14%; significantly below the Department's expectations. From January 2016, automatic enrolment will be extended to 1.8 million small employers. Minimum contribution rates are set to rise from 2% of qualifying earnings (currently) to 5% from April 2018, and then to 8% from April 2019.

The Department for Work and Pensions designs the policy and manages the programme, The Pensions Regulator provides guidance to employers and ensures compliance with automatic enrolment rules, and the National Employment Savings Trust (NEST) runs a pension scheme available to all employers, as do several other providers.

Background resources

- NAO report: *Automatic Enrolment to workplace pensions* - Session 2015-16 (HC 417)
- PAC report: *Automatic Enrolment to workplace pensions* - Session 2015-16 (HC 581)
- Treasury Minutes: March 2016 (Cm 9237)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9237), 2 recommendations were implemented and the Department disagreed with 1 recommendation. 4 recommendations remained work in progress, all of which have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
The Department has successfully implemented automatic enrolment for larger employers, but the real test is still to come.

Recommendation:
The Department should write to the Committee in 12 months setting out progress in implementing automatic enrolment for smaller employers, and with an update on progress against the specific recommendations the Committee makes below.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 The Department wrote to the Committee on 25 January 2017[21] with details of progress on implementing automatic enrolment for smaller employers.

1.3 The Department and the Pensions Regulator (TPR) continue to focus on supporting small and micro employers to successfully meet their automatic enrolment duties and offer practical help for this group through tools such as a step by step guide and a tailored "duties checker". Implementation is progressing well, and as at the end of March 2017, the Regulator reported that over 500,000 employers had automatically enrolled over 7.6 million eligible jobholders. Compliance levels among small and micro employers continue to exceed forecasted assumptions and implementation is on track to complete by the end of February 2018.

[21] https://www.parliament.uk/documents/commons-committees/public-accounts/Correspondence/2015-20-Parliament/Auto-enrolment
-workplace-pensions-250117.pdf

2: Committee of Public Accounts conclusion:
The Pensions Regulator does not yet have access to the real-time information that would help smooth the roll-out to smaller employers.

Recommendation:
The Pensions Regulator should ensure that it has developed a fully functioning RTI feed from HMRC by July 2016 at the latest and ensure it has stepped up active policing of compliance.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The Department wrote to the Committee on 25 January 2017 regarding the development of the RTI feed. The Pensions Regulator started receiving a fully functioning monthly data feed of RTI from HMRC in July 2016. Over the last 9 months the Regulator has increased its focus on checking the validity of employer compliance reporting. RTI data enables the application of an enhanced risk assessment approach to ensure greater operational efficiency, the ability to tailor some communications to various employers and to mitigate against the burden of challenging employers who have in fact correctly complied.

4: Committee of Public Accounts conclusion:
Automatic enrolment is being implemented in parallel with wider reforms affecting the long term adequacy of retirement incomes, and its success must be reviewed in that context.

Recommendation:
The Department should report to us in 12 months on the scope and progress of its planned review of automatic enrolment, factoring in the wider reforms and potential impact on retirement incomes.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The Department wrote to the Committee on 25 January 2017 with details of the scope and progress of the automatic enrolment review. The review of automatic enrolment is progressing and is focussed on three main themes – coverage, engagement, and building an evidence base to support consideration of future contribution rates. The review also includes consideration of some aspects of the technical operation of automatic enrolment; along with examining the statutory requirements related to the operation of the alternative quality requirements for defined benefits (DB) schemes. The Department has appointed and begun working with the members of the external advisory group and has engaged stakeholders through inviting responses to a set of initial questions and through face to face meetings.

6: Committee of Public Accounts conclusion:
NEST does not know when it will pay back its loan, or how much this will eventually cost the taxpayer

Recommendation:
The Department should report to the Committee in 12 months with an update on when NEST will repay its loan.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 The Department wrote to the Committee on 20 April 2017[22] providing additional information about the likely break-even point and repayment timescales of the Government's loan to NEST Corporation. There are still a number of uncertainties in forecasting the path of NEST's finances and eventual repayment of the loan, including member behaviour as contribution rates increase, the macroeconomic environment and the impact of policies to remove restrictions on NEST members. Automatic enrolment continues to progress well, NEST's finances have now moved from a position of uncertainty to one where there is more stability in the forecast. The latest forecast position is a breakeven point of 2026, at which point the loan balance would be £1.2 billion and a loan repayment date of 2038. This is well within the range originally proposed in the European Commission's State Aid decision in 2010.

[22] http://www.parliament.uk/documents/commons-committees/public-accounts/Correspondence/2015-20-Parliament/Correspondence-dwp-National-Employment-Savings-Trust-200417.pdf

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)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9327), 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 programme's 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. 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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9260), 4 recommendations were implemented. 2 recommendations remained worked in progress, 1 of which has now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
There is a real risk to value for money if market interest in operating rail franchises declines any further.

Recommendation:
The Department should develop alternatives to its current commercial approach so it is well placed to deliver value for money if market interest falls to a level where intense competition cannot be guaranteed. The Department might benefit from looking at other markets where competition has been limited, such as the energy market, to see if it can learn lessons which may help in the future.

2.1 The Government accepted the Committee's recommendation.

Recommendation implemented.

2.2 The Department has reviewed and amended the capital requirements for bidders. It has also reviewed its approach to revenue risk allocation and developed a new mechanism taking into account market appetite and views. The Department continues to keep its commercial approach under review and engages extensively and continuously with the market to assess market appetite.

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.

Target implementation date: Autumn 2017.

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 to 2024 on 20 July 2017.[23] This sets out the Government's high-level objectives for the railway over the 2019 to 2024 period. The Secretary of State has also initiated work to provide assurance on the costs of key railway activities to provide confidence in setting the level of public funding available to the railway. A further announcement on the level of funds to be made available will be made following the completion of this work, no later than 13 October 2017.

6.3 The Department has also adopted joint working with Network Rail to ensure oversight of investments, upgrades and improvements.[24] A vital part of this joint work is to ensure the processes of development, design and delivery have strong leadership, that decisions are taken on the basis of clear principles, and that future development is in line with our overall strategy for rail.

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

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

Twenty Seventh Report of Session 2015-16

Home Office

e-Borders and Successor Programmes

Introduction from the Committee

In 2014–15, some 118 million people travelled to the UK, by land, sea and air. Since 2012 the Department's Border Force directorate has been responsible for operating border controls, although responsibility for border functions has previously rested with the former UK Border Agency. In the early 2000s the UK authorities received virtually no data on people travelling to the UK before they arrived at the border. The Department recognised that collecting passenger information in advance of travel would help them identify persons of interest and prevent travel where deemed necessary. Since 2003, the Department has run several programmes to collect and analyse this data.

In 2007, the Department entered a contract with Raytheon to deliver an "e-Borders" solution but the Department cancelled this contract in 2010. Successor programmes, including the Border Systems Programme and Digital Services at the Border, took over where Raytheon left off. By March 2015 the Department had spent at least £830 million on all these programmes.

Background resources

- NAO report: *E Borders and Successor Programmes* - Session 2015-16 (HC 608)
- PAC report: *E Borders and Successor Programmes* - Session 2015-16 (HC 643)
- Treasury Minutes: May 2016 (Cm 9270)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9270), 2 recommendations were implemented and the Department did not accept 1 recommendation. 2 recommendations remained work in progress, which have now been implemented, as set out below

1: Committee of Public Accounts conclusion:
The aims of the e-Borders and successor programmes will be delivered at least 8 years late and cost significantly more than expected, but no-one has accepted responsibility for this.

Recommendation:
In response to this report, the Department should set out what it expects to deliver in 2016, who will be responsible for delivering it, and report back to the Committee in January 2017 on what has been achieved.

1.1 The Government accepted the Committee's recommendation.

Recommendation implemented.

1.2 The Department commenced delivery of two key technologies for both freight and passenger screening and security at the border: an Advanced Freight Targeting Capability (AFTC); and Border Crossing – the new primary control point technology used by officers when meeting arriving passengers, which will start the process of replacing the Warnings Index.

1.3 AFTC's underlying technology and the first iteration of its Roll-on Roll-off (RoRo) targeting system went live in January 2016. Release 2 (covering air freight) and 2.1 (covering RoRo traffic) went live in January 2017, followed by further updates in February 2017. A third Release deployed in April 2017 extended AFTC's targeting capability to cover Fast Parcels. Not only do these releases provide entirely new data feeds, but they make sorting and analysing such data much faster. Further capability uplifts, including for the targeting of post, will be released throughout the rest of the financial year.

1.4 Border Crossing reached a key milestone when it was successfully deployed to an airport, as a pilot, in July 2016 for use alongside existing WI systems. This was followed by deployment to two further airports in November 2016, to a maritime port in February 2017, and a fifth port in April 2017. Further capability deployments are planned throughout 2017. Meanwhile we continue to prioritise embedding the data centre changes required in support of national roll out.

1.5 The senior responsible owner (SRO) for Digital Services at the Border changed at the start of the 2017/18 financial year and is currently Andy Mackinder.

5: Committee of Public Accounts conclusion:
Throughout the programme the Department has underestimated the importance of securing the co-operation of other government agencies and transport carriers.

Recommendation:
The Department should ensure all stakeholders outside the Department, such as other government agencies and carriers, are consulted at appropriate stages as programmes develop and that the issues they raise are considered carefully and responded to effectively. Departments should ensure that business cases are clear on the impact on stakeholders, such as carriers and passengers, of new requirements and monitor such programmes to ensure changes are integrated as smoothly as possible.

5.1 The Government accepted the Committee's recommendation.

Recommendation implemented.

5.2 The Department has put in place a revised approach to business case development and governance, designed to ensure key issues and impacts are considered from an early stage and throughout a programme's development and delivery. This includes ensuring that impacts on stakeholders and business change requirements are identified, assessed and managed from a much earlier stage. There is also a stronger focus on ensuring appropriate collaboration with stakeholders about changes throughout the programme's development and delivery. Programmes are expected to monitor stakeholder engagement and business change management as part of programme governance. These factors are also routinely considered in assessing business cases and in reviewing programme progress, for example in Project Assurance Reviews.

5.3 The Department has worked with stakeholders across the air, maritime and rail sectors, enabled by the establishment of the Carrier Engagement and Data Analysis Team (CEDAT) within Border Force. This has helped to secure 100% Advance Passenger Information coverage on commercial airline routes and encouraged a more rapid take up of providing PNR on intra-EU routes as the EU PNR Directive is implemented. Coverage of PNR data on EU routes has increased from 20% at the start of 2016 to 81% currently.

5.4 CEDAT is also working with carriers to increase the amount of API which is sent interactively (which increases both the quality and timeliness of the data). Across the same period the coverage of interactive API increased from 16% to 52%. The formation of a cross-channel working group to find a consistent way for maritime and rail carriers to provide data to the UK and other EU governments has also been welcomed by industry. New capability to measure data receipt at passenger level is supporting improvements to data management and performance.

5.5 Feedback from industry initiatives has been positive. They add significant value to the developing of our capabilities and provide opportunities for strong two way communications.

Thirtieth Report of Session 2015-16

Department of Health

Sustainability and financial performance of acute hospital trusts

Introduction from the Committee

In 2014–15, the Department of Health allocated £98 billion of its £111 billion budget to pay for NHS services. Finances across the NHS have become increasingly tight with health funding rising at a historically low rate of 1.8% in real terms between 2010–11 and 2014–15. At 31 March 2015 there were 90 NHS trusts and 155 NHS foundation trusts, of which 55 NHS trusts and 100 NHS foundation trusts were acute hospital trusts providing healthcare services such as accident and emergency, inpatient and outpatient and in some cases specialist or community care. NHS Improvement, a new health sector regulator, brings together Monitor, the regulator for NHS foundation trusts, and the NHS Trust Development Authority, the oversight body for NHS trusts. A significant number of acute hospital trusts are in serious and persistent financial distress and many are struggling to make efficiencies to improve their financial position.

The Department and NHS England provided £1.8 billion of additional financial support to NHS trusts and NHS foundation trusts in financial difficulty in 2014–15. The NHS Five Year Forward View, published in October 2014, set out changes to the provision of healthcare services that aims to enable the NHS to adapt to pressures of increasing patient demand for healthcare and funding constraints. The new models of care outlined in the Five Year Forward View aim to break down the boundaries between primary care, hospitals and community care, and integrate services around the needs of the patient.

Background resources

- NAO report: *Sustainability and financial performance of acute hospital trusts – Session 2015-16* (HC 611)
- PAC report: *Sustainability and financial performance of acute hospital trusts – Session 2015-16* (HC 709)
- Treasury Minutes: May 2016 (Cm 9270)
- Treasury Minutes Progress Report: January 2017 (Cm 9407)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9407), 5 recommendations were implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

4: Committee of Public Accounts conclusion:
The current system of paying providers through a national tariff does not support financial sustainability nor incentivise joined-up services.

Recommendation:
NHS England and NHS Improvement should set out proposals for changing the payment and contracting system for providers to one that supports financial and service sustainability, incentivises integration and service collaboration and reduces the need for reactive financial support to providers in difficulty.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 A number of Vanguards have now developed and started to procure new care models that have an integral Whole Population Budget[25]. Other areas, not previously included in the Vanguard programme, are now looking to implement the new payment model. NHS England and NHS Improvement are working closely to assist in the development of the new payment approach, ensuring that learning is shared throughout the sector. They have developed a number of tools with Vanguards sites that they are

[25] https://improvement.nhs.uk/resources/whole-population-budgets/

continuing to develop with input from the sector to assist all areas wishing to implement new payment models.

4.3 Following the launch of Next steps on the Five Year Forward View[26], NHS England and NHS Improvement are looking at how the Whole Population Budget approach can be scaled, or included in the work that is being described within Sustainability and Transformation Plans to deliver their Accountable Care Systems, and any potential movement away from the tariff-based payment system.

[26] https://www.england.nhs.uk/2017/03/next-steps-on-the-five-year-forward-view/

Thirty Second Report of Session 2015-16

Cabinet Office

Transforming contract management: progress review

Introduction from the Committee

The Government spends nearly £200 billion a year with private and voluntary providers. This includes relatively simple contracts to provide goods or established services, to innovative, high-profile commissioning arrangements delivering services directly to the public, such as health and justice services. In 2013, following issues with overbilling in the Ministry of Justice's electronic monitoring contracts with G4S and Serco, the Government commissioned a series of reviews of contract management across Departments. The reviews found widespread problems in contract management, including poor governance, record keeping and capacity issues. The previous Committee reported in 2014 that "problems with contracting are widespread, long standing and rooted in the culture of the civil service". Since then the Cabinet Office has led a cross-Government programme to improve commercial capability.

Background resources

- PAC report: *Contracting out public services to the private sector* – Session 2013-14 (HC 777)
- PAC report: *Transforming contract management* – Session 2014-15 (HC 585)
- PAC report: *Transforming contract management: progress review* – Session 2015-16 (HC 711)
- Treasury Minutes: May 2016 (Cm 9270)
- Treasury Minutes Progress Report: January 2017 (Cm 9407)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute Progress Report (Cm 9407), 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.

4: Committee of Public Accounts conclusion:
Commercial roles in the civil service are not attractive enough to potential candidates.

Recommendation:
The Cabinet Office should improve the status of commercial roles, including consulting with departments on whether departmental Commercial Directors should sit on Departmental Boards; and increasing the weighting of commercial competence when considering senior civil service promotions.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 Significant progress has been made in respect of improving the status of commercial roles. The Government Commercial Organisation (GCO) was established in April 2016 to focus on attracting, retaining and developing senior commercial specialists across Departments.

4.3 The Commercial Recruitment Hub is now responsible for all commercial recruitment at grade 6 or above across the civil service. The hub has recruited 85 senior commercial specialists up to March 2017 across Government.

4.4 Each Departmental Board includes a member with commercial responsibilities who is usually the Director General (DG) of Finance. The GCO has consulted with departments about Commercial Directors sitting on their Departmental Boards to represent Commercial. However, departments are satisfied that the DGs Finance have accountability for commercial capability in the department and can therefore represent Commercial at Board level. The GCO continues to work closely with DGs Finance across Government in support of this aim.

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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9270), 6 recommendations remained work in progress. 4 recommendations have 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.

Target implementation date: Autumn 2017.

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.

2: Committee of Public Accounts conclusion:
Claimants are still not receiving an acceptable level of service from contractors, with particular concerns for claimants with fluctuating and mental health conditions.

Recommendation:
As the previous Committee noted in 2014, the Department needs to ensure that it, and its contractors, make the process easier for claimants and ensure it has well-trained, knowledgeable assessors who are sensitive to complex issues that claimants are dealing with, particularly those with mental health conditions. The Committee expects significant progress to be made within 12 months, when the Department should update the Committee.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 Significant progress has been made in the last twelve months. Claimant satisfaction surveys show that the vast majority of claimants are satisfied with the service they receive at face to face assessments, for example, satisfaction levels for Centre for Health and Disability have risen from 87.8% in May 2015 to 94.3% in May 2017. The insight received from the claimants in the survey is utilised by the providers for input into their continuing improvement programmes.

2.3 The improvement in claimant satisfaction flows from the increased training and support from providers, with on-going monitoring by the Department. Personal Independence Payment (PIP) providers have been recruiting additional senior clinical management and mentoring / coaching personnel, ensuring there continues to be a high level of support.

2.4 All health professionals carrying out face to face assessments receive an appropriate level of direct support from senior clinicians, coaches, mentors and mental function champions. A specific Continuing Professional Development module *Understanding Mental Health from a customer's perspective* has been developed and delivered to healthcare professionals working on the Work Capability Assessment. There is also a helpline for claimants completing an Employment and Support Allowance/Universal Credit questionnaire about how their health condition affects them. The questionnaire has also recently been redesigned to make it easier for claimants to complete the mental health section. The Centre for Health and Disability Assessment Customer Representative Group has also been extended, with representatives from thirty groups attending.

2.5 The Department monitors and supports its assessment providers on their continuous improvement programmes, with a focus on improving the claimant experience for all. The Department carries out site assurance visits which highlight the claimant experience at the assessment centre, focusing on the provider's compliance with contractual requirements as well as any areas for general improvement.

3: Committee of Public Accounts conclusion:
Too many assessments do not meet the standard required.

Recommendation:
The Department and contractors need to develop a more complete and effective regime for monitoring and improving the quality of assessments. This includes ensuring contractors meet the required standards for reports.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The Department is committed to ensuring all claimants receive high quality, objective, fair and accurate assessments.

3.3 The Department has in place an independent audit function covering both Employment and Support Allowance (ESA) and Personal Independence Payments (PIP) which closely monitors the quality of the assessments delivered by its health assessment providers. Providers continue to complete their own audit of assessment reports, which helps improve internal standards and address issues quickly, before the formal independent audit stage. To supplement the audit processes there are regular meetings between senior Departmental clinical staff, performance managers and Assessment Provider's Chief Medical Officers to ensure that standards are agreed and reinforced on a regular basis.

3.4 The Department is focusing on the claimant experience within individual assessments, alongside the on-going conversations about the quality of assessment reports. For example, the PIP providers are looking at the way information is gathered from claimants and how to encourage claimants to talk about how their health condition or disability affects them, before discussing their medical history.

4: Committee of Public Accounts conclusion:
The unit cost of assessments has increased, but there has been no noticeable benefit for claimants or taxpayers.

Recommendation:
To demonstrate value for money for increasing costs, the Department must show that these costs lead directly to better performance and outcomes. The Department should update the committee in 12 months' time on actual costs incurred and the service received.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The Department proactively monitors Health Assessment contracts closely to ensure that they continue to deliver value for money. The Department manages a number of metrics which have led to better performance and outcomes.

4.3 The number of assessments completed for both Health and Disability Assessment Services and Personal Independence Payment (PIP) increased considerably during 2016-17, whilst the overall unit cost per output reduced.

4.4 The improvements in performance were supported by an improvement in the quality of assessments delivered to customers. Personal Independence Payment suppliers have delivered improvements in quality outcomes and the Health and Disability Assessment Services provider continues consistently to meet their A-grade targets.

4.5 To support the customer journey and monitor assessment performance, the number of outstanding referrals is closely monitored. Health and Disability Services has seen a significant reduction in outstanding cases since the contract was inherited in 2015. PIP customers saw a downturn in 2016-17, albeit there has been a slight increase in the last couple of months of the year, due to an increase in the number of customer new claims received. The Department is working with the suppliers to ensure their plans support the increased delivery capacity required.

5: Committee of Public Accounts conclusion:
The Department appears to have repeatedly misjudged what contractors can deliver and the uncertainties underlying what can be achieved.

Recommendation:
The Department must challenge the underlying assumptions used in bids using the experience it has now acquired of the contracts in practice and set out consistent principles for identifying and handling the uncertainty of critical assumptions during procurement and the contract itself.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The PIP contract expires in 2019 and the Department is beginning the process for procuring their replacement. The Department will through its lessons learnt, open book accounting and performance management processes, identify the key strategic drivers for its health contracts. The Department will supplement this with detailed market engagement sessions in July 2017, with a series of supplier events being held to discuss future delivery. These events will ensure that the market has a greater understanding of the key contractual requirements and potentially bring innovation and increased competition. These events will drive a more appropriate understanding, allocation and ownership of risks that could lead to a reduction in risk premiums and ultimately lower delivery costs. The Department is seeking to build contractual flexibility to support the review of critical assumptions in live running of future contracts.

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 2017.

6.2 The Department has in train a number of actions including the development of an overarching Health Services commercial strategy. Market consultation has already begun through a series of supplier engagement events. As noted above further market engagement activity is being undertaken in July 2017, with supplier bi-laterals and conference events. These are the first in a series of engagement sessions, with further events planned in the autumn to help test alternative commercial options in preparation for forthcoming sourcing exercises.

Thirty Fourth Report of Session 2015-16

HM Revenue and Customs

Tackling tax fraud

Introduction from the Committee

HM Revenue & Customs (HMRC) is responsible for administering the tax system, including the management and reduction of risks to tax revenue. HMRC measures the tax gap and assesses what behaviour led to that gap. Three types of behaviour that illegally deprive the Exchequer of tax revenue are referred to as tax fraud:

- evasion - when registered individuals or businesses deliberately omit, conceal or misrepresent information to reduce their tax liabilities;
- the hidden economy - which involves people whose entire income is unknown to HMRC ('ghosts') and those for whom HMRC knows of some sources of income but not others ('moonlighters'); and
- criminal attacks - which typically involve coordinated and systematic actions by criminal gangs, with varying levels of sophistication and organisation.

Tax fraud results in losses of some £16 billion a year, almost half of the tax gap of £34 billion. The other parts of the tax gap do not involve the law being broken, for example, tax avoidance and genuine errors made by taxpayers when completing a tax return.

Background resources

- NAO report: *Tackling tax fraud: how HMRC responds to tax evasion, the hidden economy and criminal attacks* – Session 2015-16 (HC 610)
- PAC report: *Tackling tax fraud* – Session 2015-16 (HC 674)
- Treasury Minutes: July 2016 (Cm 9323)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minutes (Cm 9323), 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:
The Committee cannot judge how effective HMRC is at reducing the tax gap because the way it reports its performance is too confusing.

Recommendation:
HMRC should clearly set out in its annual reports the relationship between its compliance yields and changes in the tax gap. It should also publish this information in a way that is accessible for everyone to understand.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 The Department included a section on the tax gap and compliance yield in the 2015-16 Annual Report and Accounts, which included a case study aimed to provide an accessible explanation of the tax gap and compliance yield.

3: Committee of Public Accounts conclusion:
The perception that HMRC does not tackle tax fraud by the wealthy needs to be addressed.

Recommendation:
HMRC must do more to tackle tax fraud and counter the belief that people are getting away with tax evasion. It needs to increase the number of investigations and prosecutions, including wealthy tax evaders, and publicise this work to deter others from evading tax and to send out a message that those who try will not get away with it.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 Since 2010, the Department has achieved a sevenfold increase in the number of individuals charged with tax and duty offences; preventing the loss of over £10 billion and resulting in more than 4,000 individuals being convicted following criminal prosecution.

3.3 The Department's Fraud Investigation Service has tested and refined new, innovative ways to better understand, better target and maximise the impact of, its deterrence-focused media work.

3.4 The Department has established new measures and metrics to track and baseline public perceptions, and measure the impact of its external communications across the different customer segments. This gives a better understanding of how deterrence works for different types of criminals. As part of this, the Department has initiated research to develop a customer insight evidence base to support identification of the messages that will have the most significant deterrence effect across different customer segments.

3.5 New processes have been introduced to increase the quantity and quality of press releases generated, including a communications pipeline and a process that will make it easier for teams to put forward cases for external publicity. This is underpinned by a new communications management information system which has been in place since January 2017.

5: Committee of Public Accounts conclusion:
HMRC has been slow to respond to the growing risk of VAT fraud by internet traders.

Recommendation:
HMRC should review the Committee's previous findings on VAT fraud, and identify the size of VAT internet fraud and update the Committee on how effective the measures introduced in the Budget have been to address this. HMRC should update the Committee within the next 12 months.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The new rules for VAT representatives and online marketplaces came into legal effect from Royal Assent of Finance Act 2016. The Fulfilment House Due Diligence Scheme consultation closed on 30 June 2016 and it is intended to come into effect in 2018.

5.3 The Department was due to provide a substantive update of the impact and benefits by March 2017. This has now been superseded by an NAO investigation into Online VAT Fraud and Error published on 19 April 2017.

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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9323), 1 recommendation had been implemented. 5 recommendations remained work in progress, of which 4 have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
The Department, its staff and many of its partners are doing a good job of intervening across an increasing number and range of crises. The Department does not have a full and clearunderstanding of what constitutes success across its crisis interventions.

Recommendation:
The Department should extend its approach to reviewing performance across its portfolio of sudden onset crises to include longer running and more complex crises. It should use the resulting information to aid its decision-making and to provide assurance to Parliament on its performance.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 The Department is working across Government and internationally to improve outcomes for vulnerable people living through protracted conflict-related and refugee crises. The Department has carried out an internal review of its policy and programmes in protracted crises contexts and is working with its country programmes to bring together humanitarian, development and stabilisation expertise from the outset of a crisis, to strengthen its response.

1.3 The UK has been at the forefront of international efforts to respond to complex protracted crises. At the World Humanitarian Summit (WHS) in May 2016 the UK helped secure the "Grand Bargain", an agreement between the largest donors, UN Agencies and NGOs to improve efficiency of the humanitarian system, including through greater transparency and improved collaboration between humanitarian and development actors. The Department is planning multi-year performance based core funding to UN agencies and is working with likeminded donors to advocate for Grand Bargain implementation and ensure agencies are held to account.

2: Committee of Public Accounts conclusion:
The Department plans to increase its capability to respond to crises but has yet to identify the most cost-effective mix of civil servants and contractor staff.

Recommendation:
Before re-letting its contract in 2017 for humanitarian support, the Department should assess the most cost-effective way of securing the specialist capability it needs to respond to crises and ensure that it is only contracting for those skills which are not already available in-house.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The Department aims to have the most effective in-house capabilities complemented by contracted expertise to provide the capacity and depth of expertise to respond effectively to a range of crises. To this end, the Department remains committed to ensuring its humanitarian response capacity, provided by both civil servants and contracted expertise, is fit for purpose and improves. The Department uses a range of mechanisms to ensure it has appropriate skills, expertise and capability to respond to global humanitarian emergencies. Since early 2016 the Department has increased the number of its civil servant humanitarian advisors by 30%, ensuring it has access to the right skills and capability.

2.3 The process of tendering the contract is designed to ensure that UK humanitarian response capacity will be able to deploy quicker, in response to more humanitarian emergencies, while drawing on a wider range of expertise. The tendering was also designed to ensure expertise at best value for money in terms of balancing cost, quality and timeliness.

3: Committee of Public Accounts conclusion:
The Department does not have a good understanding of the impact on its wider business when it moves staff and resources from planned activities to support a major response to a crisis.

Recommendation:
The Department should assess the impact its response to the Ebola outbreak had on the progress and results of programmes run by teams that released staff and funding to enable the response.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 An exercise was undertaken to review the impact of responding to the Ebola outbreak on other areas of the Department's work and lessons learned from it. The Department has identified ways to improve its systems and capacity to respond to crises. It has established a £500 million ODA Crisis Reserve ensuring it is able to respond, at scale, to new emergencies and restructured the Department to ensure Director-level oversight of crisis response work.

4: Committee of Public Accounts conclusion:
For some complex crises, the Department's support systems have hindered its establishment of a fully operational local presence.

Recommendation:
Within the next 6 months, the Department must develop its systems so that it can quickly deploy staff, and provide them with the support and equipment they need to work effectively in complex crises.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The Department regularly reviews its resourcing requirements through a formal workforce planning exercise which aims to ensure that it has the necessary skills and capability to meet its changing priorities and respond quickly to crisis situations. Lesson learning from the Ebola crisis has been undertaken and the ability to scale up to ensure a swift and professional response to crisis has been demonstrated through the Department's responses to the migration crisis and other unforeseen circumstances.

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.

Target implementation date: December 2017.

6.2 The Department welcomes the Committee's recognition of the importance the Department attaches to managing risk and identifying the most cost effective partners and practices for responding to crises. In line with this, 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.

6.3 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.

6.4 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.

Thirty Sixth Report of Session 2015-16

Cabinet Office

Use of consultants and temporary staff

Introduction from the Committee

The main 17 Government Departments and their agencies paid permanent staff salaries totalling £17 billion in 2014–15. Departments also spent between £1.0 billion and £1.3 billion on consultants and temporary staff, who are paid as independent suppliers rather than as employees. They can fulfil anything from highly specialist roles through to providing cover during peaks in demand for less skilled work, and the approach to managing these resources needs to be tailored accordingly. Both consultants and temporary staff are sometimes used to fill gaps in the skills of the civil service.

In 2010, as part of its plan to reduce the deficit, the Government introduced a more coordinated approach to the procurement of common goods and services, including for consultants and temporary staff. A series of cross-Government contractual agreements (frameworks) are managed by the Crown Commercial Service, an agency of the Cabinet Office. The Government also introduced new spending controls which required departments to obtain ministerial approval before appointing external resources, and to inform the Cabinet Office before appointing consultants for more than 9 months.

Background resources

- NAO Report: Use of consultants and temporary staff – Session 2015-16 (HC 603)
- PAC Report: Use of consultants and temporary staff – Session 2015-16 (HC 726)
- Treasury Minutes: July 2016 (Cm 9323)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9323) 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:
Departments have not made progress with their workforce planning which means they do not know their future resource needs and will have to resort more often to using consultants and temporary staff.

Recommendation:
The Cabinet Office needs to set out clearly how it will define success in developing key skills across government. By January 2017 it should have in place realistic targets for the skills it expects to be held within specialist functions and the senior civil service by the end of this Parliament.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 The Government believes the most effective method of developing key skills is through cross-departmental functions. 10 core functions have been identified as key to transforming and increasing the performance of the Civil Service over the next 5 years.

1.3 Work has already developed in the Commercial and Digital, Data and Technology and Project Management functions to improve capability in these areas. Civil Service HR continues to support the progress of Civil Service professions. The Department has considered the correct level of HR support for each of the professions to support the development of capability plans in each function, including putting targets and more robust measures in place.

2: Committee of Public Accounts conclusion:
Departments have not made progress with their workforce planning which means they do not know their future resource needs and will have to resort more often to using consultants and temporary staff.

Recommendation:
By December 2016, all Departments should produce a strategic workforce plan that covers their entire group for the next five years, identifying expected 'skills gaps' and other resource needs and how they will be filled (including by consultants and temporary staff). The Cabinet Office should provide the Committee with an update, naming those Departments still lagging behind, in March 2017.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 All Departments have submitted strategic workforce plans and the Cabinet Office is working with them to continually iterate and improve their workforce plans, whilst developing the wider infrastructure to support more effective workforce planning processes.

2.3 Departments are strongest in identifying key workforce risks, skills gaps and resourcing plans to address those gaps. The Cabinet Office recognises that sometimes there are gaps in scarce skills and experiences, however, this is not unique to the Civil Service. The Cabinet Office is taking steps to address capability gaps in scarce skills particularly in commercial, project delivery and digital. Delivering the Civil Service Workforce Plan, launched in 2016, will provide the mechanisms to attract and retain specialist skills and experience.

3: Committee of Public Accounts conclusion:
The numbers of temporary staff employed by departments has been growing since 2011–12 and specialist temporary staff often cost twice as much as permanent staff.

Recommendation:
By autumn 2016, all Departments should have established regular reviews of the need for temporary staff across their whole group, the time in post and the progress made in filling more of these posts with permanent staff. The Cabinet Office should cover this issue in its update to us in March 2017.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 Workforce plans, developed by Departments, all include a review of temporary staff across their whole group. To improve monitoring, and ensure usage is appropriate, the Cabinet Office, the Treasury and the Crown Commercial Service are conducting an exercise into contingent labour HR data. This is to ensure that all functions are working to the same contingent labour definitions going forward so that the Cabinet Office knows what the current position is; understands where the data is less robust; and the governance arrangements are in place within departments operating to ensure appropriate usage.

4: Committee of Public Accounts conclusion:
The Committee is not convinced that Departments are doing all they can to ensure that temporary staff pay the right tax.

Recommendation:
HM Treasury should re-evaluate its guidelines to Departments in the light of Budget 2016. It should also require that Departments immediately review whether their off-payroll staff should be on PAYE and, after April 2017 that departments review the calculation of tax for a sample of any temporary staff who continue to be contracted as a company.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 As announced at Budget 2016, the off-payroll working rules (more commonly known as IR35) have been reformed for the public sector. The Treasury has reviewed its off-payroll guidance (otherwise known as the CST's review of the tax arrangements of public sector employees in 2012) and is content that the guidance is in line with the reforms to IR35. Departments are required to comply with Treasury guidance, which will be reviewed annually.

4.3 On IR35 reforms, HMRC have worked closely with the Crown Commercial Service to produce guidance for public authorities and support them to implement changes following changes to IR35 legislation. HMRC have also issued guidance for individuals and authorities affected by the off-payroll reforms.

5: Committee of Public Accounts conclusion:
Departments use central procurement agreements for only half of consultancy and temporary staff assignments, reducing government's ability to get the best deals.

Recommendation:
From April 2016, all Departments should use Crown Commercial Service agreements as their default option for appointing consultants and temporary staff, except in rare instances where, for example, particularly specialist skills are required and for which the business case provides a clear justification for use of other procurement routes.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The Cabinet Office controls process seeks to ensure that all Departments obtain value for money in their consultancy and contingent labour procurements. Where Crown Commercial Service (CCS) agreements are appropriate for use and offer the best value for money, they should normally be chosen as the procurement route. In some circumstances, for example where very specialist skills are required, there may nonetheless be a strong case for Departments to use other procurement routes. The Cabinet Office is working to strengthen the current controls process for consultancy and contingent labour.

5.3 CCS is replacing the existing frameworks with new commercial vehicles that improve the buying experience for Departments, supporting their requirements based on extensive customer and supplier engagement. These new arrangements will be the preferred contracting route for Departments for appointing consultants and temporary staff across Government. The first vehicle – *Management Consultancy Framework* – is in the process of being put in place. The second vehicle – *Public Sector Resourcing* – is planned for 2018.

Thirty Seventh Report of Session 2015-16

HM Treasury

Financial management of the European Union budget in 2014

Introduction from the Committee

In 2014, the European Union budget received €143.9 billion (£116.0 billion) in contributions from 28 member states and other sources, and made €142.5 billion (£114.8 billion) in payments. The UK contribution to the EU budget, after taking into account the UK rebate of £4.9 billion, was £11.4 billion. It received £5.6 billion in public- and private-sector receipts from the EU budget, thus making the UK's net contribution £5.7 billion. If private sector receipts are excluded, the net contribution in 2014–15 was equivalent to 1.4% of UK Government total departmental expenditure. Overall, the UK was the third-largest net contributor of all member states in 2014.

The European Court of Auditors (the external auditor of the EU) concluded that the 2014 accounts of the EU were true and fair, and that revenue was legal and regular. However, it reached an adverse opinion on the legality and regularity of payments, identifying an estimated level of error of 4.4% (above the materiality threshold of 2%—the level below which the European Court of Auditors judges that errors do not have a material significance). Payments have breached this threshold for the last 21 years. Although not an indicator of fraud, this represents money that was not used or administered in accordance with EU regulations and national rules.

Background resources

- NAO report: *Financial management of the European Union budget in 2014: a briefing for the Committee of Public Accounts* – Session 2015-16 (HC 799)
- PAC report: *Financial management of the European Union budget in 2014* - Session 2015-16 (HC 730)
- Treasury Minutes: November 2016 (Cm 9351)

Update from Treasury

Since the Committee's report was published, the British people have voted to exit the European Union (EU). Until exit negotiations are concluded, the UK remains a full member of the EU and all the rights and obligations of EU membership remain in force. While Departments continue to receive EU receipts, they will seek maximum value for money from these receipts through efficient implementation, meeting EU standards for financial management and closely monitoring flows of money from the EU.

Following the referendum, the UK will not have the same interest as it does as an EU member in the next Multiannual Financial Framework (MFF), and the effectiveness of the EU budget after the UK's exit from the EU. However, the Treasury has enhanced its central oversight of EU spending in the UK to ensure effective coordination across Whitehall before the UK exits the EU. The Government's response to this report reflects the updated arrangements in Whitehall on the management of EU money.

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9351), 6 recommendations were implemented, and the Department did not accept 1 recommendation. 1 recommendation remained a work in progress, which has now been implemented, as set out below.

4: Committee of Public Accounts conclusion:
HM Treasury does not sufficiently hold departments to account for spending EU funds.

Recommendation 4a:
HM Treasury should publish a strategy for using EU funds in the UK, setting out the performance and value for money expected from this spending and corresponding accountabilities. Progress should be reported through HM Treasury's existing annual statement on EU finances.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The Treasury's annual statement on EU finances, *European Union Finances 2016: statement on the 2016 EU Budget and measures to counter fraud and financial mismanagement*[27] published by the Treasury in February 2017, contains a chapter on the Government's strategy for using EU funds in the UK. This chapter includes the strategies and accountabilities in place for the effective management of key EU funds in England and the Government's strategies for minimising disallowances relating to EU funds. An annex on the use of EU funds in the UK also brings together Government information on disallowances in a new table.

[27] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/590488/PU2027_EU_finances_2016_print_final.pdf

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)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9323), 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: Autumn 2017.

1.2 The Department is ensuring that decision-making at every stage is informed by sound analysis and assessment of value for money. This is a continuing process, as more information becomes available, and as policy decisions are made.

1.3 The 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.

1.4 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 a pilot with five housing associations.

1.5 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.

1.6 The Department considered carefully, in consultation with other Government departments and the Better Regulation Executive, the approach it should take to these policies at the time of the Bill's publication. A regulatory impact assessment was not required, as the extension of the Right to Buy was voluntary, and the sale of local authority higher value local authority assets only affects the public sector. Regulatory impact assessments are required only when there are regulatory impacts on business.

1.7 The Housing and Planning Act 2016 has now received Royal Assent. The Act 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.

1.8 The Department agrees that further assessment of the impact of both policies will be published, alongside this secondary legislation on higher value assets. The regulations defining higher value will be subject to affirmative procedure, which will give Parliament further opportunity to scrutinise the detail of the policy.

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: Autumn 2017.

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

2.3 The Government notes the committee's comments and is committed to robust and proportionate risk management and contingency planning across all programmes. The voluntary agreement between the Government and the National Housing Federation will enable Government to manage demand in line with the available funding. The agreement states "*we anticipate the Government would put in place arrangements to manage the financial costs of the policy to ensure that the cost of sales does not exceed the value of receipts received from the sale of high value council assets. This could include, for example, introducing an annual cap on the costs of Right to Buy discounts*". Further clarification will be provided when the scheme is implemented.

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: Autumn 2017.

3.2 As part of the reinvigoration of the Right to Buy in 2012, the Government made a commitment that, for every additional home sold, a new affordable home would be provided nationally. As the report notes, the Government has been clear since 2012 that the commitment is not to like-for-like replacement. Under the agreements they have signed to retain the Right to Buy receipts, it is for local authorities to determine the size of the replacement rented property, based on local need.

3.3 The Department publishes quarterly data for the reinvigorated Right to Buy, which shows sales, receipts and additional starts provided through Right to Buy receipts by each stock holding local authority.[28] Completions of properties funded through Right to Buy receipts are published as part of the Local Authority Housing Statistics.[29] Consideration will be given to any changes that may be needed to the data currently collected.

3.4 The commitment made in the voluntary agreement is that housing associations at a national level will provide one new home for each home sold, and housing associations will have flexibility over the tenure of the replacement. In relation to the use of higher value asset receipts, the Department also wants to ensure that there is flexibility to respond to local housing need.

3.5 The Department is discussing with housing associations and councils what data will be collected in relation to the monitoring of the additional homes provided through the voluntary Right to Buy and the sale of higher value vacant housing.

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 The Government accepts the Committee's recommendation.

Target implementation date: Autumn 2017.

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.

[28] https://www.gov.uk/government/statistical-data-sets/live-tables-on-social-housing-sales
[29] https://www.gov.uk/government/statistical-data-sets/local-authority-housing-statistics-data-returns-for-2014-to-2015

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 by the joint working group on the applications and sales process, and different approaches to preventing fraud are being trialled under the pilot. Sheffield Hallam University are also undertaking research into the pilot, and the findings from that study will be fed into the working group.

4.6 To help to further tackle the issues around fraud and sharp practices, the Department has set up a new working group with social landlords, lenders and key partners to help determine how common these practices are. The objectives of the group are to:

- Understand what existing fraud and sharp practices occur, the scale of this activity, how and when is it noticed, and who by;
- Understand what is currently done by local authorities and others, and to share best practice;
- Consider how this will translate into the voluntary Right to Buy, and other potential fraudulent or sharp practices that could occur;
- Identify any additional safeguards that can be put into place and provide guidance to the sector.

4.7 The Department will write to the Committee with the findings of the working group and its plans to further reduce fraud.

Thirty Ninth Report of Session 2015-16

HM Treasury / Cabinet Office

Accountability to Parliament for taxpayers' money

Introduction from the Committee

Robust accountability for taxpayers' money is an essential part of good public management and democratic government. The Accounting Officer (AO) in each department, normally the Permanent Secretary, is personally responsible and accountable to Parliament for managing the department and its use of public resources and, to discharge this duty, must be able to draw on supporting accountability systems that safeguard taxpayers' money. A focus on strong accountability within government should ensure that Parliament, including this Committee, functions as a backstop in an accountability sense and not a first line of control.

The AO operates at the head of a system of accountability and others within that system have responsibilities to account for performance. For example, accountability may be delegated at a working level to the Senior Responsible Owner (SRO) of a project; or devolved to the head of a delivery body such as an academy or foundation trust. Nevertheless, the departmental AO retains overall accountability and must provide assurance over all public spending in the departmental system. The AO must at all times strike a balance between the responsibility to safeguard public money and his or her duty as a Permanent Secretary to serve the Minister.

Background resources

- NAO report: *Accountability to Parliament for taxpayers' money* – Session 2015-16 (HC 849)
- PAC report: *Accountability to Parliament for taxpayers' money* – Session 2015-16 (HC 732)
- Treasury Minutes: November 2016 (Cm 9351)
- Treasury Minutes: December 2016 (Cm 9389)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last two Treasury Minutes (Cm 9351 and Cm 9389), the Department disagreed with 1 recommendation. 4 recommendations remained work in progress, all of which have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
Accountability to Parliament for the use of public funds has been weakened by the failure of the Government's accountability arrangements to keep pace with increasingly complex ways of delivering policies and services.

Recommendation:
The Treasury should ensure all Departments prepare accountability system statements with their next annual report and accounts. Each statement should cover all of the accountability relationships and processes within that Department, making clear who is accountable for what at all levels of the system from the Accounting Officer down.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 The Treasury issued guidance to Departments in April 2017, setting out how central Government Departments should construct an accounting officer system statement covering all of their relevant accountability relationships.[30] The guidance advises Departments to prepare and publish an accounting officer system statement alongside the annual report and accounts for 2016-17, and to place a copy in the Library of the House of Commons.

[30] www.gov.uk/government/publications/accounting-officer-system-statements

1.3 All main central Government Departments have been preparing a system statement alongside this year's annual report and accounts. Copies of those which have now been published are available on GOV.UK.[31] Departments which included in the governance statement of their annual report and accounts relevant material for a system statement were not required to produce a separate document.

2: Committee of Public Accounts conclusion:
Accounting Officers across government lack the cost and performance data they need for effective oversight.

Recommendation:
All Accounting Officers should specify in their accountability system statements the financial and performance data they need to oversee systems of delivery and manage their accountabilities. These data specifications should be fully aligned with the Single Departmental Plans.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The guidance issued by the Treasury, in April 2017, expects that an accounting officer system statement should be clear on the core data and information flows that the system will rely on.

2.3 Departments should identify how accountability systems align with the financial and performance data set out in their annual report and accounts, and the performance indicators set out in Single Departmental Plans. Departments should also indicate how the performance metrics and financial data are aligned with those other sources of performance data.

3a: Committee of Public Accounts conclusion:
Not all cases where Accounting Officers have concerns about the value for money or feasibility of policies are brought to Parliament's attention.

Recommendation:
Accounting Officers should prepare assessments of major projects and policy initiatives in line with Treasury guidance, where they have concerns about policies' feasibility or value for money.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The Treasury published revised guidance on making an accounting officer assessment in September 2017.[32] The revised guidance makes it clear that an accounting officer assessment should always be produced for projects which form part of the Government's Major Projects Portfolio (GMPP), alongside the request for the accounting officer's approval of the Outline Business Case, or at the point when it enters the GMPP if this is later.

3.3 The guidance also expects that an updated accounting officer assessment should be prepared at subsequent stages of the project if it departs from the four accounting officer standards (regularity, propriety, value for money and feasibility), or if it departs from the agreed plan – including any contingency – in terms of costs, benefits, timescales, or level of risk, which informed the accounting officer's previous approval.

3.4 The revised guidance further advises that accounting officers who have considered an assessment for a project in the GMPP, and approved it, should provide to Parliament a summary of the key points from the assessment which informed their judgement, unless the public interest in maintaining confidentiality is so great that no summary of key points can be published.

[31] www.gov.uk/government/collections/accounting-officer-system-statements
[32] www.gov.uk/government/publications/accounting-officer-assessments

3.5 The summary should be presented in the form of a departmental memorandum, published on GOV.UK. The department should then send a copy to the Comptroller and Auditor General (C&AG), and deposit it in the House of Commons Library. The first summaries produced under this new guidance are expected to be published later this year.

4: Committee of Public Accounts conclusion:
There are too many examples of Accounting Officers allowing projects and initiatives to proceed unchallenged, despite strong evidence about poor value for money.

Recommendation:
Accounting Officers should provide greater positive assurance over major projects and initiatives during their implementation, for example through requiring explicit Accounting Officer sign-off at key stages of implementation.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The responsibilities of Accounting Officers in respect of plans to start or vary major projects are set out in *Managing Public Money*. The Infrastructure and Projects Authority (IPA) issued its Project Delivery Standard in July 2017 to project managers within government for trial. Part of this standard includes the need for an Accounting Officer assessment at the Outline Business Case stage, and at subsequent key stages in line with the Treasury's revised guidance for accounting officers. The trial standard will be formally published as part of a set of government functional standards in 2018.

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)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9407), 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 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.

6.3 The Department has established a programme to monitor and evaluate the effects of nursing, midwifery and allied health student financing reform across short and medium term timeframes. The monitoring and evaluation being put in place has been developed in collaboration with the Department for Education, Health Education England, the Higher Education Funding Council for England, the Treasury and the NHS Business Services Authority. Together these bodies are continually liaising and working with education and training providers across the system.

6.4 The Department will work with relevant bodies across health and education to monitor the effects of the reform and plans to publish an evaluation report following the close of the 2017-18 application cycle.

6.5 The Department is continuing to work with health and education sector providers to monitor the impact of the reforms on longer-term NHS workforce supply. As part of this, consideration will be given to the number of data returns and publications which are already in place within the Higher Education sector to determine whether these provide the Department and Health Education England (HEE) with sufficient information on application and student numbers for pre-registration nursing, midwifery and allied health subjects at undergraduate level.

6.6 Developing new routes into nursing is a priority for this Government. The new Nursing Associate role and the Nursing Degree Apprenticeship will allow people from all backgrounds to pursue health and care careers and are key to strengthening the future NHS workforce.

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.

Forty First Report of Session 2015-16

Financial Conduct Authority

Financial Services mis-selling: regulation and redress

Introduction from the Committee

Mis-selling of financial services and products takes many forms and can cause serious harm to consumers. Mis-selling happens for several reasons: products are complex and difficult to understand for even very knowledgeable consumers, and the culture and incentives within firms can make mis-selling more likely. Over 12 million consumers were mis-sold payment protection insurance (PPI), and firms have paid over £22 billion in compensation to them since April 2011. The Financial Conduct Authority (FCA), as lead regulator of financial services firms' conduct, plays a key role in preventing and detecting mis-selling, and in responding to it when it happens, including arranging for redress for affected customers.

The Financial Ombudsman Service also plays a role in redress, by resolving disputes between individual consumers and firms. In recent years, claims management companies, which are currently regulated by the Ministry of Justice, have submitted most consumer complaints to the Ombudsman. The Treasury is responsible for designing the regulation and redress framework for financial services.

Background resources

- NAO report: Financial Services mis-selling: regulation and redress – Session 2015-16 (HC 851)
- PAC report: Financial Services mis-selling: regulation and redress – Session 2015-16 (HC 847)
- Treasury Minutes: July 2016 (Cm 9323)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9323) 1 recommendation was implemented and the Department did not accept 1 recommendation. 4 recommendations remained work in progress, all of which have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
Departments have not made progress with their workforce planning which means they do not know their future resource needs and will have to resort more often to using consultants and temporary staff.

Recommendation:
HM Treasury and the Ministry of Justice should report publicly on the effectiveness of their actions in reducing the role of claims management companies in PPI compensation. The Treasury and the FCA should demonstrate how they will ensure that these problems do not happen again with future schemes.

1.1 The Government and the FCA accepted the Committee's recommendation.

Recommendation implemented.

1.2 The Treasury and the Ministry of Justice recognise the significant issue arising from claims management companies (CMCs) taking a large share of consumers' PPI redress. The Departments and the FCA accept the recommendation that they should demonstrate how they will ensure that these problems do not happen again with future schemes.

1.3 In June 2017, the Government introduced a Bill in Parliament to transfer regulatory responsibility for CMCs to the FCA. The Bill also places a duty on the FCA to implement a cap on the fees that CMCs can charge for financial services claims and gives them a power to place a fee cap on other types of claim, if necessary.

1.4 The Treasury expects that stronger conduct regulation and a cap on charges will lead to better conduct among CMCs and help consumers using CMCs to receive a larger proportion of their redress. In addition, the FCA website has information on CMCs that was developed with the Claims Management

Regulator, the Financial Ombudsman Service and the Financial Services Compensation Scheme.[33] The website also has information on claiming compensation (for failed firms) which points out that using a CMC is not necessary and will cost consumers money.[34] However, it is also important to recognise that CMCs provide access to justice for consumers who may be unwilling or unable to bring a claim themselves, and the sector evolved in response to poor conduct and complaints handling by banks.

1.5 The Departments and the FCA agree that it is right to evaluate the impact of these reforms and will assess their effectiveness on an on-going basis. The FCA will report on progress annually through its Annual Report and Accounts.

1.6 In all redress schemes, the FCA pays close attention to its own and firms' communications with customers, to ensure that redress schemes are as straightforward as possible and explained in a straightforward way.

3: Committee of Public Accounts conclusion:
The FCA has not done enough to tackle the cultural problems that lie behind mis-selling by financial services firms.

Recommendation:
The FCA should outline the actions it will take to improve cultures in financial services firms, and report to the Committee on their effectiveness in a year's time.

3.1 The FCA accepted the Committee's recommendation.

Recommendation implemented.

3.2 In line with the FCA's 2016/17 Business Plan, the FCA has taken steps to understand the cultures of firms and to assess whether the drivers of each firm's culture have the potential to cause harm. The FCA's focus was on specific drivers, such as firms' messages on purpose and values, tone from the top, approach to employee incentives and capabilities, and the effectiveness of management and governance.

3.3 The FCA has undertaken a programme of work to implement and embed the Senior Manager & Certification Regime (SM&CR) for banks, building societies, credit unions and dual regulated firms to improve firms' governance arrangements and to promote a culture of accountability. The SM&CR will be extended to the rest of the financial services sector. The FCA is consulting on its proposals for the extension of the regime throughout the summer. The FCA takes culture in firms very seriously, it is something it has worked on and continues to work on, and it is embedded in its approach to supervision.

3.4 The FCA has continued to develop and embed its approach to remuneration. It consulted on and made changes to bring FCA remuneration provisions in line with the European Banking Authority Guidelines on sound remuneration policies and to share its expectations of good practice further.

3.5 The FCA carries out an annual review of the remuneration policies and practices of large deposit takers and investment firms. It found those firms had undertaken significant work to embed conduct and culture in their remuneration policies and practices. There were clear improvements in the sophistication of systems and processes used to set awards, which give greater weight to the behaviours and conduct of staff. Firms continued to use tools to adjust awards to reflect material poor performance and misconduct based on actual results.

4: Committee of Public Accounts conclusion:
The FCA does not do enough to ensure that consumers understand the financial products they are buying and the possibility of claiming compensation.

Recommendation:
By autumn 2016, all Departments should have established regular reviews of the need for temporary staff across their whole group, the time in post and the progress made in filling more of these posts with permanent staff. The Cabinet Office should cover this issue in its update to the Committee in March 2017.

4.1 The FCA accepted the Committee's recommendation.

Recommendation implemented.

33 http://www.fca.org.uk/your-fca/documents/claims-management-companies-and-financial-services-complaints

34 http://www.fca.org.uk/consumers/complaints-and-compensation/how-to-claim-compensation

4.2 The FCA agrees that consumer behaviour and understanding is an important challenge in financial services, and has undertaken a significant amount of work in this area, in particular:

4.3 The FCA published its feedback statement on “Smarter Consumer Communications” in October 2016. The aim of this was to contribute to helping create an environment and regulatory framework where firms' communications encourage and enable informed consumer engagement and decision making regarding financial products and services. This work also includes examples of best practice to help encourage firms to consider not just the message but also the best means of communications.

4.4 In line with the recommendations of the Parliamentary Commission on Banking Standards, the FCA published a ‘thematic review’ in July 2017 on customer understanding in retail banks and building societies. The review found that firms have embedded, or are developing, systems and practices to assess customer understanding of particular products. This review shares examples to support and help other firms when developing their approaches to improving customer understanding.

4.5 The FCA is developing a “Consumer Approach” document, based on an extensive consumer survey, looking at the experience of consumers of financial services and will set out a framework for future FCA work. It will cover key areas such as vulnerability, access to financial services and consumer protection.

6: Committee of Public Accounts conclusion:
Parliamentary accountability for financial regulation is undermined by restrictions on the NAO’s access to information held by the FCA.

Recommendation:
HM Treasury should outline a timetable for proposing legislation to give the NAO access to information so that it can carry out full examinations of value for money.

6.1 The Government accepted the Committee’s recommendation.

Recommendation implemented.

6.2 In January 2017, the Government laid regulations in Parliament that create an information gateway to the NAO from the Financial Conduct Authority, Payment Systems Regulator, and Bank of England/Prudential Regulation Authority. The Government worked closely with the regulators and the NAO to develop the details of this gateway.

6.3 Under this NAO gateway, the regulators have the power to share confidential information with the NAO (subject to any legal obligations). However, the gateway does not impose a duty on the regulators to share confidential information – it is up to the financial regulators to review as necessary the information requested, on a case by case basis, and to ensure that they can legally share the information requested.

6.4 The Government believes this is sufficient for the NAO to effectively carry out value for money studies, which would not focus on particular firms. While it is unlikely it would ever be appropriate for the NAO to carry out a value for money study on matters that were the subject of live enforcement or criminal investigations, the regulators should be able to withhold information gathered as part of such investigations, while they are ongoing, to avoid the risk of prejudicing any ultimate action.

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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9323), 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.

Target implementation date: January 2018.

1.2 The Crown Commercial Service will report back to the Committee in winter 2017 on the actions it is taking to increase Government spending with SMEs once it has agreed its approach with Ministers.

2: Committee of Public Accounts conclusion:
The Government has not yet identified the areas of spending where SMEs could bring the most benefit.

Recommendation:
The Cabinet Office and the CCS should help Departments to identify the areas where SMEs can best add value and how it will structure contracts and procurement to enable them to compete accordingly.

2.1 The Government accepted the Committee's recommendation.

Recommendation implemented.

2.2 The Crown Commercial Service (CCS) has developed individual strategies across its 4 category pillars, including how it will increase SME spend. Each pillar has its own targets supporting the SME agenda. Specific procurements have to produce a Small Business Impact assessment, including what pre-market engagement will be undertaken, as part of its outline business case, which has to be approved by the SME team in CCS before it can proceed to OJEU.

2.3 CCS has also been working with the 6 largest spending Departments, to identify key procurements that will positively affect the SME spend and achieve value for money, that can be used as exemplars to share best practice across Government. CCS is working with Departments to identify spend categories where the Government can create more value from using SMEs.

2.4 CCS has undertaken research to understand which sectors have a high proportion of SMEs operating within the supply chain and where government could do more. CCS is using this data to ensure measures are implemented in specific sectors to support SMEs.

2.5 The Cabinet Office is presently refreshing its Supplier Code of Conduct that includes fair treatment of suppliers within the supply chain.

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.

Target implementation date: January 2018.

3.2 Direct spend is already comparable between years as the approach has been unchanged since 2011-12.

3.3 The Crown Commercial Service (CCS) is reviewing its approach to collecting data for indirect spend with Ministers and will report back to the Committee in more detail in winter 2017.

5: Committee of Public Accounts conclusion:
It is not clear that the voice of SMEs is being heard in Government.

Recommendation:
The Cabinet Office should fill the SME and VCSE Crown Representative posts and the SME panel as a matter of urgency and report back to the Committee when it has done so.

5.1 The Government accepted the Committee's recommendation.

Recommendation implemented.

5.2 The Cabinet Office appointed Emma Jones MBE as Small Business Crown Representative in July 2016.

5.4 CCS completed the recruitment of the Small Business Panel in October 2016. The Panel met for the first time in November 2016. The Panel has agreed their top areas of concern for SMEs in doing business with Government, tackling these forms a key part of the programme for the financial year 2017-18.

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

Recommendations fully resolved

#	Report Title
1	Efficiency in the criminal justice system
32	Devolution in England: governance, financial accountability and following the taxpayer pound

Progress on the implementation of Government accepted recommendations of the Committee of Public Accounts - Session 2010-12 available from page 3; Session 2012-13 on page 9; Session 2013-14 from page 10, Session 2014-15 from page 25 and Session 2015-16 from page 45.

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)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9351), 2 recommendations were implemented. 6 recommendations remained work in progress, of which 5 have now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
Some people with personal budgets may not be receiving care that is genuinely personalised.

Recommendation:
The Department should explain, in its response to this report, how it is going to test that all users are receiving genuinely personalised services and that users are receiving the form of personal budget that is most appropriate to their individual circumstances.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The Department has commissioned research that will examine personalised services. A project led by the University of Birmingham on "*Shaping personalised outcomes – how is the Care Act promoting the personalisation of care and support*" began in May 2017 and is due to be completed in August 2019. It is one of five projects commissioned to evaluate and inform implementation of the Care Act. It will enable a better understanding of how local authorities are implementing the Care Act in relation to care planning and the support that facilitates personalisation, choice, control and good care outcomes. The project will also identify good practice, and lessons which can be shared across the care sector. The project will do this nationally and in 8 case study local authorities.

2,3 An "*Independent summative evaluation of the Integrated Personal Commissioning programme*" will see personal budgets as a key aspect of this project, which is currently in the scoping stage. Interim findings are expected in Autumn 2017, with a final report at the end of Summer 2018. There is also research by the Personal Social Services Research Unit, led by the University of Kent, on personal budgets. Follow up research is due to report in Summer 2017.

3: Committee of Public Accounts conclusion:
It is not yet clear how local authorities can implement personal budgets to maximise benefits to users and more evidence is needed.

Recommendation:
3: The Department, with partner organisations, should carry out further analysis of existing data from the Adult Social Care Survey as well as improving the POET survey and its take-up, to improve evidence and understanding of both how personal budgets are used and how they lead to better outcomes for users. In its response to this report, the Department should make clear its criteria and timeframe for assessing the success of personal budgets.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The Department and NHS Digital have analysed the results of the 2015-16 Adult Social Care Survey to understand how better outcomes are achieved for users to live safely and independently in their own homes, and the impact that these services have on their quality of life. The results have influenced the drafting of the questions in the 2016-17 Adult Social Care Survey[35] - the results are due to be published and will contribute to the content of the Adult Social Care Outcomes Framework (due to be published by the end of 2017).[36]

3.3 Using the results of the 2014-15[37] and 2015-16 Adult Social Care Surveys[38], the Department determined that Personal budgets improve outcomes for users by giving them choice and control and independence but there is no correlation between different types of personal budget and outcomes (including user satisfaction and the user quality of life measures, such as having more control over their daily life). In general, the user survey results were positive - in 2015-16, 90.3% of users were satisfied with the service they were receiving; of those, 64.4% were either extremely satisfied or very satisfied.

3.4 The Department funded the publication of the 2016-17 Personal Outcomes Evaluation Tool,[39] as part of the work programme commissioned from *Think Local Act Personal*. The Personal Outcomes Evaluation Tool is focused on user experiences of services. NHS England has supported Clinical Commissioning Groups (CCGs) to use the Personal Outcomes Evaluation Tool (POET), and is currently exploring how best to monitor quality of personal health budgets in the future.

4: Committee of Public Accounts conclusion:
The Committee shares the concerns of local authorities that funding cuts and wage pressures will make it hard to fulfil their Care Act obligations.

Recommendation:
The Department should improve its knowledge and understanding of the impact of funding reductions on the adult social care sector. It should send its review of the impact of the National Living Wage to the Committee by November 2016 and report to the Committee by then on the results of its review of the Care Act, including the current requirement on local authorities to review users' care arrangements annually.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The impact of funding reductions on the adult social care sector was considered during the Spending Review 2015 and Spring Budget 2017. Earlier this year, the Government gave councils access to £9.25 billion more dedicated funding for social care over the next three years. This includes an additional £2 billion over the next three years provided by the Government and announced at the budget in Spring 2017. £1 billion of this has been provided in 2017-18, so that councils can start to fund more care packages immediately. This funding will allow councils to support more people and sustain a diverse

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35 http://content.digital.nhs.uk/article/7520/Adult-Social-Care-Survey-2016-17-guidance-for-local-authorities
36 https://www.gov.uk/government/publications/adult-social-care-outcomes-framework-ascof-2015-to-2016.
37 https://www.phbe.org.uk/phbe-2/
38 (http://content.digital.nhs.uk/article/2021/Website- Search?productid=21821&q=adult+user+survey+&sort=Relevance&Size =10&page=1&area=both#top)
39 http://www.in-control.org.uk/what-we-do/poet-%C2%A9-personal-outcomes-evaluation-tool.aspxadd

care market.

4.3 During this Parliament, the Government has taken a number of steps to help ensure a strong and sustainable system of social care in England. These include introducing the adult social care precept. Councils have the flexibility to raise income through the adult social care precept, up to 3% over the next two years and still limited to 2% in 2019-20 and at 6% overall. 147 social care authorities used some or all of the additional flexibility for adult social care in 2017-18.

4.4 The impact of the new National Living Wage on local authority finances was considered during the Spending Review 2015 and Spring Budget 2017 as part of an overall assessment of spending pressures on local authorities.

4.5 The report following the Department's commission for a 6th Local Government Association (LGA) stocktake of local authority implementation of the Care Act in June 2016, has been published[40]. The analysis asked local authorities to report on the overall impact on demand for care and support services for carers since (a year after) the introduction of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014. It also asked carers for their views on how well local authorities were meeting their duties towards carers.

5: Committee of Public Accounts conclusion:
The fragility of the social care market in many areas is putting people at risk. There is a real threat that many care providers will not survive.

Recommendation:
The Department should be realistic about its remit as national steward of the social care market and its resources to carry out this role. It should publish its National Market Position Statement before the summer recess, through which it should clarify: what being the 'national steward' of the social care market means in practice; how it will assess the impact of funding cuts and restrictions on care providers; its role in workforce management; how it will promote social care as a valued career and enable career pathways through social care and health; and under what circumstances it would take action to support the care market, and in what way.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The Department has an important stewardship role for the adult social care market. This involves oversight of the system and continued engagement with local authorities and providers to ensure the market overall is sustainable and delivers improving outcomes and quality.

5.3 The Department had initially proposed developing a National Market Position Statement. Following discussions with stakeholders, it agreed to develop an on-line Markets Hub instead.[41] The Hub focusses on good practice guidance and support on commissioning, market shaping and contingency planning. The Markets Hub is now available through GOV.UK and will be kept under review. More broadly, the Department continues to work with the sector to promote best practice guidance to encourage quality services, smart commissioning and protection for people with care needs.

5.4 The impact of funding reductions on the adult social care sector was considered during the Spending Review 2015 and Spring Budget 2017. One of the purposes of the additional funding provided in the Spring Budget 2017 was to support the sustainability of the care market. The Government has attached a set of conditions to the grant which are also laid out in the Integration and Better Care Fund Policy Framework 2017-19. It may only be used towards Adult Social Care needs, to reduce pressures on the NHS and, ensuring that the local social care provider market is supported.

5.5 The majority of the social care workforce (91%) are employed by private and voluntary organisations, with the remaining 9% employed by local authorities. The Department's role in direct workforce management is focused on the regulated professions where the Department can work with regulatory bodies to ensure government policies aide the recruitment, training and retention of their required workforce.

[40] http://www.local.gov.uk/our-support/our-improvement-offer/care-and-health-improvement/care-and-support-reform/stocktake
[41] https://www.gov.uk/government/publications/adult-social-care-market-shaping/adult-social-care-market-shaping.

5.6 The Department funds Skills for Care to provide practical tools and support to help adult social care organisations and individual employers in England recruit, develop and lead their workforce. This includes the Think Care Careers website[42] and information on apprenticeships, the national graduate management training scheme and information promoting social care career pathways and opportunities.

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 personalisation, which is at the heart of the vision of the Five Year Forward View (FYFV) and will help meet these challenges. The FYFV sets the expectation that by the end of 2018-19 the Integrated Personal Commissioning model will reach over 300,000 people and over 20,000 people will have a personal health budget in 2017-18 rising to 40,000 in 2018-19.

6.3 NHS England is supporting the roll-out of personal health budgets with a comprehensive programme of national and regional delivery support.[43] Good progress is being made, with over 15,800 people benefiting from a personal health budget in 2016-17. NHS England is also exploring how to measure people's experience of receiving a personal health budget, building on work already underway as part of the Integrated Personal Commissioning Programme (IPC Programme) evaluation.

6.4 The Department has commissioned a formal evaluation of the IPC Programme, which will report in Spring 2019. In addition, local progress in IPC areas is being monitored quarterly by the IPC programme board.

6.5 Looking at local authorities' experience of introducing and delivering personal budgets in social care at scale has always formed a key part of NHS England's personal health budget policy development and informed the national delivery programme and implementation on the ground. The personal health budget pilot used the framework and learning from personal budgets in social care and tested how these could improve people's choice and control within the NHS. Examples of specific lessons learnt that have informed the development include how personal health budgets can improve people's quality of life, well-being and feeling of being in control; work best when there are fewer restrictions in place around what people could spend the money on; and work best when people have choice of how to receive the budget, including the choice of a direct payment for healthcare.

8: Committee of Public Accounts conclusion:
Many users with complex and long term care needs receive money and benefits from several different sources, which is confusing for them and potentially an inefficient way to support people.

Recommendation:
The Department should write to the Committee in a year setting out the progress made in ensuring that people who qualify for different pots of money for similar or overlapping purposes can spend it in a way which represents good value for money. The Committee would also like to know from the Department how the different bodies issuing the payments are working jointly to provide a clearer, more efficient process.

8.1 The Government agreed with the Committee's recommendation.
Recommendation Implemented.

[42] http://www.skillsforcare.org.uk/Care-careers/Think-Care-Careers
[43] https://www.england.nhs.uk/healthbudgets/resources/support-professionals).

8.2 The Department has provided a range of support and guidance for local authorities on commissioning for adult social care. This includes a route map on commissioning for better outcomes. The Integrated Personal Commissioning Programme is also developing a single robust administrative process to enable streamlined implementation of personal budgets, combining funding streams for people with the most complex needs. The *Personalised Health and Care Framework*[44] was published in June 2017 and provides detailed advice and practical tools to support local implementation of IPC.

8.3 The Department has improved the information and advice on care and support available to the public through NHS Choices web services.[45] Applications for different funding streams can also be accessed and completed online through GOV.UK. As part of the digital development of NHS Choices a redesign of the service is being undertaken over the next few years. The purpose is to provide a more transactional and individual approach to the digital services.

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[44] https://www.england.nhs.uk/personalised-health-and-care-framework/
[45] http://www.nhs.uk/pages/home.aspx

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)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9351), 2 recommendations were implemented. 5 recommendations remained work in progress, of which 1 has 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.

Target implementation date: December 2017.

2.2 In September 2016, the Department published analysis that showed how teacher vacancy rates vary between the regions. This work also showed that turnover rates within the state-funded school sector almost doubled between 2011 and 2015, accounting for a significant proportion of the requirement for schools to recruit new teachers. 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. Further analysis is being conducted to understand the causes and drivers of local supply issues, which will be published later this year.

2.3 In addition, in response to the recommendations in Sir Nick Weller's *Northern Powerhouse schools strategy: an independent review*, officials have conducted extensive stakeholder engagement with teachers, headteachers, governors, Multi-Academy Trusts (MATs) and Initial Teacher Training (ITT) providers in the North. This engagement has focused on the nature and impact of teacher supply issues, what measures schools are taking to address them, and what further action could be undertaken by Government and others.

2.4 The Department will use this evidence to identify those schools facing the most significant teacher supply challenges and, in collaboration with local partners, provide targeted support to ensure those schools are able to recruit and retain the teachers they need, to provide the best possible educational opportunities to their pupils. The Department will announce further details in due course. The Department has commissioned qualitative research with schools to give a better understanding of local labour markets and the factors influencing recruitment and retention. This will be published late 2017, however the areas will not be mentioned in order to protect the anonymity of the schools.

2.5 The Department knows that individual schools face a combination of different challenges from schools in their region, at a local authority and sub-local authority level. The Department is working to build a better picture from the data of what these pressures are. This includes a deep-dive analysis so that it can understand what is happening in schools in particular areas, including urban, rural and coastal areas.

2.6 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 focusing on the accreditation of potential new provision that will deliver teachers in the subjects and phases that are required by schools in areas with the greatest need.

2.7 The Department will undertake market-warming activity in areas of greatest teacher supply need to promote the expansion of ITT provision in these areas. In addition, the Department has invited expressions of interest from partnerships of ITT providers to propose innovative delivery ideas, for which the Department could offer support. The Department will support a number of pilot projects from the 2018-19 academic year, from partnerships who have plans to increase the reach of their training into schools that currently have poor access to high-quality trainees and new teachers, and deliver a greater supply of teachers in the subjects and phases that are needed most.

2.8 Work is ongoing between the Department and Crown Commercial Service to develop a new commercial solution that will enable spending on supply teachers to be more effectively managed. An extensive series of consultations and engagement is continuing with a wide range of suppliers, representative bodies, schools and union groups. Work is now underway to develop the detailed framework requirements with a view to issuing the new invitation to tender in November 2017 with award of the new contract being planned for Spring 2018. The Department will also be issuing best practice guidance for schools alongside the new model terms and conditions of the framework agreement.

2.9 The Department is undertaking user research to strengthen its understanding of the issues schools face when advertising teacher vacancies and the challenges teachers have finding and applying for jobs. The Department will use this to inform the development and design of a new national teacher vacancy service. This service will aim to reduce the time schools spend on publishing vacancies and the cost of recruiting new teachers; make it easier for teachers to find jobs quickly and easily; and increase the availability and quality of data on teacher recruitment.

2.10 The Department is at an early stage of prototyping this service and testing through user research and engagement to ensure the service designed is one that best meets the needs of users. Dependent on the outcome of this development phase, it could expect to start building a service in 2018.

4: Committee of Public Accounts conclusion

The Department's approach means that a growing number of pupils are taught by teachers who are not subject specialists.

Recommendation:

By the end of August 2016, the Department should report back to the Committee on the extent and impact of teachers taking lessons they are not qualified in. It should use this evidence both to inform its future teacher supply choices and to support head teachers in deciding how best to deploy their staff.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The Department published information on the extent and impact of teachers taking lessons they are not qualified in on 16 December 2016.[46]

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.

Target implementation date: December 2017.

5.2 The Department is investing in the Educational Endowment Foundation, which is helping to build the evidence around effective practices and interventions, and its support for the establishment of an 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[47] video study on teaching practices, which will contribute to the understanding of effective teaching.

5.3 The Teaching Schools Council, with support from the Department, is already contributing to the understanding of effective teaching through two pieces of work, the Modern Foreign Languages Pedagogy report led by Ian Bauckham, and the Effective Primary Teaching Practice report led by Dame Reena Keeble. In July 2016, the Department published the Standard for Teachers' Professional Development[48] 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 Previous methods for allocating ITT places have been imperfect, as they have not precisely met the specific needs of all provider types due to the variance in size and approaches to provision. For the 2016-17 academic year, the Department adopted a system of recruitment controls, which set only a school-led minimum number of places, and allowed providers to continue recruiting until national targets had been reached.

5.5 The Department has learnt clear lessons from the experience of previous approaches to controlling recruitment to ITT. Following discussions with schools and universities, the Department has implemented an allocations approach for the 2017-18 academic year that aims to ensure that sufficient training is taking place in the subjects where teachers are needed most.

5.6 The Department has awarded a multiple-year allocation to providers who received the highest scores against a set of quality criteria (as detailed in the allocations methodology document published on 29 September 2016). These providers have been given an allocation for three years from 2017-18. The approach that the Department has adopted reflects the difficulty of recruiting trainees in some subjects, and the different speed at which different types of provider fill their allocated places. This will support recruitment to Teacher Supply Model targets by ensuring that the Department gives the best performing providers greater certainty about their ability to recruit. The sector has responded positively to this approach.

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

[46] https://www.gov.uk/government/publications/analysis-of-specialist-and-non-specialist-teaching-in-england
[47] http://www.oecd.org/edu/school/jointalis2018.htm
[48] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/537031/160712_-_PD_Expert_ Group_ Guidance.pdf;

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 aim of bursaries is to incentivise top graduates to train to teach. Analysis of UCAS data on recruitment demonstrates a correlation between an increase in bursaries and an increase in trainee numbers. The Department has updated its analysis, assessing how the value of a bursary affects the number of applicants to Initial Teacher Education. At the time of the Committee's hearing it was a 3% increase per £1,000 - it is now a 3.7% increase.

6.3 The Department has been undertaking detailed analysis, looking at applicants in receipt of bursaries and tracking them through to the workforce. The work will examine what percentage of those in receipt of bursaries have gone into teaching; for those who stayed in teaching, how long they stayed; and when they stayed, what subjects did they teach and whether it was the one for which they received the bursary. The Department will complete this work in April 2018.

6.4 The Department regularly reviews its approach to financing teacher supply, and it is currently considering how best to link the ITT financial incentives with retention in the profession after qualifying. This work will consider value for money and how best to support schools and localities facing particular recruitment or retention challenges. The Department will announce our conclusions in due course.

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.

Target implementation date: November 2017.

7.2 The Department is committed to understanding what works and in the academic year 2015-16 externally commissioned in the region of £14 million worth of research and evaluation. It also invests in the Education Endowment Foundation (EEF) and the Early Intervention Foundation (EIF) in terms of '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 As an example of externally commissioned research, the Department commissioned the National Foundation for Educational Research (NFER) to carry out an initial process evaluation covering the first year of the £67 million STEM package (Science, Technology, Engineering and Mathematics) aimed at bringing new maths and physics teachers into the profession from previously untapped routes. It focused on the four strands with participants in the 2015-16 academic year: Teacher Subject Specialism Training (TSST), Return To Teaching, Paid Internships, and Maths & Physics Chairs. The findings were published in July 2017.

7.4 The Department is also progressing the next stage of the research, which will be an externally commissioned evaluation of five separate strands of the STEM package. The evaluation's aims include an assessment of the effectiveness of each strand and - for appropriate strands - how many people went into teaching as a result of the intervention who otherwise would have pursued a different career.

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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9351), 1 recommendation was implemented. 5 recommendations remained work in progress, of which 4 have now been implemented, as set out below.

1: Committee of Public Accounts conclusion
There may not be enough providers willing to provide the additional 15 hours of free childcare being introduced in 2017.

Recommendation:
Given the real risk that there will not be enough places, the Department should use the pilots to test providers' capacity to meet the expected demand for the new entitlement for more free hours and assess how feasible it is for providers to operate with the new funding rates. The Department should set out to the Committee how it plans to evaluate the pilots and implement any changes required before the full roll-out in September 2017.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 Evidence from early delivery of the 30 hours free childcare entitlement in 12 areas has shown that providers are willing to sign up to offer 30 hours, and that parents are able to get a 30 hours place.

1.3 Over 15,000 parents are already benefiting from 30 hours in the eight local authorities (LAs) which began to deliver in September 2016, and the four LAs which joined the programme from April 2017. The Department is already seeing the positive benefits that the additional hours are having on families, taking huge pressure off families' finances.

1.4 The Department commissioned an independent evaluation of early implementation of the extended entitlement. The evaluation was undertaken in collaboration with NatCen Social Research and researchers from the University of East London. The study collected information from the eight LAs which began to deliver 30 hours in September 2016, using large scale surveys of childcare providers and parents; analysis of Early Years and School census data; and in-depth case studies in all eight areas.

1.5 A key finding to come out of this evaluation was that a high proportion of providers were willing and able to offer the extended hours places and there was no evidence that financial implications were a substantial barrier to the delivery of the extended hours.

1.6 The Department has also commissioned an independent evaluation of the four new early rollout areas which have been delivering the offer from April 2017 in conditions as close to full rollout as possible. The report was published on 31 August 2017[49].

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 works alongside an independent contractor, Childcare Works, to ensure that LAs are ready to deliver 30 hours. Childcare Works provide universal support and challenge to all LAs, and more intensive support to the LAs with the highest delivery risk. Alongside this, the Department's central implementation team offers challenge to LAs at a senior level.

2.3 Both the Department's implementation team and contractor are charged with ensuring that all LAs are making the necessary preparations for the smooth delivery of the entitlement, targeting local areas which face the greatest sufficiency challenges, and supporting them to deliver post go-live. Together the delivery team and contractor are regularly assessing data from LAs about the childcare market and preparations for 30 hours, and supporting them with bespoke intervention packages as appropriate to the local area. Termly assessments up to July 2017 have shown a significant and sustained increase in overall LA preparedness.

2.4 The Departments 12 early delivery local authorities have shared lessons about how to get providers on board with all LAs ahead of national roll out. Providers in early delivery areas have also shared their invaluable experience of how to make 30 hours work for their business at a series of provider events run by the Department's delivery contractor, Childcare Works.

2.5 The Department recognises that adequate funding is key to ensuring that providers are 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 by 2019-20 to pay for free childcare, including £300 million to increase the hour funding rate paid to childcare providers. It has also introduced a new funding formula to support the existing universal free entitlement and the introduction of the additional 15 hours. The new formula requires authorities to pass through 93% of the funding directly to providers in 2017-18 and 95% in 2018-19 and introduces a minimum funding rate for authorities of £4.30 an hour. The Department's proposed funding reforms will make the allocation of funding fairer, efficient and more transparent to ensure that sufficient numbers of providers are willing and able to deliver 30 hours of free childcare on a sustainable basis.

[49] https://www.gov.uk/government/publications/early-rollout-of-30-hours-free-childcare-evaluation

3: Committee of Public Accounts conclusion
Parents report that some providers offer the free entitlement to childcare only on condition that parents also pay for additional hours.

Recommendation:
The Department should identify and report back to the Committee on the scale of this problem; and write to all local authorities to remind them of their statutory duty to ensure that if providers charge for any goods or services, this is not a condition of children accessing their free childcare place.

3.1 The Government agreed with the Committee's recommendation

Recommendation implemented.

3.2 As set out in the revised Early Education and Childcare Statutory Guidance, providers can already charge parents for meals, consumables and for additional activities, but providers must not make this a condition of children accessing their free entitlement. The guidance makes clear that providers should ensure that the free entitlements are consistently delivered, so that all children accessing any of the free entitlements receive the same quality and access to provision, regardless of whether they opt to pay for optional hours, services, meals or consumables. The Department has provided further clarity in its Operational Guidance about what parents can expect to pay for. However, providers must offer alternative options for parents. This could include, for example, allowing a parent to bring in their own consumables or a packed lunch, where a parent cannot afford to pay or where the meal offered is not suitable for children with specific dietary needs.

3.3 The Department has also used its stakeholder group comprising of LA and provider representatives to develop and promote a model agreement between LAs and providers. The purpose of the agreement is, as far as possible, to standardise operational arrangements such as invoicing and charging, so that parents can clearly see that they have received their child's free entitlement completely free of charge and understand any fees paid for additional hours or services. The Department worked with an expert group to develop the Operational Guidance in partnership with providers and LAs.

4: Committee of Public Accounts conclusion
There are unacceptable variations in the amount of information available to parents about access to free childcare.

Recommendation:
The Department should write to all local authorities to remind them of their duty to provide sufficient accessible information to parents on their entitlement to free childcare, and to clarify the complaints procedure for parents.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The new Childcare Choices campaign and website provides parents with information about Childcare offers in one place. The website features a childcare calculator[50] where parents can compare all of the government's childcare offers, and check what works best for their families. They can now also access the application portal for both 30 hours and Tax-Free Childcare via the website. Since the launch on 22 March 2017, the website has received over 1,000,000 unique views.

4.3 The Department made regulations[51] and issued revised statutory guidance[52] for LAs on 3 March 2017, prescribing the new requirements for providing childcare information for parents following the Childcare Act 2016. The statutory guidance came into force from 1 September 2017 with the launch of the extended free entitlement to childcare for parents of 3- and 4-year-old children.

4.4 The guidance clarifies existing requirements and makes clear that the Government has strengthened the previous duty on LAs to provide information on the childcare available in their local areas by now requiring them to publish all this information on their websites as well. It sets out that they

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[50] https://www.gov.uk/childcare-calculator
[51] http://www.legislation.gov.uk/uksi/2017/333/contents/made
[52] https://www.gov.uk/government/publications/early-education-and-childcare--2

must publish this information in a clear and consistent way and update it on a termly basis so that parents can make informed childcare choices that suit their needs, such as finding providers that offer free entitlement hours.

4.5 The guidance stipulates that LAs must have arrangements in place to provide information to parents who do not have internet access or who might have a difficulty accessing the information online, such as due to a special educational need or disability. The guidance also requires local authorities to publish their complaints procedure for parents who are not satisfied with the funded place their child has received.

5: Committee of Public Accounts conclusion

The Department does not have robust plans to make sure there are enough qualified early years staff so that providers can continue to offer high quality childcare.

Recommendation:

By September 2016, the Department should report to the Committee on how it will make sure there are enough people with the right skills to work in the childcare and early year's sector.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The Early Years Workforce Strategy[53], published in March 2017, aims to ensure the sector has a quality workforce for future years. It addresses the barriers which prevent providers from attracting, retaining and developing the right staff, including:

- changing the minimum English and maths qualifications that level 3 workers are required to have, to also include qualifications other than GCSEs, for example functional skills (this change became effective in April 2017);
- working with stakeholders to develop better career pathways and improve the careers information available; and
- seeking to increase the number of specialist early years graduates in the workforce, particularly in areas of disadvantage.

5.3 Other actions include:

- improving the quality of level 2 qualifications so that workers gain the knowledge and skills they need to practice and progress;
- supporting employers and self-employed childminders to access good quality, affordable continuous professional development; and
- improving specialist early years special educational needs and disability training and qualifications, by developing an online portal that brings effective Continuous Professional Development together in one place.

[53] https://www.gov.uk/government/publications/early-years-workforce-strategy

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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9351), 1 recommendation had been implemented and the Department disagreed with 2 recommendations. 3 recommendations remained work in progress, of which 1 has now been implemented, 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.

3: Committee of Public Accounts conclusion:
The approach taken to evaluating the impact of the Department's investment in science projects has been inconsistent.

Recommendation:
The Department should develop a consistent and robust approach to assessing the full impact of its investments, while tailoring individual evaluations to match the circumstances of the projects. Approved projects should be supported by clearly defined milestones setting out the expected benefits which can be revisited at appropriate intervals.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The Department is working on a standardised evaluation framework to ensure that science capital projects are evaluated in consistent and robust ways. This will help the Department to capture wider societal benefits (for example, in health and well-being) to better demonstrate value for money of investments in the future. This work was completed in summer 2017. The Department has shared early iterations of the work with the NAO. The Department has also been in dialogue with its delivery partners to ensure that the new monitoring and evaluation approach is built into business cases and that impacts are assessed at intervals relevant to the project being proposed and its potential benefits.

3.3 A Success and Performance Framework will be developed for UKRI, within which there will be Key Performance Indicators (KPIs) to measure performance and impact. The analysis function in Shadow UKRI and BEIS are working together with others to determine how these are best developed.

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.

Sixth Report of Session 2016-17

Department for Communities and Local Government

Cities and Local Growth

Introduction from the Committee

The Cities and Local Growth Unit is made up of officials from the Department for Communities and Local Government and the Department for Business, Energy and Industrial Strategy (formerly the Department for Business, Innovation and Skills). Together with the Treasury, they jointly oversee and co-ordinate Government's devolution agenda, and have recently overseen the negotiation and implementation of 10 (now 8) bespoke devolution deals, which devolve powers, funding and responsibilities to local areas. The broad objectives for devolution deals have not been set out in specific terms; however, they are broadly rooted in localism with the professed aims of supporting economic growth, encouraging public service reform and improving accountability.

Local Enterprise Partnerships (LEPs) are central to Government's plans for devolution. Following the abolition of Regional Development Agencies in 2010, 39 LEPs were established as strategic partnerships to bring together the public and private sector, and identify economic priorities in their local areas. Each LEP is designed to represent a functional economic area. In 2014 it was announced that LEPs would be responsible for overseeing locally negotiated Growth Deals from 2015–16 to 2020–21, funded from the £12 billion Local Growth Fund. LEPs are accountable via a nominated local authority, and have signed up to local assurance frameworks that set out the arrangements for ensuring transparency, governance and value for money.

Background resources

- NAO Report: *English devolution deals* -Session 2015–16 (HC 948)
- NAO Report: *Local Enterprise Partnerships* -Session 2015–16 (HC 887)
- PAC Report: *Cities and local growth* – Session 2016-17 (HC 296)
- Treasury Minutes: November 2016 (Cm 9351)

Updated Government response to the Committee

There were 13 recommendations in this report. As of the last Treasury Minute (Cm 9351), 4 recommendations were implemented and the Department disagreed with 2 recommendations. 7 recommendations remained work in progress, all of which have now been implemented, as set out below.

Committee of Public Accounts conclusion:
1: *Government has not made the objectives of devolution sufficiently clear.*
3: *The full financial implications of devolution deals are not yet clear.*

Recommendations:

1c: *Government should also be clear on where it believes that outcomes are a matter for local leaders to decide and where centrally imposed targets are more appropriate.*

3: *As the full financial implications of devolution deals emerge, Government should ensure that they are presented transparently in a way that can be compared between areas, including on a per capita basis.*

1.1 The Government agreed with the Committee's recommendations.

Recommendations implemented.

1.2 The Government is clear that outcomes are a matter for local leaders to determine, and the Government's role is to maintain robust systems to ensure that local autonomy is exercised with propriety, regularity and value for money, as described in the relevant Accounting Officer System Statements. As such, the Government has not been minded to set overall outcomes for 'devolution deals' in general, as they are by nature place-based and place-led. However, Departments will continue to monitor the policy outcomes associated with any funding which is moving from central Government to local areas, for example with respect to the long term additional investment funds.

1.3 To help ensure clarity on the respective roles and responsibilities of local areas and central governments following devolution deals, and meeting its commitment in devolution deal agreements, the Government has now published guides[54] on the powers and budgets being devolved to the six combined authorities which held Mayoral elections in 2017, as well as on devolution to Cornwall.

1.4 These guides also include up to date figures for the confirmed budgets being devolved to Mayors and Combined Authorities, allowing for comparison of total funding across areas.

5a: Committee of Public Accounts conclusion:
It is not clear that combined authorities, LEPs and local partners have sufficient capacity and capability.

Recommendation:
As part of the negotiation of the next round of growth deals, the Department should perform a structured assessment of local capacity at LEP level.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The Government's confidence in a LEP's ability to deliver is an important part of agreeing a Growth Deal. In the latest round of Growth Deals, announced in spring 2017, the Secretary of State for Communities and Local Government considered delivery of existing Growth Deals as part of his decision making.

5.3 All LEPs across England put forward proposals for third round Growth Deal funding as part of a competitive process. Bids were initially scrutinised through structured Ministerial conversations with LEPs in summer 2016. Following this, bids were assessed against a number of different weighted criteria, including the extent to which LEPs had applied the Treasury's *Green Book* expectations in carrying out value for money assessments; the past performance of LEPs in managing Growth Deal delivery; and the quality of LEPs' compliance with the standards set out in national guidance. Following this competitive bidding process, LEPs were awarded funding based on their performance against these and other criteria. The other criteria used for assessment of bids covered non-assurance related issues, such as the strength of the local economic vision and the bid's fit with Government priorities.

5.4 Government has provided a range of support to build LEP core capacity. This includes £20 million of core funding from Government in this current financial year, matched by local areas. Government has also provided highly valued support from officials and input from senior Whitehall sponsors from across economic Departments.

5.5 More broadly, the Government has strengthened existing standards of transparency, governance and scrutiny through the process of formal annual performance conversations, revised national guidance to LEPs[55] and additional spot checks on LEPs' compliance with assurance standards. In March 2017, the Department commissioned the DCLG Non-Executive Director Mary Ney to complete a review of LEP governance and transparency. The review looked at the standards set out in the LEP National Assurance Framework, whether these are effective, and whether they are being met. The aim of the review was to provide assurance to the Accounting Officer and Ministers that LEPs fully implement existing requirements for appropriate governance and transparency. All the recommendations in the review have been accepted and the Department will take those forward over the coming months.

5.6 In addition, as set out in the Industrial Strategy Green Paper, the Department is currently working with LEPs to review how we can strengthen their role and ensure their capacity and capability to deliver on the new UK Industrial Strategy.

6: Committee of Public Accounts conclusion:
The Government has not thought through the implications of devolution for central government departments.

Recommendation:
Government should have a clear idea of how devolution will impact on departments' staffing and skills requirements, feeding this into the upcoming Civil Service Workforce Strategy.

[54] http://www.gov.uk/government/publications/devolution-and-mayors-what-does-it-mean
[55] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/567528/161109_LEP_Assurance_Framework.pdf

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 Departments routinely consider the impact of all policy changes on their staffing and skills requirements. The *Civil Service Workforce Strategy*, published in July 2016, reflects the importance of moving towards a smaller, more agile civil service, including through secondments between sectors, to ensure that Departments are well placed to take on new policy challenges. Building on this, the *Industrial Strategy Green Paper*, published in January 2017, committed to exploring seconding officials from Whitehall to cities. DCLG is also participating in cross-Government initiatives to better align the Civil Service's Fast Stream and the Local Government Association's New Graduate Development Programme, including through reciprocal placements between the civil service and local government and work with the sector to increase secondment opportunities for emerging leaders.

7: Committee of Public Accounts conclusion:
Plans for proper accountability to the taxpayer at a central, local and ultimately Parliamentary level are not yet in place.

Recommendation:
Government must clearly set out accountability processes and relationships at all levels. It should share draft accountability statements with the Committee before they are finalised.

7.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

7.2 The Government has now published guides[56] on the powers and budgets being devolved to the six combined authorities which held Mayoral elections in 2017, as well as on devolution to Cornwall, which set out the respective roles and responsibilities of local areas and central Government. The Department agreed to share early drafts of these documents with the NAO, who then provided input into the development of final drafts. These guides were formally shared with the Committee when published in April 2017.

7.3 The Department has published the Local Government Accountability System Statement which sets out how the core local government accountability framework applies in the context of devolution deals. Where relevant, other Departments will also set out accountability arrangements for powers and budgets devolved to local government within their own Accounting Officer System Statements.[57]

7.4 More broadly, combined authorities are subject to an extensive regime, reflected in the Local Government Accountability System Statement, which ensures that they are carrying out their functions in accordance with statute. All local authorities – including combined authorities – are bound by the best value duty as defined in section 3 (1) of the Local Government Act 1999. This stipulates that authorities must make arrangements to secure continuous improvement in the way in which their functions are exercised, having regard to a combination of economy, efficiency and effectiveness. Local authorities are also specifically bound by legislation to appoint statutory finance and monitoring officers. Where it is suspected that these statutory requirements are not being met, the Secretary of State has powers of inspection and, if necessary, powers to intervene.

8: Committee of Public Accounts conclusion:
The Committee is not confident that existing arrangements for the scrutiny at local level of devolved functions are either robust enough or well supported.

Recommendation:
Government should set out by November 2016 its plans for how it will ensure that local scrutiny of devolved functions and funding will be both robust and well supported.

8.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

[56] http://www.gov.uk/government/publications/devolution-and-mayors-what-does-it-mean
[57] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/607245/pu2074_accounting_officer_guidance_2017.pdf

8.2 The Government has set requirements for scrutiny of devolved powers and funding. The Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 was informed by constructive engagement with relevant stakeholders, including the NAO, the Centre for Public Scrutiny, existing combined authorities and those involved with establishing new combined authorities. The draft Order was laid before Parliament on 28 November 2016 and came into force when the new combined authority mayors took office on 8 May 2017.

8.3 The 2017 Order establishes a robust framework to ensure that, once powers are conferred and mayors elected, combined authorities and mayors are properly held accountable. The Order provides for a politically representative membership and quorum arrangements for both overview and scrutiny and audit committees for combined authorities. The Order also provides for the maintenance of the independence of the chair and for appropriate voting arrangements for overview and scrutiny Committees.

8.4 The Order sets out procedures empowering an overview and scrutiny committee to call-in a decision by the combined authority or mayor and to stall its implementation for up to 14 days, as well as to require the combined authority or the mayor to hold a meeting to reconsider a decision. An overview and scrutiny or audit committee can also require the mayor and members of the Combined Authority to attend its meetings and to answer questions. The arrangements must also be transparent, including a requirement that overview and scrutiny committees must publish notices of appointments to the committee. The Centre for Public Scrutiny has provided practical guidance[58] on how these arrangements will operate.

9: Committee of Public Accounts conclusion:
It is alarming that LEPs are not meeting basic standards of governance and transparency, such as disclosing conflicts of interest to the public.

Recommendation:
The Department should enforce the existing standards of transparency, governance and scrutiny before allocating future funding to LEPs. LEPs themselves also need to be more transparent to the public by, for example, publishing financial information.

9.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

9.2 The Government has taken action to enforce standards of LEP transparency, governance and scrutiny and has issued revised, strengthened national guidance[59] on assurance and transparency. The strengthened guidance stipulates that LEPs must put in place a clear, transparent and published process for identifying, appraising and taking a decision to fund projects and programmes. This must include a published conflict of interest policy; a published and updated register of interests covering any decision-makers; and a published complaints policy which should be set out within the LEP's local assurance framework. Each LEP's local assurance framework must be reviewed annually by the statutory finance officer for the LEP's accountable local authority, who must confirm their compliance in writing before each year's Growth Deal grant is paid.

9.3 The Government has also asked LEPs to update their engagement plans and websites to ensure that key information is easy to find. A peer review of websites has been carried out by the LEP Network to improve transparency.

9.4 The Government has scrutinised LEPs to ensure that they are adhering to these requirements before releasing any further funding. This has included spot checks to ensure compliance and resolve any issues. These additional measures have augmented the existing process of formal annual performance conversations with LEPs, which allow Government to challenge LEPs on performance, accountability and transparency before funding is released.

9.5 The DCLG Accounting Officer has published an Accountability System Statement for the Local Growth Fund[60] which sets out the accountability and assurance processes for the Local Growth Fund in more detail.

[58] http://www.cfps.org.uk/wp-content/uploads/Overview-and-scrutiny-in-combined-authorities-a-plain-english-guide.pdf
[59] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/567528/161109_LEP_Assurance_Framework.pdf
[60] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/559493/Local_Growth_Fund_Accountability_System_Statement.pdf

9.6 In March 2017, the Department commissioned the DCLG Non-Executive Director Mary Ney to complete a review of LEP governance and transparency. The review looked at the standards set out in the LEP National Assurance Framework, whether these are effective, and whether they are being met. The aim of the review was to provide assurance to the Accounting Officer and Ministers that LEPs fully implement existing requirements for appropriate governance and transparency. All the recommendations in the review have been accepted and the Department will take these forward over the coming months. The Department will keep this under review going forward.

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)

Updated Government response to the Committee

There were 9 recommendations in this report. As of the last Treasury Minute (Cm 9351), the Department disagreed with 3 recommendations. 6 recommendations remained work in progress, of which 3 have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
Far from increasing, the number of confiscation orders imposed has fallen.

Recommendation 1a:
The Home Office should work with the law enforcement and prosecution agencies involved to develop a plan to improve knowledge and awareness of relevant legislation amongst their staff, by the end of 2016.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 As part of the implementation programme for the Criminal Finances Act 2017, the Department has developed a targeted plan to raise awareness of the relevant asset recovery legislation amongst staff in law enforcement, operational agencies and the judiciary. This plan also reinforces the changes made in the Serious Crime Act 2015. The plan will continue to be implemented throughout 2017 and 2018 as the provisions in the Act are commenced and implemented.

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: January 2018.

2.2 The Department will provide a full response to the Committee in the Treasury Minute Progress Report to be published in January 2018.

2.3 Starting in 2017, the Department will publish annual asset recovery statistics. This publication will include collection rates, progress on priority orders, and the amount that can realistically be collected from the nominal total value of uncollected confiscation orders. The first publication will cover statistics for the 2016/17 financial year.

2.4 It is right that the Government is held to account for performance on the collection of confiscation orders, but the operational agencies involved can only be expected to collect what is realistically collectable and operational effort should be focused on the prompt and effective collection of new orders rather than the stock of old cases in which no collectable assets exist.

2.5 The Department will do more to make clear to the public how it is tackling uncollected orders to show that crime does not pay. The Department will publish, in 2017, an Action Plan on asset recovery, which will 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.

Target implementation date: January 2018.

3.2 The Department will provide a full response to the Committee in the Treasury Minute Progress Report to be published in January 2018.

3.3 The Criminal Finances Board has been exploring issues relating to the UK's financial investigation capability and capacity. The findings of the Committee and the Home Affairs Select Committee will help inform the next stage of this work.

3.4 This is a complex area, involving multiple public sector agencies and the private sector. The Department will report back to the Committee by September 2017 on what actions will be taken to ensure that sufficient numbers of financial investigators are recruited and retained.

4: Committee of Public Accounts conclusion:
It is not clear whether disrupting crime or collecting criminals' assets is the primary objective of confiscation orders.

Recommendation:
The Home Office should set out clearly, by the end of September 2016, how the objectives for confiscation orders should be prioritised and what constitutes success.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The Department committed to publishing guidance by June 2017 for prosecutors and investigators on the use of asset recovery powers, including confiscation orders. This guidance was drafted with the Attorney General's Office and will be published to the prosecutor and investigator community in September 2017. The guidance includes a clear statement of the Government's objectives for the use of confiscation orders and other asset recovery tools. The Department wrote to the Committee on 19 July to set out how the objectives for confiscation orders should be prioritised and what constitutes success.

5: Committee of Public Accounts conclusion:
Poor information on performance and cost prevent law enforcement and prosecution agencies from deciding when and how best to use confiscation orders.

Recommendation:
The Home Office, supported by the College of Policing, should develop an evidence base on the effectiveness of confiscation orders, particularly their effect in disrupting crime, by the end of March 2017 to help law enforcement and prosecution agencies to determine when and how best to use them.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The NCA and Policing have developed a common framework for reporting disruption against organised crime groups. This template has now been in use by both the NCA and Regional Organised Crime Units (ROCUs), and has been subject to continuous improvement, for a period of nearly two years. It provides the Department with a better understanding of the collective scale of operational activity by both organisations against the threat. Following agreement reached at National Police Chiefs Council (NPCC), a refined version of the framework is now used by all 43 police forces in England and Wales to record disruptions achieved by them against SOC. Data was collected from all forces (with the exception of the Metropolitan Police Service) for the first time, in Q1 of this year. The Department is continuing work with the NCA, ROCUs and the NPCC to improve data reliability, reporting compliance, consistency and best practice.

5.3 In addition, a new cross-government Serious Organised Crime Performance framework has been developed in collaboration with Whitehall and Law Enforcement partners with seven key performance questions centred around three broad areas.

5.4 The Home Office, in collaboration with operational partners, will analyse the narrative and data supporting the common framework to better demonstrate the criminal finances contribution to the disruption of organised crime.

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.

Target implementation date: January 2018.

6.2 The Department will provide a full response to the Committee in the Treasury Minute Progress Report to be published in January 2018.

6.3 The Department will work with the Treasury to explore whether incentive funding could be used for longer term investment. The Department will report to the Committee by September 2017.

6.4 The Government recognises the challenge that annual incentive funding causes for some operational agencies. The Government is keen to find appropriate mechanisms to enable longer term investment, within the framework set by the relevant Government accounting rules.

Eight Report of Session 2016-17

BBC / Department for Digital, Culture, Media and Sport

BBC Critical Projects

Introduction from the Committee

The BBC has several hundred projects and other activities that aim to help it respond to a fast-changing environment and achieve its strategic objectives. The BBC has grouped what it considers to be its most strategically important, complex and high-risk projects into a portfolio of ‗critical projects', for enhanced attention by its Executive Board. The list of critical projects changes over time as new projects start and existing ones are completed. The March 2015 list containing eight critical projects funded from the licence fee was the focus of this inquiry. The estimated cost of the seven projects on the list where contracts had been let was some £885 million.

Background resources

- NAO report: *Management of the BBC's critical projects*
- PAC report: *BBC Critical Projects* – Session 2016-17 (HC 75)
- Treasury Minutes: November 2016 (Cm 9351)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9351), 5 recommendations were for the BBC. 1 recommendation remained work in progress, which has now been implemented, as set out below.

6: Committee of Public Accounts conclusion:
The skills of non-executive members of the new board proposed for the BBC will be key in securing value for money for the licence fee payer.

Recommendation:
In considering proposals for the new unitary board, the Department for Digital, Culture, Media and Sport and the BBC should ensure that the number and the mix of skills and availability of nonexecutives are appropriate to fulfil their commitments, including seeking to ensure the BBC delivers value for money for licence fee payers.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 The Government has worked closely with the BBC to deliver an effective BBC Board, which has the right people with the right mix of skills, experience and commitment to ensure the BBC delivers value for money.

6.3 Of the non-executive members, five are appointed by the BBC and five appointed through a public appointments process coordinated by the Department. Four of these public appointments are board members to represent Scotland, Wales, Northern Ireland and England. The board members for England and Scotland were appointed on 9 March 2017, and the board member for Wales was appointed on 20 July 2017. The remaining Government appointment for the Northern Ireland board member will be completed when the Northern Ireland government is restored. Sir David Clementi was appointed via a public appointments process as Chair of the BBC Board on 16 February 2017 for a period of 4 years. The BBC announced its board appointments on 23 March 2017.

6.4 The BBC Board is now fully operational and the Government is confident that the Board delivers effective oversight of a strong and independent BBC.

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)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9351), 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 undertaken a full lessons learned exercise and is using this to inform the procurement of the Next Generation Estates Contracts replacements, as well as other contracts; this includes more robust contractual penalties for under performance.

3.3 Since the introduction of the NHP, the Department has retained £10.42 million from payment to CarillionAmey owing to performance failings, and failure to implement a required IT system. £6.27 million in temporary retentions has been returned to CarillionAmey following performance recoveries in the necessary timeframe whilst £4.15 million is still retained by the Department, comprising a mix of permanent and temporary retentions.

3.4 To provide the single Services with a voice and to ensure their views are represented, the DIO has a quarterly forum with each of the Armed Forces and the respective Families Federations to take account of user's views on Service Family Accommodation (SFA) and other estate issues. Local Customer insight forums are also now being held.

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 still in an early stage of development. Consideration will be given to different approaches for providing housing as part of continuing work on the model.

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.

4.3 The Government agreed with the Committee's recommendation.

Target implementation date: Autumn 2018.

4.4 The Department recognises that the decisions Service Personnel make in choosing whether to rent or buy a home, and where to buy a home, are driven by a number of different factors. The Future Accommodation Model project includes a stream of work specifically to consider and analyse what decisions personnel might make when considering their accommodation options. This includes running a survey of Service Personnel, conducting focus groups, and considering previous research already undertaken.

Tenth Report of Session 2016-17

Department of Health

NHS specialised services

Introduction from the Committee

Specialised services are generally provided in relatively few hospitals and accessed by small numbers of patients. These services are usually for patients who have rare conditions or who need a specialised team working together at a centre. There are currently 149 specialised services, covering a diverse range of disparate and complex services, from services for long-term conditions, such as renal (kidney) and mental health problems, to services for uncommon conditions such as rare cancers. Some specialised services, such as those for cystic fibrosis, cover the majority of care for patients with these conditions. However, most specialised services only form a part of a patient's care and treatment pathway. Some highly specialised services, including those for very rare diseases, are only provided at a very small number of centres across the country. Others, such as chemotherapy services, are provided by most acute hospitals.

In April 2013, NHS England took on responsibility for commissioning specialised services. The Secretary of State for Health is responsible for deciding which services should be commissioned as specialised services by NHS England. Through its commissioning of these services NHS England aims to: improve outcomes for patients; ensure patients have equal access to services regardless of location; and improve productivity and efficiency. Between 2013–14 and 2015–16, the budget for specialised services increased from £13 billion to £14.6 billion, an increase of 6.3% a year on average. Over this period the budget for the NHS as a whole increased by 3.5% a year on average. By 2020–21, the budget for these services is expected to rise to £18.8 billion, 16% of the total NHS budget.

Background resources

- NAO report: *The Commissioning of specialised Services in the NHS* – Session 2016-17 (HC 950)
- PAC report: NHS *Specialised Services* – Session 2016-17 (HC 916)
- Treasury Minutes: November 2016 (Cm 9351)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9351), 2 recommendations were implemented. 4 recommendations remained work in progress, all of which have now been implemented, as set out below.

3: Committee of Public Accounts conclusion:
NHS England has yet to overcome the barriers to collaborative commissioning with clinical commissioning groups

Recommendation:
NHS England should engage with clinical commissioning groups to address barriers to collaborative commissioning and, by October 2016, set clear milestones and timelines by which measurable service change and patient benefit from this initiative will be demonstrated.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 Over the past two years, NHS England has been working to support greater Clinical Commissioning Group (CCG) engagement in specialised commissioning through the Collaborative Commissioning programme. Arrangements have been put in place through NHS England's regional teams to support greater engagement between NHS England and CCGs through ten collaborative commissioning hubs for specialised services. Under these arrangements NHS England retains commissioning responsibility and accountability for specialised services.

3.3 Since the beginning of the year, NHS England has focussed on supporting place based commissioning of specialised services through a combination of a clear national policy framework and implementation through Sustainability and Transformation Partnerships (STPs) which include CCGs as key partners. Working with STPs provides a significant opportunity to use collaborative commissioning to better join up care and improve outcomes and experience for patients.

3.4 NHS England is developing guidance, due to be published in the autumn, to set out the overarching vision and case for change for place-based commissioning of specialised services through STPs as well as providing more technical implementation guidance. This includes a framework of options for moving to place-based arrangements and addresses a number of practical implementation barriers and enablers such as legal and governance arrangements and financial flows and budgets for each potential model. This is being developed with input from regional and local commissioners, including the STP example areas NHS England are working with.

3.5 The focus for 2017-18 is to work with a number of STP areas to provide practical implementation support, from which the learning can then be spread and disseminated to the wider system. The ambition is that by the end of 2017-18, place-based commissioning through STPs becomes the default way that NHS England commissions relevant specialised services to join up care pathways with local commissioners, thereby improving care, outcomes and experience for patients.

4: Committee of Public Accounts conclusion:
NHS England does not have the information—on costs, access and outcomes—necessary to assess how to improve services.

Recommendation:
NHS England has told us that it will be collecting more consistent data. By April 2017, it should use this data to link spend, by service provided, to service quality, patient outcomes and patient experience; to allow clear comparison between different providers and to improve value for money.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The Quality Surveillance Information System (QSIS) portal went live in July 2016. As part of the annual quality surveillance cycle all providers of specialised services are required to submit a self-declaration against a number of quality metrics/key requirements via the portal. Over 90% of services completed the self-declaration in 2016 in the first year. The self-declaration, together with information from both the specialised services quality dashboards and peer review visits, provides an overview of the quality of the service at provider level.

4.3. In addition, a National Commissioning Data Repository (NCDR) for specialised commissioning has been established, which supports the reporting of activity and financial information. Work is taking place to enable the reporting of information on quality on this system. At the same time data from the NCDR system, relating to activity and finance, is now available on the development site of the QSIS portal and is expected to be live for paediatric intensive care shortly.

4.4. A managed, rolling programme of clinical service reviews is currently underway. These reviews provide the opportunity to keep abreast of advances in specialised services healthcare and develop metrics to capture patient experience and clinical quality, facilitating comparison to improve value for money.

5: Committee of Public Accounts conclusion:
New drugs and medical equipment are putting pressure on the budget for specialised services that may affect NHS England's ability to resource other health services.

Recommendation:
The Department of Health and NHS England should, in collaboration with NICE, ensure affordability is considered when making decisions that have an impact on specialised services. For example: by building in consideration of how the cost of implementing NICE recommendations can be kept affordable within available commissioning budgets; and by using national bargaining power to get best prices for high-cost drugs.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 NICE and NHS England consulted on proposals, between October 2016 and January 2017, which outlined new ways to simplify and speed up technology appraisals, and make clearer the arrangements for funding, taking affordability into account.

5.3 Following consultation, the final position has now been agreed by both organisations and the following changes are being introduced:

- A fast track appraisal for very cost effective products (defined as having an Incremental Cost Effectiveness Ratio (ICER) of less than £10,000/QALY);

- A budget impact test (set at £20m net budget impact in any of the first three years of a product's introduction) to trigger commercial discussions on those products which would have a significant impact on the NHS budget. The test would be taken into account in considering whether funding should be phased in over a longer period than the usual three months; and

- A new cost per QALY threshold for Highly Specialised Technologies (HSTs). This will be weighted so that the greater the therapeutic benefit a technology provides (measured in QALYs), the higher the cost-benefit threshold will be.

6: Committee of Public Accounts conclusion:
There are significant variations in the extent to which providers are meeting national service standards, but NHS England cannot be sure what impact this is having on patient outcomes.

Recommendation:
NHS England should undertake an evaluation of the impact of not meeting service standards on patient outcomes. It should reclassify service standards where appropriate in light of these reviews and set out clear timelines for resolution where patient outcomes are adversely affected by service standards not being met.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 NHS England is extending its existing quality dashboard programme. The quality dashboard helps to identify variation and benchmark quality, to support both providers and commissioners, and together with the annual self-declaration provides information on individual services' quality assurance and compliance against service specifications. The business case to support the expansion has been approved by DH and the procurement process is currently being completed

6.3 Quality dashboard information is now available on the Quality Surveillance Information System, bringing together all information in one place to support commissioner to provider discussion. In addition, during the course of 2017, information relating to national audits and relevant Care Quality Commission (CQC) reports will be considered alongside provider self-declarations when determining compliance with service specifications.

6.4 NHS England will continue to assess and consider service standards. NHS England continues to appraise the relative contribution to evaluating service quality it makes as a commissioner alongside the licensing powers of the CQC, the Quality Standard setting responsibility of NICE and the patient safety remit of NHS Improvement. NHS England's ongoing programme of services reviews will continue to look at opportunities for improving quality and clinical outcomes. As part of that work, NHS England will work closely with the Department and NHS Improvement to use evidence from the Carter Review's efficiency programme.

Eleventh Report of Session 2015-16

Department for Business, Energy and Industrial Strategy

Green Deal and Energy Company Obligation

Introduction from the Committee

The UK's 27 million homes are responsible for more than a quarter of the country's total energy demand and greenhouse gas emissions. The housing stock is among the least energy efficient in Europe, leading to higher energy bills and harm to the environment, and for those living in colder homes as a result, negative health impacts. In 2013, the Department implemented the Green Deal and Energy Company Obligation (ECO) schemes to improve household energy efficiency. The Green Deal was a new scheme that enabled households to take out loans to pay for energy efficiency measures, such as wall insulation, which they would repay through their energy bill. The Department spent £240 million setting up the Green Deal and stimulating demand for loans.

ECO resembled previous energy efficiency schemes, with the Department requiring the largest energy suppliers to install measures that save a set level of carbon dioxide (CO_2) or reduce bills by March 2017. Suppliers spent £3 billion up to the end of 2015 to meet their obligations, with these costs passed on to all their billpayers. While the primary aim was to save CO_2, the Department also wanted the schemes to work together to improve 'harder-to-treat' properties; stimulate private investment in energy efficiency measures and mitigate the causes of fuel poverty. It had a target for the two schemes to improve 1 million homes by March 2015 between them.

Background resources

- NAO report: *Green Deal and Energy Company Obligation* - Session 2015-16 (HC 607)
- NAO report: *The Department of Energy and Climate Change's Loans to the Green Deal Finance Company* – Session 2015-16 (HC 888)
- PAC report: *Household Energy Efficiency Measures* – Session 2015-16 (HC 125)
- Treasury Minutes: November 2016 (Cm 9351)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9351), 2 recommendations were implemented. 3 recommendations remained work in progress, all of which have now been implemented, as set out below.

3: Committee of Public Accounts conclusion:
The Department lacks the information it needs to measure progress against its objectives, including the impact of the schemes on fuel poverty.

Recommendation:
The Department should ensure it has means by which to measure progress towards each of its objectives, particularly on those aimed at improving circumstances for vulnerable people and those living in fuel poverty.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The Department played a key role in supporting the passage of the Digital Economy Act through Parliament prior to it receiving Royal Assent on 27 April 2017. The Act will allow better targeting on fuel poverty by enabling dwelling data collected by the Valuation Office Agency to be matched with Department of Work and Pensions data on households on low incomes.

3.3 The Department has already made improvements to the targeting of the Energy Company Obligation, taking more account of household income and family composition in the context of benefits data. Improving targeting is key for progress on fuel poverty objectives, but the Department will also continue to provide a comprehensive annual view of the position through the National Fuel Poverty Statistics, with the latest statistics published on 29 June 2017. Amongst other things, these statistics track the number of households in fuel poverty, the depth of fuel poverty and changes in the energy efficiency ratings of fuel poor households. Planned improvements to the annual 2018 Statistics publication include:

collecting new information on the levels of switching and tariff type, which will improve the quality of pricing data; and development of a new, robust methodology for estimating fuel poverty at the local level.

3.4 The Department will also be undertaking surveys to improve information on cost contributions to work made by households and third parties. The effectiveness of the Department's interventions will be better informed by data on households' energy use over time to determine the actual impact of measures installed. Finally, the Department's forthcoming energy efficiency follow-up survey will help track households' fuel poverty status over time and help understand attitudinal differences towards energy efficiency between fuel poor and other households.

4: Committee of Public Accounts conclusion:
Despite providing £25 million (36% of the initial investment in the Green Deal Finance Company) to cover set-up and operational costs, the Department had no formal role in approving company expenditure or ensuring it achieved value for money.

Recommendation:
Departments must ensure that appropriate arrangements are in place to monitor and provide assurance that public funds provided to other bodies are spent with due regard to regularity and value for money particularly, for example, when salary levels are set. The Department should produce an accountability system statement setting out how the Accounting Officer ensures the regularity and value for money of his Department's spending by the end of September 2016.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 In line with Treasury Guidance, the Department has met its requirements to publish an Accounting Officer System Statement which demonstrates how the Department ensures the regularity and value for money of its spending, covering all of our relevant accountability relationships. This includes relationships with arm's length bodies and third party delivery partners. This statement was published in September 2017.

5: Committee of Public Accounts conclusion:
Any sale of the Green Deal Finance Company must secure the best deal possible for the taxpayer.

Recommendation 5:
The Department should fully consider these concerns during negotiations and write to the Committee once the sale is completed setting out the terms of the sale and how taxpayers' interests have been protected. In particular, it should explain its actions with regards to the intellectual property of the pay-as-you-save IT infrastructure. It should also monitor the recovery of the £23.5 million loan it made to keep the company afloat and report back to the Committee on progress.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The sale of the Green Deal Finance Company completed successfully in January 2017. Following that sale, the Department's Accounting Officer wrote to the Chair of the Public Accounts Committee on 17 February 2017 setting out further detail on the sales process and on the value for money achieved from the taxpayer's perspective. In particular, the Department noted in that letter that the sales process recovered the £23.5 million senior loan made by the Department to the GDFC in December 2014, and referred to in the Committee's report, in full (plus interest), as well as providing the possibility of further recovery of earlier investments, depending on performance of the loan book. The pay as you save "infrastructure", in the sense of the mechanism by which Green Deal loans may be collected through energy bills, did not form part of the sale, and it remains open to other companies wishing to offer Green Deal finance to do so.

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)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9351), 8 recommendations remained work in progress, of which 7 have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
There is a poor understanding of both the scale and cost of the problem of delays in discharging older patients from hospital.

Recommendation:
NHS England should develop measures that fully capture the number of older people who are no longer benefiting from acute hospital care. Also, building on the initial work set out in the NAO report, NHS England should coordinate work to fully understand the cost to hospitals of delayed discharges and the costs, where these fall on the public purse, of caring for these people in the community.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 NHS England, NHS Improvement and the Department of Health believe that the first priority is to reduce the number of DTOC patients. In July 2017, the Department of Health and DCLG published indicative expectations for DTOC reduction by local authorities and the local NHS, with associated planning requirements.

1.3 As set out in the Department's letter to the Committee in January 2017, the clinical advice received has suggested there is limited benefit in beginning a new collection based on patients that are medically fit for discharge (MFFD). We will, however, commence analysis of Secondary Users Service (SUS) data to create a measure of 'stranded patients' as part of obtaining the wider view of delays that the Committee was seeking.

1.4 NHS England will also work with NHS Improvement and NHS Digital to explore how to best utilise SUS data collections that will capture the date on which an inpatient was confirmed by their medical team as ready to be transferred from acute care. The data burden on trusts will be taken into account but it would be expected that Local Accident and Emergency Delivery Boards and Sustainability and Transformation Plans review this data alongside metrics captured within the Discharge Dashboard.

2: Committee of Public Accounts conclusion:
There is unacceptable variation in local performance on discharging older patients.

Recommendation:
There are several contributory factors behind the variations in local performance. The Committee expects the Department, NHS England and NHS Improvement to understand the reasons for the variations and address the further recommendations made below.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The Government is committed to addressing variations in local performance in delayed transfers of care. A clear deliverable for improved delayed transfers of care performance has been set through the Government's mandate to NHS for 2017-18, which support this recommendation by requiring NHS England to work with NHS Improvement and local government partners to reduce NHS-related delayed transfers of care in support of a total reduction to 3.5% by September 2017 (recognising existing variation between areas).

2.3 In July 2017, a further package of measures was introduced to support both the NHS and Local Government to reduce delays. This included a performance dashboard showing how local areas in England are performing against metrics across the NHS-social care interface including delayed discharges. The package also included plans for Local Government to deliver an equal share to the NHS of the expectation to free up 2,500 hospital beds, including a breakdown of delayed days per 100,000 of the population and the indicative reduction levels required by each Local Authority and local NHS, which can be shared out differently at local level if agreed by both organisations.

2.4 In seeking to reduce variation in local performance the Government will consider a review, in November, of 2018/19 allocations of the social care funding provided at Spring Budget 2017 for areas that are poorly performing. This funding will all remain with local government, to be used for adult social care.

2.5 In addition, the Care Quality Commission will undertake 12 reviews of local areas to consider how well they are working at the health and social care boundary. A further 8 reviews will be commissioned based on the performance dashboard and informed by Local Authority returns due in July. The majority of the reviews will be complete by the end of November, with a view to identifying issues and driving rapid improvement.

2.6 As part of a comprehensive sector-led support offer, NHS England, NHS Improvement, Local Government Association, Association of Directors of Adult Social Services and the Better Care Support Team will publish the definitive national offer to support reductions in delayed transfers of care to all areas.

3: Committee of Public Accounts conclusion:
The fragility of the adult social care provider market is clearly exacerbating the difficulties in discharging older patients from hospital.

Recommendation:
The Committee's report on personal budgets in adult social care recommended that the Department clarify its position as national steward of the social care market in its National Market Position Statement. Given the effect that serious funding pressures and market fragility are having on discharging patients, the Committee re-iterate this recommendation. The Department should report back to the Committee by January 2017 on progress in implementing the key elements of the Position Statement and what impact this is having.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The Department continues to have an important stewardship role for the adult social care market. This involves oversight of the system and continued engagement with local authorities and providers to ensure the market overall is sustainable and delivers improving outcomes and quality.

3.3 The Department had initially proposed developing a National Market Position Statement. Following discussions with stakeholders it agreed to develop an on-line Markets Hub primarily focussed on drawing together good local practice examples of commissioning, market shaping and contingency planning as well as links to data sources. The aim is to provide a resource to help local commissioners improve practice and therefore improve people's wellbeing.

3.4 The Markets Hub has been available through GOV.UK since November 2016 and is being kept under review. More broadly, the Department continues to work with the sector to promote guidance to encourage quality services, smart commissioning and protection for people with care needs.

3.5 As the Department has completely refreshed its approach, it will measure the impact of the Hub through a wider evaluation of the Care Act, including a research on market shaping due to be complete in 2019. Interim outputs will be available from mid-2018.

4: Committee of Public Accounts conclusion:
While good practice on discharging patients from hospital is well understood, implementation is patchy across local areas.

Recommendation:
NHS England and NHS Improvement should report back to the Committee by January 2017 on what steps they have taken to increase the pace of good practice adoption.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The Government's mandate to NHS England for 2017-18, the Next Steps on the NHS Five Year Forward View, and the Better Care Fund Policy Framework for 2017-18 – 2018-19 all state that areas must implement the 8 High Impact Change Model. This Model is made up of 8 key models that are known to improve transfers of care, including trusted assessor and discharge to assess. Joint NHS England, NHS Improvement, Local Government Association and Association of Directors of Adult Social Services guidance on implementing trusted assessors was announced in July 2017. All local systems have been asked for milestone delivery plans and resource has been provided regionally and locally to help with transformation.

4.3 England and NHS Improvement have come together to form a joint programme to support delivery of Urgent and Emergency Care including these measures. They are developing their improvement offer working closely with the Local Government Association and Association of Directors of Adult Social Services to ensure there is a coherent, joined-up approach for local systems. This builds on the work of the Emergency Care Improvement Programme (ECIP), an integrated team which works across health and social care and delivers intensive on-site support for challenged systems using a number of approaches targeted at improving flow and discharge such as Multi Agency Discharge Events and implementing best practice guidance.

4.4 To incentivise areas to work together to implement good practice on discharging patients, NHS England developed, with partners, a Commissioning for Quality and Innovation (CQUIN) incentive for 2017-18 – 2018-19 on safe and proactive discharge that incentivises areas to work across local health systems to enable patients to get back to their usual place of residence in a timely and safe way. This CQUIN builds upon the Urgent and Emergency Care (UEC) Delivery Plan discharge-specific activity to support systems to streamline discharge pathways, embed and strengthen the Discharge to Assess pathway and to understand capacity within community services to support improved discharge.

5: Committee of Public Accounts conclusion:
The absence of widespread and effective sharing of patient information remains a significant barrier to the effective discharge of older patients.

Recommendation:
NHS England, working with local government partners, should identify early lessons from the ongoing work on information sharing, so that health and social care providers can get a clear idea of what will work best in their local area. It should report back to the Committee by January 2017 on what progress has been made on information sharing in local areas.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 Localities around the country have made significant progress in enabling effective information sharing across care settings and transfers of care in a way which supports hospital discharge processes, and are undertaking work to join up health and care records. In Northumbria, they are providing a single view of a patient for those providing direct care to individuals.

5.3 A particular focus has also been on sharing of transfer of care information - such as assessment and discharge notifications. This is a critical part of the discharge process. Work in Islington has enabled the electronic exchange of Care Act compliant discharge information so that social care is notified of assessment requirements and discharge dates from hospital accurately and timely.

5.4 Work between Hertfordshire and NHS Digital is enabling benefits in relation to efficiencies and prevention from enhanced information sharing to be captured. This is the key evidence base being used to support the wider national adoption of this information sharing.

5.5 NHS England, working in conjunction with national bodies and localities, are currently commissioning the development of a series of case studies which will outline areas of excellence. These will be made available to all organisations to ensure that best practice is spread as widely as possible.

6: Committee of Public Accounts conclusion:
Current structures do not have an effective line of accountability, either nationally or locally, for what is at root a shared problem for health and social care systems of discharging older patients.

Recommendation:
As steward of the system, the Department of Health should set out in its accountability system statement how local health and social care systems will be held to account for areas of care that require a whole system approach, such as discharging older patients. This could, for example, involve strengthening the remit of the national Discharge Programme Board and local system resilience groups to hold the whole system to account.

6.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

6.2 *Managing Public Money* advises that accountability system statements must be clear on the core data and information flows that the system will rely on. The Treasury included this requirement in the revised guidance for all departments to report on their accountability systems.

6.3 This included an expectation that Departments will identify how accountability systems align with the financial data set out in their Annual Report and Accounts (ARA), and the performance indicators set out in Single Departmental Plans (SDPs). Permanent Secretaries' objectives are also aligned with SDPs. Departments are not expected to repeat the detail of performance metrics and financial data used to oversee systems within their accountability system statements, but they should indicate how they are aligned. In some cases, this might require departments to make clearer in their SDP or ARA where arm's length bodies are responsible for delivery, and what performance and financial data is expected and how it will be used.

6.4 The Treasury issued guidance in time for Departments to prepare these statements alongside their ARAs for 2016-17. The Department's ARA was published in July 2017. The ARAs show how information and accountability flows through the whole health and social care system.

7: Committee of Public Accounts conclusion:
Local health and social care organisations are too often not working together effectively, with organisational boundaries getting in the way of what should be a smooth and seamless process for the patient.

Recommendation:
NHS England, working with local government partners, should clearly set out good practice models for integrated and closer working that they expect to be adopted by local health and social care systems, and report back to the Committee by January 2017 on what steps they have taken to increase the pace of adoption of such models.

7.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

7.2 The Integration and Better Care Fund Policy Framework 2017/19 was published in March 2017. It requires areas to jointly agree plans; ensure NHS contribution to adult social care is maintained in line with inflation; agree to invest in NHS commissioned out-of-hospital services; and manage transfers of care. The Integration and Better Care Fund Planning Requirements 2017-19, was published in July 2017 as part of the package of measures (as set out above in the response to recommendation 2) to support both the NHS and local government to reduce delayed transfers of care. .

7.3 National Condition 4 (Managing Transfers of Care) of the Better Care Fund sets out that areas should implement the High Impact Change Model for Managing Transfers of Care. This model sets out eight proven changes to support prompt discharge of patients who are ready to be leave hospital.

7.4 To qualify for receipt of additional social care funding announced in the Spring Budget 2017, a recipient local authority must also work with relevant Clinical Commissioning Groups and providers to meet National Condition 4 (Managing Transfers of Care) in the Integration and Better Care Fund Policy Framework and Planning Requirements 2017-19; and provide quarterly reports as required by the Secretary of State.

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: November 2017.

8.2 The community services dataset is to be delivered in a number of phased releases that incrementally build upon each other until the dataset reaches a state where the aims of the dataset have been met. The development of the dataset will be linked to, and be consistent with, the ongoing work to extend to approach of NHS Improvement's Operational Productivity Programme (that is implementing the recommendations of the Carter review) into community trusts.

8.3 Phase 1, due for delivery in autumn 2017, is based on an expansion of the existing Children and Young Person's Dataset to extend it to collect data from all ages, i.e. including adult data.

8.4 Phase 2 will expand this dataset to introduce additional data set items within the data collection to meet the expanding user requirements. This will include data to support new models of community care, enhanced patient and service delivery outcomes measures, and address key issues such as demand and capacity management, amongst other key measurement requirements. Phase 2 delivery dates are yet to be finalised, but are anticipated to be delivered as a series of 'incremental data set launches' over a three year period from April 2017, subject to future funding approval. Phase 1 community dataset delivery is currently progressing to plan.

8.5 In parallel the Department is developing currency building blocks for community services during 2017-18 which can be used by commissioners and providers to benchmark services, and as part of a more transparent approach to payment for community services. The Department is also developing new integrated payment approaches to support the vanguard programme of new care models and accountable care systems which are being designed to deliver more integrated care provision across primary, community and secondary care.

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)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9351), 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: Autumn 2017.

4.2 The Department 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. The Department is working with the NAO on this activity and will continue to progress this work exploring what is feasible and will deliver robust and useful results. The Department updated the Committee on progress in December 2016.

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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9389), 2 recommendations were implemented. 4 recommendations remained 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.

Target implementation date: December 2017.

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 The Department is considering how schedule confidence for Phase One element of the HS2 Programme can be further improved, for the commencement of passenger services from December 2026.

4: Committee of Public Accounts conclusion:
The Committee is concerned that the Department may find it difficult to secure the skills required for all of its major transport infrastructure plans.

Recommendation:
The Department should report back to the Committee in 12 months' time on progress in securing all the skills needed to deliver all its infrastructure programmes.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The Strategic Transport Apprenticeship Taskforce chaired by Transport Commissioner Mike Brown, published an annual report on progress against the recommendations of the skills strategy in September 2017.

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: March 2018.

5.2 The Department is supporting the Department for Communities and Local Government (DCLG) in their work to ensure relevant local authorities make full benefit of High Speed 2. Local authorities have or are preparing High Speed 2 growth strategies, which set out their plans to catalyse the growth and regeneration benefits of High Speed 2 in their areas. These strategies, and the subsequent implementation plans, are underpinned by funding and finance plans that establish the local funding sources, and the opportunities to attract private finance. The Department and DCLG are encouraging local authorities to seek private investment first and foremost to fund their ambitions.

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 As part of the plan for how the entire rail network will operate once High Speed 2 has been built, the Government announced on 4 November 2016 that a new rail franchise, the West Coast Partnership, will be responsible for operating both the Intercity West Coast services on the West Coast Mainline from 2019 and designing and running the initial High Speed 2 services from 2026. The operator will be required to develop an integrated train plan for the entire West Coast corridor from 2019 and will consult this plan. The ITT for West Coast Partnership is scheduled for publication in late 2017.

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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9389), 1 recommendation was implemented, the Department disagreed with 1 recommendation and 2 recommendations were for the BBC. 2 recommendations remain work in progress, 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 were 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.

Target implementation date: Autumn 2017.

1.2 The Foreign Secretary is responsible for agreeing with the BBC Board the BBC World Service's objectives, priorities and targets for inclusion in its Operating Licence. The BBC World Service Operating Licence will be agreed and published in Autumn 2017 to align with the agreement of the main BBC Operating Licence with Ofcom. We are currently discussing targets to cover areas such as ensuring impact, reach and value for money. These will be subject to ratification by the BBC Board. Targets will be regularly reviewed and sufficiently stretching, and the Foreign Secretary and BBC Chair will meet in the Autumn, for their annual review of the BBC World Service and progress. In addition, officials are meeting on a quarterly basis to review performance against targets included 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.

Target implementation date: Autumn 2017.

2.2 The Department agrees that the BBC World Service should report on its targets and performance measures publicly in appropriate depth. The Department is working with the BBC World Service to agree effective reporting on performance and the value it delivers as part of its future Operating Licence, including the approach to cost per audience member. This will take into account the reporting and transparency provisions from the new BBC Charter. The Operating Licence is expected to be agreed and published in the Autumn.

Sixteenth Report of Session 2016-17

Department of Health

Improving access to mental health services

Introduction from the Committee

The Department of Health is ultimately accountable for securing value for money from spending on healthcare and, through its annual mandate, holds NHS England to account for the outcomes the NHS achieves. In 2015-16, the NHS spent an estimated £11.4 billion on mental health services, some 12% of total spending. Mental health problems cover a broad range of disorders, including depression and anxiety, psychosis and eating disorders. In 2014–15, 3.3 million people were known to be suffering from depression. Psychosis is less common but more severe and may affect up to 3 in 100 people during their lives. Mental health conditions can have a significant impact on the health of the people affected and their quality of life. They also affect the health system, the economy and society more widely. What makes good access to mental health services so important is that many people can make a full recovery if they receive appropriate treatment when they need it and at an early stage.

Background resources

- NAO report: *Mental health services: preparations for improving access* - Session 2015-16 (HC 492)
- PAC report: *Improving access to mental health services* - Session 2016-17 (HC 80)
- Treasury Minutes: December 2016 (Cm 9389)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9389), 3 recommendations were implemented. 2 recommendations remained work in progress, both of which have now been implemented, as set out below.

3: Committee of Public Accounts conclusion:
It is difficult for people to access the support they need because the way mental health services are designed and configured is complex, variable and difficult to navigate.

Recommendation:
The Department, NHS England and Health Education England should work together to collect the information needed to estimate the workforce required to achieve parity of esteem between mental and physical health. By the start of 2017–18 it should put in place a plan for supplying that workforce.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 Health Education England has developed a workforce plan that sets out the enabling actions, process and infrastructure required to meet the recommendations of the *Five Year Forward View for Mental Health*. 'Stepping forward to 2020/21: The mental health workforce plan for England' was published on 31 July 2017. The Plan sets out a high level road map and reflects the additional staff required to deliver the transformation set out in the *Five Year Forward View for Mental Health*.

3.3 By 2020-21, local areas will need to create 21,000 new posts in priority growth areas and employ 19,000 additional members of staff by 2020. It is expected that 11,000 of these will be drawn from the 'traditional' pools of professionally regulated staff, e.g. nurses, occupational therapists, or doctors. In addition, there will be 8,000 people moving into new roles, e.g. peer support workers, personal wellbeing practitioners, call handlers, or nursing associates. The emergence of new roles will support the development of new service models, which will aim to maximise the numbers of patients seen by increasing the time available for professional staff to spend with their patients, especially those most in need of professional support.

4: Committee of Public Accounts conclusion:
There is insufficient information about the numbers of mental health staff and their skills, and there is not yet a clear plan to develop the workforce needed to achieve parity of esteem.

Recommendation:
NHS England and NHS Improvement should accelerate work being done to incentivise clinical commissioning groups and providers to improve mental health services and outcomes, including by developing better payment mechanisms for implementation by April 2017.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 NHS England has published the draft NHS Standard Contract and guidance on the Quality Premium and Commissioning for Quality and Innovation (CQUIN) schemes for 2017-19. The Quality Premium financially rewards commissioners for improvements in the services they commission. The mental health component focuses on incentivising commissioners to address a number of key inequalities around access to appropriate services.

4.3 The NHS Standard Contract sets the basis for the contractual relationship between commissioners and providers. It requires all mental health providers to meet a number of core operating standards including access and waiting time standards. CQUIN financially rewards providers to deliver clinical quality improvements. The Mental Health CQUIN indicators will focus on driving greater collaboration between providers across a number of key mental health care pathways.

4.4 NHS England and NHS Improvement have introduced new payment approaches for adult and older people mental health services for the 2017-19 national tariff, published in December 2016. These outcome-based payment models require Clinical Commissioning Groups and providers to focus on improvements in quality of care by linking an element of payment to locally agreed quality and outcome measures. As part of the NHS Improvement and NHS England sector support offer, detailed guidance has been published alongside the consultation on the payment approaches and linking payment to outcomes.

4.5 NHS England will look to develop the role of mental health care clusters, which are the national currencies for mental health services. This will include developing closer links between the clusters and care pathways.

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)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9389), 2 recommendations were implemented and 6 recommendations remained work in progress, of which 2 have now been implemented, 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: December 2017**.**

1.2 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[61]. The Department acknowledges that there is scope to improve the completeness and accuracy of the data, and aims to publish data on further metrics as soon as the quality and coverage of the data allow. With this in mind, HM Prison and Probation Service (HMPPS) has completed a full review of the current performance frameworks. 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.

[61] https://www.gov.uk/government/statistics/community-performance-quarterly-and-annual-2016-to-2017

1.3 In addition to the specific actions outlined above, the Department has in place a full Data Governance and Assurance Framework to improve the quality and robustness of CRC and NPS performance data in general. Overseen by a Data Governance and Assurance Board, the framework is based upon a layered hierarchy in which there are specific roles for CRC and NPS staff, contract management teams, Data Stewards at HMPPS HQ and Internal Audit; processes and forums for resolving data issues; case recording instructions and technical definitions available to all staff from a common source; all data and reporting being provided by the HMPPS Performance Hub as the single version of the truth; auditing of recording practice forming part of CRC contract management compliance, and sign-off of NPS data being required at Deputy Director level.

1.4 In line with the pre-announced schedule of publications, on 26 October 2017, the Department will publish the first set of adult proven reoffending statistics by which CRCs will be measured under Payment by Results arrangements, alongside results for the NPS. Quarterly interim reoffending statistics for CRCs continue to be published until that date, but these figures must be treated with caution as they only provide a broad indication of progress and have not been OGRS (Offender Group Reconviction Scale) adjusted. The picture, therefore, may change when final rates are published.

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 its 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 and in October 2016 and is doing further work to consider improvements the Department can make to the delivery of supervision and rehabilitative services for short-term prisoners. The Department continues to monitor the number of licence recalls of offenders following the Offender Rehabilitation Act 2014 reforms.

4: Committee of Public Accounts conclusion:
The ability of CRCs to transform their businesses is being undermined by delays in resolving commercial negotiations.

Recommendation:
The Ministry should urgently complete commercial negotiations with CRCs to provide the certainty necessary to support the planned transformation. It should update the Committee on the result of negotiations, and the financial consequences, as soon as they are completed.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The Department concluded a phase of commercial negotiation with CRCs in June 2017 and has agreed adjustments to the payment mechanism. This will provide CRCs with greater certainty of income to enable them to focus on delivering critical services which reduce re-offending, protect the public and help offenders contribute to society. A modification notice has been published on Tender Electronic Daily in compliance with Procurement Regulations. Payments are still expected to be below original forecasts.

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

Recommendation 5a:
The Ministry should review and adapt the payment mechanism to create stronger incentives for CRCs to provide innovative services that meet the needs of all groups and reduce reoffending.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The Department has reviewed the payment mechanism following detailed analysis of supplier costs. Changes to the payment mechanism were implemented in August 2017. The Department has agreed changes to Community Rehabilitation Company contracts to reflect more accurately the fixed costs of delivering services to offenders, and this will enable providers to focus on the delivery of core operational services. The Department recognises the concerns that have been identified about aspects of probation services, including recent HMI Probation reports, and will be doing further work to consider improvements to the delivery of rehabilitative services.

5.3 While payment-by-results targets provide a clear incentive for providers to deliver services which reduce reoffending, the Department's review of the payment mechanism found that the proportion of CRCs' costs which are fixed was higher than envisaged at the time of competition. This was creating financial challenges for providers and constraining investment in innovative services.

5.4 A Written Statement to Parliament from the Minister for Prisons and Probation was published on 19 July 2017.[62]

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

5.5 The Government agreed with the Committee's recommendation.

Target implementation date: Summer 2018.

5.6 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 information on all services being offered by each CRC in England and Wales. The information is quality-assured by the CRCs before input. The first phase of implementation is under way and will take account of the evaluation that has been conducted before proceeding to the final two stages. 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).

5.7 The NPS's first set of quarterly bulletins for sentencers was issued in December 2016, with subsequent editions in March and July. The fourth edition will be sent out in the autumn. 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 results of the survey will 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: Autumn 2017.

7.2 As of December 2016, the nDelius Service Team (NDST) took forward development and maintenance of nDelius and associated applications. Since January 2017 the NDST have introduced a number of enhancements to nDelius for probation users across the NPS and CRCs. A plan of new releases to nDelius and associated applications has been put in place and is being delivered to enhance the application's capabilities and improve the experience for users.

62 http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2017-07-19/HCWS81/

7.3 In December 2016, National Delius and the nDelius Management Information System (nDelius MIS) were migrated to a cloud based platform. While the migration to the cloud environment did not involve any functional changes, the performance of both applications has been improved and users currently benefit from better applications' response times and upgraded reporting capabilities of the nDelius MIS.

7.4 CRCs are currently operating using the Authority provided offender management systems, including nDelius, from their own new IT using a secure link from their infrastructure. This has ensured that appropriate access to both systems' functionality, and data entry is enabled to the records of offenders they are managing.

7.5 The Strategic Partner Gateway (SPG) has been available since September 2016, providing secure data exchange capability between nDelius and CRCs' own offender case management systems once they have been implemented. While the CRCs do not yet have their own systems in service, a number are testing them with the SPG and are working closely with a dedicated technical team from HMPPS in advance of them going live. CRCs are required to receive the necessary Government Digital Strategy and Ministry of Justice accreditation teams' approvals of their IT systems prior to connecting to the SPG live environment once the tests have been completed. Following extensive testing and accreditation, the first anticipated cutover to a CRC's own system and the SPG is currently planned to take place by the end of autumn 2017.

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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9389), 1 recommendation was implemented. 5 recommendations remained work in progress of which 1 recommendation has 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: Autumn 2017.

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; and 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 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. The next report is due to be laid before Parliament in October 2017.

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 General Election. The Business Impact Target Report, due to be published in October 2017, will report on progress with the Target during the last Parliament.

3: Committee of Public Accounts conclusions:
Departments do not know how much it costs the business community to comply with their existing regulations.

Recommendation:
As a matter of urgency, Departments and Regulators, with the support of the Better Regulation Executive, should set out how they intend to improve their understanding of the effects of the existing regulation for which they are responsible.

3.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

3.2 On 1 March 2017, the Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy wrote to the Committee setting out in greater detail its work and that of Departments to improve its understanding of existing regulations and the importance of independent scrutiny and the output from post-implementation reviews, which have been a statutory requirement since 2015. Since March 2017, regulators have contributed to the business impact target and a duty to have regard to the desirability of promoting economic growth.

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.

Target implementation date: Autumn 2017.

4.2 Better regulation relies on the effective review of how regulatory measures work in practice. In recent years, the Department (formerly as the Department for Business, Innovation and Skills) has underlined the importance of reviewing regulation by progressively tightening the requirement for Post-Implementation Reviews – from an administrative requirement to review regulation (introduced through guidance issued to Departments in 2011) to a statutory review requirement in the Small Business, Enterprise and Employment Act 2015.

4.3 Reviews are most effective if adequate monitoring and evaluation plans are put in place from the outset to support the review further down the line. Therefore, to help ensure this happens, the Better Regulation Executive will encourage Departments to include monitoring and evaluation plans in all Impact Assessments on significant regulatory proposals that have a statutory review clause. The independent Regulatory Policy Committee will comment on the adequacy of these plans in their opinions on Impact Assessments for significant regulatory proposals and in their Annual Report.

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: Autumn 2017.

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.

Target implementation date: Autumn 2017.

6.2 On 1 March 2017, the Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy, wrote to the Committee setting out that the Government would provide an update in July 2017 in relation to further changes that it will take to improve the efficiency of the better regulation system.

6.3 Due to the June Election, this work has not concluded. The Department will provide a further update to the Committee in the January 2018 Treasury Minute Progress Report.

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)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9389), 1 recommendation was implemented. 6 recommendations remained work in progress, of which 1 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.

Target implementation date: Autumn 2017.

3.2 The Financial Management Review (FMR) set in train a long-term change programme for the Government Finance Profession. Significant progress has been made to design and begin to deliver reforms. The FMR programme is continuing to prioritise and invest in developing tools to help the finance function to drive better value and build stronger financial capability across Government.

3.3 The introduction of Single Departmental Plans (SDPs) has been a step forward for government's longer term planning. SDPs will continue to provide the framework for medium-term business planning and performance management. The Treasury and Cabinet Office are continuing to work together to improve the quality of planning and performance monitoring across Government Departments as the basis upon which longer term decisions can be taken.

3.4 In May 2014 the Treasury officially launched a programme under the title of "Better Business Cases" that is aimed at creating a significant improvement in the capacity and capability across the public service in the development and design of optimum value for money public investment and spending proposals. Between its soft launch in December 2013 and September 2016 the programme trained and accredited over 4500 individuals employed in the public sector and partner organisations working on spending issues. The programme continues to grow with the aim of embedding and maintaining an understanding of best practice throughout the culture of public and private organisations that deliver public services.

3.5 The Treasury Green Book on the appraisal and evaluation of public value has as part of a refresh process been through a process of consultation to bring it up to date and include lessons learned since publication of the previous edition in 2003. This is an evolutionary development of the current approach and it is hoped to publish a refreshed version in 2017.

3.6 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 capability development of all project delivery professionals in Government.

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.

5: Committee of Public Accounts conclusion:
The potential cost of the Government's liability for clinical negligence claims has continued to rise in recent years.

Recommendation:
As the Government's finance ministry, the Treasury needs to exert its authority and work with the Department of Health and the NHS Litigation Authority to get a grip on the clinical negligence liability.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The Treasury is already working with the Department of Health and NHS Litigation Authority to manage down the cost of clinical negligence. The Treasury supports the Departments consultation on applying a fixed recoverable cost regime for lower value claims. The Treasury has also been working with the Department of Health, NHS Litigation Authority, NHS England and others to develop proposals for a Rapid Resolution and Redress Scheme (RRR). The RRR scheme would provide support and resolution to families who experience severe birth injury within the NHS which could have been avoided. The RRR scheme's primary aim is to reduce harm and improved learning from these incidents. It will also mean that families will not have to face a lengthy and adversarial court process to secure compensation.

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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9389), 6 recommendations remained work in progress. 4 recommendations have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
The failure at the outset to set up effective governance has had long-term consequences for the programme.

Recommendation:
The Cabinet Office should demonstrate how it has learnt from its previous experience and set out what steps it will take to make sure it has, by March 2017, effective leadership and sufficient expertise in place.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 A revised governance structure has been implemented, which is led by the Cabinet Office, and includes customer departments to form the Strategy Board chaired by the Department's Permanent Secretary, and Executive Board chaired by the Director of Shared Services for Government. A Shared Services Assurance Committee has also been reconstituted, which is chaired by a customer department Director General and has membership from customer departments. The approach provides a good balance between leadership, management and challenge for the future delivery of shared services.

1.3 The enhanced governance arrangements and programme leadership captures cross departmental issues, which are being actively managed to ensure effective delivery of the current and future programmes. Further, an extensive lessons learned process has been completed involving all stakeholders (customer departments, Shared Services Connected Limited and the Department) which has identified the key issues that can be addressed for the current programme, a future shared services programme and other cross Government programmes. This work has progressed towards a specific action and delivery plan. A Shared Services Strategy "Roadmap" will ensure leadership across Whitehall.

2: Committee of Public Accounts conclusion:
The absence of a realistic business case undermined the programme's chances of success.

Recommendation:
The Government should produce a realistic and complete business case for the centres by March 2017. It should be updated if there are any future significant changes.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 Both ISSC1 and ISSC2 programmes have completed commercial settlements with the individual suppliers and have reviewed the leadership and management of both the programmes. The SRO and leadership for ISSC1 has been fully novated to Department for Transport (DFT) and ISSC2 has been retained by the Cabinet Office. This provides clear lines of leadership, delivery and responsibility for achieving the savings set out in the business case.

2.3 Following the conclusion of the ISSC1 commercial negotiations, DFT is the only remaining ISSC1 Department receiving services from arvato. Other Government Departments have now exited their contracts. The scope of the DFT programme has substantially changed, from a transformational programme involving multiple departments, to one seeking to consolidate services for one department on their existing platform. The change in scope will be reflected in the Infrastructure and Projects Authority (IPA) exit review, which anticipates the project being downgraded from a Tier 1 Investment to Tier 2.

2.4 For ISSC2, the Cabinet Office has revised the programme business case, which will be used to monitor and review progress. The business cases will also be updated for any future material changes that occur - for example: an additional department joining the programme.

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.

Target implementation date: December 2017.

3.2 The Shared Services Strategy Board has adopted an approach for the current shared services programme where the starting position is one of 'opting in'. Where there is a compelling case for a Department to opt out, a formal business case is required to demonstrate the benefits of opting out and the impact on the existing programme. Such a business case will require Cabinet Office approval.

3.3 Furthermore, a more formal approach setting out clear guidance and policy for all cross-Government programmes will be progressed once the road map work is completed. The guidance will identify the key levers that need to be put in place to ensure that Departments work towards successfully delivering these types of major programmes.

3.4 Further levers to secure commitment to another cross Government programme for share services will be embedded as policy outcomes from the emerging Road Map proposals.
3.5 Subject to ministerial approval the policy will ensure collective action through memorandum of agreement or enter new arrangements with fixed time periods. These proposals would be embedded in a future policy framework as an outcome from the Road Map and approved by the Shared Services Strategic Board.

4: Committee of Public Accounts conclusion:
It is too easy for Departments to pull out of the programme and put at risk the significant benefits that shared services can deliver.

Recommendation:
Departments should explicitly sign up to the revised business case produced by the Cabinet Office and verify that they are clear on the benefits and are fully committed to delivering shared services.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The revised business case (benefits for ISSC2) has been approved by the Executive and Strategy Board, ensuring buy in and commitment across all Departments. With these revisions, to ensure transparency, comes a bi-annual monitoring and reporting process which will provide the Executive Board with an update on progress.

4.3 It is also anticipated that as part of the policy development, consideration will be given to the issue of Departments opting out mid-way through a programme and the resulting impact on achieving benefits across Government.

4.4 The revised Engagement Strategy will explain and explore a deeper buy-in to Shared Services as the future strategy is formulated.

5: Committee of Public Accounts conclusion:
Government failed to manage effectively the risk of delays and poor supplier performance, leading to increased costs for the taxpayer.

Recommendation:
Renegotiations and future programmes should set out clearly whether suppliers or Government bear the risk of delays and additional costs and be clear about potential costs to the taxpayer. Where the risk sits with the supplier, the supplier should meet the cost of the failure to manage the risk.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 A lessons learned exercise on shared services identified that the Cabinet Office needed to mitigate the risk of increased costs caused by delays to the programme. It identified that future contracts needed to be more transparent, by setting out who bears the risk of delays and associated costs. Such an approach would limit the risk of potential additional costs to the taxpayer and assist in improving the delivery timetable. The Cabinet Office has been working closely with commercial and legal teams as well as the Crown Commercial Service to ensure future contracts clearly set out who bears the risk of delay costs and any other associated costs.

5.3 As part of the ISSC2 commercial agreement, a Deed of Settlement sets out the contract reset process and future risks to be managed by customers and Crown Oversight Function. This will enable the Department to improve its approach in working with the supplier and actively manage any impending issues.

5.4 Within Next Generation Shared Services, the assurance, audit and risk management framework around the programme has been enhanced so that potential risks and issues are identified and managed effectively. Contractual issues are managed by the Cabinet Office working with the supplier mitigating any risk to the 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.

Target implementation date: December 2017.

6.2 The Shared Services Executive Board has set up specific governance arrangements including the implementation of the commercial, strategic, technological, operational, and business design work streams.

6.3 Within the Business Design workstreams, HR and Finance teams will work with the Heads of Profession on agreeing a set of standard processes. Crown Oversight Function is supporting both teams with business process review activities across Government to agree design principles for key processes by December 2017. Once standard processes are in place, change requests will need to be approved by Global Process Owners before being formally submitted to the supplier, which will enable Departments to work within the agreed processes and systems.

6.4 The Global Design Authority has been established to ensure both Finance and HR process are agreed and documented.

Twenty First Report of Session 2016-17
Cabinet Office
Oversight of arm's-length bodies

Introduction from the Committee

Departments spend large sums through arm's-length bodies and depend on them to deliver a range of important functions, many of which are vital to Departments' strategic objectives and provide critical services to the public. Overall, according the Cabinet Office, there are more than 460 arm's-length bodies (including NHS England and HM Revenue and Customs) spending around £250 billion a year. The scale and role of arm's length bodies vary hugely, from large executive agencies, like HM Courts and Tribunals Service, to smaller non-departmental public bodies, such as the Gambling Commission.

Although arm's-length bodies usually have their own Accounting Officers, Departmental Accounting Officers remain ultimately accountable to Parliament for the arm's-length bodies they oversee. The National Audit Office report considered how 4 Departments - the Department for Business, Innovation & Skills, the Ministry of Justice, the Department of the Environment, Food and Rural Affairs and the Department for Culture, Media and Sport - oversee their arm's-length bodies. The 4 Departments oversee 116 arm's-length bodies, which receive an estimated £25 billion funding a year, and employ around 144,000 staff, compared to around 9,200 staff employed in their sponsoring Departments.

Background resources

- NAO Report: *Departments' oversight of arm's-length bodies: a comparative study* Session 2016-17 (HC 507)
- PAC Report: Departments' oversight of arm's-length bodies – Session 2016-17 (HC 488)
- Treasury Minutes – December 2016 (Cm 9389)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9389), 1 recommendation was implemented. 5 recommendations remained work in progress, all of which have now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
Unclear lines of accountability between Departments and arm's-length bodies mean that it is not clear who to hold to account.

Recommendation:
Departments should set out clearly, in published accountability system statements, the accountability relationships between arm's-length bodies and Departments, in a way that members of the public can understand. They should also clearly set out the responsibilities and accountabilities of each arm's length body in published, and up to date, framework documents.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 In response to the Committee's 2016 report on '*Accountability to Parliament for taxpayers' money*', the Treasury issued guidance[63] in April 2017 requiring each Department to produce an Accounting Officer System Statements (AOSS) alongside their Annual Reports and Accounts for 2016-17. The guidance expects Departments to ensure accountability for all of the public money and other public resources which fall within a single accounting officer's responsibilities. It makes clear that an AOSS should be drafted in a way that members of the public can understand.

2.3 The new *Partnerships between departments and arm's length bodies: Code of Good Practice* published by Cabinet Office, includes standards relating to framework documents, which recommend that the purpose, objectives, accountabilities and roles of the arm's-length body are mutually understood and

[63] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/607245/pu2074_accounting_officer_guidance_2017.pdf

clearly defined in relevant documentation, including single departmental plans, framework documents and accounting officer system statements.

2.4 It also recommends that the framework document (or equivalent) is reviewed and updated regularly, and complies with *Managing Public Money*. There is an agreed process for reviewing the framework document (or equivalent). Reviews may be required following a significant change in government policy relating to the arm's-length body's business or as a result of a spending review. As a minimum, written agreements should be reviewed formally at least once every three years. A light touch annual review for continuing relevance may be useful.

3-5: Committee of Public Accounts conclusions:

3: Departments do not consistently have the information necessary to understand how their arm's-length bodies are performing.

4: The Committee is not convinced that departments' oversight arrangements are proportionate to the relative risks and opportunities presented by different arm's-length bodies.

5: It is far from clear that departments draw on the operational expertise of arm's-length bodies and people using services when developing policies.

Recommendations:

3: The Cabinet Office should work with departments to make sure that they have robust but proportionate measures of arm's-length body performance. Departments should make more use of benchmarking to assess performance, and think beyond both departmental and public sector boundaries for comparators.

4. The Cabinet Office, working with Departments, needs to build on the NAO report in setting out a principles-based framework for overseeing arm's-length bodies.

5. Departments should set out what more they will do to demonstrate that they are drawing on the experience of arm's-length bodies and service users when policies are being developed.

3.1 The Government agreed with the Committee's recommendations.

Recommendations implemented.

3.2 The Cabinet Office published the *Partnerships between departments and arm's-length bodies: Code of Good Practice* on 24 February 2017. The Code of Good Practice has been developed by a working group of Departments and arm's-length bodies, facilitated by the Cabinet Office, in response to NAO and PAC reviews of Departments' oversight of arm's-length bodies in 2016. It provides a proportionate, principles-based framework for partnerships between Departments and arm's-length bodies, and it is based on best practice from across Government. The Code also seeks to transform relationships between departments and their arm's-length bodies, moving away from current emphasis on compliance and control, towards a focus on partnership working and maximising the value from the relationship.

3.3 The Code of Good Practice is not prescriptive in its approach, which means that Departments will continue to have the freedom to adopt the model of arm's-length body partnership that best suits their particular need, based on the principles of purpose, assurance, value and engagement, and underpinned by the standards of the Code.

3.4 It is for Departments to ensure they have effective performance measures and benchmarks in place with the Cabinet Office providing support. However, the importance of effective performance measures has been captured in the principle of Assurance within the Code, which recommends a proportional approach to assurance, and affirms that "*Management information exists to enable departments and arm's-length bodies to assess performance*." The relevant standard that underpins this states that the Department and arm's-length body have access to the data they need to assess the body's performance and to drive forward improvements. Where appropriate benchmarks are used to draw comparisons with other relevant sectors and organisations.

3.5 All Departments have now assessed how their relationship with their arm's-length bodies align with the principles and standards of the Code of Good Practice, and have identified areas for improvement. Over the next year, Departments will be making improvement to their current practices, and ensuring, where appropriate, that the relationships with their arm's length bodies are in line with the Code of Good Practice.

6: Committee of Public Accounts conclusion:
Delays in the public appointments process create risks for the effective governance of arm's length bodies.

Recommendation:
The Cabinet Office should update the Committee by July 2017 on its response to the Grimstone review and the progress made by Departments in streamlining the appointments process.

6.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

6.2 The Governance Code for Public Appointments, which draws on the recommendations and conclusions of the review of public appointments lead by Sir Gerry Grimstone was implemented on 1 January 2017.

6.3 Due to the Election being called, and the live public appointments processes having been paused as a result, there is limited evidence available at this stage on the impact of the code. The Cabinet Office is working with the Office for the Commissioner for Public Appointments to review progress on the implementation of the code and alongside this, the Cabinet Office is working closely with Departments to provide advice and guidance to ensure the smooth implementation of the new Code. The Commissioner for Public Appointments will report on progress on the implementation of the Code in his Annual Report.

Twenty Second Report of Session 2016–17

Department for Communities and Local Government

Progress with the disposal of public land for new homes

Introduction from the Committee

In September 2015, the Committee reported on the previous government's programme to "release enough public land to build as many as 100,000 new, much-needed, homes and support as many as 25,000 jobs by 2015". The Committee concluded that the Department f or Communities and Local Government could not demonstrate the success of the programme in addressing the housing shortage or achieving value for money, and the Committee made several recommendations for improvement. In light of its Treasury Minute response to the PAC report, which failed to address the Committees concerns adequately, and the start of the new programme in May 2015, the Committee recalled the Department to give further evidence in January 2016.

The new programme and the Government's commitment "to sell land with capacity for more than 160,000 homes" by April 2020, is the subject of this report. The Department f or Communities and Local Government a gain holds overall policy responsibility for the new programme and for meeting the programme commitment by 2020. Individual Departments have been set their own target contributions, with the major contributors being the Ministry of Defence (land with capacity for 55,000 homes), the Department for Transport (38,000), the Department f or Communities and Local Government itself (36,000) and the Department of Health (26,000).

Background resources

- NAO report: *Disposal of public land for new homes - a progress report* - Session 2016–17 (HC 510)
- PAC report: *Disposal of public land for new homes* - Session 2016–17 (HC 289)
- Treasury Minutes: February 2017 (Cm 9413)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9413), 3 recommendations were implemented. 2 recommendations remained work in progress, both of which have now been implemented, as set out below.

4: Committee of Public Accounts conclusion:
The Department for Communities and Local Government has not yet decided what will be included in its annual report on the programme, or when it will be published.

Recommendation:
As a minimum, the annual report should cover: the number and estimated capacity of sites released, details of sites identified for future disposal including their risk rating, sales proceeds, details of sites released (including postcodes), and construction of new homes by type and tenure.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The Department published the first Public Land for Housing programme 2015-20 Annual Report in February 2017, covering the first 18 months of the Programme. It will publish the second Public Land for Housing programme 2015-20 Annual Report by the end of 2017, and will cover progress made in the first 2 years of the programme. The publication of this Annual Report was delayed from July 2017 due to the General Election. The Annual Report includes information on the number of homes built on land released by all Departments under the 2011-15 Public Land for Housing programme and land released under the first 2 years of the current programme. It includes the local authority, planning reference and the housing capacity in the planning permission, as well as data at a site level including postcode, local authority, planning status and the number of homes started and completed each year.

4.3 Details of Government-owned property and land in the UK, including that which may be surplus or redundant are available on the Government Property Finder website. In addition, the Homes and Communities Agency also publishes a Land Disposal and Development Plan twice a year setting out the sites it intends to bring to market over the subsequent 12-18 months. The Ministry of Defence identified sites for disposal as a result of its Better Defence Estate Strategy in November 2016. The Ministry of Justice identified further sites for disposal as a result of the Prison Estate Transformation Programme in March 2017. The Department of Health published the Naylor Review of the NHS estate in March 2017 and made a number of recommendations, including how NHS organisations can be supported and incentivised to dispose of surplus land; the government will respond fully to the review in due course.

4.4 Future Annual Reports will publish details of the proportion of sites for each Department in each risk category. However, to do so for individual sites prior to being declared surplus would be commercially sensitive. Departments regularly review the risks associated with site disposals, and these are considered by the Programme Board. It is anticipated that the number of high risk sites will reduce over time as mitigation strategies are put in place.

4.5 Cabinet Office's Government Property Unit (GPU) published the *Guide for the Disposal of Surplus Land* in March 2017 which seeks to improve transparency on the commercial terms of Government land disposals.

4.6 The Department is committed to transparency and monitoring the construction of new homes under the programme and an Annual Report will be published each year which will include this data.

5: Committee of Public Accounts conclusion:
There are many factors for departments to consider in maximising value for money in the sale of land.

Recommendation:
Departments should make public their estate strategies to demonstrate how they decide that land is surplus. All departments should outline the factors they will consider to ensure that each sale represents value for money, and set out how they are identifying any wider benefits, including for staff and key workers, which contribute to the Departments' objectives.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 Each Department prepares a Strategic Asset Management Plan (SAMP), which is set within the context of the Department's business and transformation plans, the Government Estate Strategy and cross-cutting Government policies and initiatives. The SAMP is a detailed and internal document enabling Departments to manage their business, and includes policy and commercially sensitive information. Within each SAMP there will be an executive summary setting out objectives and commitments for managing the estate, including contributions to wider government objectives, such as public sector land disposals.

5.3 The latest Government Estate Strategy was published in 2014, and an update to the Government Estate Strategy is currently being drafted. Departments' SAMPs were finalised in July 2017; Departments are due to publish the executive summary of their SAMP on GOV.UK at the end of October 2017.

5.4 *Managing Public Money* and the *Red Book* (Appraisal Guide) provide the necessary framework for decision making and ensuring each disposal provides value for money. Alongside this guidance, the Government's updated *Guide for the Disposal of Surplus Property* sets out the factors that should be considered by Departments when selling their surplus land. The Accounting Officer of each Department disposing of land is responsible for ensuring value for money in accordance with this guidance, and the Public Land for Housing programme 2015-20 handbook published in December 2016 sets out these responsibilities in more detail.

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)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9143), 3 recommendations were implemented. 5 recommendations remain work in progress, 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.

Target implementation date: Autumn 2017.

1.2 A flexible approach to system development allows the Department to adjust its plans in the light of new information. The Department explained, at the Committee's evidence session, in July 2016, which the policy changes, announced in the Budget 2015, subsequently modified during the course of the passage of the legislation through Parliament, required a change to the scope of the Programme and the implementation timetable.

1.3 The Department will write to the Committee, in autumn 2017, setting out the impact of the changes to the Programme on operational costs, staff and claimants.

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: Autumn 2017.

2.2 The Department will reflect the changes subsequent to the Outline Business Case assessment, such as the additional reforms to Universal Credit announced at Budget 2015, the Autumn Statement 2015 and the Autumn Statement 2016, as part of the Full Business Case process.

2.3 The Department will share the Full Business Case with the NAO when it has been agreed in autumn 2017. The Department will also write to the Committee to provide a summary of major changes since the Outline Business Case.

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.

Target implementation date: Autumn 2017.

3.2 At every stage of development of Universal Credit, there has been considerable involvement of Operations. The Programme has had frontline staff within the design teams, and heavily involved in testing. These staff engage with other front line colleagues to see how newly developed features are being used, and feed that learning back into the design. The Programme also has Operational representation at every Governance level and an Implementation Control Centre that manages concerns escalated by staff, with comprehensive feedback.

3.3 The Department will update the Committee in autumn 2017.

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.

Target implementation date: Autumn 2017.

5.2 In July 2016, DWP and HMRC announced a new external target for overpayments to be no more than 1.6% of expenditure during 2017-18. This figure represents net loss across welfare (DWP benefits plus Tax Credits) once DWP recoveries are taken into consideration. This target already implies a 20% reduction compared to 2013-14. Progress is reported annually in the Departments' accounts. Targets beyond 2017-18 will be set in the autumn of 2017, alongside the autumn Budget

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.

Target implementation date: Autumn 2017.

7.2 The final 2015-16 statistics were published on 8 December 2016. Once analysis has been completed, the Department will write to the Committee outlining progress and the impact RTI has had on both over and underpayments.

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)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9413), 3 recommendations were implemented and the Department disagreed with 3 recommendations. 2 recommendations remained work in progress, of which 1 has now been implemented, as set out below.

2: Committee of Public Accounts conclusion:
There was no formal business case for the sale and alternative sale options were not valued until very late in the sale process.

Recommendation:
HM Treasury should ensure that formal business cases are produced for every asset sale. These should include a timely valuation of all potential sale options, and be updated throughout the sale process. HM Treasury should develop business case guidance and a template specifically for asset disposals.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 For previous transactions, a detailed business case was documented through advice provided to Ministers and Accounting Officers and papers provided to the Boards of UKFI and UKAR. For the recent major sale of Bradford & Bingley loans, the business case has been compiled into a single document and maintained as suggested. This will similarly be implemented for all future sales.

2.3 Guidance provided in the *Green Book*, and its supplements, is periodically reviewed. Clarification and supplementary guidance and templates are being considered as part of this process.

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.[64]

5.6 The FCA aims to publish an interim report in summer 2017, 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 summer 2018.

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

Twenty Fifth Report of Session 2016-17

Department of Health

UnitingCare Partnership contract

Introduction from the Committee

Cambridgeshire and Peterborough Clinical Commissioning Group (the CCG) needed to change the way its older people's and adult community services were provided, as it faced a funding shortfall of £250 million in the five years to 2018–19. It wanted to provide a better and more integrated service to patients, while at the same time making efficiencies through reduced hospital admissions. In November 2014, following a competitive tendering process, it awarded a five-year contract f or £726 million to UnitingCare Partnership, a limited liability partnership, to provide these services in Cambridgeshire and Peterborough.

The partners in UnitingCare Partnership were Cambridge University Hospitals NHS Foundation Trust and Cambridgeshire and Peterborough NHS Foundation Trust. The contract began in April 2015 but was terminated in December that year after only eight months, because of a failure to reach agreement on contract cost. The termination led to unfunded costs incurred by UnitingCare Partnership totalling at least £16 million, which had to be shared between the two trust partners and the CCG, worsening their financial positions and reducing the money now available to provide patient services in Cambridgeshire and Peterborough.

Background resources

- NAO report: *Investigation into the collapse of the UnitingCare Partnership contract in Cambridgeshire and Peterborough* - Session 2016-17 (HC 512)
- PAC report: *UnitingCare Partnership contract* - Session 2016-17 (HC 633)
- Treasury Minutes: February 2017 (Cm 9413)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9413), 3 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:
There was a fundamental mismatch between what the CCG expected to pay for the contract and what UnitingCare Partnership expected to receive.

Recommendation:
NHS England's new checklist for CCGs should set out the minimum steps that CCGs should take to assess the realism and viability of bids.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 NHS England and NHS Improvement established an Integrated Support and Assurance Process (ISAP) in November 2016[65], covering the key lines of enquiry for commissioners to consider when assessing the viability of bids for complex contracts. Detailed guidance was published on 17 August 2017[66] which set out the full list of risks commissioners should assess under each key line of enquiry. Commissioners now need to demonstrate that they have assessed the realism and viability of bids by submitting their assessment to the ISAP for assurance.

[65] https://www.england.nhs.uk/wp-content/uploads/2012/03/isap-intro-guidance.pdf
[66] https://www.england.nhs.uk/publication/integrated-support-and-assurance-process/

5: Committee of Public Accounts conclusion:
This contract collapse is yet another case of the NHS lacking the commercial skills to procure patient services effectively.

Recommendation 5:
By April 2017, NHS England should report back to the Committee on what specifically it has done to improve the quality of commercial skills available to local NHS bodies, as identified in its seven key lessons for the future.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 Clinical Commissioning Groups (CCGs) have been testing and strengthening the quality of their procurement and contracting support through NHS England's Lead Provider Framework. This has driven up quality and value for money by providing expert procurement advice to all CCGs. 70 CCGs have already awarded contracts for support under the Framework and a further 27 are out to procurement now. Another 54 had launched procurements by April 2017.

5.3 The Strategic Projects Team, involved in advising on the UnitingCare Partnership procurement, was disbanded. Commissioning Support Units (CSUs) now offer CCGs access to teams that are capable of managing major procurements and can give CCGs and others expert advice. They routinely manage multiple procurements on behalf of CCGs and other organisations. All CSUs have been made aware of the outcomes of the UnitingCare Partnership procurement. A key objective of the Integrated Support and Assurance Process was to provide local NHS bodies not only with assurance, but also with access to support from central expertise across NHS England and NHS Improvement. This has helped supplement local knowledge and expertise with broader national and regional experience.

5.4 This response meets the requirement of reporting back to the Committee.

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)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9413), 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 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. The vast 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 is potentially more risky in a small number of authorities and the department will update the control framework to take account of this.

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, prudential borrowing framework and trends in investment activities including investment in non-financial assets such as commercial property. The Department and the Treasury originally committed to providing an update to the Committee in Summer 2017, but given that the work programme has been expanded beyond the scope of the recommendation, the Department and Treasury will now 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. However, the low interest rate environment means that many treasury investments do not generate any yield and there is a risk that local authorities will look at more risky investment classes. The Department and the Treasury will take account of this risk when updating the *Statutory Guidance on Local Authority Investments*. The Department is working on an accelerated timetable and aims to finalise the updated Guidance in sufficient time so that LAs would have regard to the updated codes for the 2018-19 financial year.

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: Autumn 2017.

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 working on how to better model the pressures on revenue budgets as a result of capital financing choices.

3.3 In addition, the Department is working 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 aims to ensure that the stress test is incorporated in the updates to the Codes that comprise the prudential framework. The different elements of the stress test will be contained in the Prudential Code and elements in the Guidance on Local Authority Investments.

3.4 Ensuring that the 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 and the Department will announce its plans for updating the Investments Guidance shortly. The updated Codes will come into force for the 2018-19 financial year.

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 through several rounds of consultation with local authorities. The changes have been approved through the normal process, by a paper to the Central and Local Government Information Partnership[67], of which LGA is a key member. The changes are being prepared for implementation in the capital estimates (budget) return by the end of February 2018, and for the capital outturn returns by the end of March 2018.

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. Proposals for improvements have been agreed with local authorities and these are due to be signed off by the Single Data List Gateway Group[68] on 2 October 2017. The changes will include new categories for local authority commercial activity, and where capital grants or loans are made to other organisation, the type of organisation will be categorised too. The changes have been agreed with local authorities and will be signed off by the LGA in October. The changes will be included in the data collections that are sent to local authorities from Spring 2018 and which are scheduled for publication in June and September 2018.

5.3 In addition to the improvements, the Treasury has agreed to provide data it collects on local authority commercial investments to DCLG. This data, supported with case study analysis, should enable DCLG to analyse patterns in local authority investments which should help inform its understanding of the potential purpose of such investments.

5.4 The Department also reviewed how Local Enterprise (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. The Department is improving its statutory data collections on capital expenditure and financing and reviewing additional cross government and other data sources on commercial activity.

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

5.5 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.

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 is working 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. The updated Codes will come into force for the 2018-19 budget setting cycle.

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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9429), 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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9413), 6 recommendations remained work in progress, of which 4 have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
The programme involves more than just increasing apprentice numbers, but this is the only outcome the Department for Education is monitoring.

Recommendation:
The Department should publish, and regularly report on, a broader range of success measures, both at local and national level. These measures should include whether apprentices move on to higher apprenticeships, whether successful apprentices benefit from increased earnings, and whether the programme is delivering improved access to under-represented groups across all occupations.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 The Department published its Apprenticeship Reform Programme Benefits Realisation Strategy on 30 March 2017. The Strategy outlines a wide range of high level indicators of success for the Programme including measures around progression into employment and learning at higher levels, widening participation, meeting employer skills' needs and quality. The Department remains committed to raising the quality of apprenticeships as well as increasing numbers of apprenticeship starts.

1.3 The Department will report on an annual basis against these success measures. It will report on a quarterly basis against those success measures relating to increased growth in line with quarterly data publications, which is available at local and national level[69].

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: November 2017.

2.2 The Institute for Apprenticeships, launched on 1 April 2017, is now responsible for the development, approval and review of all apprenticeship standards and assessment plans. The Institute recognises the need to streamline the development and approvals process and to provide appropriate support to employers. On 18 April 2017 it published an Operational Plan, which sets out how it plans to deliver its functions, and includes details of proposals to improve the development and approvals process through, for example, the introduction of industry led route panels and focussed support for trailblazer groups.

2.3 The Department anticipates that the measures outlined by the Institute will further improve the rate at which new standards and assessment plans are developed. The Department will respond within a year on progress towards having all starts on standards by 2020. This will depend both on the speed with which standards are introduced and frameworks are withdrawn. The Department has not specified the number of standards needed as this will be entirely dependent on the number of standards employers bid to develop that meet the quality criteria. Currently, just over 500 standards are developed or under development.

3: Committee of Public Accounts conclusion:
It is not clear how the Institute for Apprenticeships (IA) will operate and whether it will have the capacity and capability to fulfil its functions.

Recommendation:
The Department must clarify the intended role of the IfA as quickly as possible, alongside that of existing oversight bodies. This should include setting out who is responsible for the success of the programme, who has the power to intervene when value is not being delivered, and who takes the lead if the programme is not working as planned.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 On 3 April 2017 the Department published its Strategic Guidance to the Institute for 2017-18. The guidance sets out the Institute's role in more detail and the Department's expectations of how it will fulfil the functions set out in the Enterprise Act 2016 to ensure quality apprenticeships. The Institute is legally obliged to report on its activities once a year through its Annual Report, which must include a description of how it has responded to the strategic guidance[70].

3.3 The Department also published an Apprenticeship Accountability Statement on 3 April 2017, setting out the responsibilities of each organisation with a role in regulating the apprenticeships system, including the Education and Skills Funding Agency, the Institute for Apprenticeships, Ofsted, Ofqual, the Higher Education Funding Council for England, the Quality Assurance Agency and, from 2018, the Office for Students. This statement provides assurance that an agreed regulatory framework is in place and that each of the organisations involved are clear about their respective roles and responsibilities. The document was developed with all of the organisations involved and has their agreement. It also makes clear that overall accountability for the programme remains with the Department[71].

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[69] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/604401/Apprenticeship_Reform_Programme_-_Benefits_Realisation_Strategy.pdf
[70] https://www.gov.uk/government/publications/institute-for-apprenticeships-strategic-guidance-2017-to-2018
[71] https://www.gov.uk/government/publications/apprenticeship-accountability-statement

3.4 On 18 April 2017, the Institute for Apprenticeships published its Operational Plan Driving the Quality of Apprenticeships in England. It sets out how the Institute plans to deliver its functions, including the regulation of the quality of apprenticeship standards and assessments, how it will collaborate with partners to drive quality across the apprenticeships system; and how it will prepare for the transfer of technical education[72].

4: Committee of Public Accounts conclusion:
There are risks associated with the new method of funding apprenticeships by means of a levy on large employers.

Recommendation:
The Department, working with the various oversight bodies, needs to systematically identify the full range of risks associated with potential abuse of the system and ensure that they are addressed from the start. It should be clear who is responsible for managing the risks, detecting problems as they arise, and taking action quickly should concerns emerge.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The Department and the Education and Skills Funding Agency have put in place a funding policy for apprenticeships and associated detailed funding rules for employers, providers, and employer-providers, with the Agency having clear responsibility for adherence to the rules. These funding rules have been systematically reviewed by internal experts, as well as by trusted external partners including employers, providers and external auditors, to identify the risks of non-compliance.

4.3 Each individual risk has an assigned owner and mitigation based on principles of prevention first, and where this is not possible, detection. Prevention, through system design, includes mandatory workshops for new entrants to the provider market and stopping payments where there is invalid data provided or where the employer has not approved the transaction. The Departments detection approach utilises data analysis for all employers or providers' transactions to identify trends and issues, this includes data from HMRC and other sources, time series analysis and trend analysis, as well as monitoring and audit visits during the apprenticeship.

4.4 Each stage of the compliance process has been tested by internal and external experts as well as the Apprenticeship Counter Fraud and Gaming group, which includes representatives from HMRC, Student Loans Company and industry. Should it be necessary to further pursue an issue of non-compliance, processes are in place to allow the Education and Skills Funding Agency to take the appropriate actions. This includes monitoring visits to check evidence held by organisations where data anomalies are found or full assurance visits for higher risk organisations. Regular risk reports will be considered through the programme's governance structure.

5: Committee of Public Accounts conclusion:
The Department has not done enough to engage with Small and Medium-sized Enterprises (SMEs).

Recommendation:
The Department should engage more actively with SMEs to improve awareness of the value that apprenticeships can bring them, and to identify and address the factors that may deter engagement. The Department needs to ensure that SMEs are able to play an active role in the development of new standards.

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

5.2 A range of communications, including targeted SME activity through the Get in Go Far (GIGF) employer campaign, has been undertaken promoting apprenticeships. Launched in May 2016 with high-profile TV and digital advertising it reached 54% of the SME population.

5.3 From January to March 2017, the National Apprenticeship Service (NAS) delivered a proactive awareness campaign targeting SMEs through radio, digital search, targeted e-shot and telemarketing

[72] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/609008/IfA_Driving_Quality_.pdf

activity, engaging with 80,000 existing apprenticeship employers. Telemarketing activity targeted a further 85,000 not previously engaged. Research into SME attitudes and understanding of the reforms has informed the engagement approach and the specific messaging to help address factors that deter engagement.

5.4 To continue and build on this work in the longer term, the NAS continues to develop its SME strategy and is delivering key aspects of it in order to embed engagement into business as usual, including introducing Account Management Lite for medium sized businesses. The strategy will strengthen work with intermediaries, establishing them as advisers to their members, continue to provide support to SMEs wishing to engage through a National Contact Centre, involve proactively contacting SMEs that have previously had apprenticeships, supporting further involvement, and continue marketing activity to SMEs that have not yet utilised apprenticeships.

5.5 The Apprenticeships Stakeholder Board is chaired by a SME Chief Executive Officer (CEO), bringing together employers, providers and apprentices to offer insight on policy and delivery from a range of perspectives, including from SMEs. An Apprenticeship Ambassador Network (AAN), of over 600 employers, advocates apprenticeship benefits to a range of employers; 21% of the Network are SMEs, the vice Chair is the CEO of an SME and leads work to promote the value of apprenticeships to SMEs.

5.6 The guidance for Trailblazers makes clear that Trailblazer development groups must have at least two SME representatives when developing new standards. Trailblazers must consult widely on the new standards and assessment plans, ensuring a much broader engagement, including SMEs.

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.

Target implementation date: November 2017.

6.2 The Benefits Realisation Strategy published in March 2017 set 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 proactively working with levy paying employers using return on investment data to encourage employers to maximise their use of apprenticeships to achieve productivity and growth. Its work to promote apprenticeships to potential apprentices will use data and case studies and will feature genuine apprenticeship opportunities offered by employers.

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.

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 into the workplace.

6.6 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.

6.7 The Department and the Education and Skills Funding Agency are currently considering options for an Autumn 2017 communications campaign focused on potential apprentices, schools and parents, to underpin other ongoing activity to communicate the value of apprenticeships. The NAS is working with the Apprenticeship Ambassador Network to expand the excellent work of the Young Apprentice Ambassador Network which sees 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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9429), 3 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:
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 2015-16 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.

2: Committee of Public Accounts conclusion:
Despite the Committee's repeated recommendations, HMRC still does not make tax reliefs sufficiently visible to support parliamentary scrutiny and public debate about areas where the UK chooses not to collect tax.

Recommendation:
HMRC should include an analysis of tax reliefs and their costs in its annual report to improve accountability about the areas where Government has chosen not to collect tax. HMRC should make clear why it has decided to collect data only for a small minority of tax reliefs.

2.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

2.2 The Department has created a dedicated tax reliefs' page on its statistics website, with links to reports providing estimates of the costs of around 200 tax reliefs and related commentary. In the accompanying bulletin, the Department has also added links to other statistical and research information on tax reliefs, including evaluations. The bulletin explains the various reasons why estimates of costs of some reliefs are not available.

2.3 In future, the Department will provide a description of this information in its Annual Report and Accounts, with links to the latest statistical publication, and an analysis of the number of reliefs for which costs are published and how this compares with the previous year. The Department will provide further explanation of why it collects data only for a proportion of reliefs in the next scheduled release of its statistics bulletin. In addition, the Department is in the process of compiling a list of all tax reliefs, which will further improve accountability.

3: Committee of Public Accounts conclusion:
HMRC is staking a great deal on the success of its plans to digitise the tax system, but once again it lacks an adequate plan if demand for its call centres does not reduce as quickly as it hopes.

Recommendation:
By March 2017, HMRC should demonstrate to the Committee that it has a credible plan to make savings without damaging customer service, and that it has agreed a contingency plan with the Treasury should its projections prove to be inaccurate in practice.

3.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

3.2 The Department has a robust planning process which covers both its service delivery and modernisation. As part of this planning round, the Department is doing significant work to both forecast demand on its services and to model the uncertainty around that forecast. The Department's planning is shared in depth with the Treasury.

3.3 The organisational redesign of the Department was driven in part by the need to make customer service a higher priority, and to facilitate the delivery of customer service whilst living within its means. Alongside this change, the Department continuously monitors its financial and performance position. Colleagues and resources are moved around, as necessary, to sustain or improve customer service delivery.

3.4 The Departmental and Customer Service Group Plans for 2017-18 were published in May 2017. The documents make it clear how the Department will deliver further savings alongside continued customer service performance and deal with any risks and issues arising from that delivery, including agreeing contingency plans with the Treasury.

3.5 As part of the ongoing value for money study of the Department's customer service, the NAO will review the credibility of the Department's plans to maintain customer service whilst making savings, and publish an opinion in autumn 2017.

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)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9429), 1 recommendation was implemented. 4 recommendations remained work in progress, of which 1 has now been implemented, 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.

3: Committee of Public Accounts conclusion:
The Department has not yet determined the extent or cost of the remedial action required to bring the airport into commercial use.

Recommendation:
The Department should write to the Committee by April 2017, and more regularly to the stakeholders of the airport, with an update on its strategy and forecast costs for bringing the airport into commercial use.

3.1 The Government agreed with the Committee's recommendation

Recommendation implemented.

3.2 The Department provided an update to the committee in July 2017. The airport has received over 50 flights since May 2016. Air Safety Support International (ASSI), the regulator for St Helena Airport, provided a Aerodrome Certificate without time limitation in May 2017. A scheduled commercial air service from Johannesburg to St Helena via Windhoek is expected to commence on 14 October. The service will be provided by SA Airlink following an international procurement exercise, and regulatory approval of the South African Civil Aviation Authority.

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)

Updated Government response to the Committee

There were 9 recommendations in this report. As of the last Treasury Minute (Cm 9429), 3 recommendations had been implemented and the Department disagreed with 2 recommendations. 4 recommendations remained work in progress, of which 2 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.

Target implementation date: January 2018.

3.2 Ofsted are working on a new framework for the inspection of children's social care services, which will improve the timeliness of assurance around the quality of children's social care significantly. The Department is working closely with Ofsted to ensure that the new framework is rigorous, provides more frequent information about local authorities' performance, and continues to provide an effective lever for central Government intervention where that is necessary. Ofsted commenced a pilot study in January 2017 to test the proposed new framework in a number of local authorities. In February 2017, it published its response to the consultation, summarising the consultation proposals, the responses received, and how it intends to proceed[73]. Following the conclusion of the pilot phase the new framework will be published in late autumn 2017 ahead of its introduction in January 2018

[73] https://www.gov.uk/government/news/ofsted-launches-new-social-care-common-inspection-framework

3.3 One of the core elements of the new framework will be the visits that Ofsted inspectors will make to a local authority in between full inspections. The purpose of these visits will be to consider any potential areas of concern, as well as to explore and share good practice. The early identification of slippage or concerns in performance, supported by focused feedback from inspectors, will enable local authorities to address problems at an earlier stage. The findings of these visits may also influence the nature and timing of the full inspection to which a local authority is subject. At a higher level, a more flexible and proportionate inspection regime will enable inspection activity to be targeted in the most effective way.

4: Committee of Public Accounts conclusion
The Department allows problems with services to go too far before it intervenes.

Recommendation:
The Department should speed up its use of leading indicators to intervene in local authorities before they fail. It should write to the Committee by March 2017 explaining how it will monitor services in real time and what appropriate support and intervention it will provide before the stage where a local authority is found to be Inadequate by Ofsted.

4.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

4.2 The Department has undertaken work to develop indicators which will help identify those LAs at risk of failure, in advance of Ofsted inspections. They offer helpful pointers to areas of risk, but need to be triangulated with softer information and qualitative analysis before they can be considered sufficiently robust for use. That is why the Department is developing options for an improvement programme, working with sector partners, to drive up performance, proactively and promptly. It will be based on a process of identification of risk; analysis of what might be needed to improve a LAs performance; and support to the LA to improve.

4.3 The first stage will be informed by both lead indicators and soft intelligence, the second by a more detailed assessment of an LAs strengths and weaknesses. The programme will work alongside the Department's existing Innovation Programme and Partners in Practice to drive improvement. The Department will pilot the new approach from October 2017.

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.

Target implementation date: December 2017.

5.2 The Department is developing 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 is currently running procurement exercises for an incubator and research partner to set up the WWC and expects the initial model to be established by December 2017

5.4 All 57 independent evaluation reports of projects funded through the first round of the Children's Social Care Innovation Programme have now been published and are available on the GOV.UK website. Six thematic reports have also been published, including a social work infographic and a final overall evaluation report. The Department is working with the newly appointed evaluation coordinator and evaluation organisations to develop thematic evaluation strategies that will test specific hypotheses across projects funded through the second and third rounds of the Innovation Programme

5.5 The Department is also 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.

5.6 The Children and Social Work Act, which includes provisions to establish the Child Safeguarding Practice Review Panel, received Royal Assent in April 2017. This has allowed the Department to make plans for the Panel, which will take an overview of learning from serious incidents and conduct a small number of national learning reviews, to become operational in the first quarter of 2018, subject to Ministerial decision.

7: Committee of Public Accounts conclusion
The Department mishandled a clear conflict of interest after appointing the Chief Social Worker.

Recommendation 7c:
In its letter to the Committee in March 2017, the Department should clarify what it will do to set clear guidelines for officials about conflicts of interest as the Government moves ahead with plans to outsource children's social services to private and voluntary sector partners.

7.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

7.2 The Department has written to senior staff in the Department and to its Arm's Length Bodies reminding them of their responsibility to disclose potential conflicts of interest. The Department will continue working to improve the reporting system for its own senior staff and expects to introduce a new digital annual Assurance Framework Record by December 2017.

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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9429), 5 recommendations were implemented. 1 recommendation remains work in progress**,** 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.

Target implementation date: December 2017.

3.2 The National Impact Study element of the current programme's evaluation will track family progress for periods up to five years after interventions undertaken within the scope of the programme have ended. The Department is also considering if there are other ways to ensure local authorities have effective and ongoing support in place for families when they leave the programme.

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)

Updated Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9429), 2 recommendations were implemented. 6 recommendations remained work in progress, of which 1 has now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
The success of the programme is dependent on pledges of offers of support from local authorities turning into firm places.

Recommendation 1b:
More clearly specify what local authorities are expected to provide to refugees to address any current disparities or confusion.

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 The statement of requirements for local authorities, for year one, specifies the minimum requirements for resettling people under the Vulnerable Persons Resettlement scheme so local authorities know exactly what is required of them. To give flexibility to local authorities, after year one, the funding is not ring-fenced and can be used by them to provide support for refugees in the way they think is best for their local area. This can include, for example, support for integration such as additional English language training as well as social care. Funding payments, per individual refugee, can be pooled and managed across all the refugees a Local Authority takes in.

1.3 Distribution of the updated funding instruction for 2017-2018 was delayed because of protocols around the pre-election period. The existing funding instructions were therefore first reissued until the end of July 2017 and a final 2017/18 funding instruction was issued on the 1 August 2017.

1.4 The Local Government Association, in collaboration with the Yorkshire and the Humber Strategic Migration Partnership, have produced a guide to support local authorities consider how to support families in years 2-5. The guidance is timetabled for publication on 19 September 2017.

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.

Target implementation date: January 2018.

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 has written to the Committee providing an update on the Community Sponsorship scheme in the January 2018 Treasury Minute Progress Report.

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: January 2018.

5.2 The Government is committed to providing resettlement to vulnerable refugees and to helping them integrate within their local communities. Improved English skills are vital to this, not only helping refugees communicate with people in their new communities, but also being the key to allowing them to find work, gain independence and give back to the communities who have welcomed them.

5.3 The additional English for Speakers of Other Languages (ESOL) funding, announced in September 2016, is enough to provide at least 12 hours a week per adult for a 3-6 month period. The Department is working closely with local authorities to ensure that the funding is taken up in the most effective way, which will not necessarily mean that every individual receives exactly the same provision as some will need more teaching than others to reach a level of independence as described in the recommendation.

5.4 The Department has also provided additional funding for regional ESOL co-ordinators to support local authorities in mapping provisions and commissioning additional services where these are required as well as money to fund childcare provision to facilitate ESOL attendance. The Department is reviewing the recommended number of hours, ESOL levels and outcomes and revising the reporting requirements to measure the success of ESOL provision for both self-sufficiency and integration. Within six months the Department will review the impact of the increased funding and set out whether it is sufficient.

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: January 2018.

6.2 The identification of survivors of violence and torture take 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 on the mental health and wellbeing 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. In particular, providing better training for caseworkers on identifying mental health issues and providing/sourcing, support and sharing good practice across the UK.

6.4 The Department is also trialling the pre-departure use of the Global Mental Health Assessment Tool[74] 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. It is too early to draw any conclusions. However, the Department will

[74] www.gmhat.org

undertake a full review.

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)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9433), 5 recommendations remained work in progress, of which 1 has now been implemented, 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: Autumn 2017.

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: December 2017.

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.

4: Committee of Public Accounts conclusion:
The Department did not manage to maintain competitive pressure in letting either of the two main ESN contracts.

Recommendation:
The Department should review its tender arrangements to ensure it does not rule out potential bidders too quickly, to avoid future single supplier situations.

4.1 The Government agreed with the Committee's recommendation

Recommendation implemented.

4.2 The Department already advises the market of tenders so that the Department can hold supplier days and send requests for information to suppliers. These sessions give suppliers the opportunity to make recommendations on the requirements and procurement so that multiple suppliers feel able to bid for the contract.

4.3 The majority of the programme's tenders are over the Official Journal of the European Union limit and therefore follow Public Contracts Regulations 2015.[75] The regulations are designed to create transparent, fair and competitive procurements. Additionally, internal governance is used to approve tender strategies via the Commercial Approvals Board. This board will challenge decisions and assumptions.

4.4 The Department is working with the Cabinet Office and Innovate UK to look at alternatives to standard procurement procedures. Consideration includes the potential to fund suppliers during the tender process or pay milestones after award to enable suppliers to bid where other suppliers may be further ahead in product development. Considerations of market capability and readiness in our current devices procurement has led to 8 suppliers responding to the Selection Questionnaire, which is the first stage of our procurement.

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: Autumn 2017.

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.

[75] http://www.legislation.gov.uk/uksi/2015/102/contents/made

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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9433), the Department disagreed with 1 recommendation. 5 recommendations remained work in progress, of which 4 recommendations have now been implemented, as set out below.

1: Committee of Public Accounts conclusion:
HMRC's lack of transparency has eroded public trust in a fair tax system and makes it more difficult for the department to explain what it does well.

Recommendation:
HMRC should publish more information about its work generally alongside its next annual report and at regular intervals thereafter. The Committee would expect the information to include: descriptions of key areas of its work, such as its approaches to tackling non-compliance and prosecutions; annual data on its operations, such as the number of criminal investigations in progress; and, progress updates on areas of public interest, such as its actions to investigate the data leaked in the Panama Papers. HMRC should include the information in its next annual report.

In its response to this report, HMRC should explain how income tax receipts have fallen by £1 billion for high net worth individuals while income tax paid overall has increased by £23 billion

1.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

1.2 The Department published its 2016-17 Annual Reports and Accounts[76] in July 2017 which included information on its activity in tackling avoidance, evasion and non-compliance including areas of public interest such as prosecutions, organised crime and accelerated payments. The Annual Report also

[76] https://www.gov.uk/government/publications/hmrc-annual-report-and-accounts-2016-to-2017

provided detailed information on its approach to different customer segments, including wealthy individuals covering estimates of compliance yield from operations alongside other operational information. The Department will continue to look at options to publish additional annual information around its compliance activity.

1.3 The income tax revenue collected from high net worth individuals in the period 2009-10 to 2014-15 was influenced by economic factors and changes in tax rates. The introduction of the additional rate of income tax in 2010-11 led to forestalling of income brought forward into 2009-10. When this rate was subsequently reduced in 2013-14, individuals delayed income from previous years. Individuals received notice of this change a year in advance. These changes heavily impacted on receipts over the period.

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.

Target implementation date: December 2017.

2.3 The Department has been undertaking a review of its approach to wealthy compliance. As part of that work they are continuing to consider changing the names of their Customer Relationship Managers (CRMs) and are currently exploring various options. The Department will publish guidance to ensure all customers are clear about what key staff in its Wealthy team can do.

3-4: Committee of Public Accounts conclusions:
3: ***HMRC has not been tough enough in dealing with tax evasion and avoidance by the very wealthy, and it does not know whether its activities are enough to deter non-compliant behaviour.***
4: ***Collecting the right amount of tax from high net worth individuals is made harder because they do not have to declare details of their wealth.***

Recommendation:
3: ***HMRC should assess what more it could do to deter very wealthy taxpayers from bending or breaking the law, particularly in the light of changing behaviour. This should include what new powers might increase its impact, and HMRC should report back to this Committee by July 2017.***

4: HMRC should consider what further powers could help it improve its understanding of high net worth individuals, including requiring these taxpayers to provide HMRC information about their assets, and report back to this Committee by July 2017.

3.1 The Government agreed with the Committee's recommendations.

Recommendation implemented.

3.2 HMRC's Chief Executive, wrote to the Committee on the 21 July 2017 to report back on recommendations 3 and 4 as requested.

5: Committee of Public Accounts conclusion:
The rules on 'image rights' as they are applied in football and some other industries are being exploited.

Recommendation:
The Government should take urgent action to address image rights taxation. This must be included in the next Finance Bill to ensure this tax revenue is no longer lost.

5.1 The Government agreed with the Committee's recommendation.

Recommendation implemented.

5.2 The Spring Budget 2017 announced that the Department would publish guidelines for all employers who make “image rights” payments to their employees. The guidance was published in the *Employment Income Manual* on 16 August 2017 and clarifies the existing rules. The guidance is clear that payments that are, in reality, earnings cannot be treated as “image rights” payments.

5.3 A compliance project to address risks in the football industry will ensure that the rules restricting “image rights” payments are adhered to by football clubs. Dedicated technical experts will visit all English Premier League, Championship and Scottish Premier League clubs over a three-year period.

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)

Updated Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9433), 1 recommendation was implemented. 4 recommendations remain work in progress, 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.

Target implementation date: January 2018.

1.2 The Government published its formal response to its *consultation*[77] 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.

1.3 The response sets out a number of measures for identifying and charging overseas visitors, including for NHS trusts and NHS foundation trusts to identify and flag an overseas visitor’s chargeable status, the removal of NHS funding for assisted conception services from the services to which surcharge payers are entitled and for all providers of NHS-funded care to become legally obliged to charge, and receive up-front full payment before treatment can commence, except where this would delay urgent or immediately necessary treatment.

[77] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/590027/Cons_Response_cost_recovery.pdf

1.4 It is the Department's intention to introduce the necessary amendment regulations as soon as Parliamentary time allows during 2017-18. In the case of A&E and ambulance services, the Department is still considering the points raised by respondents and exploring the feasibility of implementing the proposals and will respond on those points in due course.

1.5 The Accounting Officers for the Department of Health and NHS Improvement remain accountable to the Committee. Claire Stoneham, Director of Provider Efficiency and Productivity in the Department of Health, took over the role of Senior Responsible Officer for the Cost Recovery Programme from Lee McDonough in April 2017.

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.

Target implementation date: Autumn 2017.

2.2 In February 2017, NHS Digital led a successful cross-government event where subject matter experts collaborated on options for an Information Technology solution to identify opportunities to establish a patient's entitlement to NHS care. Consequently, the Department commissioned NHS Digital to undertake two discovery work packages. The first is to prototype a patient portal, where the patient could assert their entitlement and the NHS would be able to see this assertion. The second prototype will be for Overseas Visitor Managers in trusts to check a patient's entitlement using an attribute checking portal. These prototypes are expected to take three months to establish their viability, will be completed by autumn 2017, and will inform decisions for a possible longer-term solution.

2.3 The Department and NHS Digital have previously engaged with trusts and Patient Administration System (PAS) suppliers to display the chargeable flag in the PAS, but interest on the part of PAS suppliers is low, and where engagement has been achieved, lead-in times are long, with solutions taking up to two years to implement. This can only be achieved at trust level where the commercial relationship between provider and supplier exists. The Department has therefore initiated conversations with NHS Digital to understand the process to develop an Information Standards Notice, which would mandate the presentation of the chargeable flag in the PAS. Whilst this would still take time to be implemented, it would provide the programme and NHS Improvement with the necessary leverage required to achieve this change.

2.4 The Department has reviewed its existing communications available to visitors ahead of travelling to the UK and they remain current and up to date. The Department will keep these under review 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 is now collected by NHS Improvement and made available to trusts on the Model Hospital dashboard. Best practice guidance is being developed and will be refined with the learning from the work with the initial cohort of trusts. NHS Improvement will consider how Cost Recovery performance could be included as part of its wider assessment of trusts efficiency improvement during 2017-18. This may then consequently form part of NHS Improvement's assessment of a trust's performance and standing under its Single Oversight Framework, which will inform the type of regulatory intervention for improvement.

4.3 NHS England is working with NHS Improvement to identify gaps in the data currently available for identifying overseas visitors that should be required to pay for care or treatment, and to use this information to define a minimum dataset that supports Clinical Commissioning Groups (CCGs) in scrutinising the performance of their local trusts.

4.4 NHS England is currently refreshing its *Who Pays?* guidance for CCGs, and will reiterate the position on overseas visitors when it is published later in 2017.

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.

Target Implementation date: Autumn 2017.

5.2 NHS England and the Department have made considerable progress in working towards operationalising the GP contract agreement for 2017-18. Contractual changes agreed will help to identify European Economic Area (EEA) patients for whom the UK may be able to seek reimbursement from their home member state through patient self-declaration, at the point of registration.

5.3 NHS England will issue communications literature and guidance to GP practices and local commissioners to accompany the changes to the GP contract Regulations in October 2017 (intended go-live date of the contract agreement). It is tripartite guidance from the BMA, NHS England and NHS Employers.

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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9433), 1 recommendation was implemented and the Department disagreed with 1 recommendation. 4 recommendations remain work in progress, 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.

Target implementation date. December 2017.

2.2 Cabinet Office, National Cyber Security Centre (NCSC) and Centre for the Protection of the National Infrastructure (CPNI) are continually redeveloping the Government Security Policy Framework and its associated policy and guidance. Cabinet Office will share the updated Framework with other public sector organisations in December 2017. This work will be supported by a cross departmental Standards Board and Government Security Board. Cabinet Office have also begun to draft an Incident Management Standard to be used to hold Government Departments to account for how they manage and report incidents. This is due to be published in Autumn 2017.

2.3 Cabinet Office continues to work with the National Archives on Board level briefings across the public sector based on publicity material developed with the support of the Department and other partners. In addition to the briefings, Cabinet Office also supports the National Archives with its Information Assurance training packages, which promotes best practice.

2.4 Cabinet Office also provide support to the Departments for Communities and Local Government (DCLG) via the National Cyber Security Programme to assist with communication and awareness programmes for the local government community. Additionally Cabinet Office has a similar support arrangement with NHS Digital who provide related services to the Health community.

2.5 Cabinet Office can only directly mandate the security controls appropriate to central Government on protecting information. In order to mandate local government authorities, Cabinet Office would need to properly assess and fully fund this new requirement according to the New Burdens doctrine. The New Burdens doctrine ensures that the pressure on council tax is kept down by requiring all departments to justify why new duties, powers, targets, responsibilities and other bureaucratic burdens are being placed on local authorities and to fully assess and fund any associated cost. To ensure ongoing compliance, Cabinet Office would have to fund an appropriate assurance regime to monitor and report on organisations. At this time, this option is considered unviable.

2.6 The NCSC provides a unified source of advice, guidance and support on cyber security and is aimed at individuals, businesses and organisations. For example, the NCSC's WebCheck service scans websites for vulnerabilities and identifies strengths, weaknesses and out-of-date certificates in an automatically generated report. The NCSC has made freely available a tool to eliminate spoof emails. This has already been used to stop 300 million fake emails, which appeared to be from HMRC, reaching email inboxes. This will enable businesses to work out who is spoofing them. Businesses in the most exposed sectors will also benefit from training facilities, exercises, testing labs, security standards and consultancy services provided or reinforced by the Government.

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.

Target implementation date: December 2017**.**

4.2 Cabinet Office, NCSC and CPNI are continually redeveloping the Government Security Policy Framework and its associated policy and guidance. Cabinet Office will share an updated Security Policy Framework with other public sector organisations in December 2017. This work will be supported by a cross-departmental Standards Board and Government Security Board. Once the Security Policy Framework is complete, Cabinet Office will be mandating Government Departments to report annually on their security spend and performance. This will form part of the annual security compliance for completion in December 2017.

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: Autumn 2017.
5.2 Cabinet Office met with the Information Commissioner's Office (ICO) in March 2017 to scope this work and develop the plans for implementation. Cabinet Office and ICO will be consistent in publication of the new guidance on personal data breach reporting in Summer 2017, based on the guidance already completed by the ICO. The work with be published on GOV.UK and the ICO website.

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.

Target implementation date: Autumn 2017.

6.2 Cabinet Office will write to the Committee in autumn 2017 detailing the progress made with the pilot of the Security Cluster. In addition, the NCSC is supporting the Department for Digital, Culture, Media & Sport to grow cyber skills nationwide. The Centre has led in the development of a number of national schemes that are intended to help develop the talent pipeline and help plug the skills gap, inspiring and nurturing young talent onto a cyber security career pathway from school to further and higher education.

6.3 The CyberFirst Girls cyber security competition has been an early success. Over 2,100 school teams and more than 8,000 school girls aged 13-15 years took part in the 7-day competition, with over 200,000 answers submitted. Schemes such as CyberFirst, certified degrees, and the Academic Centres of Excellence in Cyber Security Research offer opportunities for secondary school, undergraduate and post-graduate students, as well as postdoctoral studies in cyber security.

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)

Updated Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9433), 2 recommendations were implemented. 4 recommendations remain work in progress, 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.

Target implementation date: December 2017.

3.2 Each consumer-funded scheme has its own separate governance arrangements to ensure robust management and scrutiny of projections. These arrangements are tailored to the size of the budget and the complexity of the policy.

3.3 The governance arrangements for the three schemes which have a budget set within the Levy Control Framework (Renewables Obligation, Feed in Tariffs and Contracts for Difference) involve a comprehensive process of scrutiny through a number of formal Departmental Boards, including the Levy Control Board which includes senior officials from both the Treasury and the Department.

3.4 The governance processes for all consumer-funded energy schemes will be reviewed by the Department and the Treasury to ensure that they are fit for purpose. The outcome and recommendations resulting from this review will be shared with the Committee.

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: Autumn 2017.

4.2 The Department recognises the importance of consumers having regular, reliable data on the costs and impacts of Government energy policies and on energy prices and bills. The Department will publish its latest estimates of the impact of Government energy policies on domestic bills in the near future.

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.

Target implementation date: December 2017.

5.2 The Government has engaged with a variety of stakeholders on the future of the Levy Control Framework in the run up to Spring Budget in order to identify their concerns and priorities for the future of the Framework. This included round table meetings, individual meetings and Budget submissions.

5.3 Many stakeholders agreed that the Levy Control Framework has worked well in the past to curb costs and provide certainty to investors, but it is no longer the right vehicle to do this. At Spring Budget 2017, the Government announced that the existing Levy Control Framework will be replaced by a new set of controls. These will be set out later in the year. Government will continue to engage with stakeholders on this policy area and address their concerns where possible.

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 agrees with the Committee's recommendation.

Target implementation date: December 2017.

6.2 Each of the Department's consumer-funded energy schemes has its own monitoring and cost control processes designed to manage risks specific to the scheme and monitor costs. Key risks of each scheme, including the financial risks are set out in the Department's risk registers which are monitored by the Department's Performance Finance and Risk Committee.

6.3 Whilst reviewing the future of the framework with the Treasury, the Department will also ensure that appropriate arrangements are in place to monitor and control costs for each consumer-funded energy scheme. The Department is committed to continually reviewing and improving the arrangements through which the costs of policy are controlled. The outcome and recommendations resulting from this review will be shared with the Committee.

6.4 The Government recognises the need to limit costs to businesses and households as the UK decarbonises. As announced in the Industrial Strategy Green Paper, the Government will commission a review of the opportunities to reduce the cost of achieving the Department's decarbonisation goals in the power and industrial sectors.

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)

Updated Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9433), 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)

Updated Government response to the Committee

There were 9 recommendations in this report. As of the last Treasury Minute (Cm 9433), 8 recommendations were implemented. 1 recommendation remains work in progress, 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.

Target implementation date: November 2017.

s3.2 The Department for Education wrote to the Education Committee on 28 February 2017, and copied the letter to the Public Accounts Committee. This letter explained that the intention was to publish the first Sector Annual Report and Accounts (SARA) by the end of October 2017. The correspondence provided an update on how the proposed content of SARA will improve accountability and oversight, and also confirmed the Department's plan and progress on resolving key accounting issues including about accounting for academy land and buildings. More details have been included in SARA.

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

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