



HM Treasury

Treasury Minutes

Government response to the Committee of Public Accounts on the Twentieth to the Thirtieth reports from Session 2017-19

This publication includes a correction to the Eleventh report



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TREASURY MINUTES DATED 23 MAY 2018 TO THE COMMITTEE OF PUBLIC ACCOUNTS ON THE TWENTIETH TO THE THIRTIETH REPORTS FROM SESSION 2017-19. THIS REPORT INCLUDES A CORRECTION TO THE ELEVENTH REPORT.

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Eleventh Report of Session 2017-19

Ministry of Housing, Communities and Local Government / Department for Work and Pensions

Homeless households

Introduction from the Committee

In June 2017, there were 78,180 households in England who had lost their homes and were placed in temporary accommodation by their local authorities. The number of these households has risen by 63% since the end of 2010. An unknown number of other homeless people are hidden in the overcrowded homes of friends or family, or are moving between hostels and the street. People become homeless for a number of reasons; the most common of these is the end of a private tenancy. Anyone can become homeless, but the risk is greatest for those on a limited income who live in expensive areas.

The Department is responsible for leading the government's efforts to reduce homelessness. It sets policy and distributes funding to local authorities, who spend in excess of £1.1 billion each year dealing with this issue. The Department is embarking on a new approach with the Homelessness Reduction Act, which will come into force in April 2018, and will require local authorities to intervene earlier to prevent more people from becoming homeless.

Based on a report by the National Audit Office, the Committee took evidence on 27 November 2017, from the Department for Communities and Local Government (now the Ministry of Housing, Communities and Local Government) and the Department for Work and Pensions. The Committee published its report on 20 December 2017. This is the Government's response to the Committee's report.

NAO and PAC Reports

- NAO report: *Homelessness* - Session 2017-19 (HC 308)
- PAC report: *Homeless households* – Session 2017-19 (HC 462)

Government responses to the Committee

1: PAC conclusion: *The Department for Communities and Local Government (the Department) has not shown enough urgency in addressing the growing crisis of homelessness.*

1a: PAC recommendation: *The Department should, by the end of June 2018, publish a cross-government strategy for reducing homelessness that sets out clear targets and specific actions for all stakeholders to reduce all measures of homelessness.*

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: July 2018.

1.2 The Government has established a Rough Sleeping and Homelessness Reduction Taskforce, which will be chaired by the Housing Secretary and will bring together Ministers from key departments.

1.3 The Taskforce will look first at rough sleeping and produce a cross-government strategy to eliminate rough sleeping by 2027. The Department has established a Rough Sleeping Advisory Panel to support this work, and will produce a strategy document by July 2018 to ensure its recommendations have been informed by a robust process of engagement with relevant stakeholders. The strategy will also include specific actions for stakeholders and other Departments.

1.4 To allow changes to homelessness prevention to become embedded following implementation of the Homelessness Reduction Act in April 2018, the Taskforce will then seek to develop a broader strategy to ensure progress is made on wider issues relating to all forms of homelessness and homelessness prevention.

2: PAC conclusion: Government departments are not working together effectively enough to address the national problem of homelessness.

2a: PAC recommendation: The Department for Communities and Local Government and the Department for Work and Pensions should work together to ensure that clear progress is made against the targets and measures in the strategy.

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: December 2018.

2.2 The Department will work closely with the Department for Work and Pensions (DWP), and other Departments to ensure progress is made against any targets and measures in the strategies developed to reduce rough sleeping and homelessness. This will be underpinned by the Work and Pensions Secretary's role as a member of the Rough Sleeping and Homelessness Reduction Taskforce and an official level working group, led by the Economic and Domestic Affairs Secretariat in the Cabinet Office.

2b: PAC recommendation: The Department for Communities and Local Government should, by the end of 2018, write to the Committee to explain what reductions have been made across all measures of homelessness.

2.3 The Government agrees with the Committee's recommendation.

Target implementation date: December 2018.

2.4 The Department will write to the Committee in December 2018 setting out the statistics for the measures of homelessness it records, together with details of progress with the new system of collecting data on statutory homelessness (H-CLIC), and early indications of the impact of the Homelessness Reduction Act.

2.5 H-CLIC will move from aggregated to case-level data and broaden the scope of the data the Department currently collects. This will give the Department a much more detailed picture of what help people have received from local authorities and, whether it has helped to prevent their homelessness, and will allow the Department to evaluate the impact of the Homelessness Reduction Act. The Department expects the first set of experimental statistics to be published by December 2018.

2.6 The Department currently publishes quarterly aggregated statutory homelessness data from local authorities as national statistics and will continue to do so until June 2018. There will be no gap in reporting periods from the previous data collection system to the new system. The usual September aggregated data publication will be replaced by the new case level data and published by December 2018. The precise timing will be subject to the quality of data received from local authorities. These new statistics will be experimental statistics, until they undergo a formal assessment for national statistics badging by the UK Statistics Authority.

2.7 The Department will continue to publish its annual autumn rough sleeping official statistics, and estimates of concealed households via the English Housing Survey, as usual.

2c: PAC recommendation: The Department for Work and Pensions should, by the end of 2018, write to the Committee to set out what work it has undertaken to identify any elements of welfare reform that are having an impact on homelessness and what steps it has taken to mitigate them.

2.8 The Government agrees with the Committee's recommendation.

Target implementation date: December 2018.

2.9 The Department and DWP are committed to working together to understand the impact of welfare reform on homelessness. The Department and DWP will jointly be commissioning a feasibility study into researching the wider causes of homelessness, including households' experience of the welfare system as well as other factors such as housing affordability or relationship breakdown.

2.10 The first stage of this joint work is an external workshop on 20 February with leading experts to test our ideas and approach to inform the commission of external research into the causes of homelessness and rough sleeping.

2.11 The Department and DWP expect to complete a feasibility assessment for this work in December 2018, following consultation with data owners and other stakeholders, and will write to the Committee in December 2018 outlining the findings of the feasibility assessment and next steps.

3: PAC conclusion: *There is an unacceptable shortage of realistic housing options for households that are either homeless or are at immediate risk of homelessness.*

3: PAC recommendation: *The Department should take steps to eliminate the use of non-decent temporary accommodation and to enable local authorities to replace this supply with local alternatives that offer better value for money.*

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: December 2018.

3.2 The Department is committed to supporting local authorities to improve the quality of temporary accommodation and is already taking steps to do so. Under homelessness legislation, all accommodation provided by a local authority in the discharge of its powers and duties under part 7 of the Housing Act 1996 must be suitable for the household, with suitability defined in legislation and statutory guidance.

3.3 The Homelessness Code of Guidance, which provides detailed guidance to local authorities on their duties, sets out their responsibilities to take account of the relevant legislation on overcrowding; fitness for habitation; houses in multiple occupation; health and safety; fit and proper landlords; as well as affordability and location. Factors including employment, schooling and health requirements must be considered in relation to location. The Guidance is clear that wherever possible housing authorities should avoid using Bed and Breakfast accommodation for homeless applicants, unless, in the very limited circumstances where this is likely to be the case, it is the most appropriate option for the applicant. Households with dependent children should only be accommodated in a B&B as a last resort, and then for no longer than 6 weeks.

3.4 To support the implementation of the Homelessness Reduction Act, the Department has set up a team of advisors who will work directly with local authorities – the Homelessness Advice and Support Team (HAST). An initial priority for these advisors has been providing targeted support for local authorities who have families in Bed and Breakfast accommodation beyond the statutory limit of 6 weeks. This work is already underway, and has included targeted visits, as well as a workshop involving authorities who use Bed and Breakfast to share best practice and experiences from authorities who have successfully tackled the problem. The HAST's work will continue for an initial period of two years.

3.5 Local authorities have the responsibility to understand their local needs and housing markets and make commissioning decisions based on their local knowledge. The Department's role is to monitor, support and challenge local authorities by promoting the sharing of good practice, targeting those authorities that do not appear to be performing, and supporting the development of creative solutions that deliver value for money.

3.6 In April 2017, the Department introduced the Flexible Homelessness Support Grant, which gives local authorities more control and flexibility in managing homelessness pressures. Funding for 2017-18 and 2018-19 is a total of £402 million. Unlike the DWP Temporary Accommodation Management Fee, which was a reactive payment that could only be used for particular types of temporary accommodation, the new grant is upfront funding, which can be used flexibly as part of councils' resourcing for their homelessness strategies including more cost-effective ways of sourcing temporary accommodation.

3.7 £25 million of this Grant has been retained for London, where the issue is most acute, to look at improving collaboration on temporary accommodation between boroughs to increase the quality of temporary accommodation in the Capital and deliver greater efficiency in procurement. In April 2017, the Department commissioned a joint study, with London Councils and the Greater London Authority, to consider options. The Department is currently considering the recommendations, which it expects to take forward this year. The Department will report back on progress to the Committee by December 2018.

4: PAC conclusion: *The supply of genuinely affordable housing does not match the needs of families and vulnerable groups and has exacerbated the increase in homelessness.*

4a: PAC recommendation: *The Department should write to the Committee by the end of January 2018 to set out how it will ensure that the supply of new genuinely affordable housing will be matched to areas of housing need; and how it will monitor the impact that this has on driving down the number of households in temporary accommodation.*

4.1 The Government disagrees with the Committee's recommendation.

4.2 Affordable housing remains the Government's priority. Since 2010, over 357,000 new affordable homes have been delivered, including over 257,000 affordable homes for rent. The number of affordable homes built last year increased by more than a quarter, with more than 41,500 affordable homes delivered. The Government is committed to increasing the supply of new affordable homes to address housing need – that is why it announced £2 billion further funding, including funding for social rent, for the Affordable Homes Programme 2016-21, bringing total funding to over £9 billion, and a £1 billion programme of additional Housing Revenue Account (HRA) borrowing from 2019-20 to 2021-22.

4.3 Both programmes will focus on areas with high affordability pressures, recognising that the housing market is not working for all parts of the community in these areas. These programmes will help housing associations and local authorities to build more homes for people in need, and help to address homelessness. The Department expects to invite bids for both programmes through an addendum to the Affordable Homes Programme guidance and a prospectus for the additional borrowing programme. This will also set out the bidding criteria. The Department will write to the Committee to set out their approach when agreed.

4.4 However, the distribution of temporary accommodation is very uneven with only 15 local authorities accounting for 50% of all temporary accommodation. Local authorities with similar affordability and homelessness pressure profiles have very different numbers in temporary accommodation.

4.5 The Government's view is therefore that new supply should take account of all housing pressures, not only numbers in temporary accommodation. Otherwise there is a risk that local authorities that have managed their homelessness pressures more effectively, without leaving households in temporary accommodation for long periods of time, will be penalised.

4.6 The Government's has committed to review the implementation of the Homelessness Reduction Act within two years. The Department's continued publication of statistics on affordable housing delivery and households in temporary accommodation will be used to monitor changes over time and will feed into the review. The Government will consider trends in temporary accommodation as part of the wider homelessness strategy.

5: PAC conclusion: *The Department lacks the proper understanding of those who are homeless and it needs to ensure that they are being helped effectively.*

5a: PAC recommendation: *The Department, supported by data from the Department for Work and Pensions, should ensure that its new homelessness data system helps it to estimate the wider costs of homelessness to public services.*

Target implementation date: December 2018.

5.2 In 2017, the Department started working with a number of local areas to measure public service usage among a sample of rough sleepers, focusing particularly on the use of health (including mental health) and substance abuse services. This research will also provide data on welfare benefits and costs of rough sleepers to the Criminal Justice System. The data collection begins in Spring 2018 and the Department expects findings to be available in the Autumn 2018.

5.3 The Department's new data collection system, H-CLIC, has the potential to be linked to other government databases. This would allow estimates to be made on the wider costs of homelessness to public services. The Department will be working through how H-CLIC can be linked to other Government Departments' administrative databases, and how the Department can secure access to a comprehensive range of data sources, for example NHS data. As part of this work, the Department will be working with data owners and legal advisors to undertake a feasibility assessment which will be completed by the end of 2018.

5b: PAC recommendation: *The Department, supported by data from the Department for Work and Pensions, should ensure that its new homelessness data system enables local authorities to access information on when homeless people have entered and exited the welfare system to monitor its impact on their housing situation.*

5.4 The Government disagrees with the Committee's recommendation.

5.5 H-CLIC has been designed as a data collection system for research and the production of statistics to capture information on all homeless households who approach a local authority for help. Capturing this extra information will greatly improve the Department's and DWP's understanding of the causes of homelessness, enabling better informed multi-agency conversations at a national and local level. However, it will not be possible for local authorities to use H-CLIC to access personal information on when homeless people have entered and exited the welfare system. While personal data from H-CLIC would not be shared, aggregated and de-identified statistical information would be available on homeless households who have disclosed that they are claiming welfare benefits.

5.6 From October 2018, jobcentres across England will have a legal duty to refer homeless people, and those at risk of becoming homeless, to a local authority housing team of the claimant's choice. This duty will help claimants to access homelessness services as soon as possible, allowing local authorities to focus on prevention.

5c: PAC recommendation: *The Department, supported by data from the Department for Work and Pensions, should ensure that its new homelessness data system enables it to measure the full extent of hidden homelessness.*

5.7 The Government disagrees with the Committee's recommendation.

5.8 The H-CLIC system is designed to collect data on people who access homeless services, so it will not be able to measure those who are hidden and do not access these services.

5.9 The Department does collect information on overcrowding and on concealed households (usually defined as single adults or groups of adults, with or without children, who occupy the accommodation with, but do not belong to, the household reference person's family unit) through the English Housing Survey.

5.10 Measuring "hidden homelessness" is a complex issue. It will always be difficult by its nature – people are often not in contact with services, and it is challenging to uncover everything that is going on in people's lives. However, the English Housing Survey is a continuous survey which collects information about people's housing circumstances and the condition and energy efficiency of housing across England. Each year initial results are published in a headline report at the beginning of the year, followed by a series of more detailed reports released in the summer. While the H-CLIC system will collect information on those who seek assistance from their local authority, the English Housing Survey provides the Department with better data on the "hidden homeless" population, as it is representative of all households in England.

5d: PAC recommendation: *The Department, supported by data from the Department for Work and Pensions, should ensure that its new homelessness data system shows where local services are, and are not, effective at helping those who are homeless.*

5.11 The Government agrees with the Committee's recommendation.

Target implementation date: December 2018.

5.12 H-CLIC will enable the Department to assess how effective local authorities are, and are not, at helping those who are homeless. H-CLIC will capture information on all homeless households who approach a local authority for help and information on the activity offered by the local authority, the length of time this was offered, and the outcome.

Twentieth Report of Session 2017-19

Department for Transport

Update on the Thameslink Programme

Introduction from the Committee

The Thameslink programme is designed to increase capacity and relieve crowding on rail services throughout London and the South East, improve connectivity and reduce journey times. The programme was approved in 2007, and when it is completed in December 2019, 24 trains an hour will pass through central London. The programme includes £5.5 billion of infrastructure works managed by Network Rail to redevelop Farringdon, Blackfriars and London Bridge Stations, as well as introduce new signalling technologies. The Department for Transport has procured 115 new, longer and more spacious Class 700 trains as part of the programme which contain the hardware and software required to use the new signalling technologies. The cost of leasing these trains and their supporting depots is £2 billion.

To support the delivery of the programme, maintain passenger services during disruption from the works, and introduce the new trains and services, the Department merged three franchises into the Thameslink, Southern, and Great Northern franchise. The Department awarded the new franchise to Govia Thameslink Railway in 2014, which is expected to operate the franchise until 2021.

Based on a report by the National Audit Office, the Committee took evidence, on 6 December 2017, from the Department for Transport and Network Rail. The Committee published its report on 23 February 2018. This is the Government response to the Committee's report.

NAO and PAC Reports

- NAO report: *NAO report: Update on the Thameslink programme – Session 2017-19 (HC 413)*
- PAC report: *Update on the Thameslink Programme – Session 2017-19 (HC 466)*

Government responses to the Committee

1: PAC conclusion: *The Department for Transport and Network Rail took too long to start planning how the new railway would operate, and to decide to introduce the new services in phases rather than a single big bang.*

1: PAC recommendation: *The Department and Network Rail should establish clear arrangements at the outset of future programmes to plan how services will be introduced and run. These arrangements should be on an equal footing with other aspects of programme management and planning, putting passengers at the heart of the programme.*

1.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

1.2 When significant rail projects are agreed, the relevant stakeholders including Network Rail route operations and Train Operators are involved, so that the transition of the new investment into operation is planned and implemented appropriately.

1.3 When agreeing to investments in the railway, the Department accepts that the service alterations must be considered from the outset. No project should proceed without a clear understanding of how service changes, new, additional or otherwise are introduced. Detailed plans of how service changes during the project implementation phase should also be considered from the outset. The Department as a franchising authority, and Network Rail as the infrastructure manager must have an agreed Train Service Specification that has a high chance of obtaining the necessary Track Access rights through the industry process involving an approval from the Office of Rail and Road. Internally the Department has established a Train Service Specification focus group to develop workable options for passenger train services, as projects are initiated and develop.

2: PAC conclusion: *The complexity of the Thameslink programme required a new approach to collaboration within the rail industry.*

2: PAC recommendation: *The Department should, by June 2018, write to the Committee to provide details about how it intends to create better working relationships between Network Rail and operators, in order to provide high quality services to passengers.*

2.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

2.2 The Department wrote to Network Rail in February 2017 setting out how it intended to develop closer working arrangements with Network Rail in its franchise competition process. All franchise competition teams now have an embedded, empowered Network Rail member of staff who ensures that the development of the franchise specification is both stretching and achievable. The Department also continues to receive specialist reports from Network Rail on individual bid proposals to ensure that the Department can take assess the deliverability of any particular plan and that this is taken into appropriate account in the appraisal process. This is supplemented by regular senior level meetings to promote better joint understanding and collaborative working between the Department and Network Rail.

2.3 More generally, the Department now requires a much stronger commitment to joint working between Network Rail and operators during the life of a franchise. The wording given in the current South Eastern competition is a good example of this: *"The Franchisee will be required to enter into and maintain an Alliance Agreement with the Network Rail South East Route. The objectives of this Alliance will be, as a minimum, to:*

- *Improve the operational performance of the Franchise;*
- *Improve customer satisfaction and trust in the railway;*
- *Improve the efficiency and efficacy of operations, maintenance, renewals and enhancements on the network over which Passenger Services will operate; and*
- *Improve whole system integration of the railway."*

3: PAC conclusion: *The Department and Network Rail had a poor understanding of the performance of the rail network, and did not monitor the impact that increasing services and failing infrastructure would have on either passenger disruption or the planned benefits of the Thameslink programme.*

3: PAC recommendation: *The Department should, by June 2018, write to the Committee to explain how it will ensure that Network Rail's plans for spending £48 billion on the network between 2019 and 2024 are based on a clear understanding of the condition of the network, and where work will be needed to support future major programmes.*

3.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

3.2 The Government notes that the Committee's recommendation principally relates to underlying network condition, and therefore maintenance and renewals which account for the large majority of the planned Network Rail expenditure for 2019-24.

3.3 The Government agrees that Network Rail's plans for this expenditure must be based on a clear understanding of network condition and the work needed to support future major programmes. Pursuant to the Railways Act, the independent, specialist Office of Rail and Road (ORR) has the specific role and capability to assess Network Rail's expenditure plans, including those for 2019-24 which have been built from a bottom up understanding of rail conditions. It is currently doing so as part of the Periodic Review process, where it is specifically considering network condition and, as appropriate, the work needed to

deliver future programmes. The Government obtains assurance from that independent regulatory process. It will write to the Committee in June 2018 setting out the ORR's provisional conclusions from its draft determination, which the ORR will finalise later this year.

3.4 Further to the Bowe review recommendations (2015), the Government is directly responsible for assuring itself of expenditure in relation to its enhancement projects, which account for the minority of the planned expenditure for 2019-24. The Government fully recognises that delivering new infrastructure enhancements impacts on the rest of the network. In its recently published Rail Network Enhancements Pipeline¹ document published on 20 March 2018 the Government has committed to ensuring that it fully considers these impacts in its decision making. It will include in its letter to the Committee, in June 2108, further information on how it intends to undertake this work.

4: PAC conclusion: *Network Rail's estimate of the costs of the programme lacked the sophisticated understanding that it needs to manage its wider portfolio of projects effectively.*

4: PAC recommendation: *The Department and Network Rail should write to the Committee by March 2018, outlining what new arrangements they have put in place to better estimate and oversee the costs of projects, and how these have improved the way that they work.*

4.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

4.2 A letter was sent to the Committee on 29 March 2018 outlining arrangements that have been put in place by the Department and Network Rail to better estimate and oversee the costs of projects.

4.3 In the last few years, the Department and Network Rail have worked together to strengthen oversight of enhancement projects. The Memorandum of Understanding² between the two organisations set out a joint commitment to new working practices and their governance to ensure better joint delivery on improvements for passengers. Network Rail's Enhancement Improvement Programme³ has implemented improvements to defining, costing, approving and delivering major projects.

4.4 The Rail Network Enhancements Pipeline document published on 20 March 2018 sets out the new approach that Government is taking about the way enhancements to the railway are carried out. This will create a rolling programme of investment focused on outcomes. It is designed to ensure that rail projects are properly planned and scrutinised to deliver maximum value and benefit to rail users and tax payers with approval to deliver only granted when the scheme is ready.

5: PAC conclusion: *The Thameslink programme has produced some valuable lessons, including what challenges arise when managing complex railway station projects, which will be critical for the success of future programmes.*

5: PAC recommendation: *The Department and Network Rail should, by June 2018, establish formal processes through which learning from the Thameslink programme can be applied to future major programmes, including High Speed Two.*

5.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

5.2 As part of the commitment to learn lessons from projects and programmes, the Department has a well-established Community of Practice where Project Delivery professions and the wider community share learning.

¹ <https://www.gov.uk/government/publications/rail-network-enhancements-pipeline>

² <https://www.gov.uk/government/publications/improving-the-delivery-of-railway-investments-mou-between-dft-and-network-rail>

³ <https://cdn.networkrail.co.uk/wp-content/uploads/2016/11/Enhancements-Improvement-Programme.pdf>

5.3 The Department also established in 2017 a 'One Railway' team to ensure that the planning and development of High Speed Two takes account of the impact on critical interfaces to deliver a seamless railway. In relation to learning between Thameslink and HS2, issues that emerged during the implementation, acceptance and operational phases for the Thameslink new depots and trains have been reflected as part of the development of the HS2 Rolling Stock contractual structure and the detailed terms within the contracts. Also, lessons from the construction programme at London Bridge with regard to the passenger communications campaign have already been applied to the first element of the HS2 works at Euston. The One Railway Team will ensure that effective interface between the existing railway and High Speed Two continues.

5.4 The Network Rail Thameslink Programme team have processes in place to capture lessons learnt utilising the corporate Governance for Railway Investment Projects (GRIP) framework. The team have already led or participated in a number of lessons learnt forums, presented at various industry forums and published a number of good practice guides. A learning legacy website for the Thameslink Programme is being set up to allow these lessons to be accessible and disseminated more widely. There is already a similar Learning Legacy website for Crossrail.⁴

⁴ <https://learninglegacy.crossrail.co.uk/>

Twenty First Report of Session 2017-19

Department for Business, Energy and Industrial Strategy

Nuclear Decommissioning Authority's Magnox contract

Introduction from the Committee

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

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

Based on a report by the National Audit Office, the Committee took evidence, on 23 November 2017, from the Department for Business, Energy and Industrial Strategy, the Nuclear Decommissioning Authority, and UK Government Investments. The Committee published its report on 28 February 2018. This is the Government response to the Committee's report.

NAO and PAC Reports

- NAO report: *The Nuclear Decommissioning Authority's Magnox Contract* – Session 2017-19 (HC 408)
- PAC report: *The Nuclear Decommissioning Authority's Magnox Contract* - Session 2017-19 (HC 461)

Government responses to the Committee

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

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

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2019.

1.2 The *Magnox Inquiry Interim Report*⁵, published in October 2017, set out some immediate recommendations for the way in which any future NDA procurement should be run. These were fully accepted by the NDA and included ensuring less complexity in competition rules, making sure that

⁵ <https://www.gov.uk/government/publications/magnox-inquiry-interim-findings>

information provided to bidders is as complete as possible, and to fully test competition rules before they go live.

1.3 The NDA has changed its guidance. It commissioned a comprehensive *Guide to Complex Procurements* in June 2017 incorporating best practice in relation to the evaluation of bids and learning from the latest case law at that time (including the *Energy Solutions v NDA* judgement. This guidance has been shared with key commercial roles across the NDA Group. In addition, all major procurements are now subject to enhanced internal legal review prior to NDA executive approval and are overseen by a new NDA Board sub-committee. The NDA assesses all ongoing major procurements requiring approval against the recommendations set out in the *Interim Report*.

1.4 In November 2017, the NDA appointed a new Commercial Director, who will be establishing a new commercial directorate and reviewing procurement processes and procedures to ensure they reflect current legal requirements, *Government Commercial Operating Standards* and the optimal commercial assurance approach.

1.5 Once published, the findings of the Magnox Inquiry Final Report, combined with the *Interim Report*, will provide important lessons learned for both the NDA and wider Government. The Crown Commercial Service has reviewed its existing procurement guidance in light of the mistakes made in awarding the Magnox contract, and will publish updated advice taking account of the inquiry findings to ensure that future procurement methodology is improved. Progress on the changes to advice and guidance by the NDA and the Department will be provided as part of the report on implementation of the independent Magnox Inquiry findings.

2: PAC conclusion: *The NDA may have further wasted taxpayers' money by paying its previous contractor for work that was not done.*

2: PAC recommendation: *Within three months, the NDA should update the Committee on its independent investigation into whether it overpaid its previous contractor and, if so, how it will seek to recover this money.*

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: June 2018.

2.2 The NDA is conducting a review looking at whether there is evidence of costs being paid that should not have been under the contract and if so, whether there is any recourse against the previous contractor.

2.3 The NDA will write to the Committee in June 2018 with a further update.

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

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

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2019.

3.2 The NDA emphasises that there will always be an inherent amount of uncertainty in decommissioning the NDA estate. For example, it is only when the physical process of decommissioning complex facilities commences that it becomes clear exactly how much nuclear waste is present or there is a full understanding of the challenges presented by other complicating issues, such as asbestos.

3.3 Since the Magnox procurement, the NDA has taken steps to strengthen the approach to assuring the state of its sites through the introduction of a dedicated Site Assessment Group, which provides more targeted assurance to validate performance at each Magnox site.

3.4 An independent review of the assurance model used by the NDA is also underway. The study will include review of cross-industry comparators and seek to identify best practice for providing assurance of complex portfolios. The NDA will use the output of this study to define and implement changes to improve the effectiveness of the assurance model, and will report back to the Committee within six months of the publication of the independent Magnox Inquiry Final Report.

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

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

4.1 The Government agrees with the Committee's recommendation.

Target implementation date: February 2019.

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

4.3 The NDA Board now has a non-executive UKGI member, helping to strengthen governance and performance oversight. In addition, independent advisers with the relevant skills to support the NDA Board are being recruited onto NDA Board committees. Work is ongoing on how to strengthen the board further and this will be reported back to the Committee by February 2019.

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

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

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2019.

5.2 UKGI and BEIS have examined and updated the governance arrangements for the NDA over the last year, setting out a clearer rhythm of reporting and oversight that aligns with the NDA's own oversight of the Site Licence Companies that are decommissioning the UK's old nuclear sites. These new arrangements should allow for earlier identification of risks and issues, and provide improved avenues for challenge and support to the NDA and its vital mission. In September 2016, the Department established a new Sponsorship Team to lead on policy oversight of the NDA.

5.3 The Government also continues to be a part of the governance structure with, for example, the Infrastructure and Projects Authority providing assurance on major projects, and the Government Commercial Function providing procurement advice.

5.4 A more detailed paper on these new arrangements will be provided by July 2018, but will be subject to finalisation once the Magnox Inquiry Final Report has been issued.

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

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

6.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2019.

6.2 The NDA and the Department have taken robust steps to learn the lessons of the Magnox contract and address the recommendations of the Inquiry *Interim Report*, incorporating these into current and future procurement designs. In light of these lessons the NDA has also strengthened its in-house commercial and legal capability.

6.3 The NDA and the Department are preparing for the publication of the Magnox Inquiry Final Report and will fully embed any new learning and recommendations from this and the Committee's report into the Department and NDA's wider improvement programme. The NDA and the Department will submit a report to the Committee, subject to Magnox Inquiry publication timescales.

Twenty Second Report of Session 2017-19

Department for Education

Monitoring, inspection and funding of Learndirect Ltd.

Introduction from the Committee

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

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

Based on a report by the National Audit Office, the Committee took evidence from the Department for Education, Ofsted, the Education and Skills Funding Agency (ESFA), and Learndirect Ltd. The Committee published its report on 2 March 2018. This is the Government response to the Committee's report.

NAO and PAC Reports

- NAO report: *Investigation into the monitoring, inspection and funding of Learndirect Ltd – Session 2017-19 (HC 646)*
- PAC report: *The monitoring, inspection and funding of Learndirect Ltd – Session 2017-19 (HC 875)*

Government responses to the Committee

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

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

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: April 2020.

1.2 The Government recognises the need to better understand its contractual relationship with suppliers, and is taking a number of steps to improve this information. This is being led by the Government Commercial Function (GCF), the cross-Government network of commercial professionals. The GCF is developing a tool which will provide departments with spend and contract data on suppliers across central Government.

1.3 Furthermore, the GCF is focused on increasing the commercial capabilities of the civil service, making significant savings for the taxpayer and delivering improved public services. The GCF has assessed over 400 senior commercial professionals across central Government to analyse skill gaps and upskill staff where necessary through its Assessment and Development Centre. This initiative is currently being expanded to contract managers and rolled out to Arm's Length Bodies (ALBs). Improved commercial capability will enable the Government have a better understanding of Government contracts and supplier relationships.

1.4 The Department is introducing a number of changes to its commercial operating model to improve visibility and commercial oversight of contracts and suppliers. This will include introducing commercial contract management for high-risk arrangements directly under professional commercial governance, which currently sits with policy units. The Department is also introducing a Commercial Assurance Questionnaire to help grant / contract managers meet audit and assurance requirements. This will also collate supplier performance information on a regular basis for the central database, so that suppliers with multiple arrangements can be targeted for regular review.

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

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

2.1 The Government agrees with the Committee's recommendation

Target implementation date: September 2019.

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

2.3 The Cabinet Office is working with central Government Departments to improve capability in the management of critical and strategic suppliers. It has developed, with Departments and a number of industry experts, a best practice guide and toolkit for departmental Strategic Supplier Relationship Management (SSRM). The Cabinet Office recognises the need to develop a comprehensive risk framework for large and essential suppliers and will report on progress by December 2018.

2.4 The Department is developing the necessary tools to identify and manage supplier performance. This includes a pipeline of procurement activity, a central data repository of all contracts and grants held with third parties, forming a Commercial Assurance Team and an SSRM Programme to target strategic suppliers.

2.5 The Department is working with Cabinet Office to align strategies to identify commercial providers considered 'at risk' and to improve its capability to monitor the financial health of suppliers and their ability to deliver the department's objectives. The Department has developed a segmentation tool to identify high risk/high impact suppliers in scope of the SSRM Programme. It will use supplier intelligence to inform the pipeline of future tenders and ongoing performance management. The Department will strengthen due diligence prior to contract/grant award and draft contingency plans for high-risk suppliers, which will ensure that it can act appropriately and minimises the risk of supplier reliance.

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

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

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: Summer 2018.

3.2 ESFA will work with providers, both direct contract holders and subcontractors, to determine the services that should be offered to subcontractors and the corresponding fees that it is reasonable for providers to retain. It will publish these expectations in advance of the next academic year and providers will be required to comply with them as a requirement of maintaining their funding agreement with ESFA.

4: PAC conclusion: In assessing when to re-inspect Learndirect Ltd, Ofsted did not take full account of the company's size and the consequences for learners of its declining performance.

4: PAC recommendation: Ofsted needs urgently to re-visit how it plans and prioritises its use of resources and the different type of risk attached to a private sector failure, in a way that takes account of risks to high numbers of learners and the changing provider-base in the further education sector.

4.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

4.2 Ofsted is ensuring that it takes full account of the size of a provider in terms of its learner's numbers and complexity of provision in the case of very large providers during risk assessment by actively putting greater emphasis on these factors. This was implemented in April 2018 as part of Ofsted's annual risk assessment and Ofsted's risk assessment methodology has been re-published to reflect this greater emphasis.

4.3 While Ofsted already plans well in advance for inspections, it is taking special steps to do this for particularly large providers. It will continue to work closely with ESFA to improve its risk information and information sharing procedures.

5: PAC conclusion: Ofsted's policy for when it is prepared to defer an inspection risks putting providers' business interests ahead of learners' interests.

5: PAC recommendation: By June 2018, Ofsted should develop a specific deferral policy for commercial providers, to ensure that learners' interests always take priority over the pursuit of profit.

5.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

5.2 Ofsted's first core value is 'Children and students first', it always puts the interests of learners before anything else. Ofsted is reviewing the current deferral policy and will give specific consideration to its approach to commercial providers. An updated policy will be published in May.

5.3 Where there are imminent plans for closure or major change at a provider, Ofsted is dependent on receiving clear and regularly updated information from other parties. To this end, Ofsted is working closely with ESFA to progressively improve the accuracy and reliability of the information which it receives to inform deferral decisions.

Twenty Third Report of Session 2017-19

Department for Education

Alternative higher education providers.

Introduction from the Committee

In 2017 there were 112 institutions termed ‘alternative providers’ offering higher education. These institutions do not receive government grants directly, but do access public funding through student loans which are used to pay their fees. In the 2015–16 academic year, around 34,000 students attending alternative providers received student loans, and Government paid out £417 million in tuition fee loans, maintenance loans and grants to alternative providers and their students. In 2016, the Department for Education assumed responsibility for oversight of publicly-funded higher education, taking over from the former Department for Business, Innovation and Skills. From April 2018,⁶ a new Office for Students will be responsible for regulating all English higher education institutions, including alternative higher education providers. The previous Committee reported on weaknesses in BIS’s oversight of alternative providers in 2015. This report follows up on the progress made by the Department to address those concerns.

Based on a report by the National Audit Office, the Committee took evidence from the Department for Education, the Office for Students and the Student Loans Company. The Committee published its report on 7 March 2018. This is the Government response to the Committee’s report.

NAO and PAC Reports

- NAO report: *Follow-up on alternative higher education providers* – Session 2017-19 (HC 411)
- PAC report: *Alternative higher education providers* – Session 2017-19 (HC 736)

Government responses to the Committee

1: PAC conclusion: *There are still too many students dropping out of their courses.*

1: PAC recommendation: *The Office for Students should set out what more, beyond the existing approach to imposing sanctions, it will do to ensure that non-continuation rates reduce further year on year, and confirm by when it expects to reduce non-continuation rates for alternative providers to the same level as for the rest of the Higher Education (HE) sector.*

1.1 The Government agrees with the Committee’s recommendation.

Recommendation implemented.

1.2 The Office for Students’ approach to ensuring non-continuation rates continue to reduce is set out in the recently published regulatory framework. This includes the way it will ensure that all registered providers are able to meet baseline requirements to ensure that all students, wherever and however they study, are appropriately protected.⁷ Particularly relevant to non-continuation rates are condition of registration B2, which stipulates that ‘the provider must provide all students, from admission through to completion, with the support that they need to succeed in and benefit from higher education’, and condition of registration B3, which requires a provider to ‘deliver successful outcomes for all of its students’.

1.3 One of the indicators that will be assessed for condition B3 is student continuation rates. Where a provider is at risk of not satisfying this condition, for example because non-continuation rates are considered to be too high, the Office for Students’ has a range of interventions it can deploy. Specific ongoing conditions of registration that can be imposed may include, but are not limited to, the ability to

⁶ Office for Students will be responsible for regulating all English higher education institutions from August 2019 and not from April 2018 as mentioned in the Committee’s summary

⁷ https://www.officeforstudents.org.uk/media/1085/ofs2018_01.pdf

require a provider to improve and, in serious cases, to impose a cap on the number of students that can be recruited until improvement is delivered. Where necessary if improvement is not delivered, the Office for Students' can impose formal sanctions including monetary penalties, suspension of registration, or deregistration.

1.4 The Office for Students' disagrees with the suggestion that non-continuation rates should be the same across different types of provider, and would not necessarily expect all alternative providers to have non-continuation rates at the same level as other types of higher education providers. Some non-continuation is in the interests of individual students, and there can be legitimate reasons, such as serving different student demographics, that would produce acceptable variation in performance for different types of providers. The Office for Students' will regulate the sector with the aim of ensuring that providers recruit students with the ability and motivation to succeed and provide them with the support they need to do so. At the same time, it will bear down on providers where non-continuation remains unacceptably high, but it will not set targets to reduce non-continuation to a particular level.

2: PAC conclusion: *It remains to be seen how, in practice, the Office for Students will put protecting and promoting, students' interests at the centre of its regulatory system.*

2: PAC recommendation: *As the Office for Students develops, we will be looking to see it demonstrate that protecting student interests is indeed central to its approach, effective representation for students on the Board, mechanisms for consulting students, and raising standards for students across the whole HE sector, irrespective of whether they study at traditional or alternative HE institutions. The Office for Students should set out a clear strategy, with timescales, on how it will promote student interests.*

2.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

2.2 The Office for Students' has now published its regulatory framework in February 2018, and its strategy⁸ and business plan⁹ both in April 2018. These documents set out how the Office for Students' will protect students' interests across four regulatory objectives. These objectives set out that all students, from all backgrounds, and with the ability and desire to undertake higher education are supported to access, succeed in, and progress from, higher education; receive a high quality academic experience, and their interests are protected while they study or in the event of provider, campus or course closure; are able to progress into employment or further study, and their qualifications hold their value over time; and receive value for money.

2.3 The Higher Education and Research Act 2017 made provision that least one of the non-executive members of the Office for Students' Board must have experience of representing or promoting the interests of students. An interim appointment was made on 1 January 2018, and the Government will shortly launch a new public appointments competition to appoint a substantive (rather than interim) student experience board member. The Office for Students' has also appointed a student panel with experience across a wide range of the higher education sector to advise and support the board in its work. A full student engagement strategy will be published by April 2019. This strategy will outline in greater detail how the Office for Students' will engage with students across the whole higher education sector, regardless of institution type.

3: PAC conclusion: *Despite previous assurances to the Committee, the Department is taking far too long to get sufficiently timely data to allow robust oversight of providers.*

3: PAC recommendation: *By September 2018, the Department, the Student Loans Company and the Office for Students should develop a more ambitious plan for what data they will collect to monitor provider performance and to avoid further ineligible payments. This plan should set out how they will collect data including the development of better data systems akin to those used in other parts of Government and in the private sector.*

⁸ <https://www.officeforstudents.org.uk/publications/office-for-students-strategy-2018-to-2021/>

⁹ <https://www.officeforstudents.org.uk/publications/office-for-students-business-plan-2018-19/>

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: September 2018.

3.2 The Student Loans Company (SLC) is reviewing the expected standards of timeliness and accuracy for data provided by HE providers, and will make changes to be in place from the academic year 2018/19. SLC are identifying improvements in the range of data collected through the student application systems, which will provide more detailed records of decisions on ineligible students. By September 2018, SLC will have a plan for the implementation of these improvements to both student and HE provider level data.

3.3 Additionally, SLC will have a plan for how this improved level of information will be shared and utilised by the Department and the Office for Students'. SLC and the Office for Students' are working together on a collaboration agreement, which will outline their data sharing arrangements and will, by September 2018, have agreed shared operational arrangements for monitoring HE provider performance.

3.4 SLC will actively involve UCAS, the Higher Education Statistics Agency (HESA) and the Governmental Internal Audit Agency (GIAA) in assessing opportunities for benchmarking their data systems with these organisations and others, and will confirm any resulting improvements by September 2018.

4: PAC conclusion: *The Department does not yet have sufficiently effective systems in place to identify promptly where it needs to intervene to address fraud or emerging issues.*

4: PAC recommendation: *By the end of 2018, the Department and the Office for Students should develop a more systematic and proactive approach to identifying problems emerging in the sector so that it can take prompt action to deal with failing providers and protect the interests of learners.*

4.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

4.2 The Office for Students' regulatory framework sets out its approach to assessing and monitoring risk both as part of the initial registration process for current and new providers and on an ongoing basis once providers are registered. Every provider – including those that are currently called 'alternative providers' – will need to demonstrate that they satisfy a series of initial conditions of registration to be registered with the Office for Students'. These include conditions to ensure that a provider is financially viable and sustainable and that it is well governed and managed. If a provider is not able to satisfy these conditions, it will not be able to access the register and, through the register, the student support system from 1 August 2019.

4.3 The Office for Students' may also impose specific ongoing conditions to ensure that any increased risk is mitigated. All registered providers are required to have an approved Student Protection Plan that sets out the arrangements that a provider will put in place to preserve continuation of study for students in the event of course, campus or provider closure. The measures in a provider's student protection plan will be required to be proportionate to the Office for Students' assessment of risk for that provider.

4.4 Once a provider is registered, the system is designed to use indicators constructed from regular data flows to monitor providers in a risk-based way. The Office for Students' will identify a small number of lead indicators that will signal change in a provider's circumstances or performance. The Office for Students' may then need to consider whether the provider is at increased risk of breaching one or more of its ongoing conditions of registration. These indicators will be based on regular flows of reliable data and information from providers and additional data sources.

4.5 The Office for Students' will seek to ensure that the selection and specification of lead indicators allows the identification of possible increased risk in the future, rather than relying on data that retrospectively reveals where problems have already occurred. Where there is an increased risk, or a breach has occurred, the Office for Students' will use enhanced monitoring and engagement (proportionate to the particular situation) to support proactive intervention in the student interest. The regulatory regime described in the regulatory framework will come into effect on 1 August 2019.

5: PAC conclusion: *The alternative provider sector still presents too many opportunities to fraudsters.*

5: PAC recommendation: *As one of its first tasks, the Office for Students should set out how it will investigate and clamp down on recruitment malpractice, faking attendance records and coursework, and opaque arrangements for validating degrees, and produce a robust plan for remedying these problems across the sector.*

5.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

5.2 The Office for Students' regulatory framework sets out the ongoing conditions of registration that require good governance and management, and for recruitment and admissions arrangements to meet requirements.

5.3 Where there is evidence that these requirements are not being met, the Office for Students' has the power to investigate and, where necessary, to impose sanctions. The Office for Students' will also have the power to enter and search a provider's premises under some circumstances to ensure that evidence of fraud cannot be destroyed. In areas relating to quality and standards matters the Office for Students' will be able to draw on the expertise of its designated quality body, the Quality Assurance Agency for Higher Education, as it undertakes investigations and makes more proactive steps to drive improvement in academic fraud prevention and detection. This may include more frequent site visits to providers that are considered to represent increased risk of non-compliance.

5.4 During the financial year 2018-19, the Office for Students' will undertake an assessment of the operation of the current validation system to identify any unnecessary barriers for providers seeking a validation partner, or any areas of current practice that are not in the interests of students. Where it is possible to intervene to remove or mitigate such barriers, and to ensure that students are protected, the Office for Students' will take action at a sector-wide level.

5.5 Where the Office for Students' concludes that such interventions are not sufficient to secure improvements it deems necessary in the operation of the validation system, it will make use of its powers under section 50 of the Higher Education and Research Act 2017 to enter into commissioning arrangements. It may also ask the Secretary of State to make regulations under section 51 of that Act to authorise the Office for Students' to enter into validation agreements with registered higher education providers itself.

Twenty Fourth Report of Session 2017-19

Department of Health and Social Care

Care Quality Commission: regulating health and social care

Introduction from the Committee

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

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

Based on a report by the National Audit Office, the Committee took evidence, on 23 November 2017, from the Care Quality Commission and the Department of Health and Social Care. The Committee published its report on 9 March 2018. This is the Government response to the Committee's report.

NAO and PAC Reports

- NAO report: *Care Quality Commission regulating health and social care* - Session 2017-19 (HC 409)
- PAC report: *Care Quality Commission: regulating health and social care*— Session 2017-19 (HC 465)

Government responses to the Committee

1: PAC conclusion: *The Commission's review of 20 local health and care systems will provide important information on how local systems are working, but these fall outside the core remit of the Commission.*

1: PAC recommendation: *The Department should set out in its Treasury Minute response its plans for providing oversight of local health and care systems, making sure it draws on lessons from the Commission's local system reviews.*

1.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

1.2 Through the local health and care system reviews conducted during 2017-18 the CQC has identified specific challenges that need to be addressed to turn around long-term systemic failure. The reviews focus on the quality of care pathways across councils and the NHS as well as organisational performance. The areas reviewed have been required to agree an action plan to respond to the review findings. Each local Health and Wellbeing Board is asked to sign off the locally agreed action plan and the Department will hold areas to account for delivering on their improvement plans.

1.3 In addition to working closely with its ALBs (including the CQC, NHS England and NHS Improvement), the Department is also leading efforts across Government to bring more closely together elements of the health and social care system, including close cooperation with the Treasury and the Ministry for Housing, Communities and Local Government (MHCLG).

1.4 The Government has committed to publishing a Green Paper by summer 2018 setting out its proposals for the reform of care and support for older people. The Green Paper will consider the issues facing the care system, including the future sustainability of the market

1.5 The Department will be working closely with the CQC during spring 2018 to review the findings of the local health and care system reviews, assess the strengths of the methodology used, and develop proposals for further reviews to take place in 2018-19.

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

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

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: April 2019.

2.2 CQC will write to the Committee with an update on its performance in April 2019. In its Business Plan¹⁰ for 2018-19, the CQC reiterated the target for publishing hospital inspection reports remains at 90% of reports being published within 50 working days of an inspection for inspections considering 2 or fewer core services, or 65 days for those considering 3 or more. A commitment was made during the evidence session that 50% of hospitals reports will be published within this timeframe during 2018-19.

2.3 CQC no longer routinely sends a post-inspection letter to trusts, retaining the letter for use where serious concerns have been identified in the course of an inspection and where the trust should take urgent action to address the issues identified. Verbal feedback is given at the end of all inspections to outline the findings, and it is expected that trust Boards will discuss this feedback at their next public Board meeting, with the letter of concern being published alongside other Board meeting papers.

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

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

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2019.

¹⁰ http://www.cqc.org.uk/sites/default/files/20180329_businessplan201819.pdf

3.2 In January 2018, the Regulation of General Practice Programme Board (RGPPB) published its joint framework for commissioning and regulating together.¹¹ The RGPPB brings together the bodies for oversight and regulation of general practice in England, with the aim of coordinating and improving the overall approach to regulation, and to deliver a programme of work to streamline working arrangements and minimise duplication. The framework sets out how CQC, NHS England and CCGs work together, share information, and respond to concerns. In March 2018, the RGPPB issued guidance to support a shared view of quality in General Practice.¹² This guidance consolidates and aligns key points from existing frameworks and descriptions to reduce the workload of collecting data and evidence.

3.3 During 2018-19, CQC will be undertaking development work to improve the way CQC collects data and information. It has worked closely with professional groups including the RCGP and BMA to ensure that the information to be collected and the process will not place undue demand on GP practices. This will include the development of the digital Provider Information Return and a review of the data and information collected directly from GP practices, which can then be shared with other bodies as appropriate.

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

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

4.1 The Government agrees with the Committee's recommendation.

Target implementation date: April 2019.

4.2 Since the evidence session in December 2017, CQC has undertaken further stress testing of assumptions as part of its business planning and modelling for 2018-19. CQC is also in the process of developing a capacity planning tool, which will be introduced fully during Quarter 2 of 2018-19, and will pilot a new approach to agile resourcing so it can meet both changes in levels of risk across sectors and meet urgent requests for new work.

4.3 CQC will also look to other Government Departments and Arms-Length Bodies to consider their approach to planning to deal with uncertainties or unexpected requirements for staffing resource.

4.4 CQC will update the Committee further in April 2019.

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

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

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2019.

¹¹ http://www.cqc.org.uk/sites/default/files/20180108_CQC_NHSE_NHSCC_joint_working_framework.pdf

¹² http://www.cqc.org.uk/sites/default/files/20180322_high-level-guidance-to-support-shared-view-of-quality-in-general-practice.pdf

5.2 CQC is in the process of developing information exchange services. This will include the development of provider information collection tools for all providers, initially for adult social care and GPs, with the tools for hospitals following later. This will allow simplified mechanisms for providers to submit, update and view data and information on an ongoing basis.

5.3 Additional digital development work will see improved online services for registration and statutory notifications for providers, and improved tools for inspectors to assist with report publication.

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

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

6.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2019.

6.2 CQC participates in Quality Surveillance Groups¹³ at a local and regional level. The purpose of these Groups is to ensure information is shared about services locally, and includes Clinical Commissioning Groups, local authorities, local Healthwatch, NHS England, NHS Improvement, Public Health England and Health Education England, in addition to CQC. At a regional level, they also include the GMC and NMC.

6.3 During 2018-19, CQC is working to develop its approach to relationship management, particularly at a local level, with a view to improving consistency in how relationships with local stakeholders, including commissioning organisations and local Healthwatch are managed.

6.4 CQC will be carrying out a review of how it handles whistleblowing concerns and will issue new guidance and a new whistleblowing strategy in Autumn 2018. It is intended that this will address variation in the way whistleblowing concerns are handled, and how CQC interacts with whistle-blowers to provide assurance to potential whistle-blowers that their concerns will be handled appropriately.

¹³ <https://www.england.nhs.uk/wp-content/uploads/2017/07/quality-surveillance-groups-guidance-july-2017.pdf>

Twenty Fifth Report of Session 2017-19

Department Business, Energy and Industrial Strategy / UK Government Investments

The sale of the Green Investment Bank

Introduction from the Committee

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

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

Based on a report by the National Audit Office, the Committee took evidence, on 20 December 2017, from the Department for Business, Energy and Industrial Strategy, UK Government Investments (UKGI), the UK Green Investment Bank plc and the Macquarie Group. The Committee published its report on 14 March 2018. This is the Government response to the Committee's report.

NAO and PAC Reports

- NAO report: *The Green Investment Bank - Session 2017-19* (HC 619)
- PAC report: *The sale of the Green Investment Bank – Session 2017-19* (HC 468)

Government responses to the Committee

1: PAC conclusion: *The UK Green Investment Bank plc (GIB) has attracted substantial private investment into some sectors of the green economy, such as offshore wind, but the Department for Business, Energy and Industrial Strategy does not know whether it achieved its intended impact.*

1: PAC recommendation: *The Department should put in place a robust evaluation framework for all companies it creates. The Department must ensure that its evaluations: refer to the original policy objectives; are continuous; and are completed and published before any decisions are made about a company's future.*

1.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

1.2 The Government agrees that companies and other institutions which are created and owned by the Government should have clear purposes and objectives. *Managing Public Money* (MPM) sets out that arm's length bodies should have framework documents which provide for sponsor Departments to exercise meaningful oversight of the body's strategy and performance. The Government agrees that this should link back to the purpose of the body and the Government's objectives for it, noting that in some cases the original policy objectives of an organisation may change over time. Companies produce an annual report and accounts which should be published, and the Government agrees that evaluations of an organisation's performance undertaken by or on behalf of Government should be published where it is appropriate to do so.

2: PAC conclusion: *The Department prioritised reducing the level of debt in the public sector and how much money it could gain from the sale over the continued delivery of GIB's green objectives.*

2a: PAC recommendation: *When selling public assets UKGI should pin down commitments from buyers to ensure the original ambitions for these assets are achieved.*

2.1 The Government disagrees with the Committee's recommendation.

2.2 As set out at the Budget in July 2015, the sale aimed to “ensure the future sustainability of the bank as well as increasing its impact by freeing it from the constraints of state aid and competition for public funding.” In carrying out an asset sale, UKGI works within the objectives for the asset set by Ministers, which may be the original policy objectives but may also be policy objectives which have developed over time (for example, where an organisation's purpose has evolved), or specific sale objectives, such as in the case of GIB.

2.3 Where the Government wishes to secure commitments from buyers as part of a sale process, these should take both commercial and legal factors into consideration, including whether a commitment can be specified and measured, whether making it will impact on other sale objectives, and how any commitment could be enforced. In this instance, a ‘special share’ in GIB was created to safeguard its green purposes. The Government also requested as part of the sale process specific commitments from bidders on maintaining GIB's green objective, and Macquarie published their commitments to GIB in April 2017 on agreeing the sale.

2b: PAC recommendation: *Departments, in conjunction with UKGI, should be clear about, and justify, what commitments they are prepared to water down in order to secure a sale and what impact this may have on future benefits for British taxpayers. In this case the Department should have sought explicit assurances as to the quantum of future investment in the UK.*

2.4 The Government agrees with the Committee's recommendation.

Recommendation implemented.

2.5 The Government agrees that Departments, including those advised by UKGI, should set clear objectives for asset sales, including where specific commitments from buyers are sought, and where some objectives are primary and others secondary. This was the case for the sale of GIB where Government did seek and receive explicit assurances as to the quantum of future investment.

2.6 The impact of the sale on taxpayers should be considered as part of the business case for the proposed asset sale. In some cases, it will be necessary to keep Government's positions confidential during a sale process, for example not revealing a minimum sale value to bidders where this might negatively impact the price they might offer. The Committee should nevertheless note that Government must take care to ensure that assurances provided by buyers do not threaten sale objectives – for example: legally enforceable commitments can constitute control which threaten de-classification objectives, which in turn would prevent privatised companies from raising their own finance.

3: PAC conclusion: *The Department succeeded in selling Green Investment Bank, but its approach to the sale was reactive, meaning that it had to make compromises to secure the sale.*

3: PAC recommendation: *When selling an asset, all Government Departments should clearly outline at the start what they are selling, when they can be flexible, and when they will walk away. Analysis should be used to support these decisions before they are made, not after they are taken. The Department should seek to evaluate the assumptions it made to value GIB's assets under construction, report this to the Committee, and set out how this will inform its future approach to assessing risk.*

3.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

3.2 The Government agrees that asset sales should clearly outline at the start what is being sold, including where there is any flexibility in this. This is already best practice - for the sale of GIB the Government prepared a detailed Information Memorandum and process letter for potential bidders which specified what was being sold as part of the process. The Government agrees that flexibility in the sale process is important, and already follows the best practice recommended by the National Audit Office¹⁴ that sale processes should "*exhibit the right balance of rigour and discipline, but sufficient flexibility*".

3.3 The Government agrees that Departments should set clear objectives for asset sales and in doing so should be clear what will happen if some or all of these objectives cannot be met, which may include walking away from a deal. Where possible this should be communicated both to bidders and publicly, although in some cases (for example, a minimum sale price) it may not be appropriate to disclose some information where this could impact on achieving the sale objectives.

3.4 The Government has written to the Committee regarding its valuation of GIB's assets under construction and its approach to assessing risk. In summary, the Government followed NAO's best practice guidance on the valuation when assessing the GIB assets. The Government applied a range of valuation methods and used market-based assumptions as a rigorous cross-check against the Treasury's *Green Book* methodology, to ensure that the value of GIB's assets under construction were informed by the prices that may have been achieved in competitive sale process in the prevailing market conditions. This reflected the additional risk that assets under construction inherently carry.

3.5 The Government also obtained separate assurance on the valuation assumptions used, which was provided by independent valuation experts. The Government is content with its approach on assessing the value of GIB's assets, including those under construction at the time.

4: PAC conclusion: *The Department put in place measures intended to protect GIB's green objective, but these measures will not ensure that GIB is an enduring institution.*

4: PAC recommendation: *Government must clearly define relevant terms (such as 'enduring institution') so it can monitor performance and, in this case, evaluate alternative sale options. If an objective is not important in the context of a sale or other transaction, the Government should be explicit so it does not constrain decision making.*

4.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

4.2 The Government agrees that companies and other institutions which are created and owned by the Government should have clear purposes and objectives. Departments, including those advised by UKGI, should set clear objectives for asset sales, including where specific commitments from buyers are sought, and where some objectives are primary and others secondary. This was the case for both the establishment and sale of GIB.

4.3 With regard to the term 'enduring institution', the Government considers that the term is sufficiently clear not to warrant further definition, noting that setting specific timetables for how long an institution like GIB can endure will depend on a range of factors in the future which are impossible to predict (for example: state of green investment and financial markets, evolving climate change targets, emergence of new technologies). The statement made in the July 2015 Budget made clear that the objective of the sale was for the GIB to endure, securing its future sustainability by freeing it from the constraints of state aid and giving it the ability to raise its own finance.

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

¹⁴ <https://www.nao.org.uk/report/the-sale-of-eurostar>

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

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: 31 December 2020.

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

Twenty Sixth Report of Session 2017-19

Ministry of Housing, Communities and Local Government

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

Introduction from the Committee

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

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

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

Based on a report by the National Audit Office, the Committee took evidence, on 22 January 2018, from the Ministry of Housing, Communities and Local Government, Cambridge County Council, and Greater Cambridge Greater Peterborough Local Enterprise Partnership. The Committee published its report on 16 March 2018. This is the Government response to the Committee's report.

NAO and PAC Reports

- NAO report: *Investigation into the governance of Greater Cambridge Greater Peterborough Local Enterprise Partnership – Session 2017-2019* (HC410)
- PAC report: *Governance and departmental oversight of Greater Cambridge Greater Peterborough Local Enterprise Partnership – Session 2017-19* (HC 896)

Government responses to the Committee

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

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

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: Autumn 2018.

1.2 The Government accepted in full the findings of the Mary Ney review of Local Enterprise Partnership (LEP) governance and transparency. This was re-iterated in the Government's Best Practice Guidance¹⁵ (published in January 2018) which responded directly to the majority of the Mary Ney review's recommendations.

1.3 The majority of the Mary Ney Review recommendations have been implemented already through the Best Practice Guidance, which was published on 24 January 2018 and through the 'Annual Conversation' performance review guidance for 2017-18, which was provided to LEPs in November 2017. A draft version of the Best Practice Guidance was shared with LEPs in December 2017. Compliance with these recommendations is a condition to secure Local Growth Funding for the financial year 2018-19.

1.4 The Best Practice Guidance includes: detailed guidance and examples on the Codes of Conduct (based on the Nolan principles); transparency in decision making; explicit whistleblowing and confidential reporting procedures; and a bespoke pro forma Register of Interests. The Department is committed to ensuring that all LEP board members understand their obligations under the Nolan Principles to act in the public interest and lead by example with selflessness, integrity, objectivity, accountability, openness and honesty.

1.5 In line with the Department's annual assurance process, each LEP took part in an Annual Conversation where the Department reviewed the LEP's performance in key areas of strategy, delivery and governance. The Department has undertaken a series of spot checks on all LEPs; these are checks on a LEP's website and publicly available documentation to ensure compliance with the LEP National Assurance Framework and the Best Practice Guidance. In addition, the Department's LEP compliance team undertook a number of 'deep dives', which assessed the LEP's local assurance framework compliance with the National Assurance Framework and the Local Enterprise Partnership governance and transparency Best Practice Guidance. Interviews with a variety of Board Members and staff as well as project sampling were conducted to assess implementation of the Local Assurance Framework.

1.6 Feedback was provided to LEPs after each stage of the assurance process, highlighting areas for improvement. Where necessary individual action plans for LEPs were developed. The outcomes of the assurance process were considered and formed the evidence base for funding recommendations for financial year 2018-19.

1.7 The remaining recommendations of the Mary Ney Review are either currently being implemented or are contingent upon the outcomes of the Ministerial review of LEPs or the refresh of the National Assurance Framework, expected later in 2018.

1.8 The LEP review will consider the publication of LEP accounts and project schedules, best practice in scrutiny arrangements for LEPs, options for Government intervention to support struggling or non-compliant LEPs. It will also refresh the Memorandum of Understanding with the LEP Network. The refresh of the National Assurance Framework in summer 2018 will reflect general 'best practice' principles identified in the Mary Ney Review; guidance on the requirement to assess investment decisions in line with Treasury Green Book standards; and clarify 'examples' of conflicts of interest, based on best practice identified through 'spot checks'. Government is also working with the Chartered Institute of Public Finance and Accountancy (CIPFA) to produce guidance on the role of Section 151 Officers in LEPs. A consultation on the draft CIPFA guidance is taking place in May and the final guidance will be launched in the summer.

1.9 The Government recognises the importance of ensuring that every person involved in a LEP is aware of good governance and transparency best practice. The Department continues to monitor training requirements including the requirements for LEP chairs, senior executive staff, local authority staff, and departmental area leads. The Department is considering training in corporate governance for LEP Chairs and Chief Executives as part of the LEP review.

¹⁵ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/679430/LEP_Governance_and_Transparency_Best_Practice_Guidance.pdf.

2: PAC conclusion: *The Department's oversight system failed to identify GCGP LEP as one which should have raised concerns.*

2: PAC recommendation: *The Department should write to the Committee setting out the results of its compliance checks and annual conversations and it should also publish these results.*

2.1 The Government agrees with the Committee's recommendations.

Target implementation date: June 2018.

2.2 The Department will write to the Committee by June 2018 with an update on the implementation of the Mary Ney Review recommendations, an update on the key findings and results of the Department's assurance process including Annual Conversations, spot checks and deep dives and details of the guidance given to LEPs on corporate governance and transparency.

3: PAC conclusion: *Mary Ney's review of LEP governance and transparency provides a sound basis for improvement; however, the Department has a long way to go before it can be sure that all LEPs have implemented the review properly.*

3: PAC recommendation: *The Department should write to the Committee by 1 June 2018 with an update on the implementation of the Mary Ney review recommendations, and the results of its "deep dives." It should set out how this will ensure that concerns unearthed in GCGP LEP are not present in other LEPs, and detail the guidance given to LEPs on corporate governance and transparency.*

3.1 The Government agrees with the Committee's recommendations.

Target implementation date: June 2018.

3.2 The Department will write to the Committee by June 2018 with an update on the implementation of the Mary Ney Review recommendations, an update on the key findings and results of the Department's assurance process including Annual Conversations, spot checks and deep dives and details of the guidance given to LEPs on corporate governance and transparency.

4: PAC conclusion: *The Government has not been clear about the current role, function, and purpose of LEPs in the context of the creation of directly elected mayors and combined authorities.*

4: PAC recommendation: *The Department's policy review needs to make the role of LEPs absolutely clear, assess whether LEP boundaries are in the right place, evaluate their role in promoting economic growth and set out their place alongside new mayors and combined authorities.*

4.1 The Government agrees with the Committee's recommendation.

Target implementation date: Summer 2018.

4.2 The Department takes very seriously the need to provide clear lines of accountability so that LEPs can continue to drive on-going growth and investment decisions.

4.3 The Government is currently reviewing the roles and responsibilities of LEPs and will bring forward reforms to leadership, governance, accountability, financial reporting and geographical boundaries. The Government will work with LEPs to set out a more clearly defined set of activities and objectives.

4.4 The LEP review is assessing how best to define with greater clarity the strategic role of LEPs in driving growth and productivity in line with the Industrial Strategy; strengthen business leadership and corporate governance to ensure that LEPs remain diverse private sector-led organisations that can shape and challenge local economic decision making, through the adoption of best practice; establish clear accountability through rigorous financial reporting and enforcement of transparency in decision making; assess the impacts of boundary overlaps to ensure clarity, transparency and representation of functional economic areas; improve organisational capability and planning certainty, including looking at options for a common incorporation model; how LEPs are resourced and the standardisation of organisational structures and reporting; and define the relationship between LEPs and Local Authorities, as well as new organisational structures such as Mayoral Combined Authorities.

4.5 As part of this work, the Government is reviewing overlapping geographies to ensure local people are clear as to who is responsible for driving growth in their area, and provide greater clarity on LEPs' roles and responsibilities including consideration of the relationship between Mayoral Combined Authorities and LEPs.

5: PAC conclusion: *The Department has not developed a full range of interventions for LEPs and only uses the extreme, blunt option of withholding funds.*

5: PAC recommendation: *The Department needs to be alive to the ongoing risk of failure in LEPs and develop a proportionate range of interventions for LEPs, akin to those it has for local authorities.*

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: Autumn 2018.

5.2 The Government already has a robust system for monitoring the risk of failure in LEPs. A combination of quarterly data returns, annual performance assessments, and on-going engagement with area leads provides data for risk-based management of LEPs. The 2017-18 process tested a number of non-financial interventions to address concerns around LEP delivery, compliance and financial management. These included deep dives and the implementation of action plans to address areas requiring improvement identified through deep-dives and annual conversations.

5.3 The Department's central LEP compliance team and local area leads worked with LEPs to deliver bespoke remedial action plans where necessary, or additional support as required. The Section 151 Officer in the LEP Accountable Body has statutory responsibility for ensuring proper administration, providing a direct link back to Government and Parliament via the Department's Permanent Secretary.

5.4 The LEP Review will consider the approach used during the 2017-18 assurance process to set out the performance and sanctions framework in greater detail. It will provide greater clarity on the range of interventions to support or sanction LEPs which do not meet our expectations. These are being developed in consultation with Mary Ney, MHCLG's Non-Executive Director. The Government will adopt a collaborative approach and plans to work with the LEP Network to identify and share best practice and peer learning. Government will support this work using the lessons learnt from the deep dive process. This approach will be codified in the new National LEP Assurance Framework in autumn 2018.

Twenty Seventh Report of Session 2017-19

Ministry of Justice

Government contracts for community rehabilitation companies

Introduction from the Committee

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

Based on a report by the National Audit Office, the Committee took evidence, on 17 January 2018, from the Ministry of Justice. The Committee published its report on 21 March 2018. This is the Government response to the Committee's report.

NAO and PAC Reports

- NAO report: *Investigation into changes to Community Rehabilitation Company contracts - Session 2017-19* (HC 676)
- PAC report: *Government contracts for Community Rehabilitation Companies – Session 2017-19* (HC 897)

Government responses to the Committee

1: PAC conclusion: *The Ministry of Justice still has a long way to go before it achieves the objectives of its reforms.*

1: PAC recommendation: *The Ministry should update the Committee by the end of April 2018 about the financial stability of providers, particularly following profit warnings issued by one provider, and set out any further changes it intends to make to get its rehabilitation revolution on track to ensure the prime goal of reducing offending is actually achieved.*

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: October 2018.

1.2 The Department recognises that overall Community Rehabilitation Companies (CRCs) are still projected to make losses over the life of the contracts. The Department is currently in commercial discussions with its providers to consider how it can ensure CRCs provide the standard of services required. The Department will update the Committee once these discussions are concluded and in line with the October 2018 target date.

1.3 In Summer 2017, the Government made changes to CRC contracts so that payments to providers more accurately reflect the costs of delivering services to offenders. This change to the contractual payment mechanism increased the maximum potential value of the contracts by around £277 million for their remaining duration. The actual change in total value will depend on future volumes. These changes were made to support the continued delivery of probation services and maintain a focus on reducing reoffending. During oral evidence to the Justice Select Committee inquiry into Transforming Rehabilitation, a representative from Sodexo confirmed this adjustment had provided 'some certainty and stability' while Kent, Surrey and Sussex CRC noted it had 'brought about an element of stability'.

1.4 The Department works closely with all providers and with the Cabinet Office and other Government Departments to monitor the financial stability of its suppliers and manage any risks to the delivery of probation services. The Department has contingency plans in place should any provider be unable to deliver their contractual requirements.

2: PAC conclusion: *The Ministry's failure to pilot or properly understand its fundamental changes to the probation system has led to CRCs not investing in probation services, which have suffered as a result.*

2: PAC recommendation: *The Ministry should, by April 2018, write to the Committee to explain how it will ensure any future changes to the contracts of this scope and scale are well thought through and piloted to minimise damaging unintended consequences.*

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: October 2018.

2.2 The Department will continue to work very closely with its providers and their partners to learn lessons from the reforms and to consider how it can improve the performance of probation services and the operation of contracts.

2.3 Proposals for any future reforms of probation will be developed in consultation with the market and stakeholders, and informed by a range of sources, including reports from HM Inspectorate of Probation, the Committee and the NAO, and the findings and recommendations of the Justice Select Committee's inquiry into Transforming Rehabilitation. The Department will update the Committee on its future plans by October 2018.

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

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

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: October 2018.

3.2 The Transforming Rehabilitation reforms created opportunities for the third sector to bid to deliver probation services. The Department now has third sector organisations forming part of a consortium of prime providers (ARCC in Durham and Tees Valley CRC), working in partnership with private providers (for example, Nacro) and delivering services as part of CRCs' supply chains.

3.3 Contracts require CRCs to provide statutory probation services and support to offenders for their rehabilitation, and the Department will continue to hold providers to account for meeting their contractual obligations. The Department also monitors the composition and use of CRCs' supply chains, including the involvement of third sector organisations. The Department accepts that unforeseen financial challenges have often prevented CRCs from developing their supply chains to the extent envisaged. The lessons learned from this first generation of contracts will be applied to any future arrangements for probation service delivery.

3.4 The Department continues to provide funding to Clinks via an infrastructure grant to monitor and facilitate voluntary sector involvement in the delivery of services to offenders. Clinks continues to track the voluntary sector involvement in probation since the Transforming Rehabilitation reforms, and its next report, due to be published in May 2018, will provide an update on current levels of involvement.

3.5 The Department is currently in commercial discussions with providers to consider how it can ensure CRCs provide the standard of services required. The Department will update the Committee on the third sector contribution to CRC services once these discussions conclude. The Department is also undertaking further work to assess the CRC supply chains and will update the Committee on the proposed steps by October 2018.

4: PAC conclusion: *It is unacceptable that, almost half way through their seven year contracts with the Ministry of Justice, CRCs are not yet able to link their ICT systems to HM Prison and Probation Service.*

4: PAC recommendation: *HMPPS should, by July 2018, write to the Committee to confirm whether the 14 CRCs have successfully linked with HMPPS' ICT systems as planned and, if not, explain the reasons for any further delay.*

4.1 The Government agrees with the Committee's recommendation.

Target implementation date: October 2018.

4.2 The Strategic Partner Gateway, which allows providers to link their ICT systems to HMPPS systems, has been in place since September 2016. The Department is continuing to work with providers who intend to implement their new systems, acknowledging that some have decided to remain using IT systems provided by HMPPS. The Department will update the Committee on progress in providers implementing their own systems by July 2018 and will provide a further update including future plans for IT connectivity in Probation by October 2018.

5: PAC conclusion: *The Ministry still does not have complete and robust performance information, creating a risk that CRCs are not being held to account.*

5: PAC recommendation: *The Ministry should, by April 2018, write to the Committee explaining its rationale for changing how CRCs' performance is measured and set out when it expects CRCs to be achieving their new targets.*

5.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

5.2 CRC contracts contain service levels and assurance metrics which set out key performance expectations. Where providers are failing to meet these expectations, a range of actions can be taken, including requiring the development and implementation of improvement plans and, in the case of service levels, the imposition of service credits against CRCs. In addition, CRCs are required to meet targets to reduce reoffending, with payments dependent on performance against these targets.

5.3 The Department undertook a review of the performance framework for probation which led to some changes to the service levels in CRC contracts. The review involved extensive engagement with providers and reflected our ambition for a greater focus on outcomes rather than outputs. Revisions were made to service levels to remove any potential for perverse incentives and ensure that measures are focused on key activities and provide sufficient scrutiny of different areas of service delivery. The Department now uses these revised metrics to measure CRC performance.

6: PAC conclusion: *It is not yet clear what the Ministry has received from CRCs in return for the contract changes it negotiated with them.*

6: PAC recommendation: *The Ministry should, by the end of April 2018, write to the Committee with details of what the taxpayer has received for the extra money it has pledged to CRCs. As part of this, the Ministry should clarify what protections it has put in place to ensure that the additional funding is being directed towards frontline rehabilitation services, and take immediate steps to recoup the £9 million owed by CRCs.*

6.1 The Government agrees with the Committee's recommendation.

Target implementation date: October 2018.

6.2 The Department changed CRC contracts in summer 2017 so that payments to providers more accurately reflect the costs of delivering services to offenders. Contracts originally assumed that 20% of providers' costs were fixed and could not be changed within 12 months; in fact, on average 77.3% of provider's costs are fixed. This original assumption in the contracts meant that providers were being paid less than the cost of delivering the services.

6.3 The Department therefore changed the contracts so that providers were more appropriately resourced to meet their contractual obligations, supporting them to deliver the standard of services the Department and taxpayers require. The rationale for the change and the benefits achieved for the funding provided in the contractual adjustment in the summer of 2017 are as set out in the NAO report. The Department continues to robustly manage the contracts. Projected payments to CRCs still remain significantly below the original £3.7 billion forecast when contracts were let.

6.3 Contractual end-of-year reconciliation exercises identified circa £9 million of fee-for-service payments to CRCs that could be recovered by the Department. As part of the current commercial discussions with providers, the Department will agree how repayment of this outstanding amount is resolved. The Department will update the Committee by October 2018.

Twenty Eight Report of Session 2017-19

Ministry of Defence

Ministry of Defence: acquisition and support of defence equipment

Introduction from the Committee

Non-competitive procurement of defence equipment

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

Support arrangements and cannibalisation of navy equipment

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

Contingent liabilities

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

Based on a Report by the National Audit Office, the Committee took evidence on 10 January 2018 from the Ministry of Defence. The Committee published its report on 23 March 2018. This is the Government's response to the Committee's report.

NAO and PAC Reports

- NAO report: *Improving value for money in non-competitive procurement of defence equipment* - Session 2017-19 (HC 412)
- NAO report: *Investigation into equipment cannibalisation in the Royal Navy* – Session 2017-19 (HC 525)
- PAC report: *Ministry of Defence: acquisition and support of defence equipment* Session 2017-19 (HC 724)

Government responses to the Committee

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

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

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: October 2018.

1.2 The Department cannot compete its requirements on every occasion and that there are valid reasons why a single source procurement route is sometimes appropriate. The Department is taking several initiatives to increase competition and agrees these should be articulated as part of a clear strategy for increasing levels of competitive procurement. The Department will produce a strategy for Maximising Competition in Defence Procurement and publish this by October 2018.

1.3 The Department has well-established processes for validating single source procurement decisions, includes obtaining a legal opinion that the procurement route is justified, so mitigating the risk of legal challenge. The Department is taking several initiatives which may impact favourably on the proportion of competitive procurement achieved in the years ahead; for example, the vision behind the National Shipbuilding Strategy¹⁶ is for a modern, efficient, productive and competitive marine sector, exemplified in the decision to compete the requirement for the new Type 31e general purpose frigate.

1.4 In December 2017, the Department refreshed its Defence Industrial Policy¹⁷ to create an environment that encourages growth and a globally competitive UK defence industry. The policy refresh builds on the 2015 Strategic Defence and Security Review which included steps to nurture competitive solutions through the Defence Innovation Initiative¹⁸.

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

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

2.1 The Government agrees the Committee's recommendation.

Target implementation date: March 2020.

2.2 The Government agrees the Department should meet this target by March 2020. It is important to bear in mind that the Act gives Secretary of State the power to direct that a contract should not fall under the regime, and hence will not be eligible. There have been a small number of such exemptions to date, and the Department is committed to keeping the number low. Departmental policy is that only the Defence Secretary is authorised to exempt contracts.

2b: PAC recommendation: *Where suppliers refuse to comply with the regime, the Department should develop and apply appropriate sanctions.*

2.3 The Government disagrees the Committee's recommendation.

¹⁶ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/643873/NationalShipbuildingStrategy_lowres.pdf

¹⁷ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/669958/DefenceIndustrialPolicy_Web.pdf

¹⁸ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/553429/MOD_SB_Innovation_Initiative_Brochure_v21_web.pdf

2.4 The Government disagrees that the Department should develop further sanctions because appropriate sanctions are already available through the legislation enacted by Parliament in 2014. The Government agrees that these powers should be applied appropriately. The existing remedies including substantial fines, civil penalties and the right to refer contracts to the SSRO. Both industry and the Department have made referrals to the SSRO, one of which has resulted in a legally binding change to the contract price. Others have resulted in agreement between the parties without the need for a legal determination.

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

2.5 The Government agrees the Committee's recommendation.

Target implementation date: March 2020.

2.6 The recent review of the regulations by the Secretary of State for Defence has identified several opportunities to extend the reach of the regime. The Government intends to propose these when there is sufficient Parliamentary time to consider the necessary legislation.

3: PAC conclusion: *The Department has made promises of significant savings arising from application of the Single Source Contract Regulations, but actual savings achieved so far are very limited.*

3: PAC recommendation: *The Department must improve its information and performance monitoring systems so it can effectively track progress against its savings targets and intervene in a timely way to increase momentum. The Department should demonstrate to the Committee at the earliest opportunity that actual savings are being achieved.*

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: November 2018.

3.2 The Department is currently undertaking a review of the method used to measure savings and track progress against targets. The Department expects to complete this review, implement any necessary changes and provide updated figures to the Committee by November 2018.

4: PAC conclusion: *The Secretary of State's review of the regulatory regime provides an opportunity to strengthen the Regulations and the powers of the Single Source Regulations Office (SSRO).*

4: PAC recommendation: *The SSRO needs appropriate powers and access to information to do a rigorous and independent job. The Committee expects the Department to set out how the SSRO's powers will be strengthened; and whether, and if so, how contracts will include a requirement on contractors to provide the SSRO with appropriate, reliable data and contractual information.*

4.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

4.2 The legislation, enacted in 2014, includes a requirement to provide the SSRO and the Department with appropriate, reliable data, and contractual information relevant to the SSRO's statutory functions. The Secretary of State for Defence has recently completed a review of the legislation, as required by the Defence Reform Act 2014. The review included consideration of the powers of the SSRO. The results of this review, including matters relating to strengthening SSRO powers will be announced shortly by the Secretary of State.

5: PAC conclusion: *It will be particularly important that the Department does all it can to ensure that UK suppliers, including smaller companies, are not disadvantaged as a result of Brexit.*

5: PAC recommendation: *The Department needs to do more to maintain diversity amongst smaller suppliers, and to safeguard the interests of British industry after the UK has left the European Union.*

5.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

5.2 The Government's vision for a post-Brexit, Global Britain was set out in the PM's Mansion House speech.¹⁹ The Department is committed to exploring how the UK and European defence and security industries can continue to work together to deliver the capabilities needed to counter shared threats and promote mutual prosperity. The UK is seeking the best possible deal for UK industry, which facilitates European collaboration; the UK wants to agree future relationships with the European Defence Agency (EDA) and European Defence Fund (EDF)²⁰, so that European capabilities can continue to be developed with the participation of the UK's research and industrial expertise and facilities.

5.3 The Defence Secretary has asked Mr Philip Dunne MP to carry out an external review to look at how the defence industry can create jobs and growth for the UK, which will particularly relevant post-Brexit. The Dunne Review will be published in the context of the Modernising Defence Programme.

5.4 In partnership with Crown Commercial Service, the Department is taking steps to make it easier for smaller suppliers to do business with the Department, introducing a new requirement to advertise sub-contract opportunities on Government platforms from May 2018. The Department is engaged with the rest of Government supporting smaller businesses through policies, to be introduced progressively during 2018/19, to improve supplier selection, maximise competition in the supply chain, and ensure fair treatment.

6: PAC conclusion: *The Department's arrangements to support in-service Type 45 destroyers and Astute-class submarines have not been adequate.*

6: PAC recommendation: *The Department must make sure it adequately funds the provision of spares for its future new ships—the aircraft carriers and the Type 26 and Type 31 frigates—in order not to repeat the same mistakes made with the Type 45 destroyers and Astute class submarines. It should provide an assessment of what it sees as an acceptable cost envelope for spares that balances competing risks, including the costs of oversupply, risks to effective deployment, and delays in receipt of spare parts.*

6.1 The Government agrees the Committee's recommendation.

Recommendation implemented.

6.2 The Department accepts that there are lessons to be learned from the support solutions for the Type 45 Destroyers and the Astute Class submarines, and these lessons have been taken forward to the newer classes of ships. When a new class of ship is designed, the Department will design-in a support solution and model optimum spares requirements based on the best available information.

6.3 The Queen Elizabeth Class (QEC) Aircraft Carriers are a distinctly separate programme to the Type 45, with different support solutions, and engagement will continue between the QEC programme and the Type 26 programme to take forward lessons learned and adopt best practice. The Type 26 and Type 31e Frigate programmes are at an early stage, and the Department is, therefore, unable to provide

¹⁹ <https://www.gov.uk/government/speeches/pm-speech-on-our-future-economic-partnership-with-the-european-union>

²⁰ <https://www.gov.uk/government/speeches/pm-speech-at-munich-security-conference-17-february-2018>

an assessment of the cost envelope and associated funding. The Type 26 support costings are currently under development and will be subject to Departmental approval in due course.

6.4 The Department reiterates that cannibalisation is a recognised Defence practice for satisfying a materiel demand within a required delivery date and is an essential practice to ensure the protection of the operational programmes of the units. It offers an affordable alternative to increasing stock levels, as a means of securing value for money, and is only used when other sources of supply have been explored. It can make clear economic sense to take an existing component from one vessel, which is not required at that time, rather than hold enormous stocks on the shelf when it could not be predicted which stocks would be required and in what timescales. The Department would not, therefore, expect a level of 0% cannibalisation.

7: PAC conclusion: *The Navy and DE&S have not always ensured that spare parts are available when required for ship and submarine maintenance.*

7: PAC recommendation: *The Navy and DE&S should work with contractors to better plan for scheduled maintenance and ensure that parts are available when required so that the now smaller Royal Navy can fulfil its operational commitments.*

7.1 The Government agrees the Committee's recommendation.

Recommendation implemented.

7.2 The Department recognises that cannibalisation can be minimised through improvements in demand and supply planning and delivery performance. Progress has been made on this through the Maritime Supply Chain Improvement Programme, and further improvements are targeted.

8: PAC conclusion: *The Navy has become more reliant on equipment cannibalisation, with some pieces of equipment being repeatedly cannibalised.*

8: PAC recommendation: *The Department must deliver on its undertaking that cannibalisation should not be routine, particularly in relation to repeatedly cyclical cannibalisation of parts. To this end, the Department should, by the end of September, write to the Committee identifying revised targets for acceptable, safe levels of cannibalisation, and what additional actions could be undertaken to reduce it.*

8.1 The Government disagrees the Committee's recommendation.

8.2 The Department has been analysing the case for setting individual platform targets and have concluded that the decision for each incident of cannibalisation must stand on its own merits. Navy Command has put in place a robust monitoring system which is now tracking the occurrences of cannibalisation and, importantly, allowing for trends to be identified and addressed. Navy Command remains committed to delivering operational availability in the most efficient and economical way and, as explained in to the Committee²¹, cannibalisation contributes to their ability to do this.

9: PAC conclusion: *The Department expects vessel cannibalisation to decline but cannot say to what extent, or by when, and has no upper limit on what level it would tolerate.*

9: PAC recommendation: *The Department needs to ensure it has adequate data to better understand and respond to cannibalisation trends so as to implement our recommendations across both the Navy and the other Front Line Commands.*

9.1 The Government agrees the Committee's recommendation.

²¹ <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/public-accounts-committee/reuse-of-components-in-the-royal-navy/oral/76698.html>

Recommendation implemented.

9.2 The Department continues to invest in advanced modelling of their inventory requirement to ensure that the requirements of complex operations, technologically advanced equipment and high tempo programmes are achieved. This investment ensures that cannibalisation remains a last resort option, but one that is essential to protect the operational programmes of the units.

9.3 The Royal Navy has conducted a thorough review of the management of cannibalisation requests, informed by the findings of the National Audit Office Investigation, and a revised policy is in place. This will allow the Royal Navy to monitor trends more closely, and includes the increasing need for cost consciousness alongside the operational imperative.

9.4 As the Permanent Secretary confirmed in his letter to the Committee of 22 January 2018, the Department will look at the Army and Royal Air Force data to ensure that, where applicable to those Services, the lessons learned from this investigation into cannibalisation in the Royal Navy are applied. The Department is ensuring that the same level of rigour is applied to cannibalisation across all Front-Line Commands.

10: PAC conclusion: The Department has repeatedly failed to comply with long established procedures, denying both Parliament and the Treasury the opportunity to scrutinise the extent to which the taxpayer might be exposed to huge liabilities.

10: PAC recommendation: *The Department must ensure all contingent liabilities are notified properly to the Committee and the Treasury. The Committee expects it to take disciplinary action if this does not happen. The Committee expects the Department to set out clearly the rationale for contingent liabilities in all cases, and to rigorously place a value on the liability involved, wherever possible, working with others as necessary.*

10.1 The Government agrees with the Committee's recommendation.

Target implementation date: Autumn 2018.

10.2 The Government has taken steps to improve its reporting of contingent liabilities to the Treasury and Parliament. The Chief Executive Officer of Defence Equipment and Support (DE&S) has written to the senior DE&S leadership outlining the Committee's concerns and potential for future disciplinary action for any further breaches. This has been supported by a series of measures to ensure future compliance including mandated training for project, commercial and finance staff, improving the clarity of internal guidance and procedures, and additional controls in the approvals process.

10.3 The Department has recently written to the Committee Chair confirming the completion of the wider departmental review. The measures already implemented in DE&S are being extended to ensure compliance across the whole department.

10.4 The Government recognises the need to set out the rationale and place values on contingent liabilities wherever possible, although some contingent liabilities may remain unquantifiable because evidence to support valuation is not available, so they can therefore not be measured with reliability.

Twenty Ninth Report of Session 2017-19

Department of Health and Social Care

Sustainability and transformation in the NHS

Introduction from the Committee

The Department of Health and Social Care is ultimately responsible for securing value for money from healthcare services. It sets objectives for the NHS through an annual mandate to NHS England and in 2016–17 gave it £105.7 billion to plan and pay for services and patient care delivered by the NHS. NHS England allocated the greatest share of this budget to 209 clinical commissioning groups, which largely bought healthcare from 235 hospital, community and mental health trusts. Trusts manage their expenditure against the income they receive, while NHS Improvement oversees and monitors the performance of trusts. The Department has made NHS England and NHS Improvement responsible for ensuring the NHS balances its budget.

In 2016–17, NHS England, clinical commissioning groups and NHS trusts and NHS foundation trusts reported a combined surplus of £111 million against their income, a significant improvement compared to the combined deficit of £1,848 million they reported in 2015–16. This improvement was the direct result of the Department's £1.8 billion Sustainability and Transformation Fund, paid by NHS Improvement²² to trusts for meeting financial and performance targets. Without this Fund, the combined financial position of the NHS would have been only slightly better than in 2015–16. As well as balancing its books each year, the NHS needs to invest in new ways of working that can better serve the changing needs of patients and increasing demand for services. To facilitate a more long-term approach to achieving sustainability, local partnerships of commissioners, trusts and local authorities have been set up to develop long-term strategic plans and transform the way services are provided more quickly.

Based on a report by the National Audit Office, the Committee took evidence, on 5 March 2018, from the Department of Health and Social Care, NHS England and NHS Improvement. The Committee published its report on 27 March 2018. This is the Government response to the Committee's report.

NAO and PAC Reports

- NAO report: *Sustainability and transformation in the NHS – Session 2017-19* (HC 719)
- PAC report: *Sustainability and transformation in the NHS – Session 2017-19* (HC 793)

Government responses to the Committee

1: PAC conclusion: *The Department of Health and Social Care's (the Department) system for funding and financially supporting the NHS focuses too much on short-term survival and limits the NHS's ability to transform services to achieve sustainability in the long term.*

1: PAC recommendation: *The Department should, by mid-July, write to the Committee with details of its progress towards achieving a coherent package of measures that support more stable long-term funding arrangements in the NHS. This should include its plans for future sustainability funding, its plans to reduce one-off savings, and its plans to secure a long-term funding settlement from HM Treasury which reflects a realistic level of funding needed.*

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: December 2018.

1.2 The Prime Minister announced at the Liaison Committee on 27 March 2018 the Government's intention to work with health leaders to develop a long-term plan for the NHS, underpinned by a multi-year funding settlement. In combination, these should help ensure that the NHS is sustainable and able to

²² Sustainability and Transformation Fund is paid by NHS England – not NHS Improvement as noted in the Committee's introduction

cope with rising demand for health services. Further detail on the Government's approach will be brought forward shortly.

2: PAC conclusion: *Staff shortages across the NHS are having a serious and negative impact on both the sustainability and transformation of services.*

2: PAC recommendation: *The Department and NHS England should, by May 2018, report back to the Committee on what action they are taking to tackle key workforce issues, including nursing shortages and high levels of GP retirement and also provide evidence to show whether current plans are adequate to tackle this serious problem.*

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: Summer 2018.

2.2 Health Education England (HEE) published a draft health and care workforce strategy for consultation in December 2017. The consultation has now closed and HEE will publish a final strategy in due course.

2.3 To meet the health and care sector's current and future need for nurses, doctors and midwives, the Department has announced large increases to the number of training places available each year. There will be a 25% expansion for nurses, from September 2018, and midwives, from 2019. HEE has made 3,250 places in GP speciality training available each year since 2016; with 3,157 new starters recruited in 2017. A record number of undergraduates will begin medical training by 2020 with 1,500 new places funded and five new medical schools established.

2.4 Broadening routes into nursing is a priority for the Department. That is why the new Nursing Associate role and the Nurse Degree Apprenticeship have been developed, which will open up routes into the registered nursing profession. There is a commitment to training up to 5,000 Nursing Associates in 2018 and up to 7,500 in 2019.

2.5 NHS England and HEE are working together with the GP profession on measures to boost recruitment; address the reasons why GPs are leaving the profession; and, encourage GPs to return to practice.

2.6 Workforce productivity will be increased through more efficient use of technology to free up clinician time, and intelligent deployment of staff with e-rostering. The Topol Review will further examine the potential for the workforce to better exploit existing and future technologies. Improving the retention of existing staff by increasing shift flexibility to boost morale is being looked at.

3: PAC conclusion: *The support offered by the Department and NHS Improvement to those trusts with deep-seated structural problems, including large levels of debt, appears to be working against each other, posing a significant risk to the long-term stability of the NHS.*

3: PAC recommendation: *The Department and NHS Improvement should, by summer 2018, publish a coherent strategy for addressing long-term structural problems in trusts. This should include an agreement on how the underlying deficit in trusts will be measured; a series of interventions and expectations covering what trusts can realistically achieve given the scale of the problems concerned; an improved allocation of sustainability funding that better targets the most challenged trusts; and an agreed position on the effectiveness and impact of a high rate of interest on loans to challenged trusts.*

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2019.

3.2 All NHS providers are required to prepare operating plans for 2018-19 setting out their underlying financial position at the end of 2017-18 and how their financial performance will improve.

3.3 NHS Improvement and NHS England jointly published their planning guidance for 2018-19 on 2 February 2018.²³ It sets out the financial framework for the sector and financial performance expectations have been set for providers and commissioners. The guidance also establishes how additional resources for 2018-19 will be made available; how capital funding will be prioritised; the underlying assumptions that should be used for planning; and the contracting approach for specialised services.

3.4 Providers operate within the *Single Oversight Framework* and it clearly sets out expectations of their performance including action that can be taken by NHS Improvement should they fall short.

3.5 Control totals and the Sustainability and Transformation Fund have been useful and necessary tools to manage NHS spending. However, NHS Improvement, the Department and NHS England acknowledge that the financial framework will be reviewed for 2019-20 onwards. This review will include the rate of interest paid on loans to challenged trusts and the operation of the Provider Sustainability Fund and the Commissioner Sustainability Fund, both in relation to organisational and system control totals. The review will need to consider details of the Government's long-term plan for the NHS. The review is expected to conclude by spring 2019 but will consider whether there are any specific changes that would be beneficial to implement earlier in the 2018-19 financial year.

4: PAC conclusion: *Despite previous concerns raised by the Committee, the Department has still not sufficiently considered the long-term consequences on services and patient care of repeated raids on its capital budget.*

4: PAC recommendation: *The Department should ensure its review of how capital budgets are spent is expanded to assess the impact on services and patient care of repeated capital transfers.*

4.1 The Government disagrees with the Committee's recommendation.

4.2 At the time of the Spending Review it was recognised that as the NHS's plans developed, the effective deployment of resources could be supported by reprioritisation across spending categories (capital and revenue) where it made sense to do so, in order to support the best care for patients. That notwithstanding, the Government is planning to reduce the level of transfer from the capital budget to revenue in 2018-19 and 2019-20, and to eradicate it by the end of the Spending Review period.

4.3 The Government has recognised the need for increased investment and announced in the 2017 Autumn Budget an additional £3.5 billion of capital. As well as funding estate transformation to support the delivery of Sustainability and Transformation Partnerships' plans, this also included additional investment to support backlog maintenance of the existing estate as well as investment to support efficiency programmes.

4.4 Alongside this additional funding, the Budget announced work to review and improve the rules that inform NHS trusts' use of capital resources. The review's focus is therefore looking forward to ensure that the Department achieves maximum value from the available capital budget to maintain and enhance the NHS estate and other capital assets. The Government believes that the review is best focussed on how the actual capital budget can best be deployed, rather than considering hypothetical scenarios in which different levels of capital funding were available.

5: PAC conclusion: *NHS England and NHS Improvement could not clearly articulate how accountability will work under the new integrated care systems being set up.*

5: PAC recommendation: *NHS England and NHS Improvement should work with the new integrated care systems to define and test how accountability should operate under these new arrangements, and should publish model guidance by September 2018.*

²³ www.england.nhs.uk/publication/refreshing-nhs-plans-for-2018-19

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2019.

5.2 The accountability model for integrated care systems was co-designed with the first cohort of systems during 2017-18, with proposals for system-led performance oversight and financial management published in the 2018-19 planning guidance. Central to this are development of 'system control totals' in return for greater financial flexibility between organisations in a system, devolved transformation funding and new relationships with regulators.

5.3 Each system has been required to provide evidence about how decisions will be made, and who is accountable for delivering value for money from transformation expenditure, to access devolved transformation funding. Support to systems will include gauging their governance and leadership maturity, and enabling local leaders to assume further oversight and decision-making powers for their systems under a three-stage progression model.

5.4 First cohort systems are at an early stage of maturity. NHS England recognises the importance of refining this model and using it during 2018-19 to inform the model for further cohorts. NHS England and NHS Improvement propose to make this good practice available to other systems during the course of 2018-19.

5.5 To support more systems to develop capability for managing this accountability during the year, NHS England and NHS Improvement will undertake a wide range of dissemination and engagement activities to support potential future integrated care systems based on the learning of the first cohort.

5.6 There remain no statutory changes to the accountability of individual organisations that constitute integrated care systems.

6: PAC conclusion: NHS England and NHS Improvement have not yet coordinated their approaches to regulating partnerships and integrated care systems, meaning local organisations which should be working together receive mixed and confusing messages.

6: PAC recommendation: NHS England and NHS Improvement should write to the Committee by May 2018 to set out how they will better integrate their regulatory functions and more effectively oversee the performance and operation of integrated systems.

6.1 The Government agrees with the Committee's recommendation.

Target implementation date: Summer 2018.

6.2 Since the publication of the December 2015 planning guidance, NHS England and NHS Improvement have worked closely together to ensure that renewed focus on collaboration in local systems is reflected in better coordination of their respective statutory functions, and more joined-up guidance and support for localities at regional and national level.

6.3 This has provided greater consistency to both NHS commissioners and providers as to their sector regulators' requirements and priorities. Recent changes include developing regional unified urgent and emergency care programme management and jointly-appointed implementation leadership for priority areas including mental health and technology. Other simplifying measures include the development of more streamlined oversight arrangements. A single 'Integrated Oversight Framework' measuring system-wide performance will eventually replace previous separate frameworks for individual commissioners and trusts.

6.4 NHS England and NHS Improvement have subsequently published a joint commitment to implement integrated regional offices, beginning in September 2018. The two organisations will also be adopting joint national governance and decision-making where this is consistent with their statutory duties.²⁴

²⁴ www.england.nhs.uk/wp-content/uploads/2018/03/07-pb-28-03-2018-proposals-on-delivering-joint-working-nhs-england-nhs-improvement.pdf

7: PAC conclusion: *The patient voice is at risk of being lost as sustainability and transformation partnerships' engagement with the voluntary sector and local government is variable.*

7: PAC recommendation: *The Department, NHS England and NHS Improvement should, by summer 2018, set out clearer guidance and evidence of how the NHS, local government and the voluntary sector can work more cohesively as a whole system, including communication and engagement with patients.*

7.1 The Government agrees with the Committee's recommendation.

Target implementation date: Autumn 2018.

7.2 NHS England and NHS Improvement want to do more to strengthen the patient voice in different ways, for example by enabling community co-production of local proposals and by improving the transparency of decision-making. The 2018-19 planning guidance emphasised the particular importance of involving democratic representatives.

7.3 NHS England produced national guidance in 2016 (refreshed in 2017) for those developing local partnerships. This included a summary of relevant statutory duties, guidance and evidence of good practice and engagement principles from both NHS and independent sources. Supplementary material for frontline practitioners were widely circulated, promoting good emerging local practice as set out in recent written evidence to the Health and Social Care Committee. This included briefings on involving voluntary and community partners (March 2017), Healthwatch groups (jointly produced with Healthwatch England, May 2017) and elected representatives (July 2017).

7.4 During 2017-18, NHS England supported 17 partnerships to work more strategically with voluntary organisations on shared priorities, supported by the National Council for Voluntary Organisations, Social Enterprise UK and others. It will expand this support during 2018-19 and promote relevant learning.

7.5 NHS regulators remain committed to amplifying patient and community voices in 2018-19 and will support local systems to strengthen engagement. Measures will include updated guidance and evidence (including new work with the Local Government Association on involving local government), targeted funding, training and advice, and building engagement into assessment and development programmes for local systems.

8: PAC conclusion: *The financial pressures facing NHS providers has led to the Department using money to prop up services but not to transform them to provide better care.*

8: PAC recommendation: *The Department should report back to the Committee by summer 2018 on the work it is doing to promote new ways of working and examples of good practice by vanguards to all areas of the country.*

8.1 The Government agrees with the Committee's recommendation.

Target implementation date: Autumn 2018.

8.2 Sustainability and Transformation Partnerships (STPs) and integrated care systems build directly on the lessons of the 50 vanguard sites that led development of new care models. To date, promotion of their learning to other systems across England includes transition plans for each vanguard setting out how they will sustain their progress and spread it through the surrounding STP or Integrated Care System; publication of frameworks for each vanguard type that should be used by other areas of the country as they integrate services; a memorandum of understanding with each Integrated Care System that requires them to implement the learning developed by the vanguards; the development of a new 'System Transformation Group', formed out of the national vanguard team, with the task of supporting integrated care; and regular learning events for individual vanguard sites for others developing integrated care.

8.3 It also includes the formation of a networks of practice between vanguards and those working in sustainability and transformation partnerships and integrated care systems, including a shared online resource and discussion space, and regular face-to-face workshops; an on-line learning platform that curates vanguard learning and is available to other systems; regularly showcasing vanguards' experiences at NHS and external conferences and smaller-scale events; work with representative organisations the NHS Confederation, NHS Providers and the Local Government Association to promote vanguards' new ways of working and experiences to their members across the country, through case studies, blog posts and other written material; and production of a series of video case studies describing what changes were made, published during April 2018.

Thirtieth Report of Session 2017-19

Department for Education

Academy schools' finances

Introduction from the Committee

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

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

Based on the Academy Schools Sector in England Consolidated Accounts published by the Department for Education, and the related report by the National Audit Office, the Committee took evidence from the Department and the Education and Skills Funding Agency (ESFA). The Committee published its report on 30 March 2018. This is the Government response to the Committee's report.

NAO and PAC Reports

- DFE Report: *Academy Schools Sector in England Consolidated annual report and accounts for the year ended 31 August 2016 - Session 2017–19* (HC 425)
- PAC report: *Academy schools' finances – Session 2017-19* (HC 736)

Government responses to the Committee

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

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

1.1 The Government agrees with the Committee's recommendation.

Target Implementation date: August 2019.

1.2 The ESFA agrees with the principle of increasing scrutiny and transparency over related party transactions and is planning to implement changes during the 2018-19 academic year (September 2018 to August 2019).

2: PAC conclusion: *The accounts would better support transparency and accountability if they included more detailed analysis.*

2: PAC recommendation: *The Department should publish more analysis in the accounts for 2016–17, including a comparison of the performance of academy trusts of different sizes and geographical areas.*

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: October 2018.

2.2 The 2016-17 Academy Sector Annual Report and Accounts, scheduled for publication in October 2018, will include more analysis, including comparative data for the first time. In future years, where necessary, the Department will request additional data from the sector to continue to improve the quality of analysis in the accounts.

3: PAC conclusion: *Some academy trusts appear to be using public money to pay excessive salaries.*

3: PAC recommendation: *The Department should extend its work to challenge all academy trusts that are paying excessive salaries and take action where these cannot be justified. The Department should write to the Committee and update the Committee on the results of this work.*

3.1 The Government agrees with the Committee's recommendation.

Target Implementation date: June 2018.

3.2 The ESFA continues to challenge where high salaries are awarded to ensure a robust evidence-based approach has been followed. The ESFA emphasised the importance of pay restraint in the 2017 Academies Financial Handbook, noting that "*the board of trustees must ensure that their decisions about levels of executive pay follow a robust evidence-based process and are reflective of the individual's role and responsibilities.*" Action taken so far by the ESFA includes:

- on 4 December 2017 writing to the 29 single academy trusts paying salaries in excess £150,000, asking for the rationale for setting this salary and evidence that robust evidence-based processes were in place;
- on 23 February 2018 writing to the 87 Multi Academy Trusts paying salaries in excess £150,000 to do the same; and
- on 10 April 2018 asking 43 trusts paying two or more people more than £100,000 to do the same.

3.3 The Department will write to the Committee in June 2018 with an update on progress.

4: PAC conclusion: *With the growing financial pressures on schools, the Department is not doing enough to identify academy trusts that are at risk of getting into financial difficulty.*

4: PAC recommendation: *The Department should, by the end of June 2018, write to the Committee with details of its progress in improving how it identifies, and intervenes with, academy trusts at risk of financial difficulty.*

4.1 The Government agrees with the Committee's recommendation.

Target Implementation date: Summer 2018.

4.2 The ESFA will write to the Committee during Summer 2018 with full details of how it identifies and intervenes with academy trusts at risk of financial difficulty.

5: PAC conclusion: *The Department could not clearly explain how it protects schools' funds and assets when a multi-academy trust fails.*

5: PAC recommendation: *The Department should write to the Committee by the end of June 2018 with detail of how funds and assets will be protected and redistributed when schools transfer to another academy trust after one has failed. The Department needs to develop a risk strategy for how to tackle multi-academy trust failure.*

5.1 The Government agrees with the Committee's recommendation.

Target Implementation date: June 2018.

5.2 The ESFA will write to the Committee by the end of June 2018 with full details of how funds and assets are protected and distributed when schools transfer to another academy trust after one has failed.

5.3 When an academy trust winds up, no academy trust or trustees can profit from their schools. An academy trust cannot retain any public funds it has at the point of dissolution. If the trust winds-up in a surplus position, the Department will work with the incoming trusts to agree a fair way of redistributing these resources.

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

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

6.1 The Department agrees with the Committee's recommendation.

Target implementation date: December 2018.

6.2 The Department is working with stakeholders in the Asbestos in Schools Steering Group. On 1 March 2018, it launched the Asbestos Management Assurance Process (AMAP) which will help improve its understanding of asbestos management in schools so that, along with the Health and Safety Executive, local authorities and academy trusts can deal with this issue as effectively as possible. The Department intends to publish a report on the findings of the Asbestos Management Assurance Process once it has fully analysed the results, including a list of the Responsible Bodies that have provided assurance declarations on their schools' compliance with the Control of Asbestos Regulations 2012. The Department expects all Responsible Bodies to participate in AMAP.

6.3 If parents request sight of the Asbestos Management Plan and Asbestos Location Register, schools should provide them access. The Department is also conducting the Condition Data Collection (CDC), under which surveyors visiting every Government funded school in England will request sight of those documents.

6.4 The Department will review the findings from the AMAP and determine what further action may be necessary to ensure that asbestos is being effectively managed in the school estate, including information for parents.

Treasury Minutes Archive²⁵

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

Session 2017-19

Committee Recommendations: 187
 Recommendations agreed: 171 (91%)
 Recommendations disagreed: 16 (9%)

Publication Date	PAC Reports	Ref Number
December 2017	Government response to PAC report 1	Cm 9549
January 2018	Government responses to PAC reports 2 and 3	Cm 9565
March 2018	Government responses to PAC reports 4-11	Cm 9575
March 2018	Government responses to PAC reports 12-19	Cm 9596
May 2018	Government responses to PAC reports 20-30	Cm 9618
June 2018	Government responses to PAC reports 31-37	Cm

Session 2016-17

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

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

Session 2015-16

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

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

²⁵ List of Treasury Minutes responses for Sessions 2010-15 are annexed in the Government's response to PAC Report 52

²⁶ Report 32 contains 6 conclusions only.

Treasury Minutes Progress Reports Archive

Treasury Minutes Progress Reports are the Government's response on the implementation of recommendations from the Committee of Public Accounts. Treasury Minutes Progress Reports are Command Papers laid in Parliament.

Publication Date	PAC Reports	Ref Number
January 2012	Session 2010-12: updates on 13 PAC reports	Cm 8271
July 2012	Session 2010-12: updates on 28 PAC reports	Cm 8387
February 2013	Session 2010-12: updates on 31 PAC reports	Cm 8539
July 2014	Session 2010-12: updates on 60 PAC reports Session 2012-13: updates on 37 PAC reports	Cm 8899
March 2015	Session 2010-12: updates on 26 PAC reports Session 2012-13: updates on 17 PAC reports Session 2013-14: updates on 43 PAC reports	Cm 9034
February 2016	Session 2010-12: updates on 8 PAC reports Session 2012-13: updates on 7 PAC reports Session 2013-14: updates on 22 PAC reports Session 2014-15: updates on 27 PAC reports	Cm 9202
July 2016	Session 2010-12: updates on 6 PAC reports Session 2012-13: updates on 2 PAC reports Session 2013-14: updates on 15 PAC reports Session 2014-15: updates on 22 PAC reports Session 2015-16: updates on 6 PAC reports	Cm 9320
January 2017	Session 2010-12: updates on 1 PAC report Session 2013-14: updates on 5 PAC reports Session 2014-15: updates on 7 PAC reports Session 2015-16: updates on 18 PAC reports	Cm 9407
October 2017	Session 2010-12: updates on 3 PAC reports Session 2013-14: updates on 7 PAC reports Session 2014-15: updates on 12 PAC reports Session 2015-16: updates on 26 PAC reports Session 2016-17: updates on 39 PAC reports	Cm 9506
January 2018	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 5 PAC reports Session 2014-15: updates on 4 PAC reports Session 2015-16: updates on 14 PAC reports Session 2016-17: updates on 52 PAC reports	Cm 9566
July 2018	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 4 PAC reports Session 2014-15: updates on 2 PAC reports Session 2015-16: updates on 9 PAC reports Session 2016-17: updates on 38 PAC reports Session 2017-19: updates on 17 PAC reports ²⁷	Cm

²⁷ Contains updates on Treasury Minutes - Session 2017-19 - up to March 2018.

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