



HM Treasury

# Treasury Minutes Progress Report

Government responses to the Committee of Public Accounts on Sessions 2010-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 and 2017-19

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# **Treasury Minutes Progress Report**

**Government responses to the Committee of Public Accounts on Sessions 2010-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 and 2017-19**

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

TREASURY MINUTES PROGRESS REPORT DATED 23 JULY 2018 ON  
GOVERNMENT RESPONSES TO THE COMMITTEE OF PUBLIC ACCOUNTS:  
SESSIONS 2010-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 AND 2017-  
19.

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**Updates on the Government responses  
to the Committee of Public Accounts  
Sessions 2010-12 to 2017-19**

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# **Treasury Minutes Progress Report**

**Government responses to the Committee of Public Accounts on Sessions 2010-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 and 2017-19.**

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

This is the 10th edition in the series of progress reports since Session 2010-12. Details of Committee recommendations, that were implemented previously, can be found in earlier progress reports and the original Treasury Minute response, referenced within this publication.

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## Recommendations fully resolved

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# Seventeenth Report of Session 2010-12

## Department for Education

### Academies Programme

#### Introduction from the Committee

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *The Academies Programme - Session 2010-12* (HC 288)
- PAC report: *The Academies Programme - Session 2010-12* (HC 552)
- Treasury Minutes: March 2011 (Cm 8042)
- Treasury Minutes Progress Report: July 2012 (Cm 8387)
- Treasury Minutes Progress Report: July 2014 (Cm 8899)
- Treasury Minutes Progress Report: March 2015 (Cm 9034)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)
- Treasury Minutes Progress Report: January 2017 (Cm 9407)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9566), 7 recommendations have been implemented. 1 recommendation remains work in progress, as set out below.

**6: PAC conclusion: *The Department has failed to collect all the financial contributions due from sponsors.***

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

6.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** September 2018.

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



# Seventieth Report of Session 2010-12

## Department for Education

### Oversight of special education for 16-25 year olds

#### Introduction from the Committee

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Oversight of special education for young people aged 16-25 - Session 2010-12* (HC 1585)
- PAC report: *Oversight of special education for 16-25 year olds - Session 2010-12* (HC 1636)
- Treasury Minutes: April 2012 (Cm 8347)
- Treasury Minutes Progress Report: July 2014 (Cm 8899)
- Treasury Minutes Progress Report: March 2015 (Cm 9034)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9566), 4 recommendations have been implemented and the Department disagreed with 1 recommendation. 1 recommendation remains work in progress, as set out below.

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

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

5.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** January 2019.

5.2 The Government consulted on major reforms to 16-19 performance measures in 2013, including extending these to encompass students studying below level 3. The response to the consultation: *Reforming the accountability system for 16-19 providers*<sup>1</sup> was published on 27 March 2014. This confirmed that a broader range of new measures should be introduced which will report on the performance of students on a consistent basis across different types of providers. These new measures will, for the first time, show the outcomes of students studying below Level 3, who disproportionately are

<sup>1</sup> <https://www.gov.uk/government/consultations/16-to-19-accountability-consultation>

more likely to have special needs or disabilities. Because of the scale of the reforms the department is phasing the new measures in between 2016 and 2019. Outcomes for students studying below level 3 will be available for the first time in 2017 performance tables.

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

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

## Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2012-13

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2	Mobile technology in policing
3	Efficiency & reform in Government corporate functions through shared service centre
4	Completion and sale of High Speed 1
5	Regional Growth Fund
6	Renewed alcohol strategy
7	Immigration: the points based system – student route
8	Managing early departures in central Government
9	Preparations for the London 2012 Olympic and Paralympic Games
10	Implementing the transparency agenda
11	Improving the efficiency of central government office property
12	Off payroll arrangements in the public sector
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14	Assurance for major projects
15	Preventing fraud in contracted employment programmes
16	Securing the future financial sustainability of the NHS
17	Management of diabetes in the NHS
18	Creation and sale of Northern Rock
19	HMRC Annual Report and Accounts 2011-12
20	Offshore electricity transmission: a new model for delivery infrastructure
21	Ministry of Justice language service contract
22	BBC: Off payroll contracting and severance package for the Director General
23	Contract management of medical services
24	Nuclear Decommissioning Authority: managing risk at Sellafield
25	Funding for local transport: an overview
26	Multilateral Aid Review
27	HM Treasury Annual Report and Accounts 2011-12
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### Recommendations fully resolved

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2	Early Action Landscape Review
3	Financial Sustainability of Local Authorities
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17	Administering the Equitable Life Payment Scheme
18	Carrier Strike: the 2012 reversion decision
19	Dismantled National Programme for IT in the NHS
20	BBC's move to Salford
21	Police procurement
22	High Speed 2 – a review of early programme preparation
23	Progress in tackling tobacco smuggling
24	Rural Broadband Programme
25	Duchy of Cornwall
26	Progress in delivering the Thameslink Programme
27	Charges for Customer telephone lines
28	Fight against Malaria
29	New Homes Bonus
30	Universal Credit – early progress
31	Border Force – securing the future
32	Whole of Government Accounts 2011-12
33	BBC severance packages
34	HMRC Tax Collection: Annual Report and Accounts 2012-13
35	Access to clinical trial information and the stockpiling of Tamiflu
36	Confidentiality clauses and special severance
37	Supporting UK exporters overseas
38	Improving access to finance for small and medium sized enterprises
39	Sovereign Grant
40	Maternity services in England

## Recommendations fully resolved

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

# Seventh Report of Session 2013-14

## Charity Commission

### Cup Trust and tax avoidance

#### Introduction from the Committee

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

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Cup Trust* - Session 2013-14 (HC 814)
- PAC report: *Charity Commission: Cup Trust and tax avoidance* – Session 2013-14 (HC 1027)
- Treasury Minutes: September 2013 (Cm 8697)
- Treasury Minutes Progress Report: March 2015 (Cm 9034)
- Treasury Minutes Progress Report: February 2016 (Cm 9202)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 4 recommendations to this report. As of the last Treasury Minute (Cm 9566), 3 recommendations have been implemented. 1 recommendation remains work in progress, as set out below.

**1: PAC conclusion:** *The Committee does not believe that the Cup Trust ever met the legal criteria to qualify as a registered charity.*

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

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

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

**Target implementation date:** Summer 2018.

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

1.4 The Commission has improved processes to ensure that there is better post-registration monitoring of charities where we have specific concerns or where the Commission has required certain actions as a condition of registration. Where there is evidence at registration that the organisation will not operate as a charity, applications are rejected and, where appropriate, the organisation and individuals concerned may be referred HMRC and / or other regulators.

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

1.6 The Charities (Protection and Social Investment) Act 2016 introduced new measures to close loopholes and improve the Commission's compliance powers.

1.7 On 3 May 2017, the Commission made an Order under section 181A of the Charities (Protection and Social Investment) Act 2016 to disqualify the company, Mountstar (PTC) Limited (Mountstar), from being a charity trustee for a period of 15 years. The Order was made by the Commission as it was satisfied that Mountstar, as trustee was responsible for misconduct and / or mismanagement in the administration of the charity; was unfit to be a charity trustee, and that it was desirable to make the disqualification order in the public interest, so as to protect public trust and confidence in charities.

1.8 The Order came into force on 14 June 2017 and has the effect of disqualifying Mountstar from being a charity trustee or trustee for a charity in respect of any charity in England and Wales for a period of 15 years. The Order also disqualifies Mountstar from holding any office or employment with senior management functions in any such charity for the same period. Furthermore, on 18 July 2017, the Commission made an Order to disqualify two of the directors of Mountstar from acting as charity trustees or trustees for a charity for a period of 15 years. This came into effect on 30 August 2017.

1.9 The Commission issued a Disqualification Order to the third director of Mountstar on 24 August 2017 after consideration of representations against their disqualification. This Order became effective on 5 October 2017.

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

1.11 The Commission had initially anticipated publishing this report in the first quarter of 2018, but the Commission have had to focus resource on serious safeguarding issues. The anticipated publication date is now summer 2018.

# Eleventh Report of Session 2013-14

## Department of Health and Social Care

### Managing NHS hospital consultants

#### Introduction from the Committee

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

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Managing NHS hospital consultants* – Session 2012-13 (HC 885)
- PAC report: *Serious Fraud Office - redundancy and severance arrangements* - Session 2013-14 (HC 358), incorporating HC 1030 of Session 2012-13.
- Treasury Minutes: September 2013 (Cm 8697)
- Treasury Minutes Progress Report: March 2015 (Cm 9034)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9566), 1 recommendation has been implemented. 5 recommendations remain work in progress, as set out below.

**1: PAC conclusion: *The significant increase in consultant pay did not improve productivity.***

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

1.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

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

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

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



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

2.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

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

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

**3: PAC conclusion: *Information on consultants' performance is inadequate.***

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

3.1 The Government agreed with the Committee's recommendation

**Target implementation date:** February 2020.

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

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

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

**4: PAC conclusion: *Consultants' performance is not managed effectively.***

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

4.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

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

**5: PAC conclusion: *Clinical Excellence Awards do not always reflect exceptional performance.***

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

5.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

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

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

# Forty Sixth Report of Session 2013-14

## Department of Health and Social Care

### Emergency admissions – managing the demand

#### Introduction from the Committee

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Emergency admissions to hospital: managing the demand* - Session 2013-14 (HC 739)
- PAC report: *Emergency admissions to hospital* - Session 2013-14 (HC 885)
- Treasury Minutes: June 2014 (Cm 8871)
- Treasury Minutes Progress Report: March 2015 (Cm 9034)
- Treasury Minutes Progress Report: February 2016 (Cm 9202)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9566), 5 recommendations have been implemented. 1 recommendation remains work in progress, as set out below.

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

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

6.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** December 2018.

6.2 The Department working with its Arm's Length bodies continues to undertake work to estimate the workforce implications of all official policies.

6.3 On 13 December 2017, Health Education England published *Facing the Facts, Shaping the Future - a draft health and care workforce strategy for England to 2027* for consultation with stakeholders and the public. Amongst a number of specific measures, it is seeking views on the introduction of a 'Workforce Impact Assessment' for new best practice or service redesign recommendations, ensuring that workforce competencies, skills and training as well as numbers are considered early in the planning phase. The workforce strategy will include Seven Day Hospital Services. Following the consultation closing in March 2018, the responses are being analysed to inform the strategy, due to be published December 2018.

# Fifty Ninth Report of Session 2013-14

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

### Criminal Justice System

#### Introduction from the Committee

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

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Criminal Justice System Landscape Review* – Session 2013-14 (HC 1098)
- PAC report: *Criminal Justice System* – Session 2013-14 (HC 1115)
- Treasury Minutes: July 2014 (Cm 8900)
- Treasury Minutes Progress Report: March 2015 (Cm 9034)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)
- Treasury Minutes Progress Report: January 2017 (Cm 9407)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9566), 5 recommendations have been implemented. 1 recommendation remains work in progress, as set out below.

**3: PAC conclusion: *Greater strategic alignment at top level is not matched at the front line.***

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

3.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** March 2019.

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

3.3 Recent work on this programme included 'Digital Mark Up' which was piloted in summer 2016 and allows digital resulting of criminal cases from the Magistrates' courtroom. The Plea Online service, which allows defendants to make their plea online rather than by post or person, is operational in a number of courts and was rolled out nationally in June 2016. This process was developed to support the

Single Justice Process to allow a wider range of cases to be effectively dealt with out of the courtroom. The Magistrates' Rota service allows lay magistrates to manage their availability for sitting in court online and began National Rollout in May 2016 following successful pilots in 17 areas.

3.4 By 2017 the programme will deliver a unified way of working for HM Courts and Tribunals Service and Crown Prosecution Service staff and the wider participants in the criminal case management process. The programme aims to develop a single case management system (the Common Platform) allowing the sharing of evidence and case information across the criminal justice system, with all relevant parties able to access common data, eliminating paper processes. The unified digital case management system will enable practitioners within the CJS to simplify and improve the way they work through sharing data, eliminating re-keying, and ending duplication of effort across the criminal justice system.

## Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2014-15

### Updates on recommendations reported as work in progress

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13	Local government funding – assurance to Parliament	19
48	Strategic flood risk management	21

### Recommendations fully resolved

	Report Title
1	Personal Independence Payment
2	Help to Buy equity loans
3	Tax reliefs
4	Monitor: regulating NHS Foundation Trusts
5	Infrastructure Investment: the impact on consumer bills
6	Adult social care in England
7	Managing debt owed to central Government
8	Crossrail
9	Whistleblowing
10	Major Projects Authority
11	Army 2020
12	Update on preparations on smart metering
14	DEFRA: oversight of three PFI waste projects
15	Maintaining strategic infrastructure: roads
16	Early contracts for renewable electricity
17	Child Maintenance 2012 Scheme: early progress
18	HMRC progress in improving tax compliance and preventing tax avoidance
19	Centre of Government
20	Reforming the UK border and immigration system
21	Work Programmes
22	Out of hours GP services in England
23	Transforming contract management
24	Procuring new trains
25	Funding healthcare – making allocations to local areas
26	Whole of Government Accounts
27	Housing benefit fraud and error
28	Lessons from major rail infrastructure programmes
29	Foreign National Offenders
30	Managing and replacing the Aspire contract
31	16-18-year-old participation in education and training
32	School oversight and intervention
33	Oversight of the Private Infrastructure Development Group
34	Financial sustainability of local authorities
35	Financial sustainability of NHS bodies
36	Implementing reforms to civil legal accountancy firms
37	Planning for the Better Care Fund
38	Tax avoidance: the role of large accountancy firms (follow up)
39	UK's response to the outbreak of ebola virus disease in West Africa
40	Excess Votes 2013-14
41	Financial support for students at alternative higher education providers

## Recommendations fully resolved

	Report Title
42	Universal Credit
43	Public Health England's grant to local authorities
44	Children in care
45	Progress in improving cancer services and outcomes in England
46	Update on Hinchingsbrooke Health Care NHS Trust
47	Major projects Report 2014 and the Equipment Plan 2014 to 2024 and reforming defence acquisition
49	Effective management of tax reliefs
50	Improving tax collection
51	Care services for people with learning disabilities and challenging behaviour
52	Work of the Committee of Public Accounts
53	Inspection in home affairs and justice

# Thirteenth Report of Session 2014-15

## Ministry of Housing, Communities and Local Government

### Local Government Funding – assurances to Parliament

#### Introduction from the Committee

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

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Local government funding: Assurance to Parliament* - Session 2013-14 (HC 174)
- PAC report: - *Local government funding: Assurance to Parliament* - Session 2014-15 (HC 456)
- Treasury Minutes: November 2014 (Cm 8958)
- Treasury Minutes Progress Report: February 2016 (Cm 9202)
- Treasury Minutes Progress Report: January 2017 (Cm 9407)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9566), 7 recommendations have been implemented. 1 recommendation remains work in progress, as set out below.

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

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

6.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** December 2018.

6.2 The Transparency Code was published in 2015 and requires certain authorities to publish both quarterly and annual information. Any changes to the Code require legislation and are consulted upon beforehand. The public – including residents and councillors - therefore have the opportunity to comment on the Code and its contents (individually and collectively) during these consultations and the Department will take into account their views with others.



6.3 Between 12 May and 8 July 2016, the Department consulted on options for updating the Transparency Code and this included questions about whether new data should be published, for example on local authority assets. Having analysed the consultation responses, the Department has delayed the timetable for its response in order to consider in more detail the options for legislative and non-legislative changes. The Department will set out its response to the consultation and next steps by the end of 2018.

# Forty Eighth Report of Session 2014-15

## Department for Environment, Food and Rural Affairs

### Strategic Flood Risk Management

#### Introduction from the Committee

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: Strategic Flood Risk Management - Session 2014-15 (HC 780)
- PAC report: Strategic Flood Risk Management - Session 2014-15 (HC 737)
- Treasury Minutes: July 2015 (Cm 9091)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 7 recommendations to this report. As of the last Treasury Minute (Cm 9566), 5 recommendations have been implemented. 2 recommendations remained work in progress, 1 of which has now been implemented, as set out below.

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

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

5.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

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

5.3 The above assessment of flood risk was incorporated into the existing national flood risk assessment and made available to the public and partners on 28 March 2018 on GOV.UK. The update shows that in all, around 2.6 million properties in England are in areas at risk of flooding from rivers and sea, and enables the public and partners to better understand their flood risk. In addition, the Agency produced an assessment of flooding from all sources – rivers, sea and surface water which was shared with the insurance industry in September 2016.

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

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

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

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

6.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** December 2018.

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

6.3 From 2017/18 a different set of data is being collected from LLFAs, which is focused more on outcomes rather than process. Due to the fact that all but one LLFA has published a final strategy, the Department now asks LLFAs how they have used them to influence or deliver, for example raising the profile of flood risk and influencing within their council, identifying priority work, or securing funding for flood management schemes.

6.4 Following the final data collection on strategy progress, Minister Coffey wrote in July 2017 to all authorities that had not published their strategies. By January 2018 there were only four outstanding authorities. Since the last update published in January 2018, a further 3 LLFAs have now published their final strategy. This means that as of mid-July, 151 of 152 English authorities have completed and published their strategies, with the remaining authority having completed a public consultation on their draft, but yet to publish the final version. Minister Rutley wrote to this authority on 20 June 2018 encouraging them to publish their final strategy by 13 July 2018. The authority has not yet published their strategy. The Department will therefore continue to monitor progress and consider next steps.

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

## Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2015-16

### Updates on recommendations reported as work in progress

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3	Funding for disadvantaged pupils	26
6	HM Revenue and Customs performance in 2014-15	28
10	Care Act – first phase reforms and local government burdens	30
14	General Practice Extraction Service	32
19	Universal Credit – progress review	33
33	Contracted out health and disability assessments	35
38	Extending the Right to Buy to Housing Association tenants	37
40	Managing the supply of NHS clinical staff in England	40

### Recommendations fully resolved

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

# First Report of Session 2015-16

## Home Office

### Financial sustainability of police forces in England and Wales

#### Introduction from the Committee

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

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Financial Sustainability of police forces in England and Wales – Session 2015-16* (HC 78)
- PAC report: *Financial Sustainability of police forces in England and Wales – Session 2015-16* (HC 288)
- Treasury Minutes: December 2015 (Cm 9170)
- Treasury Minutes Progress Report: January 2017 (Cm 9407)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9566), 2 recommendations have been implemented, the Department neither agreed or disagreed with 1 recommendation and disagreed with 1 recommendation. 2 recommendations remain work in progress, as set out below.

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

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

4.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** December 2018.

4.2 Work is ongoing to review the business skills element of the Strategic Command Course (SCC). The Business Skills module was delivered by Cass Business School in 2018 and the College is now commencing a retendering exercise for 2019. The module will continue to be delivered alongside input from representatives from the National Police Chiefs Council (NPCC) finance group to ensure the right blend of external speakers and expertise is delivered. It will be rooted in the practicalities of running a force. SCC graduates will also be encouraged to focus their post-SCC Continuous Professional Development on the 'Business Skills' a chief officer requires.

4.3 Alongside this work the College of Policing has been piloting a secondments project for officers and staff, following from recommendation 4 of the Leadership Review (published in June 2015). This pilot has been running for 2 years and has been funded by the Home Office. The project has actively engaged with 50 organisations outside of policing.

4.4 As part of the Leadership Review, the College has undertaken to develop a new model for leadership and management training for all levels of policing with a virtual learning environment now being piloted. Biannual events on relevant business skills topics are now being run by the College attracting an audience of sergeants to chief superintendents. The College is working on including this into a wider senior leadership offer which is being developed.

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

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

5.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Spring 2019.

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

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

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

# Third Report of Session 2015-16

## Department for Education

### Funding for disadvantaged pupils

#### Introduction from the Committee

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

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Funding for disadvantaged pupils* – Session 2015-16 (HC 90)
- PAC report: *Funding for disadvantaged pupils* – Session 2015-16 (HC 327)
- Treasury Minute: December 2015 (Cm 9170)
- Treasury Minute – Progress Report: January 2017 (Cm 9407)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 11 recommendations in this report. As of the last Treasury Minute (Cm 9566), 7 recommendations had been implemented and the Department disagreed with 2 recommendations. 2 recommendations remained work in progress, 1 of which has now been implemented, as set out below.

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

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

4.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** December 2018.

4.2 While parental engagement with learning is known to be one of the most powerful predictors of educational success, its drivers, and mechanisms for embedding it are much less well understood. The Education Endowment Foundation (EEF) continues to test the impact of parental engagement programmes, and has published reports evaluating the Texting Parents, SPOKES, Parenting Academy, Mind the Gap and Family Skills projects. There are a number of further projects ongoing, including the Families and Schools Together programme, which aims to improve parenting skills and confidence and parents' engagement in their child's learning, whilst also improving the behavior and attainment of their children.

4.3 The EEF Teaching and Learning Toolkit, which is regularly updated, contains a growing synthesis of research on this topic and is well used by schools. Furthermore, in autumn 2018 the EEF will be publishing a guidance report for schools on parental engagement, which will provide clear and actionable guidance for teachers on implementing effective evidence-based approaches to engaging parents.

4.4 The Department will continue to work with the EEF to disseminate its findings on this and other topics through various methods which themselves are being evaluated by the EEF. These include the publication and distribution of evidence-based guidance reports; the provision of excellence funding, to incentivise schools to adopt programmes, which have been proven through research to be effective in raising pupil attainment; regional campaigns, through which local support organisations are appointed to help schools translate research findings into practice; and the operation of a national network of 23 EEF research schools (including 12 in the Department's Opportunity Areas), which have been established to promote and support evidence-based approaches to other schools in their locality.

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

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

7.1 The Government agreed with the Committee's recommendation.

#### **Recommendation implemented.**

7.2 In July 2017, the previous Secretary of State announced an additional £1.3 billion across the next two years for the core schools budget - £416 million in 2018-19, and £884 million in 2019-20. The Department has both increased the basic per pupil amounts that every pupil will attract, and introduced minimum per pupil funding levels of £4,800 per pupil for secondaries, and £3,500 for primaries.

7.3 The Department's consultation confirmed the importance of funding for additional needs, targeting resources towards schools serving pupils from deprived families or with low prior attainment, who are most likely to fall behind, and to stay behind, their peers. The national funding formula protects the £5.9 billion total for funding directed towards additional needs in 2017-18. It distributes that funding in line with the best available evidence using a broad measure of deprivation to include all those who are likely to need extra help, and increasing the proportion of additional needs spending allocated on the basis of low prior attainment to give additional support to those who may not be economically deprived, but who still need help to catch up.

7.4 The Department has published the full detail of the school and high needs national funding formulae, and the impact they will have for every local authority. The Department also published notional school level allocations showing what each school would attract through the formula. It means that for the first time, everyone can see what the NFF will mean for them and understand why. To provide stability for schools through the transition to the national funding formula, local authorities will continue to set their own local formulae which determine individual schools' budgets in their areas in 2018-19 and 2019-20, in consultation with local schools.



# Sixth Report of Session 2015-16

## HM Revenue and Customs

### HM Revenue and Customs performance in 2014-15

#### Introduction from the Committee

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *HM Revenue and Customs 2014-15 Accounts* - Session 2014-15 (HC 18)
- PAC report: *HM Revenue and Customs performance in 2014-15* – Session 2015-16 (HC 393)
- Treasury Minutes: January 2016 (Cm 9190)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9566), 2 recommendations have been implemented and the Department disagreed with 3 recommendations. 1 recommendation remained work in progress, which has now been implemented, as set out below.

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

**5-6: PAC recommendation: *HMRC should identify what impact its poor level of service is having on tax revenues and produce a detailed plan setting out how and when it will provide an acceptable standard of customer service. This should include a clear plan for the efficient management of its change programme and introduction of new IT systems.***

5.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

5.2 Following extensive work carried out by the Department, and working closely with the NAO, the Department issued a report *Understanding the relationship between service quality and tax revenue*<sup>2</sup> which was provided to the Committee in April 2018.

5.3 The work undertaken has further confirmed the complexity of the relationship between customer service and tax revenue. There are many factors that influence taxpayers' compliance behaviour alongside their customer service experience. Any impact of customer service is therefore likely to be challenging to isolate amongst all these other factors. The Department has looked at a variety of customer service settings and not found evidence of a consistent nor straightforward causal link.

<sup>2</sup> <https://www.parliament.uk/documents/commons-committees/public-accounts/Correspondence/2017-19/hmrc-service-quality-240418.pdf>

5.4 The Department did not find any evidence of a causal link between customer service on HMRC telephone helplines or negative emotions resulting from poor quality customer service with compliance behaviour. This is consistent with what has been observed during a period of weaker performance on the telephone helplines in 2014 and 2015, which was not accompanied by an increase in the tax gap (tax gap dropped from 6.0% in 2014-15 to 5.7% in 2015-16).

5.5 The Department did however find evidence of a link between very direct interventions in the form of pre-population of customer accounts and compliance in terms of increased accuracy of income reporting. The Department has also seen that encouraging more compliant behaviour does not always equate to increased revenue, but results in improved accuracy thereby helping tax-payers pay the right amount of tax.

5.6 The conclusion from these case studies - that direct customer service interventions are most likely to contribute to compliant behaviour - fits with the Department's strategy to promote compliance and prevent non-compliance through upstream interventions as early as possible in each customer's relationship with HMRC. Compliance will be designed into the Department's systems and processes through these interventions, enabling customers to get their affairs right from the outset.

# Tenth Report of Session 2015-16

## Department of Health and Social Care / Ministry for Housing, Communities and Local Government

### Care Act first phase reforms and local government new burdens

#### Introduction from the Committee

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

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Care Act first-phase reforms* - Session 2014-15 (HC 82)
- NAO report: Local Government burdens – Session 2014-15 (HC 83)
- PAC Report: *Care Act first-phase reforms and local government new burdens* Session 2015-16 (HC 412)
- Treasury Minutes: March 2016 (Cm 9220)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9566), 5 recommendations have been implemented. 1 recommendation remains work in progress, as set out below.

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

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

1.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** September 2019.

1.2 It is for local authorities to ensure their statutory duties are met. The Department is commissioning a programme of research to evaluate and inform implementation of the Care Act 2014 to inform its understanding of how the Act is being implemented and how effectively the Act is achieving its underlying aims. Research projects will focus on: prevention - the impact and outcome of these services; Carer support to provide quantitative evidence about the impact on carers' welfare of carer assessments

and support; personalisation, choice, control and continuity of care; planning for later life; market shaping; and partnership approach to implementation. It is envisaged that each research project will take up to 3 years for completion.

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

# Fourteenth Report of Session 2015-16

## Department of Health and Social Care

### General Practice Extraction Service

#### Introduction from the Committee

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *General Practice Extraction Service- Investigation - Session 2015-16* (HC 265)
- PAC report: *General Practice Extraction Service - Session 2015-16* (HC 503)
- Treasury Minutes: March 2016 (Cm 9220)
- Treasury Minutes Progress Report: July 2016 (Cm 9320)
- Treasury Minute Progress Reports: January 2017 (Cm 9407)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 7 recommendations in the report. As of the last Treasury Minute (Cm 9566), 6 recommendations are completed. 1 recommendation remained work in progress, which has now been implemented, as set out below.

**1: PAC conclusion: *GPES is late, over budget and still does not deliver all that was intended.***

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

1.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

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

1.3 Implementation of Phase 1 is on track. This will ensure service continuity for existing GPES customers as supplier contracts come to an end.

1.4 The plan for the broader replacement of GPES (Phase 2 of the programme), including the functionality, capacity required and how it will be delivered, has now been set out in a full business case, which is going through approvals.

# Nineteenth Report of Session 2015-16

## Department for Work and Pensions

### Universal Credit – progress review

#### Introduction from the Committee

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: Universal Credit – progress update – Session 2014-15 (HC 786)
- PAC report: Universal Credit: progress update - Session 2014-15 (HC 810)
- Treasury Minutes: July 2015 (Cm 9091)
- PAC report: Universal Credit: progress update – Session 2015-16 (HC601)
- Treasury Minutes: March 2016 (Cm 9327)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9566), 1 recommendation has been implemented and the Department disagreed with 3 recommendations. 1 recommendation remains work in progress, as set out below.

**5: PAC conclusion: *The Department has an extensive evaluation programme but the impacts on claimants remain very uncertain.***

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

5.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Spring 2020.

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

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

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

# Thirty Third Report of Session 2015-16

## Department for Work and Pensions

### Contracted out health and disability assessments – progress update

#### Introduction from the Committee

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

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: Contracted-out health and disability assessments - Session 2015-16 (HC 609)
- PAC report: Contracted-out health and disability assessments – Session 2015-16 (HC 727)
- Treasury Minute: May 2016 (Cm 9270)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9566), 5 recommendations have been implemented. 1 recommendation remains work in progress, as set out below.

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

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

6.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

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



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

# Thirty Eighth Report of Session 2015-16

## Ministry for Housing, Communities and Local Government

### Extending the Right to Buy to housing association tenants

#### Introduction from the Committee

The Department for Communities and Local Government has announced its intention to give 1.3 million tenants of housing associations—through voluntary agreement with the housing association sector—the opportunity to buy their home at Right to Buy levels of discount; finance this policy through the sale of high-value council homes as these fall vacant, with the funding to be obtained from local authorities through an annual payment; and ensure a new home is provided for each one sold by housing associations on at least a one-for-one basis, as well as ensuring additional homes are provided for those sold by local authorities, with at least two additional affordable homes provided for each one sold in London. Provisions in the Housing and Planning Bill 2015–16 (the Bill) will enable the voluntary agreement to be implemented.

#### NAO / PAC Reports and Treasury Minutes

- NAO Memorandum: *Extending the Right to Buy* - March 2016.
- CLG Report: *Housing associations and the Right to Buy* - Session 2015-16 (HC 370)
- PAC Report: *Extending the Right to Buy to housing association tenants* - Session 2015-16 (HC 880)
- Treasury Minutes: July 2016 (Cm 9323)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9566), the Department disagreed with 1 recommendation. 4 recommendations remained work in progress, 1 of which has now been implemented, as set out below.

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

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

1.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Spring 2019.

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

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

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

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

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

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

**2: PAC conclusion: *It is not clear how this policy will be funded in practice, or what its financial impacts might be.***

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

2.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Spring 2020.

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

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

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

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

3.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Spring 2020.

3.2 The Department will announce its plans for collecting and monitoring the additional homes provided through the voluntary Right to Buy and the sale of higher value vacant housing prior to the full commencement of the policies. The Department will collect data on one for one replacement through the Midlands pilot, which will be published.

**4: PAC conclusion: *The Department lacks a cumulative picture of capital risks and pressures across the sector.***

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

4.1 The Government agreed with the Committee's recommendation.

#### **Recommendation implemented.**

4.2 The Department wrote to the Committee, in July 2018, with an update to the statutory Right to Buy scheme and the extension to housing associations.

4.3 The letter sets out the steps the Government has taken to address social housing fraud including under the statutory Right and Buy, and in the development of the Voluntary Right to Buy for housing association tenants; the measures currently being taken by local authorities to identify and combat Right to Buy fraud; data sources and reports on the levels of identified Right to Buy fraud, which include numbers of cases and indicative figures for the amounts lost through fraud; and the commitment to use the Midlands pilot for the Voluntary Right to Buy to assess the potential for fraud ahead of the roll-out of the main Voluntary Right to Buy.

4.4 The letter further sets out the financial assistance and guidance provided by the Government to support fraud prevention measures thereby enabling housing associations and local authorities to put in place appropriate resource to effectively assess applications; the recommendations of the Government's Fraud Working Group, which was established in response to the Committee's report to look at the issues around Right to Buy fraud; and the Government's acceptance of the Fraud Working Group's recommendations; and commitment to testing their effectiveness through the Midlands pilot for the Voluntary Right to Buy.

# Fortieth Report of Session 2015-16

## Department of Health and Social Care

### Managing the supply of NHS clinical staff in England

#### Introduction from the Committee

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

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Managing the supply of NHS clinical staff in England* – Session 2015-16 (HC 736)
- PAC report: *Managing the supply of NHS clinical staff in England* – Session 2015-16 (HC 731)
- Treasury Minutes: July 2016 (Cm 9323)
- Treasury Minutes Progress Report: January 2017 (Cm 9407)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9566), 6 recommendations have been implemented. 2 recommendations remain work in progress, as set out below.

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

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

6.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

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

6.3 Universities and Colleges Admissions Service (UCAS) end-of-cycle data show that the number of applicants with confirmed places to study pre-registration nursing and midwifery in England from August

2017 is 22,575. This represents a drop of 3% from this time in 2016, which is consistent with the performance of other higher education courses when tuition fees were introduced historically, but is an increase on the numbers at the same stage in 2014 and 2015. The Department will continue to monitor the effect of the reforms through data gathered by Health Education England (HEE) and the Higher Education Funding Council for England (HEFCE).

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

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

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

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

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

7.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** December 2018.

7.2 The Department working with its Arm's Length bodies continues to undertake work to estimate the workforce implications of all official polices.

7.3 On 13 December 2017, Health Education England published 'Facing the Facts, Shaping the Future - a draft health and care workforce strategy for England to 2027' for consultation with stakeholders and the public. Amongst a number of specific measures, it is seeking views on the introduction of a 'Workforce Impact Assessment' for new best practice or service redesign recommendations, ensuring that workforce competencies, skills and training as well as numbers are considered early in the planning phase. The workforce strategy will include seven-day hospital services. Following the consultation closing in March 2018, the responses are being analysed to inform the strategy, due to be published in December 2018.

## Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2016-17

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## Recommendations fully resolved

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# Second Report of Session 2016-17

## Department of Health and Social Care / Ministry for Housing, Communities and Local Government

### Personal budgets in social care

#### Introduction from the Committee

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

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Personalised Commissioning in Adult Social Care* -Session 201-16 (HC 883)
- PAC report: *Personal Budgets in Adult Social Care* -Session 2015-16 (HC 74)
- Treasury Minutes: November 2016 (Cm 9351)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9566), 7 recommendations have been implemented. 1 recommendation remains work in progress, as set out below.

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

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

6.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Spring 2019.

6.2 The NHS is undertaking a significant shift towards personalised care, which is at the heart of the vision of the Five Year Forward View (FYFV). *Next Steps*<sup>3</sup> sets the expectation that by the end of 2018-19, the Integrated Personal Commissioning model will reach over 300,000 people, whilst over 20,000 people will have a personal health budget (PHB) in 2017-18 rising to 40,000 in 2018-19. This supports progression towards the Mandate commitment of 50,000-100,000 people benefitting from a PHB by the end of 2020-21. Good progress is being made, with almost 18,000 people benefitting from PHBs in first half of 2017/18.

<sup>3</sup> <https://www.england.nhs.uk/publication/next-steps-on-the-nhs-five-year-forward-view/>

6.3 Assessing Local Authorities' experience of introducing and delivering personal budgets is a cornerstone of PHB policy development, informing the national delivery programme and implementation. Initially, the PHB pilots used learning from personal budgets to test how budgets could improve people's choice and control within the NHS; with the lessons learnt being applied to PHB rollout. Learning from Personal Budget rollout and implementation, and applying this learning to PHBs, continues to be a fundamental part of the programme.

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

6.5 Moving forwards, there are a range of measurements planned. For example, NHS England is considering how to measure people's experience of receiving a PHB, building on work already underway as part of the Integrated Personal Commissioning Programme (IPC Programme) evaluation. The Department has also commissioned a formal evaluation of the IPC Programme, which will report in Spring 2019. Early learning has already been published by NHS England in the Personalised Health and Care Framework.<sup>4</sup> Local progress in IPC areas is being monitored quarterly by the IPC programme board, whilst NHS England has also recently established an 'Evidence Unit' to identify learning from PHBs, which can then also be applied to Integrated Health and Social Care Budgets. As a package, this will provide the Department with a robust regime to monitor the effectiveness of PHBs, by Spring 2019.

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<sup>4</sup> <https://www.england.nhs.uk/personalised-health-and-care-framework/>

# Third Report of Session 2016-17

## Department for Education

### Training new teachers

#### Introduction from the Committee

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

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Training new teachers* – Session 2015-16 (HC 798)
- PAC report: *Training new teachers* – Session 2016-17 (HC 73)
- Treasury Minutes: November 2016 (Cm 9351)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9566), 6 recommendations have been implemented. 1 recommendation remains work in progress, as set out below.

**6: PAC conclusion:** *The Department has not persuaded the Committee that its bursaries are delivering value for money.*

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

6.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

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

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

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

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

6.6 The Department is continuing its detailed analysis of linked initial teacher training and school workforce data to explore the proportion of bursary holders awarded qualified teacher status (QTS) and the progression of bursary holders into the state funded workforce in England. This will include analysis of employment and retention rates and whether the subject for which a trainee received a bursary is the subject they go on to teach. This will be published in autumn 2018.

# Fourth Report of Session 2016-17

## Department for Education

### Entitlement to free early years education and childcare

#### Introduction from the Committee

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

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

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Entitlement to free early years education and childcare* – Session 2015-16 (HC 853)
- PAC report: *Entitlement to free early years education and childcare* – Session 2016-17 (HC 224)
- Treasury Minutes: November 2016 (Cm 9351)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9566), 5 recommendations have been implemented. 1 recommendation remains work in progress, as set out below.

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

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

2.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** October 2018.

2.2 Throughout the first year of delivering the 30 hours' entitlement the Department has played an active role in supporting local authorities (LAs) to ensure there are sufficient places to meet demand. In

order to do this, a Departmental implementation team worked alongside an independent contractor, Childcare Works, to ensure that LAs are able to deliver sufficient 30 hours' places. Childcare Works provided, and continue to provide, universal support and challenge to all LAs, and more intensive support to the LAs with the highest delivery risk. Together the delivery team and contractor regularly contact LAs and conduct formal assessments of sufficiency and implementation. These assessments inform a programme of tailored support to help deliver implementation plans.

2.3 The most recent assessment was undertaken in the 2018 spring term and the next one is due for completion before the end of this term. The current assessment with LAs is designed to further understand their position with regards to their childcare market and specifically their assessment of its future sustainability. Based on previous results from these assessments and the engagement with LAs and Childcare Works, the Department is confident that LAs will continue to manage their sufficiency duty as we move in to the second year of delivery.

2.4 Alongside the tailored support and advice provided to LAs, the Department also recognises that adequate funding is key to ensuring that providers are willing and able to deliver free childcare places, and therefore supporting LAs to meet their sufficiency duty. That is why the Department has allocated an additional £1 billion per year by the 2019-20 academic year to pay for free childcare, including £300 million to increase the hourly funding rate paid to childcare providers. The Department continues to monitor delivery costs and have commissioned new research to provide us with robust and detailed cost data from a representative sample of early year's providers.

2.5 The Department previously reported that the sufficiency challenge becomes greater for LAs throughout the academic year, as more children turn 3-years-old and parental awareness increases. In order to support LAs to ensure they continue to meet their sufficiency duty during the summer period and to support future sustainability, £7.7 million grant funding was allocated as a one-off to LAs in March 2018. This funding has allowed LAs to undertake projects that directly benefit 30 hours' delivery and create (directly or indirectly) 30 hours places.

2.6 The Department is confident that the funding and support outlined above has enabled LAs to manage their childcare markets and successfully deliver the 30 hours' free childcare entitlement. Demand for 30 hours has been very healthy to date, with the number of eligibility codes generated exceeding the Department's target for each term. The Department published a Statistical Release on 21 June 2018 which set out that, based on data collected from LAs via a voluntary survey, an estimated 339,974 children were in a 30 hours' place in the 2018 summer term. This is 90% of the total codes generated for the summer term and is consistent with the level of 'drop off' between codes generated and children in a place that we have seen in previous terms (90% in autumn and 89% in spring). This stability in the data, alongside the fact that the Department has no complaints from parents, suggest there is no evidence of sufficiency issues at a national level or in any LA.

# Fifth Report of Session 2016-17

## Department for Business, Energy and Industrial Strategy

### Capital investment in science projects

#### Introduction from the Committee

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *BIS's capital investment in science projects* - Session 2015-16 (HC 885)
- PAC report: *Capital investment in science projects* – Session 2016-17 (HC 126)
- Treasury Minute: November 2016 (Cm 9351)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9566), 2 recommendations have been implemented and the Department disagreed with 2 recommendations. 2 recommendations remained work in progress, both of which have now been implemented, as set out below.

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

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

1.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

1.2 In addition to the actions the Department has already completed on this issue, UK Research and Innovation (UKRI) was launched on 1 April 2018. UKRI will provide advice to the government on many aspects of research and innovation, including on short-term priorities for immediate investment in critical infrastructure and evaluating longer-term capital requirements. For example, UKRI is developing a long-term Research and Innovation Infrastructure Roadmap based on an understanding of existing UK infrastructure, future needs, and resulting investment priorities. UKRI will have clear criteria to support its recommendations to the Secretary of State.

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

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

4.1 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

4.2 There are clear accountabilities in place to safeguard intellectual property. The Department leads on intellectual property through its sponsorship of the Intellectual Property Office (IPO), and the IPO supports universities to develop effective intellectual property management strategies. Through toolkits and guidance, such as the guide on *Intellectual Asset Management for Universities*, as well as model legal agreements and a new programme called *IP for Research*, the IPO builds the intellectual property knowledge of PhD students and early career researchers.

4.3 The Department also requires UK universities to have exploitation arrangements in place as a condition of receipt of funding (for example, for Research Council grants) in return for the transfer of any intellectual property ownership to them arising from this funding. The exact mechanism chosen to protect and exploit IP depends on the nature of the opportunity, so Government does not dictate the terms or nature of these arrangements.

4.4 In addition, in October 2017, the IPO launched a call for views on ways to stimulate collaborative innovation and increase licensing opportunities for intellectual property rights. There was a good range of responses from amongst business and academia and the IPO expect to publish the Government's response shortly.

4.5 The Government has increased support for the application and commercialisation of research through the c £1.7 billion Industrial Strategy Challenge Fund. Through improving the incentives, support, processes and skills that enable the flow of knowledge and ideas around society, there will be increased opportunities for research commercialisation.

4.6 Research England is developing a new Knowledge Exchange Framework - to benchmark how well universities in England are doing at fostering knowledge sharing and research commercialisation, across the range of ways in which universities work with businesses and others – from collaborative research and development, contract research and consultancy, providing access to facilities and equipment, supporting student and academic start-ups, through to licensing intellectual property and creating intellectual property based spin-outs.

4.7 The Industrial Strategy committed to increase Higher Education Innovation Funding for English universities to £250 million per year by 2021, from £160 million in 2016-17 – this funding will support universities to work with businesses and others to innovate and commercialise research. This is complemented by £100 million Connecting Capability Fund, launched in April 2017, to support universities in England to collaborate together, to pool capability and share good practices in intellectual property commercialisation and in working with business.



# Seventh Report of Session 2016-17

## Home Office

### Confiscation Orders

#### Introduction from the Committee

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Criminal Justice System: Confiscation orders – progress review* - Session 2015-16 (HC 886)
- PAC report: *Confiscation orders – progress review* – Session 2016-17 (HC 124)
- Treasury Minutes: November 2016 (Cm 9351)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 9 recommendations in this report. As of the last Treasury Minute (Cm 9566), 5 recommendations have been implemented and the Department disagreed with 3 recommendations. 1 recommendation remains work in progress, as set out below.

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

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

2.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

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

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

# Ninth Report of Session 2016-17

## Ministry of Defence

### Service Family Accommodation

#### Introduction from the Committee

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

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Service Family Accommodation*
- PAC report: *Service Family Accommodation – Session 2016-17 (HC 77)*
- Treasury Minutes: November 2016 (Cm 9351)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9566), 5 recommendations have been implemented. 3 recommendations remain work in progress, as set out below.

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

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

3.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** December 2019.

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

demonstrate how they will meet the requirements of the contract, and the Department's approach to contract management through the life of the contract has been strengthened with the introduction of new policy and a contract management handbook. To further improve on this, the Department will introduce new guidance on incentives in 2018.

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

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

**4a: PAC recommendation:** *As part of its considerations about the Future Accommodation Model, the Department should think imaginatively about different approaches for providing housing, including setting up Arm's Length Management Organisations and using new legal powers to support families collectively buying MOD land and building their own homes.*

4.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** December 2018.

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

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

**4b: PAC recommendation:** *Many families may eventually want to own a home close to their extended family. As personnel move frequently it may be that some will own a home, but still need to rent close to, or on the base of, the service personnel member of their family, and home ownership will therefore not necessarily reduce the demand on services accommodation as much as the Department expects. It should consider this in its full analysis of the needs of modern families.*

4.4 The Government agreed with the Committee's recommendation.

**Target implementation date:** December 2018.

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

# Twelfth Report of Session 2016-17

## Department of Health and Social Care

### Discharging older people from acute hospitals

#### Introduction from the Committee

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Discharging older patients from hospital* - Session 2016-17 (HC 18)
- PAC report: *Discharging older people from acute hospitals* - Session 2016-17 (HC 76)
- Treasury Minute: November 2016 (Cm 9351)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9566), 7 recommendations have been implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

**8: PAC conclusion: *Financial incentives across local health and social care systems are not encouraging all organisations to work together to reduce delays.***

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

8.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

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

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

8.4 These approaches support the alignment of financial incentives across commissioners and providers, including in respect of delayed discharges.

8.5 One of the key features of emerging ICSs is a commitment on the part of commissioners and providers, working closely with local authorities, to work together to manage their resources in more efficient and effective ways to improve quality of care and health outcomes. This will include taking aligned decisions on how best to deploy resources and integrate services to prevent delayed discharges. There are currently 10 ICS sites across England. On 24 May 2018, NHS England and NHS Improvement announced a further four ICS areas, including: Gloucestershire; West Yorkshire and Harrogate; Suffolk and North East Essex; and Cumbria. This will represent over 28% of the registered population of England.

8.6 It is important to understand how community health services can reduce delayed discharges and keep patients as close to home as possible. It is also important to know which services provided in the community can reduce pressure on acute hospitals. The Community Services Dataset (CSDS) is beginning to paint a clearer picture of activity in the community and, as the dataset matures, it will support local work to promote timely discharge from hospital, and more effective commissioning and provision of community health services. CSDS data started to flow to NHS Digital in November 2017 and the first publication was in February 2018; updates are routinely published each month.

# Thirteenth Report of Session 2016-17

## HM Revenue and Customs

### Quality of service to personal taxpayers and replacing the Aspire contract

#### Introduction from the Committee

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

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *The quality of service for personal taxpayers* - Session 2016-17 (HC 17)
- NAO Memorandum for the House of Commons PAC: *Replacing the Aspire contract* - June 2016
- PAC report: *Quality of service to personal taxpayers and replacing the Aspire contract* Session 2016-17 (HC 78-79)
- Treasury Minutes: November 2016 (Cm 9351)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9566), 5 recommendations have been implemented and the Department disagreed with 1 recommendation. 1 recommendation remained work in progress, which has now been implemented, as set out below.

**4: PAC conclusion: HMRC does not know what impact the quality of service it provides has on tax revenue.**

**4a: PAC recommendation: HMRC must make significant progress in understanding and measuring the relationship between service quality and tax revenue.**

4.1 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

4.2 Following extensive work carried out by the Department, and working closely with the NAO, the Department issued a report *Understanding the relationship between service quality and tax revenue*<sup>5</sup>, which was provided to the Committee in April 2018.

4.3 The work undertaken has further confirmed the complexity of the relationship between customer service and tax revenue. There are many factors that influence taxpayers' compliance behaviour alongside their customer service experience. Any impact of customer service is therefore likely to be challenging to isolate amongst all these other factors. The Department has looked at a variety of customer service settings and not found evidence of a consistent nor straightforward causal link.

4.4 The Department did not find any evidence of a causal link between customer service on HMRC telephone helplines or negative emotions resulting from poor quality customer service with compliance behaviour. This is consistent with what has been observed during a period of weaker performance on the telephone helplines in 2014 and 2015, which was not accompanied by an increase in the tax gap (tax gap dropped from 6.0% in 2014-15 to 5.7% in 2015-16).

4.5 The Department did however find evidence of a link between very direct interventions in the form of pre-population of customer accounts and compliance in terms of increased accuracy of income reporting. The Department has also seen that encouraging more compliant behaviour does not always equate to increased revenue, but rather improved accuracy thereby helping tax-payers pay the right amount of tax.

4.6 The conclusion from these case studies that direct customer service interventions are most likely to contribute to compliant behaviour fits with the Department's strategy to promote compliance and prevent non-compliance through upstream interventions as early as possible in each customer's relationship with HMRC. Compliance will be designed into the Departments systems and processes through these interventions, enabling customers to get their affairs right from the outset.

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<sup>5</sup> <https://www.parliament.uk/documents/commons-committees/public-accounts/Correspondence/2017-19/hmrc-service-quality-240418.pdf>

# Fourteenth Report of Session 2016-17

## Department for Transport

### Progress with preparations for High Speed 2

#### Introduction from the Committee

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Progress with preparations for High Speed 2 - Session 2016-17* (HC 235)
- PAC report: *Progress with preparations for High Speed 2 - Session 2016-17* (HC 486)
- Treasury Minutes: December 2016 (Cm 9389)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9566), 4 recommendations have been implemented. 2 recommendations remain work in progress, as set out below.

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

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

5.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** December 2018.

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

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



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

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

6.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** June 2019.

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

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

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

# Seventeenth Report of Session 2016-17

## Ministry of Justice

### Transforming rehabilitation

#### Introduction from the Committee

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

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Transforming Rehabilitation* - Session 2015 -16 (HC 951)
- PAC report: *Transforming Rehabilitation* - Session 2016 -17 (HC 484)
- Treasury Minutes: December 2016 (Cm 9389)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9566), 4 recommendations have been implemented. 4 recommendations remained work in progress, 3 of which have now been implemented, as set out below.

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

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

1.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

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

Assurance Framework in place to improve the quality and robustness of CRC and NPS performance data in general, which is overseen by a Data Governance and Assurance Board.

1.3 The Department has published three sets of final adult proven reoffending statistics by which CRCs are measured under Payment by Results arrangements, alongside results for the NPS. Results for the October to December 2015 cohort were published in October 2017, the January to March 2016 cohort was published in January 2018 and included the 2015-16 annual cohort, and the April to June 2016 cohort was published in April 2018.

1.4 The October to December 2015 cohort showed that 13 of the 21 CRCs made statistically significant reductions in the binary reoffending rate when compared to the 2011 baseline reoffending rates. In addition, two CRCs produced a statistically significant increase in binary reoffending rates for the October to December 2015 cohort. The January to March 2016 cohort showed there had been statistically significant reductions in the binary reoffending rates in 9 of the 21 CRCs when compared to the 2011 baseline reoffending rates. There was no statistically significant increase in the binary reoffending rate among offenders in any CRC for the same cohort. The April to June 2016 cohort showed that there had been a statistically significant reduction in the binary reoffending rates among the offenders in 11 of the 21 CRCs when compared to the 2011 baseline reoffending rates. For one CRC there was a statistically significant increase in the binary reoffending rate.

1.5 As well as the binary reoffending rate, CRCs are also measured on whether they reduce the frequency of reoffending. The frequency rate is measured on an annual cohort. The results for the annual frequency measure of reoffending were also released in January 2018. These results related to the 2015/16 annual cohort. The 2015/16 annual cohort was made up of the October to December 2015 cohort and the January to March 2016 cohort. The results showed that there has been an increase in the reoffending frequency rate for 19 of the 21 CRCs when compared to the 2011 baseline reoffending rates. For the remaining two CRCs there has been a reduction in the frequency of reoffending.

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

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

2.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

2.2 The Department accepts that the delivery of *Through-the-Gate* services to offenders serving short custodial sentences is falling short of its vision for the effective resettlement of released prisoners. The Department recognises the issues raised by HM Chief Inspectors of Prisons and Probation in their reports published in June 2017 and in October 2016. The Department is currently discussing changes to be made to the delivery of *Through-the-Gate* services with providers.

2.3 Final data published in October 2017 and January 2018 show that overall CRCs have reduced the number of people reoffending. The Department recognises, though, that the majority of CRCs have seen increases in the frequency of reoffending, and is in discussions with providers to understand the reasons for this, and the implications for CRCs.

**5: PAC conclusion: *There are significant barriers to encouraging the promised innovative practice in rehabilitating offenders.***

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

5.1 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

5.2 The National Probation Service (NPS) has developed a system (now known as the Effective Proposal Framework) to provide court staff with advice on the most appropriate sentencing options for offenders, based on the risk and need profile of offenders and the correlation with rehabilitation services made available by CRCs. It provides court staff with easier access to information on all services being offered by each CRC in England and Wales. The information is quality assured by the CRCs before input.

5.3 Implementation of the Effective Proposal Framework nationwide was completed at the end of March 2018. All NPS court teams now have access, via this tool, to all available intervention information (interventions provided by NPS and those provided by CRCs). Structured monitoring and measurement is being developed at national, Divisional and Local levels to drive up usage and effectiveness.

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

**7: PAC conclusion: *ICT systems in probation are inefficient, unreliable and hard to use.***

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

7.1 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

7.2 In September 2016, the Department successfully delivered the Strategic Partner Gateway to allow CRCs to adopt new case management systems. The Department continues to work with CRCs to support implementation of those systems. The first of the CRCs to transition have now connected to the live system, and user rollout commenced at the end of May 2018. For the providers who have connected to live systems, they have roll-out plans which are due to conclude by the end of 2018. Regarding the remaining providers who have yet to connect to the live systems, their plans are to start their roll-out in September and in November 2018.

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

# Eighteenth Report of Session 2016-17

## Department for Business, Energy and Industrial Strategy

### Better Regulation

#### Introduction from the Committee

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Business Impact Target: cutting the cost of regulation* – Session 2016-17 (HC 236)
- PAC report: *Better Regulation* – Session 2016-17 (HC 487)
- Treasury Minutes: December 2016 (Cm 9389)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9566), 4 recommendations have been implemented. 2 recommendations remained work in progress, both of which have now been implemented, as set out below.

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

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

2.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

2.2 The final *Business Impact Target* report in respect of the 2015-17 Parliament (published on 22 May 2018) includes all regulatory provisions that came into force in the reporting period, up to 8 June 2017, as required by the Small Business, Enterprise and Employment Act 2015 (SBEE Act), regardless of whether, or not, they count towards the target.

2.3 Although the SBEE Act specifically excludes tax, duty, levy and other charges from the business impact target, the final 2015-17 Business Impact Target Annual Report provides information on the impact of changes in tax administration and HMRC's progress with its complementary target to reduce the annual cost to business of tax administration by £400 million a year by the end of March 2020, as set out in HMRC's Annual Report and Accounts for 2016-17. Future Business Impact Target Annual Reports will also include information on the impact of changes to tax administration.

2.4 Under the Small Businesses, Enterprise and Employment Act 2015, a new Business Impact Target was set for this Parliament on 20 June 2018.

**5: PAC conclusion:** *Departments do not do enough to measure the wider costs and benefits to society of their regulatory activity.*

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

5.1 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

5.2 The final *Business Impact Target* report in respect of the 2015-17 Parliament provided more detailed information on the wider impact of each significant measure that came into force during the 2015-17 Parliament. Future business impact target annual reports will also include information on the wider impacts of significant measures. In its own Annual Report, the Regulatory Policy Committee already comments on the Government's performance in assessing impacts. These assessments address the treatment of wider costs and benefits.

# Nineteenth Report of Session 2016-17

## HM Treasury

### Government Balance Sheet

#### Introduction from the Committee

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Whole of Government Accounts 2014-15 – Session 2016-17* (HC 28)
- NAO report: *Evaluating the Government balance sheet: provisions, contingent liabilities and guarantees - Session 2016-17* (HC 462)
- NAO report: *Evaluating the Government balance sheet: financial assets and investments Session 2016-17* (HC 463)
- NAO report: *Evaluating the Government balance sheet: pensions - Session 2016-17* (HC 238)
- PAC report: *Government Balance Sheet – Session 2016-17* (HC 485)
- Treasury Minutes: December 2016 (Cm 9389)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9566), 3 recommendations have been implemented. 4 recommendations remained work in progress, 2 of which have now been implemented, as set out below.

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

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

1.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** January 2019.

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

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

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

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

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

2.1 The Government agreed with the Committee's recommendation.

#### **Recommendation implemented.**

2.2 The main source of information used by Government for fiscal policy is the National Accounts, which are prepared by the Office for National Statistics. Previous versions of WGA already included reconciliations and explanations of the differences between these publications, which are mainly due to the differing requirements of the two international frameworks applied. The Treasury has now made improvements to the draft 2016-17 WGA to provide additional context, specifically with regards to how the different sources of information are used by Government in managing public finances and the affordability of key liabilities.

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

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

4.1 The Government agreed with the Committee's recommendation.

#### **Recommendation implemented.**

4.2 The Government agrees that good management of Government assets and liabilities must be embedded in routine to ensure long-term gains to the sustainability of public finances, and this is a key objective of the Balance Sheet Review. The Government agreed to provide an update on the Balance Sheet Review in its response to the OBR's 2017 Fiscal Risks Report. This response was due for publication in July 2018. As the Balance Sheet Review, will not be finished by the publication of this report, it will provide update on the process, rather than matters still to be decided by Ministers.

4.3 In July 2017, the Treasury established a new approval regime for contingent liabilities which are novel, contentious or repercussive with a maximum exposure of over £3 million. This approval framework has enabled the centralised collection and active monitoring of contingent liability exposures, which has allowed the Treasury to better understand and reduce the risk associated with contingent liabilities. The new approval process has been showcased by both the IMF and OECD as an example of international best practice in the management of government guarantees. The response to the Fiscal Risks Report will provide a more in depth analysis regarding the management of contingent liabilities.

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

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



6.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** January 2019.

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

# Twenty Third Report of Session 2016-17

## Department for Work and Pensions / HM Revenue and Customs

### Universal Credit / Fraud and Error – progress review

#### Introduction from the Committee

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

#### NAO / PAC Reports and Treasury Minutes

- PAC report: Fraud and error stocktake – Session 2015-16 (HC 394)
- PAC report: Universal Credit: progress update - Session 2015-16 (HC 601)
- PAC report Universal Credit and fraud and error: progress review – Session 2016-17 (HC 489)
- Treasury Minutes: January 2016 (Cm 9190)
- Treasury Minutes: March 2016 (Cm 9327)
- Treasury Minutes: February 2017 (Cm 9413)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9566), 7 recommendations have been implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

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

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

2.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

2.2 The Full Business Case for Universal Credit was approved by the Treasury on 31 May 2018. The Department wrote to the Committee on 7 June 2018 attaching an analysis of the main changes from the Outline Business Case.

# Twenty Fourth Report of Session 2016-17

## HM Treasury

### Sale of former Northern Rock assets

#### Introduction from the Committee

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

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *The £13 billion sale of former Northern Rock assets - Session 2016-17 (HC 513)*
- PAC report: *The sale of former Northern Rock assets - Session 2016-17 (HC 632)*
- Treasury Minute: February 2017 (Cm 9413)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9566), 4 recommendations have been implemented and the Department disagreed with 3 recommendations. 1 recommendation remains work in progress, as set out below.

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

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

5.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

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

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

5.4 The market study will explore a range of issues, some of which address the Committee's recommendation. For example, it will examine whether there are any concerns that are more pronounced for different types of products and consumers with different circumstances, and if necessary will consider what can be changed to help consumers make better choices. This work will involve consideration of consumers' understanding of mortgage products and the choices available to them - this includes rates, fees and charges and other product attributes more broadly. These considerations should be the same irrespective of whether the lender changes.

5.5 Consumers' ability to understand their mortgage product and shop around effectively is important regardless of who owns the mortgage, therefore the work will cover all consumers, including those where the owner of their mortgage has changed. The FCA have set out the intended scope of the market study in a terms of reference document.<sup>6</sup>

5.6 The FCA published an interim report in May 2018<sup>7</sup>, setting out the FCA's provisional view on the way competition works in the mortgages market and how they would like the market to develop. The FCA are consulting on a range of proposed remedies, and will release the final report in late Autumn 2018.

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<sup>6</sup> <https://www.fca.org.uk/publication/market-studies/ms16-02-1.pdf>

<sup>7</sup> <https://www.fca.org.uk/publication/market-studies/ms16-2-2-interim-report.pdf>

# Twenty Sixth Report of Session 2016-17

## Ministry for Housing, Communities and Local Government

### Financial sustainability of local authorities

#### Introduction from the Committee

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

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Financial sustainability of local authorities* - Session 2016-17 (HC 234)
- PAC report: *Financial sustainability of local authorities* - Session 2016-17 (HC 708)
- Treasury Minutes: March 2017 (Cm 9429)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9566), the Department disagreed with 1 recommendation. 6 recommendations remained work in progress, all of which are now implemented, as set out below.

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

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

1.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

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

1.3 The Department has completed its initial analysis of the scale and nature of local authorities economic activities, and has identified that commercial activities fall into three broad categories. These are 'invest to save' initiatives that have been expanded into commercial activities, activities that achieve

regeneration or other policy outcomes that are delivered through commercial vehicles and activities designed to generate yield. Many commercial activities fall into more than one category. A majority of authorities' commercial activities are small scale in the context of overall local authority expenditure and do not give rise to systemic risk. However, the Department has identified concentrations of commercial activity that are potentially riskier in a small number of authorities.

1.4 The Government published updated Statutory Guidance on Local Authority Investments<sup>8</sup> on 2 February 2018. The updated guidance aims to enhance transparency, ensure that local authorities take a long-term view of risk as well as opportunities and requires local authorities not to take on too much exposure relative to their size. Finally, the updated guidance makes it clear that borrowing solely to invest in revenue generating activities is not prudent.

**2: PAC conclusion: *Neither the Department, nor the Treasury understand why local authority investments on deposit are now at record levels.***

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

2.1 The Government agreed with the Committee's recommendation.

#### **Recommendation implemented.**

2.2 The Department and the Treasury have carried out a programme of analysis to develop an understanding of the causes of and risks associated with the build-up of investment cash held on deposit by local authorities. Three drivers for the build-up of cash have been identified:

- increases in revenue reserves and accumulated capital receipts;
- increases in the cash held as prudent provision for the repayment of debt; and
- provisions for appeals under the 50% business rates retention system.

2.3 The Department is engaging with local authorities, as well as collaborating with CIPFA, to develop an approach to addressing this aspect of the business rates system as part of the work to move towards greater business rates retention. The Department will keep other drivers under review as part of ongoing sector monitoring.

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

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

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

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

3.1 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

3.2 The Department continues to develop its modelling capacity to improve its understanding of underlying pressures that impact on the financial sustainability of the sector. The Department has developed a project plan to integrate the impact of interactions between capital financing choices and revenue spending into its financial sustainability model. The Department is also performing analysis to understand the relationship between capital and revenue spending in the context of Spending Review.

3.3 In addition, the Department has worked with sector partners to develop a test that will enable individual authorities to assess the cumulative impact of their capital financing and investment decisions on their financial sustainability. The different elements of the quantitative and qualitative indicators used to assess risk are contained in the updated Prudential Code<sup>9</sup>, published by CIPFA, and in the updated Guidance on Local Authority Investments<sup>10</sup>, published by the Department.

3.4 Ensuring that the draft Codes refer to each other is a deliberate decision as the Department and CIPFA want to ensure that local authorities consider the procedures that they are required to have regard to when making borrowing and investment decisions in an integrated manner. CIPFA published the updated Prudential Code at the end of December 2017. The Department published the updated Statutory Guidance on Local Authority Investments on 2 February 2018.

**4: PAC conclusion: *The Department lacks a cumulative picture of capital risks and pressures across the sector.***

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

4.1 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

4.2 The Department has reviewed its statutory data collections on capital expenditure and financing and additional cross Government and other data sources on commercial activity. The changes to statutory data collections include more specific categories of commercial activity types which were identified with modelling needs in mind. This, alongside stronger use of existing quantitative data, will enhance the monitoring of emerging trends and support analysis on sector risk relating to capital spending.

4.3 The Department developed the changes to these statutory data collections in consultation with local authorities. The changes were approved through the normal process, by a paper to the Central and Local Government Information Partnership<sup>11</sup> Finance Statistics group for its meeting on 7 June 2017. This is a group of representatives from local authorities, as well as from, inter alia, the NAO, the Treasury and CIPFA. The Department also sent the proposals to contacts in all local authorities' finance departments inviting comments. The proposals were given final approval by the Single Data List Gateway Group<sup>12</sup> on 2 October 2017.

4.4 The LGA is also a key member of the Central and Local Government Information Partnership group and leads Single Data List Gateway Group. The changes include new categories for local authority commercial activity, and where capital grants or loans are made to other organisations, the type of organisation is also categorised. The changes were implemented in Spring 2018, in time for in the

<sup>9</sup> <http://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2017-edition-book>

<sup>10</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/678866/Guidance\\_on\\_local\\_government\\_investments.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/678866/Guidance_on_local_government_investments.pdf)

<sup>11</sup> <https://www.local.gov.uk/our-support/research/partner-organisations/central-local-information-partnership-clip>

<sup>12</sup> <https://www.gov.uk/government/publications/single-data-list>

Department's annual expenditure data collections from local authorities. The first data incorporating the changes was published on 14 June 2018.

**5: PAC conclusion:** *Neither the Department, nor the Treasury understand why local authority investments on deposit are now at record levels.*

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

5.1 The Government agreed with the Committee's recommendation.

#### **Recommendation implemented.**

5.2 The Department reviewed the capital expenditure and financing data provided by all local authorities. The changes to the data collections also include the requirement to quantify any flow of funds between any local authorities. This is of relevance for some of the new Combined Authorities and it will enable netting off of any resultant double-counting when summing across the local authority sector. The changes were implemented in time for the data collections that were sent to local authorities in Spring 2018. The first data incorporating the changes was published on 14 June 2018.

5.3 In addition to the improvements, the Treasury has provided data (Whole of Government Accounts) it collects on local authority commercial investments to the Department, which it has used, together with its own data, to analyse trends in local authority commercial investments and borrowing. In conjunction with case study analysis, this has helped to inform understanding of the exposure to potential risks associated with commercial investments.

5.4 The Department also reviewed how Local Enterprise Partnership (LEP) expenditure was being recorded in its statutory data collections. Some of the local authorities which act as accountable bodies for LEPs were reporting all LEP finance in the local authority data returns, whereas others were treating the LEP as a third party. The former treatment caused an observable uplift in the capital expenditure figures for 2015-16. The guidance on this issue was made prescriptive with the collections in Spring 2017, and continues to require authorities to use the third-party approach.

**6: PAC conclusion:** *The Department's figures for capital spending in the sector do not provide sufficient detail to identify significant changes in its purpose and objectives.*

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

6.1 The Government agreed with the Committee's recommendation.

#### **Recommendation implemented.**

6.2 The Department has worked with CIPFA to update the statutory framework. The update enhanced the transparency of decision-making, required local authorities to consider the long-term consequences of borrowing decisions and their total exposure to commercial activities and strengthened the gate-keeper role of Chief Finance Officers. CIPFA published its revised codes in December 2017. The Department's analysis of the wider institutional and economic changes in the local authority sector informed the update. The Department published the Statutory Guidance on Local Authority Investments and Statutory Guidance on Minimum Revenue Provision on 2 February 2018.



# Twenty Seventh Report of Session 2016-17

## HM Treasury and Cabinet Office

### Managing Government spending and performance

#### Introduction from the Committee

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

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Government's management of its performance: progress with single departmental plans* - Session 2016-17 (HC 872)
- NAO report: *Spending review 2015* – Session 2016-17 (HC 571)
- PAC report: *Managing Government spending and performance* – Session 2016-17 (HC 710)
- Treasury Minutes: March 2017 (Cm 9429)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9566), 1 recommendation was implemented and the Departments disagreed with 2 recommendations. 3 recommendations remained work in progress, all of which have now been implemented, as set out below.

##### **1-6: PAC conclusions:**

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

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

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

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

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

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

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

**1-2: PAC recommendations:**

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

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

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

1.1 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

1.2 In December 2017, the Treasury and Cabinet Office published a description of how the Government sets priorities, plans activity, allocates money and monitors progress and performance using a collective set of processes - the Government's planning and performance framework. This sets out how existing processes, including Spending Reviews, Supply Estimates, Single Departmental Plans (SDPs) and Annual Reports and Accounts operate together as part of the Government's approach to managing public money to ensure value for money in the short and long-term. The description also sets out how the framework accommodates long-term decision making, whilst having the flexibility to respond to shorter-term priorities or commitments.

1.3 For each process, there is an explanation of how the Government and the public can use the information available to understand the Government's planning, spending and performance over time. The Treasury and Cabinet Office are committed to promoting continuous improvement to how this framework operates and the alignment of processes within it.

1.4 SDPs continue to provide the basis for the Government's planning and performance framework. Throughout the SDP process, the Treasury and Cabinet Office bring together Departmental planning leads to share best practice, enabling the quality of planning across government to move further towards a consistent standard. Before agreeing Departments' SDPs, the Treasury and Cabinet Office review them centrally to ensure they are consistent with overall Government policy, effectively reflect areas of joint-working and identify dependencies on other Government Departments.

1.5 In preparation for the next spending review, the Treasury and Cabinet Office will improve the integration of SDPs with the spending review process. Decisions on the timing and scope of the spending review in 2019 will inform this approach.

1.6 A planning peer group, which was established under the Government Finance Function's Finance Leaders Group, has developed a planning maturity model to help Departments self-assess their planning capability and identify actions to make improvements. The model has been user tested with practitioners within departments and refined with the support of the National Audit Office and other experts. It has now been shared with Departments in beta form and the Treasury and Cabinet Office will commission Departments to undertake a self-assessment over the summer, following the conclusion of their annual

planning processes. Driving a strong culture of planning and performance continues to be one of the priorities of the Government Finance Function and its ongoing work to improve Government's financial management.

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

4.1 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

4.2 In December 2017, the Government published updated versions of Single Departmental Plans for 2017/18. Public summaries of SDPs were updated again at the start of the 2018/19 financial year and will continue to be updated each year in line with the annual business planning cycle. The plans set out the priorities of the Government and business-as-usual activities, and reflect changes in responsibilities. The public can use them to track progress against the Government's objectives and key outcomes.

# Twenty Eighth Report of Session 2016-17

## Department for Education

### Apprenticeship Programme

#### Introduction from the Committee

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

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

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Delivering value through the apprenticeships programme* – Session 2016-17 (HC 624)
- PAC report: *The apprenticeships programme* – Session 2016-17 (HC 709)
- Treasury Minutes: February 2017 (Cm 9413)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9566), 5 recommendations have been implemented. 1 recommendation remains work in progress, as set out below.

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

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

2.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** November 2018.

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

2.3 Currently, 303 standards are available for delivery and there are 241 in development.<sup>13</sup> Employers are increasingly demanding these new high quality apprenticeships. There have now been over 100,000 starts on new apprenticeship standards, and standards now represent 37% of overall starts reported so far in the 2017-18 academic year, compared to just 3% at the same time in the 2016-17 academic year.

2.4 The Institute for Apprenticeships (the Institute) leads and manages the standards approval and review process. The Institute launched *Faster and Better* in February 2018 to speed up and improve processes<sup>14</sup>. The Institute has approved more standards in the first half of 2018 than in any other 6-month period since standards were introduced.

2.5 Following the introduction of simplified online templates and guidance for proposals and standards in March 2018, reducing the administrative burden for employers, the Institute is rolling out workshops for standard development and End Point Assessment (EPA) to trailblazers, providing more intensive, tailored support to speed up the end to end process.

2.6 The Department is continuing its work with the Education and Skills Funding Agency and the Institute to support development of the Institute's digital system. A digital interface with trailblazer groups for proposals and standards was introduced in March 2018, reducing the amount of information users have to input and simplifying the process, with EPA provision due to follow in the summer. Information on the progress of standard development and assessment plans is readily available on the Institute's website. The Institute is continuing to develop the functionality of its online management information system.

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<sup>13</sup> As at 2 July 2018

<sup>14</sup> <https://www.instituteforapprenticeships.org/apprenticeship-standards/>

# Twenty Ninth Report of Session 2016-17

## HM Revenue and Customs

### HM Revenue and Customs performance in 2015-16

#### Introduction from the Committee

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *HM Revenue and Customs 2015-16 Accounts – progress update* - Session 2016-17 (HC 338)
- PAC report: *HM Revenue and Customs performance in 2015-16* – Session 2014-15 (HC 712)
- Treasury Minutes: March 2017 (Cm 9429)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9566), 5 recommendations have been implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

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

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

1.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

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

1.3 The tax gap is the difference between the full amount of tax that should be paid against what is actually paid, and reflects a single year. The Department's reported compliance yield contains an estimate for the amount of cash collected from their compliance activities, which may refer to liabilities established for many previous years, as well as the revenue losses prevented and future revenue benefits. Both measures are needed to give a rounded picture of performance. The Department further developed the approach of using case study examples alongside the 2016-17 Annual Report and Accounts to explain the relationship between these two measures and to help illustrate how compliance activity closes, and prevents, growth of the tax gap.

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

1.5 In the longer term, the Department is working on analysis of the Tax Gap, the more extensive internal analysis of risks in the tax system and the Departments work across all disciplines from legislative changes to compliance activities to demonstrate the connection between the Departments activities and the tax gap.

# Thirtieth Report of Session 2016-17

## Department for International Development

### St Helena Airport

#### Introduction from the Committee

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

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Realising the benefits of St Helena Airport* - Session 2016-17 (HC 19)
- PAC report: *St Helena Airport* – Session 2016-17 (HC 767)
- Treasury Minutes: March 2017 (Cm 9429)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9566), 2 recommendations have been implemented. 3 recommendations remained work in progress, 1 of which has now been implemented, as set out below.

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

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

1.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** December 2018.

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

**4: PAC conclusion:** *The Committee is extremely sceptical about the Department's projected tourism figures and the island's ability to support such growth in the tourist industry.*

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

4.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** February 2019.



4.2 The new scheduled commercial air service commenced in October 2017. Sales have been strong and the service carried over 3500 passengers up to April 2018. It has only experienced significant delay on two occasions, due to persistent fog and low cloud rather than wind shear. For most of this period (until end-February 2018) the RMS St Helena was also operating in parallel to the air service. The total number of visitors for the first quarter 2018 was 1,848 - an increase of 47% from the same quarter in 2017 (before the air service commenced). Given the resilience of the service to date, the St Helena Government, SA Airlink (the operator) and the Department have agreed to expand the service later this year.

4.3 The Department still intends to commission work to recalculate the projected tourism figures based on the real data from flight operations, but believes that at least a full year of operations is required to provide meaningful analysis and draw robust conclusions.

**5: PAC conclusion: *The reputational damage to St Helena from this fiasco could further hinder its ability to attract investment.***

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

5.1 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

5.2 Building on its Investors' Prospectus of 2014, Enterprise St Helena held investor roadshows in the UK and France (2017) and in South Africa (2018) and has regularly promoted the island through trade and tourism fairs in UK, Germany and South Africa. As a tourism destination, the island has featured in a wide range of print and online media including UK national newspaper travel supplements, international travel media and specialist publications.

5.3 The St Helena Government continues to focus on investment climate reform. It has published an updated Sustainable Economic Development Plan and its new Investment Strategy is at the final draft stage. In 2016, the St Helena Government introduced incentives through the tax system designed to stimulate investment in infrastructure.

5.4 The Government's multi-stakeholder tax working group has also made a number of tax policy changes designed to increase revenues and encourage investment including increases to the landing fees of tourists travelling the island and an investment tax credit for new businesses. Early investor interest stimulated by the easier access afforded by flights has been in the coffee, viticulture, and tourist accommodation sectors. Alongside the St Helena Government's initiative to invest in renovating buildings to create a premier 30-room hotel managed by the South African Mantis hotel company, the majority of other investments in the island's tourism infrastructure have also been by local investors.

# Thirty Fourth Report of Session 2016-17

## Home Office

### Syrian Vulnerable Persons Resettlement Programme

#### Introduction from the Committee

Since it began in 2011, the civil war in Syria has caused mass movement of Syrians, both within the country and to neighbouring countries. Syrians now make up the largest refugee population in the world, with almost five million having fled to neighbouring countries to escape the conflict. In January 2014, the UK Government announced that it would establish a Syrian Vulnerable Persons Resettlement programme (the programme) to allow selected refugees to resettle in the UK. The programme was relatively small in scale, resettling 239 refugees up to the end of September 2015.

In September 2015, the Government announced that it would expand the programme to resettle 20,000 of the most vulnerable Syrian refugees in the UK by May 2020. The programme became the joint responsibility of the Home Office (the Department), the Department for Communities and Local Government and the Department for International Development. It is open to Syrians registered as refugees with the United Nations High Commissioner for Refugees (UNHCR) in Jordan, Iraq, Egypt, Lebanon, or with the government in Turkey, and who meet one or more of UNHCR's criteria for vulnerable groups. The Department and its partners successfully met their initial target to resettle 1,000 Syrian refugees as part of the programme by Christmas 2015. By the end of June 2016, a total of 2,659 Syrian refugees had been resettled, making up 13% of the overall target.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Syrian Vulnerable Persons Resettlement Programme* – Session 2016-17 (HC 626)
- PAC report: *Syrian Vulnerable Persons Resettlement Programme* – Session 2016-17 (HC 768)
- Treasury Minutes: March 2017 (Cm 9429)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9566), 4 recommendations have been implemented. 4 recommendations remained work in progress, 2 of which have now been implemented, as set out below.

**4: PAC conclusion: *The Department's plans for evaluating the success of the programme are still too vague.***

**4a: PAC recommendation: *The Department should, by the end of this financial year, analyse the evidence it has collected in order to produce a baseline for the programme.***

4.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

4.2 The Department has established a mechanism to secure monitoring data from local authorities and community sponsors, which requires them to provide this at two points each calendar year for new arrivals (those who have arrived within the last 12-15 months). Data is collated and analysed and the Committee has been provided with details on baseline findings for a cohort of vulnerable persons' resettlement (VPR) refugees.

**4b: PAC recommendation: *The Department should, by the end of this financial year, set out the outcomes against which it will judge the success of the programme.***

4.3 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

4.4 The VPR scheme is being evaluated to explore both implementation and outcomes for refugees and stakeholders. The qualitative research being conducted by Ipsos Mori and the data requested from other Government Departments to provide are both integral to this assessment. The Department expects the first annual evaluation report from Ipsos Mori in autumn 2018, with further reports to follow in 2019 and 2020. The Department has also reached agreement, in principle, with several Departments and administrations to provide the data needed to look at longer term integration outcomes.

**5: PAC conclusion:** *The Department has not yet worked out what is the right amount of English language teaching to provide.*

**5: PAC recommendation:** *The Department should, within six months, review what is being delivered by the increased funding for teaching English to determine whether it is sufficient to allow refugees to communicate independently with service providers and integrate quickly into their local communities.*

5.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

5.2 Learning English is a key integration outcome for refugees and the monitoring of the Vulnerable Persons and Vulnerable Children's Resettlement Schemes therefore involves collecting numerous individual level data sets on ESOL. These include whether beneficiaries are attending ESOL classes and the reason if not, how many hours per week they receive, and their levels in each of the four domains (reading, speaking, listening and writing). The Department's monitoring process involves local authorities and community sponsors providing two sets of information on refugees they are supporting and they are approached at fixed points in the year – in the Spring and Autumn. The Spring 2017 reporting window provided a benchmark data set for 3,587 refugees and data from the Autumn 2017 reporting window is being collated, cleaned and analysed. This is a time-consuming task given the window captured in excess of 5,000 refugees and c.200k individual pieces of data.

5.3 The Department will therefore be in a position in Autumn 2018 to report back on ESOL progression and the factors which support or undermine this. In order to capture the ESOL outcomes of those who have benefited from the additional funding, the Department will also draw upon additional data which local authorities have now reported in respect of the 17/18 financial year. This reporting was introduced because the additional ESOL funding was announced in Summer of 2016 after the Department had communicated the detail of the monitoring plans to local authorities. The Department therefore needed additional and more specific data sets to allow for analysis of the outcomes achieved by those who have benefitted from the additional funding.

5.4 From 1 August 2017, local authorities have been required to ensure that where formal language training is deemed appropriate, the adult refugee can access a minimum of eight hours per week within one month of arrival, and for a period of 12 months, or until the individual reaches ESOL entry level three.

**6: PAC conclusion:** *It is not clear that survivors of torture are receiving the specialist support and treatment they need.*

**6: PAC recommendation:** *The Department should, within six months, along with local authorities and delivery partners, undertake a full review of how victims of torture are being identified and supported to understand what more can be done.*

6.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

6.2 The identification of survivors of violence and torture takes place in the Middle East North Africa (MENA) region through UNHCR assessments and IOM health screening. The Department works closely with UNHCR and IOM to intensify their outreach, coverage and capacity to identify, support and refer individuals that may have lingering physical or psychological effects from torture or violence.

6.3 The Department has been working closely with partners in the UK to better understand the mental health and wellbeing needs of those resettled under the scheme. The Department has asked partners how operational practices can be improved and has identified some areas where changes could be made, including sharing of best practice in using existing VPRS funding to put in place services for this cohort.

6.4 The Department has also trialled the pre-departure use of the Global Mental Health Assessment Tool<sup>15</sup> at the IOM clinic in Beirut for a small cohort of resettled people. The GMHAT is a computerised clinical interview tool developed to assess and identify a wide range of mental health problems in primary health care settings. It consists of a series of questions that leads to a comprehensive yet quick mental state assessment, and was developed to help staff in any primary care setting make a standardised mental health assessment. The pilot has completed and is currently being evaluated. This evaluation started later than anticipated due to resources and the report has therefore been delayed.

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<sup>15</sup> [www.gmhat.org](http://www.gmhat.org)

# Thirty Fifth Report of Session 2016-17

## Home Office

### Upgrading Emergency Services Communication

#### Introduction from the Committee

The 107 police, fire and ambulance services in Great Britain currently communicate using the Airwave radio system. The system is currently provided by Airwave Solutions Limited, a company acquired by Motorola Solutions Inc in 2016, under contracts that now expire in 2019. In 2011, the Government set up the Emergency Services Mobile Communications Programme to look at options to replace Airwave.

The programme is run by the Home Office but it is co-funded by the Department of Health, and the Scottish and Welsh Governments. The chosen option to replace Airwave is called the Emergency Services Network (ESN). ESN will provide emergency services with better mobile data capabilities and save money by sharing an existing and enhanced commercial 4G mobile data network instead of building a dedicated public service network. In 2015, the programme awarded contracts to Motorola Solutions Inc and Everything Everywhere (EE) to provide the core elements of the new system and the current plan is that all emergency services transition on to ESN by end-December 2019. By that time, £1.2 billion will have been spent developing the ESN and a further £1.4 billion on running down Airwave. The estimated cost once ESN is fully operational is a further £2.6 billion between 2020 and 2032.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Upgrading Emergency Services Communications: Emergency Services Network* Session 2016-17 (HC 627)
- PAC report: *Upgrading Emergency Services Communications – Session 2016-17* (HC 770)
- Treasury Minute: March 2017 (Cm 9433)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9566), 1 recommendation has been implemented. 4 recommendations remain work in progress, as set out below.

**1: PAC conclusion:** *It seems unlikely that the ambitious target date for delivering the Emergency Services Network will be met.*

**1: PAC recommendation:** *The Department should reassess the business case timescales, update milestones for delivery and work with emergency services to update transition plans so all parties agree they are deliverable. It must take responsibility for convincing services to switch to ESN but also be clear at what point it will mandate the switchover. The Department should report to the Committee on progress by September 2017.*

1.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

1.2 The Department remains committed to providing the Emergency Service users the time they need to transition safely to ESN and are working on the assumption of a continuing need for a 27-month user transition period once mobilisation has been completed. Work continues on an integrated programme plan to cover both the mobilisation and transition periods. The delay in the programme has given more time to prepare for transition. This could ultimately mean the total length of time required for transition could reduce. The Department understands users need to be convinced of the case for this.

1.3 The Department has been working closely with Business Change Leads and senior representatives from the three Emergency Services to engage with users across the country and gain their feedback on the updated Programme Plan, transition timelines and regional transition running order. The Department has recently deployed a team of local implementation leads, funded from departmental budgets, to help users develop their own individual transition readiness requirements and plans. Reporting processes have been implemented that enable a clear route for escalating user queries and concerns back to the Department and distributing programme updates. The Department has also been engaging regularly with the larger non-Emergency Service user organisations and will continue to increase this activity.

1.4 The Department has already written to the Committee providing an update and will provide a further update in January 2019 Treasury Minutes Progress Report.

**2: PAC conclusion:** *Despite the prospect of delay the Department has not budgeted for an extended transition period or put in place detailed contingency arrangements to manage this risk.*

**2: PAC recommendation:** *The Department should budget for the cost of an extended timeframe and put in place arrangements for Airwave contract extensions as required. The Department should update the Committee on these provisions by September 2017.*

2.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

2.2 The current transition timetable includes a contingency of two months within each three Emergency Service region's budgeted 12-month transition period. Following completion of the current review of transition timing undertaken in conjunction with three emergency service user representatives, the programme will re-assess the level of contingency necessary to support the revised plan.

2.3 The Department is separately forecasting what further Airwave extensions might be required to provide for an extended period of transition. The cost of these extensions will be included within the Full Business Case forecast that guides the Departments in forming their future budgets for the programme.

2.4 In August 2016, the Home Office and the other Emergency Services agreed a Change Control Note to the Airwave Emergency Services Contracts that makes provision for extension of the contracts beyond the National Shut Down target date of 31 December 2019.

2.5 The Department has already written to the Committee providing an update and will provide a further update in January 2019 Treasury Minutes Progress Report.

**3: PAC conclusion:** *Good communications can make the difference between life and death for both emergency services personnel and the public but the technology ESN will rely on is not yet proven.*

**3: PAC recommendation:** *The Department should put in place adequate and independent testing of the technology required for ESN to make sure it works under pressure in a live environment. The Department must also address the real security concerns about communications on the London Underground and other underground systems and update the Committee on the outcome.*

3.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

3.2 The test strategy for ESN includes a seven-stage test and test assurance process. The final test stages, Service Acceptance Test (Stage 6) and Pilot Test (Stage 7) will consist of a period of trials and pilot testing in the live operational environment.

3.3 Trials and pilot testing will be undertaken by the three emergency services, supported by the ESN Suppliers. The Department and emergency services will work together to design Test Stages 6 and 7 and agree a robust and comprehensive approach to test assurance and trial evaluation. All ESN Users will be encouraged to consider the full range of options, including independent verification, in achieving a decision.

3.4 The Department has been working with Transport for London (TFL) to make progress on ensuring that ESN will be delivered in the London Underground in time for transition. TFL have prioritised delivery of ESN over a public cellular network system and are planning to complete ESN implementation by December 2018. EE are supporting the work through a change Request to the ESMCP Mobile Services Contract and the Department is working with TFL and EE to assure and ensure delivery.

**5: PAC conclusion: *The Committee is concerned that the incumbent suppliers will be in a very strong position when the ESN contracts are re-competed.***

**5: PAC recommendation: *The Department should, working with Ofcom, ensure other network operators have sufficient and timely information to enable them to make use of the ESN infrastructure and should report back to this committee in 2017 on take-up. For devices, the Department should engage with suppliers and ensure that specifications are standardised and do not favour any individual supplier.***

5.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

5.2 The Department is working with the Department for Digital, Culture, Media and Sport (DCMS) and EE to ensure that, where possible, infrastructure can be shared to improve coverage. EE have indicated they intend to make sites available for commercial use where possible, and under the State Aid agreement for ESN, where EE use government-funded sites commercially they are obliged to make these sites available to other operators on an equal access basis. EE are now publishing information on the location of sites from which ESN coverage will be delivered, as soon as the lease is signed and planning permission is obtained.

5.3 For Extended Area Services (EAS) sites being built by the programme, the Home Office plans wherever possible to build these sites to a specification which will allow multi-operator use in the future, for example by building extensible masts, and larger site compounds. The Home Office has shared with the Scottish and Welsh Governments a list of all proposed EAS site locations, which in turn has been shared with all four mobile operators under a Non-Disclosure Agreement. This will enable the devolved governments and the other UK mobile network operators, to identify which sites could improve commercial mobile coverage in the future.

5.4 The Department has engaged extensively with device vendors in advance of the forthcoming procurements. The Department has also worked closely with Motorola, the systems integrator for ESN, to ensure that the specifications for devices allow the largest possible number of suppliers to bid to provide devices for ESN.

# Thirty Seventh Report of Session 2016-17

## Department of Health and Social Care

### NHS treatment of overseas patients – progress update

#### Introduction from the Committee

Whether patients are supposed to pay for treatment depends on whether they are resident in the UK and on the type of treatment. Some treatments, including GP appointments and accident and emergency care, are currently free to all patients and some patients, such as refugees and those applying for asylum, are exempt from charges. In other cases, statutory regulations require hospital trusts to make and recover charges in respect of the cost of treating overseas visitors. Most hospital care is chargeable. Trusts should charge visitors from outside the European Economic Area and Switzerland (EEA&S) directly, and report when they treat visitors from the EEA&S so that the UK can recoup charges from other member states, for example under the European Health Insurance Card (EHIC) scheme.

Research for the Department for Health in 2013 indicated that the NHS recovered less than a fifth of the amount it could have charged. In July 2014, the Department launched an overseas visitor and migrant cost recovery programme with the aim of increasing the amount recovered, from £73 million in 2012–13 to £500 million a year by 2017–18, by extending the scope of charging and implementing the existing regulations more effectively. New rules extended the charging regime in April 2015, so that students and temporary migrants from outside the EEA&S now have to pay an immigration health surcharge as part of their visa application.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Recovering the cost of NHS treatment for overseas visitors* - Session 2016-17 (HC 728)
- PAC report: *NHS treatment for overseas patients* – Session 2016-17 (HC 771)
- Treasury Minutes: March 2017 (Cm 9433)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9566), 4 recommendations have been implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

**4: PAC conclusion:** *While the statutory responsibility to identify and charge overseas patients lies with trusts, other parts of the health system also have an important role and are not yet doing enough to support cost recovery.*

**4: PAC recommendation:** *NHS Improvement should collect and share data on the performance of trusts in charging patients and recovering money, and intervene when performance is clearly falling short. At local level, clinical commissioning groups should scrutinise the performance of their local trusts, and use their powers to audit trusts if they are not confident that trusts' charging processes are robust.*

4.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

4.2 Relative cost recovery performance data is now collected by NHS Improvement and made available to trusts on the Model Hospital dashboard. From January 2018, trusts have been able to see their relative financial opportunity on the model Hospital, benchmarked against peers.



4.3 NHS Improvement has developed a detailed plan to provide intensive support to a cohort of trusts identified as having the greatest opportunity for improvement in overseas visitor cost recovery. All trusts under formal regulatory intervention (such as Financial Special Measures) are included in this list and the regulatory teams responsible for those trusts are engaged in the work on overseas visitors.

4.4 NHS England has worked with NHS Improvement to develop practical arrangements for overseas visitor cost recovery that commissioners will be able to use to gain assurance that providers are taking appropriate and reasonable measures to identify patients that are not eligible for NHS funded care and to recover costs where they are provided with care. This work has now been published in a joint document (see below) which identifies what can be regarded as reasonable assurance by providers about the efforts to recover costs from overseas visitors. The work with trusts to implement best practice in overseas visitor cost recovery will also identify the extent of compliance with published guidance.

4.5 NHS England and NHS Improvement produced a joint publication updating the document *Improving Systems for Cost Recovery for Overseas Visitors*, in January 2018, targeted at commissioners and providers of NHS funded healthcare. This updates the relevant paragraphs of the *Who Pays* guidance.

# Thirty Eighth Report of Session 2016-17

## Cabinet Office

### Protecting information across Government

#### Introduction from the Committee

Protecting the information Government holds from unauthorised access or loss is a critical responsibility for departmental accounting officers, particularly with the increasing need to disseminate this information to other public bodies, delivery partners, service users, and citizens via new digital services. The Cabinet Office is responsible for coordinating this activity across central Government Departments. However, increasing dependencies between central Government and the wider public sector means traditional security boundaries have become blurred.

In recent years, the threat of electronic data loss from cyber-crime, espionage, and accidental disclosure has risen considerably; the Government Communications Headquarters (GCHQ) dealt with 200 national cyber security incidents (defined as attacks which threatened UK national security) per month in 2015, up from 100 per month in 2014. Concurrently, personal data breach reporting remains highly variable, with some Departments recording thousands of incidents in the 2014–15 financial year and five Departments recording none at all. In October 2016, GCHQ launched the new National Cyber Security Centre, designed to act as a bridge between industry and Government, providing a unified source of advice, guidance and support on cyber security, including the management of cyber security incidents. The Cabinet Office's second National Cyber Security Strategy was published in November 2016.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: Protecting information across Government – Session 2016-17 (HC 625)
- PAC report: Protecting information across Government – Session 2016-17 (HC 769)
- Treasury Minute: March 2017 (Cm 9433)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minutes (Cm 9566), 4 recommendations have been implemented and the Department disagreed with 1 recommendation. 1 recommendation remained work in progress, which has now been implemented, as set out below.

**5: PAC conclusion: *The Cabinet Office's ability to make informed information security decisions is undermined by inconsistent and chaotic processes for recording personal data breaches.***

**5: PAC recommendation: *The Cabinet Office should consult with the Information Commissioners' Office to establish best practice reporting guidelines and issue these to departments to ensure consistent personal data breach reporting from the beginning of the 2017–18 financial year.***

5.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

5.2 Cabinet Office has released to all Departments and related organisations the Security Incident Management Standards (April 2018). These standards define the minimum measures that Departments must implement on reporting and managing security incidents. This will drive consistency across Government in how incidents are reported and managed. It will also allow Cabinet Office to measure Departmental performance whilst improving visibility of cross-Government security risk.

5.3 The Security Incident Management Standards have been created in collaboration with Departments, the Information Commissioner's Office, National Cyber Security Centre and the Centre for the Protection of National Infrastructure. The standards take account of the new personal data breach reporting threshold in line with the EU General Data Protection Regulation and the Cabinet Office has worked with the ICO and the Department for Digital, Culture, Media and Sport (DCMS) to ensure alignment. The standards have been adopted across Departments, and the Incident Management service to be delivered across the four Security Clusters, covering all Departments, is being designed based on the Security Incident Management Standards. This will ensure consistent personal data breach reporting.

# Thirty Ninth Report of Session 2016-17

## Department for Business, Energy and Industrial Strategy

### Consumer funded energy policies

#### Introduction from the Committee

Our electricity system is undergoing a radical transformation in response to two challenges: the need to maintain a secure energy supply and the need to reduce carbon emissions. These challenges arise because demand for electricity is expected to increase over the next two decades while many of the UK's existing coal and nuclear power stations will shut. At the same time, the Government wants a growing proportion of electricity to come from low-carbon sources like wind, solar energy and nuclear power to meet its climate change targets.

Most Government policies to promote and manage this transition involve placing obligations on energy suppliers with the resultant costs being funded by consumers through their energy bills. To help control these costs, in 2011 the Treasury and the Department for Business, Energy and Industrial Strategy (BEIS) created the Levy Control Framework (the Framework). The Framework sets yearly caps on the forecast costs of three Government schemes to support low-carbon generation that are funded by consumers: the Renewables Obligation, Feed in Tariffs, and Contracts for Difference. The Framework requires the Department to take early action to reduce costs if forecasts exceed the cap. The cap is £4.9 billion for 2016–17 rising to £7.6 billion for 2020–21. In 2016 Framework costs constituted £64 of the typical household's yearly energy bill.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Controlling the consumer-funded costs of energy policies: the Levy Control Framework - Session 2016-17* (HC 725)
- PAC report: *Consumer-funded Energy Policies - Session 2016-17* (HC 773)
- Treasury Minutes: March 2017 (Cm 9433)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minutes (Cm 9566), 5 recommendations have been implemented. 1 recommendation remains work in progress, as set out below.

**4: PAC conclusion:** *The Department does not publish enough information on the Framework and has not produced, as promised, annual reports on consumer funded energy schemes.*

**4: PAC recommendation:** *The Department should report much more openly and regularly on the Framework and also publish a consumer prices and bills report annually in an easily understandable format so that consumers can see clearly what they are paying. The next edition should be published before April 2017. It should also publish a clear account of the assumptions underpinning Framework forecasts each time those forecasts are published.*

4.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** December 2018.

4.2 The Government is committed to being transparent about the projected costs of its consumer funded policies.

4.3 In November 2016 the Department published its Consumer Funded Policies Report which included the wholesale price assumptions used for the Framework's projections. In October 2017, the Department published the Clean Growth Strategy which set out the impacts on the average annual household dual fuel bill of supporting cleaner energy policies. This compared the average annual household dual fuel bill in 2012 and 2016. The average bill has come down approximately £14 on average, due primarily to lower wholesale fuel prices and the effect of energy policies in saving household's money.

4.4 The Department regularly publishes information on the Framework such as details of the assumptions which underpin the Levy Control Framework modelling. These are published twice a year in Office for Budget Responsibility updates alongside fiscal events and through the annual Renewables Obligation Setting process. Strike prices for signed Contracts for Difference are available on the Low Carbon Contracts Company website. Renewables Obligation and Feed in Tariff Scheme deployment data are published monthly on the Renewable Energy Planning Database and Ofgem's website respectively.

4.5 Alongside the Autumn Budget announcement in November 2017, HM Treasury published details of the current forecast of spend on low carbon electricity levies out to 2025. This included assumptions underpinning the projects (estimates of generation capacity and load factors by technology). Government has confirmed it will update the forecast of low carbon electricity levies on an annual basis.

4.6 The Department will work with its partner organisations to develop a publication of annual forecasts of the impact of policies on energy bills. Our aim will be to facilitate this before the end of 2018. This time is needed to agree the appropriate methodology and resolve any resourcing and governance issues in advance of publication.

# Fortieth Report of Session 2016-17

## Department for the Environment, Food and Rural Affairs

### Common Agricultural Policy Delivery Programme

#### Introduction from the Committee

The Common Agricultural Policy (CAP) is the European framework of subsidies and rural development programmes. The Department has overall responsibility for CAP and the Rural Payments Agency, as the paying agency for all CAP payments in England, pays out £1.8 billion a year to English farmers and landowners. The CAP provides direct financial support to farmers primarily through the Basic Payment Scheme (which accounts for around 80% of total payments) and funding for rural development programmes such as the Countryside Stewardship Scheme. The EU reforms the CAP every seven years or so. The new CAP came into force in 2014 and is expected to be in place until 2020.

The RPA is developing the CAP Delivery Programme, a new suite of IT solutions to administer CAP, but implementation was significantly delayed, and the online application portal was not ready in time, resulting in a reversion to paper-based applications for the 2015–16 application window. In 2015–16 the RPA paid out £1.39 billion to 87,500 farmers in England between December 2015 and October 2016. The Department for Environment, Food and Rural Affairs (the Department) incurs penalties, or disallowance, when it is deemed not to have complied with EU requirements for delivering the CAP. Since 2005 the Department has incurred £642 million in disallowance.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: Progress on the Common Agricultural Policy Delivery Programme - Session 2016-17 (HC 727)
- PAC report: Progress on the Common Agricultural Policy Delivery Programme – Session 2016-17 (HC 766)
- Treasury Minutes: March 2017 (Cm 9433)
- Treasury Minutes Progress Report: October 2017 (Cm 9506)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9566), 6 recommendations were implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

**2: PAC conclusion: *The RPA needs better data to make full payments promptly and accurately.***

**2: PAC recommendation: *As part of its commitment to providing farmers with timely payments, the RPA must ensure that its land register is accurate. It should in the response to this report, set out when it expects to have digital maps with data that is no older than three years and also when it will reduce this to one year.***

2.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

2.2 The Department remains committed to improving the mapping data it uses to administer CAP payments to improve service to farmers and to demonstrate compliance with the EU rules, reducing risk of significant disallowance. Updates to the land data, through a Proactive Land Use Change Detection (PLCD) check to reflect changes to parcel sizes, shapes and usage, are based on the intelligence received from Ordnance Survey; aerial photography; inspection outcomes; and requests made by farmers.

2.3 The Rural Payments Agency (the Agency) has focused on a package of measures to achieve our commitment to the EU including maintaining, where possible, a three-year currency to its land data; acquisition of additional imagery for common land areas; and more rapid field inspections.

2.4 By the end of 2017, the Agency had checked over 2.2 million land parcels of the approximately 2.5 million registered, and updated over 1.2 million of these through PLCD. In 2018, the Agency utilised further intelligence available (collated in 2017) to check 181,000 land parcels and updated 54% of these.

2.5 In 2017, the Agency concluded that achieving one year currency in time to influence disallowance prior to the UK leaving the EU was unlikely to be achievable so the Agency will continue to maintain its mapping to the standards required by EU Regulations.

# Forty Second Report of Session 2016-17

## Department for Work and Pensions

### Benefit sanctions

#### Introduction from the Committee

A benefit sanction is a reduction or suspension of benefit payments because a claimant has not met conditions for receiving benefit. For example, Jobseeker's Allowance claimants are required to attend jobcentre appointments and the Department for Work and Pensions may sanction people who fail to attend them. The Department uses sanctions for two reasons: to encourage more people to comply with conditions and to penalise claimants for not meeting their responsibilities. The Department believes that complying with conditions helps some claimants find work. A typical sanction lasts four weeks and means a Jobseeker's Allowance claimant loses around £300. In 2015, the last year for which there is complete data, the Department imposed 400,000 sanctions on benefit claimants.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: Benefit sanctions - Session 2016-17 (HC 628)
- PAC report: Benefit sanctions - Session 2016-17 (HC 775)
- Treasury Minutes: October 2017 (Cm 9505)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9566), 5 recommendations remained work in progress. 1 recommendation has been implemented and 2 recommendations will not be implemented. 2 recommendations remain work in progress, as set out below.

**2: PAC conclusion: *Sanctions are imposed inconsistently on claimants by different jobcentres and providers.***

**2: PAC recommendation: *The Department should monitor variation in sanction referrals and assess reasons for the differences across jobcentres. It should monitor the use and take-up of protections for vulnerable groups, reporting back to the Committee by the end of 2017.***

2.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

2.2 The Department has been examining sanction data by a range of both claimant and geographical characteristics in order to better understand the reasons for variation in sanction referrals. The Department had expected to complete its current research on the reasons for variation across jobcentres by March 2018. However, this will not now be finalised until the end of August 2018 to allow additional analysis to be undertaken, particularly due to the availability of richer Universal Credit data. It remains the Department's intention to subsequently publish this analysis in Autumn 2018.

2.3 The Department is unable, as a matter of course, to monitor the use and take-up of protections for vulnerable groups at national level. This is because the Universal Credit Service does not centrally collect this data. The Department is beginning work to examine how claimants tell it about their complex needs and how it records them, and is introducing a function to 'pin' notes to the top of a Universal Credit claim later this year. In the meantime, it remains the case that ensuring protections are applied appropriately is a local management responsibility.



**3: PAC conclusion:** *The Department's data systems are not yet good enough for it to routinely understand what effect sanctions have on claimants' employment prospects.*

**3: PAC recommendation:** *The Department should report back to the Committee by the end of 2017 on its progress in improving data systems, including on linking earnings outcomes to sanctions data, and addressing recommendations for better information made by the UK Statistics Authority and National Audit Office.*

3.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** January 2019.

3.2 The Department has corresponded with the UK Statistics Authority and has fully met three of their recommendations; confirmed in the latest response from UKSA<sup>16</sup>. It has done this by publishing a fuller analysis of the statistics; clarifying their limitations through detailed background information and methodology; and improving their content and style.

3.3 The Department has partially met the other two recommendations and is considering options around next steps. It plans to fully meet one of these recommendations by publishing additional information on repeat sanctions.

3.4 The Department will investigate options for the other recommendation. If it is possible to develop further measures looking at the proportion of claims/claimants that are, or have been, subject to sanctions over various time periods, the Department will decide next steps towards meeting the recommendation by the end of 2018.

3.5 The Department has published a fuller analysis of sanctions statistics, as requested by the UK Statistics Authority, including information on numbers of decisions to sanction; reviews; reconsiderations and appeals; a rate of claimants undergoing a sanction; sanctions statistics for Income Support and Universal Credit; and statistics on durations of sanctions.

3.6 The Department has also completed the work to improve data systems and has linked benefits claimants who have had an adverse sanction decision to earnings information from the RTI data. The Department plans to publish destination statistics of people who have earnings in a specified period following a sanction in 2018-19.

3.7 The Department continues to work with the National Audit Office in respect of their recommendations for better information.

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<sup>16</sup> <https://www.statisticsauthority.gov.uk/wp-content/uploads/2018/03/180316-Ed-Humpherson-to-Tom-Davies-benefits-sanctions-statistics.pdf>

# Forty Sixth Report of Session 2016-17

## Department for Digital, Culture, Media and Sport

### National Citizen Service

#### Introduction from the Committee

Since 2011, over 300,000<sup>17</sup> 16- to 17-years-old have participated in the National Citizen Service (NCS). The Government's stated ambition is for NCS to become a 'rite of passage' for young people and lead to a more cohesive, responsible and engaged society. NCS usually takes place over four consecutive weeks and involves groups of 12 to 15 young people undertaking together: an outdoor residential course to improve team building skills; a residential course to learn life skills and prepare for independent living; and a community project, such as planting a communal garden or arranging a family fun day.

In July 2016, the Department for Culture, Media and Sport took responsibility for the Office for Civil Society (OCS), and therefore NCS, from the Cabinet Office. NCS is managed by the NCS Trust, a community interest company funded by the OCS. The Trust currently contracts nine providers, across 18 regions, to deliver NCS. It delivers NCS directly in one region where it stepped in after the then provider failed to deliver. In February 2016, the OCS set an ambitious target to grow the number of NCS participation to 360,000 a year in 2020–21. In February 2017, the Department revised the target down to 247,000 in 2020–21. Between 2011–12 and 2016–17, OCS spent around £0.6 billion on NCS. Government has committed a further £0.9 billion, to NCS, to 2019–20.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *National Citizen Service* - Session 2016-17 (HC 916)
- PAC report: *National Citizen Service* - Session 2016-17 (HC 955)
- Treasury Minutes: October 2017 (Cm 9505)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 10 recommendations in this report. As of the last Treasury Minutes (Cm 9566), 7 recommendations have been implemented and the Department disagreed with 1 recommendation. 2 recommendations remain work in progress, 1 of which has now been implemented, as set out below.

**1: PAC conclusion: *NCS has shown early signs of success but the Department for Culture, Media and Sport lacks the data to measure long-term outcomes or understand what works.***

**1: PAC recommendation: *The Committee expects the Department to establish a clear plan, and secure agreement with other Government Departments where necessary, by September 2017 for how it is going to evaluate the long-term impact of NCS.***

1.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

1.2 The Department sent a memorandum detailing plans for the long-term impact evaluation of the NCS plan to the Committee on 5th March 2018.<sup>18</sup>

**4: PAC conclusion: *The Trust and Department cannot justify the seemingly high cost per participant of NCS.***

<sup>17</sup> This figure is now 400,000 young people

<sup>18</sup> <https://www.parliament.uk/documents/commons-committees/public-accounts/Correspondence/2017-19/dcms-ncs-long-term-evaluation-plan.pdf>

**4b: PAC recommendation: *The NCS Trust and Department need to publish benchmarking of its costs in advance of the next commissioning round in 2018.***

4.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2019.

4.2 The recommissioning round is a key opportunity to improve overall value for money and reduce cost. Ahead of the recommissioning process, information on NCS target unit costs (the unit cost the Trust aims to achieve) is commercially sensitive and cannot be shared publicly. The NCS Trust and Department will share benchmarking of its target unit costs with the Committee when this data is no longer commercially sensitive in Autumn 2019. The NCS target unit cost per participants will be made transparent and best practice lessons incorporated to improve overall value for money.

4.3 However the Department and the NCS Trust have also explored what cost benchmarking could be conducted in advance of Autumn 2019. The Department commissioned an independent analysis of NCS actual costs against industry and sector comparators. This report was published in February 2018. Given the unique nature of NCS, direct comparison with other youth programmes is not straightforward. Examples include, but are not limited to: differing levels of existing programme awareness; relative lengths of programmes; intensity; whether staff are voluntary or paid; and whether or not programmes are residential. Benchmarking was only be possible for those elements of the programme that are comparable to other organisations.

4.4 The Trust tracks operational performance and value for money through a robust set of KPIs which are agreed annually with DCMS and set out in the Trust's Grant Agreement. The Trust reports performance against these KPIs to DCMS throughout the year, according to an agreed reporting schedule.

# Forty Seventh Report of Session 2016-17

## Ministry of Defence

### Delivering the Defence Estate

#### Introduction from the Committee

The Ministry of Defence holds one of the largest estates in the country, accounting for approximately 1.8% of the UK land mass and valued at £31 billion. The defence estate is crucial to the country's defence capability. It includes land and also buildings such as offices, houses, storage units and training facilities (the 'built estate'). It also includes 50,000 Service Family Accommodation units. In 2015–16 the Department spent £4.8 billion (12%) of its budget on its estate, mainly on maintaining, building and upgrading the built part of it.

The Government has set targets for the Department to reduce its built estate by 30% by 2040 and make £1 billion between 2016–17 and 2020–21 by disposing of estate it no longer needs. The Department is also the largest contributor to the government's objective of releasing land to build 160,000 new homes between 2015 and 2020, and has a target of releasing enough land to build 55,000 homes. In 2011 the Department established the Defence Infrastructure Organisation (DIO) to manage the estate centrally.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Service Family Accommodation* – Session 2016-17 (HC 77)
- NAO report: *Service Family Accommodation Update* – January 2017
- NAO report: *Delivering the Defence Estate* – Session 2016-17 (HC 782)
- PAC report: *Delivering the defence estate* – Session 2016-17 (HC 888)
- Treasury Minutes: October 2017 (Cm 9505)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9566), 5 recommendations have been implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

**4: PAC conclusion: *The Front-Line Commands are to be given back responsibility for estate budgets even though they failed to manage these budgets effectively in the past.***

**4: PAC recommendation: *Before it delegates the estate to the Front-Line Commands in April 2018, the Department must develop appropriate criteria to judge the readiness of the Commands to take on responsibility for managing their estate budgets. It must then use the criteria actively to monitor Commands' ability to take good decisions in relation to the estate.***

4.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

4.2 The Department undertook an assessment of readiness to delegate funding at the end of 2017 against criteria including people, processes, systems, management information and risk, requiring a specified level of maturity to be reached by all stakeholders affected (Head Office, customer TLBs and DIO). The assessment indicated that sufficient progress had been made by the Front-Line Commands and other Top Level Budget Holders to establish infrastructure teams and the Defence Infrastructure Organisation to restructure to support the new model to enable delegation of responsibility for managing estate budgets to be implemented from April 2018.

4.3 Some near-term risks were identified which are being mitigated by transitional arrangements during 2018-19; specifically, these are accountability for management of the overall Resource Departmental Expenditure Limit budget remaining with DIO, improvements to management information, and development of Infrastructure Management Plans. These risks are outweighed by the long-term benefits of delegation.

4.4 The Department's existing annual Command Planning and budgeting cycle sets the Front-Line Commands' and other Top Level Budget Holders' infrastructure objectives and priorities. This process will act to drive coherent infrastructure planning that is in line with the Defence Plan and the Strategy for Defence Infrastructure and aligned with resource allocation decisions.

4.5 Financial reporting arrangements for the delegated infrastructure budgets have been established for the Finance Committee and Infrastructure Joint Committee who will monitor performance monthly commencing in May 18. Monitoring of the Front-Line Commands' and other Top Level Budget Holders' estate decisions will take place through the Department's existing Quarterly Risk and Performance Review between the Permanent Secretary and the Chief of Defence Staff and the individual Front Line Command or Top Level Budget Holder.

4.6 The delegated funding model for managing the Defence estate (called the Infrastructure System Operating Model) includes the requirement for regular assessment of the maturity of the overall infrastructure system to support decision making. Detailed arrangements for future monitoring, frequency of performance management, indicators for the estate and system maturity are being developed as part of tranche two of the Defence Infrastructure Model Reform Programme.

4.7 Under the infrastructure system operating model, the Defence Infrastructure Organisation is responsible for providing infrastructure advice and management information to Front Line Commands and other Top Level Budget Holders to support their decision making; and for then delivering the service or programme of infrastructure investment decided upon. DIO will also report on condition of the whole estate to support performance and maturity assessments for the system and decision-making across the whole estate, and against strategy objectives for a smaller, better estate.

# Forty Eighth Report of Session 2016-17

## Crown Commercial Service / Cabinet Office

### Crown Commercial Service

#### Introduction from the Committee

The Crown Commercial Service (CCS) was set up on 1 April 2014 to replace the Government Procurement Service. It aimed to centralise £13.4 billion of central Government spend on common goods and services and carry out direct buying services on behalf of all Departments. In doing so, it would improve the Government's management of commercial contracts. It would also provide framework agreements to enable both central Government Departments and the wider public sector to purchase common goods and services. The direct buying service and the purchases through framework agreements would total £22 billion. CCS is also responsible for central Government's procurement policy and building commercial skills across Government. It provides advice and support on complex transactions and negotiates with Government's strategic suppliers.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Crown Commercial Service* – Session 2016-17 (HC 786)
- PAC report: *Crown Commercial Service* – Session 2016-17 (HC 889)
- Treasury Minutes: October 2017 (Cm 9505)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9566), 4 recommendations have been implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

**2: PAC conclusion: *Progress in centralising the procurement of common goods and services has been unsatisfactory.***

**2: PAC recommendation: *All Departments must understand the importance of achieving savings from centrally purchasing common goods and services, and transfer appropriate spending to CCS as soon as practicable. The Cabinet Office and CCS should report back to the Committee by October 2017 setting out the plans it has agreed with each Department to centralise their spending on common goods and services fully by 2020.***

2.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

2.2 The Chief Executive of the Crown Commercial Service wrote to the Committee on 18 May 2018 setting out the progress CCS has made in agreeing plans with Departments.

# Forty Ninth Report of Session 2016-17

## Department for Education

### Financial sustainability of schools

#### Introduction from the Committee

The Department for Education is accountable for securing value for money from spending on education services in England. At January 2016, there were 20,179 state-funded primary and secondary schools across England, educating 6.4 million pupils aged between 5 and 15. The Department delegates responsibility for oversight to the Education Funding Agency, which oversees financial management and governance in academies directly and in maintained schools through local authorities.

The Department's overall schools budget is protected from inflation. In the 2015 Spending Review, the Government increased the core schools budget by 7.7% in cash terms, from £39.6 billion in 2015–16 to £42.6 billion in 2019–20. However, pupil numbers are expected to increase over the same period by 6.3%, from 7,262,000 in 2015–16 to 7,720,000 in 2019–20. This means that the amount that schools receive per pupil will, on average, rise only by 1.3%, from £5,447 in 2015–16 to £5,519 in 2019–20, a real-terms reduction once inflation is taken into account. The Department estimates that mainstream schools face cost pressures rising from £1.1 billion (equivalent to 3.1% of the total budget) in 2016–17 to £3.0 billion (8.0%) in 2019–20. Schools will have to counteract these cost pressures by making economies or efficiency savings. The Department aims to support schools to ensure that, by 2020, schools have the skills, capabilities and tools to manage pressures on their budgets while maintaining or improving educational outcomes.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Financial sustainability of schools* – Session 2016-17 (HC 850)
- PAC report: *Financial sustainability of schools* – Session 2016-17 (HC 890)
- Treasury Minutes: October 2017 (Cm 9505)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9566), 4 recommendations had been implemented. 3 recommendations remained work in progress, 2 of which have now been implemented, as set out below.

**3: PAC conclusion:** *The apprenticeship levy will be an additional cost for schools but they will only be able to benefit in a limited way from the funds.*

**3: PAC recommendation:** *The Government should set out by the end of June 2017 the financial impact of the Apprenticeship levy on schools.*

3.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

3.2 The Government included the financial impact of the Apprenticeship Levy as part of its publication of an updated assessment of the cost pressures on schools in February 2018.<sup>19</sup>

3.3 The Department recognises that the apprenticeship levy is potentially an additional cost to schools, but this is only in the event that schools fail to take advantage of the opportunity afforded by apprenticeship service accounts to pay for the training and assessment costs of apprentices. The

<sup>19</sup> <https://www.gov.uk/government/publications/schools-costs-technical-note>

Department encourages and expects levy-paying schools to draw down funds from their accounts, and the Department similarly expects local authorities to allow their schools to do this. The Department provides a 10% top-up to apprenticeship service accounts, so that it is possible to receive more funding than is paid by way of the levy.

3.4 The Government is supporting schools to take maximum advantage of the apprenticeship levy. This includes working with the relevant employer groups to introduce a range of apprenticeships in different occupations and at different levels through which schools can benefit from the levy. Postgraduate teaching apprenticeships will be available from September 2018, an apprenticeship suitable for school business directors is already available and the apprenticeship for school business professionals is being piloted in the West Midlands ahead of national roll-out in September 2018.

**4: PAC conclusion: *In calculating the £3 billion of required efficiency savings, the Department has not assessed the impact of all the cost pressures that the Government is placing on schools.***

**4a: PAC recommendation: *The Department should publish by the end of April 2017 the results of its work to assess the impact of withdrawing the Education Services Grant.***

4.1 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

4.2 The Department included the impact of withdrawing the Education Services Grant (ESG) as part of its publication of an updated assessment of the cost pressures on schools in February 2018.

4.3 The part of the ESG that supported local authority services to both maintained schools and academies has been included in the new Central Schools Services Block of the Dedicated Schools Grant (DSG). Services that local authorities provide to maintained schools only, previously funded through the ESG, can be funded from individual local authorities' DSG allocations with the consent of maintained school members of the local schools' forum, with corresponding reductions in the delegated budgets given to maintained schools.

4.4 The Department has also provided additional support for school improvement to local authorities and through the Strategic School Improvement Fund.

**4b: PAC recommendation: *The Department should routinely assess and make public the cost implications of policy changes including curriculum and assessment changes.***

4.5 The Government agreed with the Committee's recommendation.

**Target implementation date: September 2018.**

4.6 The Department recognises the importance of assessing the impact of policy changes on schools, both in terms of any additional cash costs and the opportunity costs resulting from how staff time is used. In response to the 2014 Workload Challenge, the Department set out a number of commitments to introduce minimum lead-in times for significant changes to accountability, the curriculum and qualifications, and to do more to consider the impact on schools when introducing such changes.

4.7 Originally published in March 2015, the Department for Education Protocol was reissued in February 2017<sup>20</sup> and sets out a number of criteria, including providing a lead-in time of at least a year for any changes to accountability, the curriculum and qualifications. The development and reissuing of the Protocol underlines the Department's commitment to making sure schools have enough time to prepare for change. The Department recognises more needs to be done to assess the cost implications of its policy changes on schools, and will seek to better assess the cash and opportunity costs of new policies and initiatives in relation to their impact on schools.

<sup>20</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/594215/DfE\\_protocol\\_-\\_Feb\\_2017.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/594215/DfE_protocol_-_Feb_2017.pdf)



4.8 On 10 March 2018, the Secretary of State for Education made the commitment that, beyond those changes already announced and which are working their way through the system, for the rest of this Parliament there will be no new additional statutory tests or assessment for primary schools; no further changes to the national curriculum; and no more reform of GCSEs and A levels. He has also established a Workload Advisory Group, which is looking at how to reduce unnecessary workload linked to assessment data and evidence collection, and will make recommendations by the end of the summer term 2018. The group is chaired by Professor Becky Allen and the membership includes teachers and school leaders, as well as Ofsted and the unions.

# Fiftieth Report of Session 2016-17

## Department for International Trade

### UKTI and the contract with PA Consulting

#### Introduction from the Committee

UK Trade & Investment (UKTI) is the UK's international trade and inward investment promotion organisation. Since July 2016 it has formed part of the Department for International Trade. It provides a network of advisers and experts to support UK exporters of goods and to help overseas-owned firms locate and build business in the UK. In May 2014 UKTI entered into a three-year contract with PA Consulting Services Limited (PA) for the provision of trade and investment specialists, and paid £18.8 million for the first 11 months of services. After the contract had started, UKTI became concerned about the way PA had priced the contract and about PA's transparency in its communications with UKTI. The contractual relationship eventually broke down and UKTI terminated the contract in January 2016. In May 2016, UKTI and PA reached a commercial settlement under which it was agreed that UKTI would pay the balance of PA's outstanding invoices less a £3.0 million reduction.

#### NAO / PAC Reports and Treasury Minutes

- NAO Report: Investigation into the UKTI specialist services contract with PA Consulting Session 2016-17 (HC 20)
- PAC Report: UKTI and the contract with PA Consulting – Session 2016-17 (HC 772)
- Treasury Minutes: October 2017 (Cm 9505)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9566), 4 recommendations have been implemented and the Department disagreed with 1 recommendation. 2 recommendations remain work in progress, as set out below.

##### **1-6: PAC conclusions:**

**1: UKTI did not have the right governance, skills or experience to procure the contract.**

**2: UKTI's handling of the procurement significantly breached good practice, was unfair to other bidders and left UKTI open to being exploited.**

**3: PA obfuscated about its costs and profits and allowed UKTI to believe that PA had not increased its profit when it had.**

**4: On termination of the contract, UKTI's previous carelessness left it unable to recoup from PA the full amount that it considered it was owed.**

**5: The Committee is not convinced that PA accepts the seriousness of its misrepresentations to UKTI or its failure to honour its duty of care to UKTI and the taxpayer.**

**6: These failures indicate inadequate quality assurance, internal control and commercial and relationship management within PA.**

**PAC recommendations: Although, in Government terms, this was a relatively small contract, there are some serious lessons that need to be learned by all Government bodies undertaking procurements. Suppliers hoping to contract with the Government should also take note. With this in mind, the Committee makes the following recommendations.**

**2: The Department for International Trade needs to satisfy itself that all its contracts will in the future be run with people with the required level of experience. It must put processes in place to ensure that all senior responsible owners (SROs) are properly qualified and given appropriate support.**

**6: The Committee will want to review the efforts of the Department for International Trade to improve its commercial capability in the future and satisfy itself that adequate action has been taken. In response to the Committee's report in March 2016 on Transforming Contract Management, the Cabinet Office undertook to develop and agree a Capability Blueprint with each department, which will contain a future operating model for commercial activity and a plan to build that future model. Once the Department has completed its Capability Blueprint, it should write to the Committee to inform on the outcome and its plans for further development.**

2.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Summer 2018.

2.2 The Department submitted its Commercial Blueprint for approval to Cabinet Office on 11 April 2018 with approval anticipated in July 2018. A key component of the Blueprint is to focus on commercial contract management and, as such, the Department is one of the pilot Departments for the Government Commercial Function led Contract Management Capability Programme (CMCP), which focusses on clarifying roles and responsibilities for each contract, as well as providing appropriate training and support to enhance existing capability (or bringing in new capability where required).

# Fifty First Report of Session 2016-17

## HM Revenue and Customs

### HMRC's contract with Concentrix

#### Introduction from the Committee

In 2013, HM Revenue and Customs set a target to reduce error and fraud in personal tax credits to no more than 5.5% by 2014–15. To help meet its target, in May 2014 HMRC signed a three-year contract with Concentrix. The contract aimed to provide additional capacity and analysis to check for possible error and fraud in tax credits. Concentrix contacted tax credits claimants, collected and assessed evidence and made changes to their tax credits entitlement. HMRC retained overall responsibility for the tax credits system, including stopping payment if a claimant did not renew their claim by the annual deadline of 31 July.

HMRC assured the Committee, in July 2016, that it had succeeded in bringing Concentrix's service to an acceptable level but, in August 2016, instances of poor customer service and decision-making were widely reported. In November 2016, HMRC and Concentrix agreed to end the contract as it was not meeting the customer service standards or savings that HMRC had intended. In December 2016, the Work and Pensions Committee reported on the Concentrix contract, highlighting that vulnerable people had lost benefits to which they were entitled as a consequence of avoidable failures.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Investigation in to HMRC's contract with Concentrix* – Session 2016-17 (HC 915)
- PAC report: *HMRC's contract with Concentrix* – Session 2016-17 (HC 998)
- Treasury Minutes: October 2017 (Cm 9505)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9566), 4 recommendations have been implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

**4: PAC conclusion: *The payment-by-results model used for the contract was flawed and HMRC lacked the commercial capability to design the contract effectively.***

**4: PAC recommendation: *HMRC should set out how it plans to develop its commercial capability and what it is doing to implement its plan. It should work with the Government Commercial Function to take forward this recommendation.***

4.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

4.2 There has been a significant investment in both capacity and capability within the Commercial Directorate, with a 33% increase in personnel since Summer 2017, including several senior appointments made from the private sector.

4.3 All senior Commercial staff transferred to the Government Commercial Organisation, the overarching commercial function for central Government, in November 2017. There is now a stronger focus on commercial upskilling, with specific Contract Management training (aligned to the Government Commercial Function Professional standards) being rolled out to both Commercial Directorate and relevant staff across the Department.

4.4 The Directorate is implementing a two-year plan to embed Government-wide commercial operating standards into its processes. At the end of the first year, its overall maturity level against the standards has increased from 1.25 to 2.8 – representing a significant uplift in capability.<sup>21</sup> The level of improvement has been independently reviewed and validated by the Government Commercial Function.

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<sup>21</sup> The measure of improvement is based on a maturity scale of 1-4, with 1 equating to a “Developing” maturity level and 4 representing “Best”

# Fifty Second Report of Session 2016-17

## Home Office

### Upgrading emergency services communications - recall

#### Introduction from the Committee

The Government is planning to replace the Airwave system currently used by police, fire and ambulance services in Great Britain (the emergency services) with a new Emergency Services Network (ESN). ESN is a high-risk programme that aims to roll out new technology, untried anywhere else in the world, to an ambitious timetable across all emergency services. The Committee published a report in January 2017 that concluded it was unlikely that the December 2019 target date for delivering ESN would be met and that the Department needed to reassess its timescales. It also concluded that the Department had not budgeted for delays, nor put in place detailed contingency plans to manage them.

Following the Committee's evidence session in November 2016 the Department told the Committee that ESN will be delayed by 9 months until September 2020. It has also now come to light that extending the Airwave contracts, the Department's sole mitigation against delay in putting the new system in place, might not be possible. In January, Motorola informed the Committee that Vodafone, a key supplier to Airwave, will from March 2020 stop providing an important piece of infrastructure that Airwave requires to function, essentially turning it off. This raised the possibility that emergency services may not be able to communicate with each other after March 2020 until transition to ESN is complete in September 2020. The Committee therefore recalled the Department to give further evidence in February 2017.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: Upgrading emergency service communications: the Emergency Services Network Session 2016-17 (HC 627)  
PAC report: Upgrading emergency service communications – Session 2016-17 (HC 770)
- PAC report: Upgrading emergency service communications: recall – Session 2016-17 (HC 997)
- Treasury Minutes: October 2017 (Cm 9505)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 4 recommendations in this report. As of the last Treasury Minute (Cm 9566), 4 recommendations remain work in progress, as set out below.

**1: PAC conclusion: *The 'little slippage' in delivering the ESN programme that the Department told the Committee about in November has now become a delay of nine months.***

**1: PAC recommendation: *The Department should ensure it is in a position to know which regions require an extension of Airwave by the end of 2018. Motorola must confirm that receiving notice at the end of 2018 will give it enough notice to carry out the work required to extend Airwave from December 2019.***

1.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

1.2 When Motorola took ownership of Airwave, the Department negotiated a deal to enable monthly extension of contracts by region, rather than requiring an extension of the contract in its entirety for a full 12 months. The agreement also enables the Department to defer the National Shut Down Date (NSD) in the event that extensions are required should ESN not be ready for full national operation.

1.3 The Department must give 12 months' notice to defer NSD or extend service to a Transition Group, specifying which regions require Airwave to be extended and the number of months. As the current NSD for Airwave is 31 December 2019, no formal decision is required about extending Airwave until 31 December 2018. The Programme will initiate a project in June 2018, to assess the delay impact on the NSD and establish the terms of the notice to be given by 31 December.

1.4 The Department's Transition Plan is staggered. The team are working with suppliers to better understand their timeline for delivery and subsequent impacts to user timelines for commencement and completion of transition. It is presently envisaged that some regions may not require contract extensions, whilst the maximum requirement for extension currently stands as an extra 9 months, in order to meet the final region transition completion in September 2020.

**2: PAC conclusion:** *With ESN delayed until September 2020, it is not clear how emergency services communications will be provided from March 2020, given that it might not be possible to extend Airwave beyond that date.*

**2: PAC recommendation:** *The Department must urgently engage in conversations with Motorola and Vodafone to explore the full range of options for resolving this issue and provide the Committee with regular updates on progress and estimates of any additional costs.*

2.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

2.2 The Department has been engaging with Motorola and Vodafone to examine a variety of possible options for the transmission solution. The Department is confident there are a range of credible options. Vodafone have provided positive assurance that they are working through the viability of providing Airwave with service options beyond 2020.

2.3 As Airwave is an outsourced PFI contract, supplied as a service, it is Motorola's responsibility to determine how the service will be provided in the period after Vodafone withdraw their legacy transmission product. Whilst the Department understands that technical solutions are available, Motorola have yet to provide confirmation of how the continuation of the service will be maintained following the withdrawal of Vodafone's legacy transmission product.

2.4 The Department has an agreement with Motorola for extending Airwave services at predetermined prices / indexation arrangements. Therefore, this issue should not result in additional costs to Government within the boundary of the Airwave extension agreements.

**3: PAC conclusion:** *It is extremely disappointing that the Department's risk management and assurance arrangements did not pick up earlier the risk that emergency services communications could be unsupported from April to September 2020.*

**3: PAC recommendation:** *Given the warning to the Department that it was underestimating the risks, it must review all the current risks to the programme and be realistic and open about these. The Department cannot afford to be caught off-guard again. The suppliers must accept their share of responsibility and ensure they are upfront about problems in delivering the network.*

3.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

3.2 The Department has consistently identified the Emergency Services Mobile Communications Programme (ESMCP) as a key Departmental risk due to the transformational nature of the implementation of ESN and its status as the largest Programme operating within the Department. It was first noted on the Departmental Risk Register in July 2015.

3.3 Regular reporting and in-depth analysis has and will continue to take place in relation to ESMCP's risks. The top ESMCP risks and issues are provided weekly for review to the Programme Governance Boards. The Programme will conduct a full review of each risk as migration to the new Risk Management System (SmartCore) which is due to complete September 2017.

3.4 The Department closely monitors risks regarding the longevity of the Airwave Service. The major Airwave risks are shared at the quarterly Airwave Executive Oversight Board attended by the Programme senior management team and Airwave senior management team.

3.5 Risks and issues are reviewed with Motorola and EE on a bi-monthly basis with follow on reviews held at the monthly Mobilisation Board, the supplier facing governance Board. Suppliers are required to highlight their top risks and issues in their monthly Detailed Implementation Plan (DIP) progress reports.

**4: PAC conclusion: *Providing emergency services communications underground is a significant and imminent risk to this programme but the Department has not yet finalised how ESN will work underground.***

**4: PAC recommendation: *TfL and the Department must, as a matter of urgency, work together to ensure that there will be coverage that enables the emergency services to contact each other underground. It needs to ensure that there are no delays to reaching an agreement with suppliers as this may have knock-on effects on the programme. The Committee expects regular updates on progress in resolving this issue. The Department should work with regions to review the existing transition roll-out plan so that those regions are best prepared to move first.***

4.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** December 2018.

4.2 The Department continues to work closely with Transport for London (TfL). TfL intends to install and maintain a neutral host solution that will be scaled to deliver ESN but provides the capability to be expanded to support other services in the future. TfL has committed to delivering ESN, for all stations and tunnels, by December 2018. The Department regards this date as an important objective. The Department is actively supporting TfL in their work to prepare detailed plans and is validating TfL's planning assumptions.

4.3 The Department has agreed to fund an infrastructure that supports ESN. TfL will need to develop a viable funding model for the additional costs of delivering other services in the future, such as a Public Cellular Network solution: in addition, the Department will expect to receive payments to offset the investment in public infrastructure if it is being used to provide commercial services from which TfL receives revenue. Discussions between EE and TfL are under way, and the high-level design of the technical solution has been agreed. TfL is working with EE to finalise the design and has appointed Ericsson as the design assurance lead.

4.4 TfL is working on providing a detailed project baseline for delivering ESN, which they intend to put before their Portfolio Investment Committee for approval in October 2017 subject to agreeing funding with the Department. The Department has engaged independent specialist reviewers to assure TfL's proposal ahead of seeking formal requests for funding from Home Office governance bodies.



# Fifty Fifth Report of Session 2016-17

## Department for International Development / Foreign and Commonwealth Office

### Tackling overseas expenditure

#### Introduction from the Committee

In line with its commitment to spend 0.7% of gross national income (GNI) on Official Development Assistance (ODA), the Government spent £12.133 billion on overseas aid in 2015. To meet this commitment, DFID's budget rose from £7.722 billion in 2011 to £9.767 billion in 2015, a 26.5% increase. In 2015, the Government published its Strategic Defence and Security Review, which committed DFID to spend at least half of its budget in 'fragile states and regions', places that are more likely to be vulnerable to fraudulent activity. DFID currently concentrates its bilateral funding in 32 countries, 15 of which are ranked as among the most corrupt according to Transparency International's Corruption Perception Index, a widely-recognised measure of fraud risk.

Traditionally, the FCO and the British Council have focused on internal fraud risks, such as business processes and personnel, including locally-employed staff across 268 posts and 115 countries respectively. More recently the FCO's ODA budget has risen to £466 million, bringing its fraud risks more in line with those faced by DFID.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Department for International Development: investigation into the Department's approach to tackling fraud* - Session 2016-17 (HC 1012)
- PAC report: *Tackling overseas expenditure* – Session 2016-17 (HC 1034)
- Treasury Minutes: October 2017 (Cm 9505)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9566), 4 recommendations have been implemented. 1 recommendation remained work in progress, which has now been implemented, as set out below.

**5: PAC conclusion: DFID, the FCO and the British Council publish limited information on confirmed cases of fraud and how they were resolved.**

**5: PAC recommendation: All three bodies should publish more detailed information on their fraud cases for 2016–17, including any sanctions applied for each case. Each body should include a link to this information in its next Annual Report and Accounts. The Treasury should also review its guidance for reporting fraud, and specifically whether its minimum requirements are appropriate for DFID, the FCO and the British Council.**

5.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

5.2 The DFID, FCO and British Council remain committed to transparency on the use of public funds. All three organisations will continue to provide fraud loss data to the Cabinet Office on a quarterly basis and publish fraud loss data on their websites annually, with links to this page from their respective Annual Report and Accounts.

# Fifty Seventh Report of Session 2016-17

## Department for Education

### Capital funding for schools

#### Introduction from the Committee

In England, there are around 21,200 schools, educating 7.9 million pupils aged between four and 19. Local authorities are legally responsible for ensuring that there are enough places for all children to attend good schools. The Department for Education allocates capital funding and oversees the provision of school places. In 2015–16 it provided £4.5 billion, around half to create places in new or existing schools and half to maintain and improve school buildings. The Department also uses capital funding to support its wider reform agenda, by opening new schools as part of the expanding Free Schools Programme, which aims to increase choice, encourage innovation and promote competition, and thereby raise educational standards.

The Department expects to open 883 free schools by 2020 – this total includes the 500 free schools that the Government promised in 2015. The Government has committed to provide funding for a further 110 free schools beyond 2020. There is no automatic link between a new school being granted permission to open and the need for a new school in an area.

The Department sets the policy and statutory framework for spending capital funding and is accountable for securing value for money from this funding. The Education Funding Agency is responsible for implementing the Department's capital policy, in some cases directly and in other cases through local authorities, academy trusts or individual schools

On 1 April 2017, the Education and Skills Funding Agency was formed following the merger of the Education Funding Agency and Skills Funding Agency.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Capital funding for schools* – Session 2016-17 (HC 1014)
- PAC report: *Capital funding for schools* – Session 2016-17 (HC 961)
- Treasury Minutes: October 2017 (Cm 9505)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 8 recommendations in this report. As of the last Treasury Minute (Cm 9566), 3 recommendations had been implemented and the Department disagreed with 1 recommendation. 4 recommendations remained work in progress, all of which have now been implemented, as set out below.

**1: PAC conclusion:** *The Committee was not convinced that the Department for Education is using its funding in the most coherent and cost-effective way to provide the right number of school places in the right areas at the right time.*

**1: PAC recommendation:** *The Department should demonstrate to the Committee how it will work effectively with local authorities to understand local demand for school places. It should also define more clearly the range of surplus places that local authorities should seek to maintain, how the Department will fund these, and the circumstances where higher or lower levels of spare capacity would be tolerated.*

1.1 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

1.2 Supporting local authorities to provide sufficient school places is one of the Department's top priorities. The Department already works closely with local authorities to understand local demand for school places. Local authorities submit data to the Department annually through the school capacity (SCAP) survey, which includes the current capacity of schools in their area and the forecast demand for school places, on which funding allocations are based. The current SCAP survey improves upon past methods for collecting data on the need for school places. Pupil place planning advisers in the Education and Skills Funding Agency (ESFA) have an open dialogue with local authorities to maintain a live understanding of the need for places in each local area. The advisers also offer support and challenge as appropriate to ensure sufficient schools places are delivered.

1.3 In this period of sustained demographic growth in the school age population, the Department and the system have focussed on the delivery of sufficient places to meet demand. The Department recognises the need to consider the appropriate level of capacity to maintain as the current demographic pressure moves through the system. It will always be necessary and efficient to have some unfilled places in schools, to manage shifting demand within the system and provide for parental choice. The Department funds an operating margin of 2% at planning area level through the basic need allocations process for exactly this kind of operational flexibility.

1.4 The costs and benefits of keeping and removing surplus capacity are very sensitive to local factors – particularly the costs involved in removing existing capacity and different local land values. In this context, the Department does not centrally mandate a single number (or range) of places that local authorities should seek to maintain. The Department does, however, expect local authorities, as part of fulfilling their overall place management role, to consider carefully their local circumstances and manage the local school estate efficiently and reduce or find alternative uses for high levels of surplus, to avoid detriment to the educational offer or financial position of schools in the area. This expectation was set out clearly in a letter issued to all Directors of Children's Services alongside the most recent announcement of Basic Need funding. The Department will continue to work closely with local authorities, schools, and academy trusts to help them to ensure that capacity is managed to a prudent level in each local area.

1.5 The Department will also work closely with local areas when considering any new free school applications. This will include taking account of the views of local authorities and of existing plans for addressing need, in order to avoid the risk of an oversupply of places.

1.6 Effective place management should go hand-in-hand with local school improvement work, with due account taken of the quality and diversity of provision in the area. The Department is monitoring carefully situations where local authorities are proposing to increase pupil numbers in poor quality schools and setting a clear expectation that expansion should only normally be considered for schools that are performing well.

1.7 The Department and ESFA will be working with a small number of local authorities that have both low levels of performance across their schools and high expected rates of spare capacity over the medium-term horizon. Work with these particular local authorities will be focused on supporting them to make the most efficient use of their estate. Any planned changes will be locally-led and developed through constructive dialogue with relevant bodies in the area.

**2: PAC conclusion: *It is not clear precisely what the Department means when it says it aims to provide parents with choice and whether it is creating choice fairly and cost-effectively.***

**2: PAC recommendation: *For each successful application, the Department should quantify and publish the extent to which the proposed free school aims to meet local needs for new school places, greater parental choice and improved educational standards. The Department should also set out how it weighs up the costs and benefits of choice in assessing applications, and how it makes sure that it creates choice in a cost-effective and fair way across the country.***

2.1 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

2.2 The Department is committed to a Free Schools Programme that delivers greater choice, innovation and higher standards for parents. The Department agrees that every free school should meet local needs, and demonstrating why a proposed free school is needed is, therefore, crucial to the outcome of every application.

2.3 On 11 May 2018, the Department published criteria for the current mainstream free school application round (Wave 13). The criteria set out more clearly expectations about the extent to which proposed free schools aim to meet local needs for school places, greater parental choice and improved educational standards. The criteria target the programme at areas where free schools are most needed and likely to have the biggest impact in improving outcomes. They include a requirement that all applications have a demonstrable basic need for a high proportion of the places that the free school will create. To help applicants identify potential areas that meet our criteria, the Department has published additional information about the basic need for school places in each local authority planning area.

2.4 Each application will be assessed against the success criteria and only the strongest applications will be approved. As has been the case after previous application rounds, the Department will publish in due course successful applications so the extent to which each addressed the success criteria and met the local need for a new school is clear. The Department will also publish a note setting out whether successful applications met the need for school places, and the standards of local schools.<sup>22</sup>

**6: PAC conclusion: *There is insufficient focus on routine maintenance to keep school buildings in good condition and prevent more costly problems in the future.***

**6: PAC recommendation: *The Department should use information, including from the property data survey, to develop a robust approach for holding local authorities and academy trusts to account for maintaining their school buildings, including how it will intervene if they are not doing so effectively. It should also assess whether schools can afford the level of maintenance necessary given the real-terms reductions in funding per pupil.***

6.1 The Government agreed with the Committee's recommendation.

#### **Recommendation implemented.**

6.2 Under the national funding formula, there will be an additional £1.3 billion for schools and high needs across 2018-19 and 2019-20, on top of existing spending plans. This means that core funding for schools will rise from almost £41 billion in 2017-18 to £42.4 billion in 2018-19. In 2019-20, this will rise again to £43.5 billion. This represents an increase of £2.6 billion, and means funding per pupil will now be maintained in real terms for the remaining two years of this Spending Review.

6.3 The Department is currently exploring the option of national procurement deals for the benefit of the school estate, which could bring down running costs in areas such as heating and lighting. The Department is also working with public sector buying organisations to add a range of facilities management (FM), estates, furniture, fixtures and equipment and minor construction deals to ensure that a range of compliant, benchmarked contracts are available. These will be monitored for uptake, savings and suitability as the programme progresses. This is for discretionary (revenue) spend on repairs, maintenance and minor improvements rather than new builds. The current FM third party spend across the school estate is around £2.7 billion per year.

6.4 On capital funding, since 2015 the Government has allocated £5.6 billion of condition funding directly to the sector, to enable schools, local authorities and academy trusts to carry out essential ongoing and preventive maintenance, repairs and refurbishments. In addition, the £4.4 billion Priority School Building Programme is rebuilding or refurbishing buildings in the worst condition in over 500 schools.

6.5 To prevent expensive maintenance issues in the future, it is essential that funding is spent wisely. As such, the Department is developing new data sources that will enable it to monitor whether the funding provided for school maintenance and improvement is being used efficiently. The Department has commissioned the Condition Data Collection (CDC) to obtain updated data on the condition of the school

<sup>22</sup> <https://www.gov.uk/government/publications/free-school-applications-assessing-the-need-for-more-schools>

estate and understand how it is changing over time. This is due to be completed in autumn 2019 and the Department aims to replace use of Property Data Survey (PDS) data with Condition Data Collection data once a full set is available. Data on the condition of the school estate will be analysed with data collected on schools' actual spending on maintenance and improvement to understand and compare spending patterns and changes in condition. This, in turn, will allow the Department to develop better metrics and benchmarks to compare performance, enabling it to identify where and when it needs to intervene to challenge and support improvement.

6.6 The Government has begun a programme of work to support local authorities, academy trusts and other responsible bodies to secure sufficient capability and capacity to manage their estates effectively. Good Estate Management for Schools was published in April 2018 to provide a comprehensive resource for everything that responsible bodies need to know about managing their estates, including the fundamentals that the Department would expect all responsible bodies to embed into their practice.<sup>23</sup>

6.7 As part of this programme of work, the Department is also challenging responsible bodies to improve the value for money of capital delivery. Departmental officials visited a number of local authorities in 2017 and engaged in discussions to identify drivers of efficiency and inefficiency in the delivery of school places. The Department is working closely with the sector to support high cost local authorities to increase value for money. In 2018/19, the Department will extend its work to look at efficiency in the management of the existing estate by both academy trusts and local authorities. In order to support that work, the Department has improved the Condition Spend Data Collection (CSDC) to analyse for the first-time cost benchmarks for common condition projects funded through School Condition Allocation (SCA). The Department will publish a report on the 2017 CSDC relating to 2016/17 spend later in 2018.

**7: PAC conclusion: *The Department does not know enough about the quality and suitability of new school buildings, provided under the Priority School Building Programme and the Free Schools Programme, to demonstrate value for money.***

**7a: PAC recommendation: *The Department should report back to the Committee by the end of December 2017 on the quality and suitability of new school buildings provided under the Priority School Building Programme and Free Schools Programme, including the temporary accommodation that is being used for some free schools.***

7.1 The Government agreed with the Committee's recommendation.

#### **Recommendation implemented.**

7.2 The Department is committed to the delivery of good school buildings that support high quality education. The Department is focused on delivering schools under the Priority School Building Programme (PSBP) and Free Schools Programme that support educational attainment, are simple to operate and have low ongoing running costs. In delivering new buildings, the Department works closely with schools to ensure that designs are suitable for their needs and provide good value for money. It has developed baseline designs for schools which demonstrate how standards and specifications can be met, providing a robust starting point for the design of all projects.

7.3 Standards and specifications are reviewed regularly to reflect changing requirements and lessons learned. Following a major review, the current specification was published in November 2017 and updated in May 2018 as part of a new procurement framework and includes considerable changes in response to lessons learned from previous building programmes, and completed schools.<sup>24</sup>

7.4 In July 2017, the ESFA launched a new Post Occupational Evaluation (POE) strategy, which ensured a consistent approach to evaluating completed new builds or refurbishments delivered through school building programmes. The POE strategy aimed to embed learning from customers into capital work-streams and align projects with the Government Soft Landings (GSL) approach through procurement processes, mandated by Cabinet Office. The ongoing POE includes both stakeholder surveys and Building Performance Evaluation (BPE) to ensure that buildings are performing as expected.

<sup>23</sup> <https://www.gov.uk/guidance/good-estate-management-for-schools>

<sup>24</sup> <https://www.gov.uk/government/publications/output-specification-2017-esfa-employers-requirements-part-b>

Results from the user satisfaction survey show very high levels of satisfaction from schools across all ESFA programmes.

7.5 Free schools that opened in temporary accommodation were included in the user satisfaction survey. Initial results showed high levels of school staff satisfaction with facilities provided and the Department continues to work with schools in temporary buildings to ensure that pupils have access to suitable provision that meets their needs.

7.6 As part of the overall POE strategy, the ESFA has completed targeted engagement with end users, including trusts and school professionals. This included a major review of free schools converted from non-education buildings (including offices, libraries and warehouses) and an in-depth review of completed Special Educational Needs (SEN) schools. Evaluations tested the success of the buildings, how far they met the needs of the occupants and lessons learnt for future acquisitions and projects. The reviews of the schools delivered across the free schools and PSBP programmes were completed in June 2018.

7.7 Future stages of evaluation will address longer-term value for money and address the effectiveness of a variety of building performance issues including energy and environmental concerns, operational effectiveness and efficiencies, and flexible approaches to changes in pedagogy and school leadership.

7.8 Early analysis of post occupational evaluations completed so far highlighted a number of positive findings. This included that the majority of internal spaces are of appropriate size when designed to the Department's area guidelines; the relationship of internal spaces supports schools to run effectively; spaces are well day-lit and access to outdoors is appropriate. The evaluation also highlighted some challenges and areas for improvement, including the robustness of internal finishes, poorly controlled ventilation and heating. The Department is considering how the lessons learnt can best be incorporated into future projects, including the standard of provision of temporary accommodation.

7.9 In 2018, the Department commissioned further POE projects on primary schools and schools built using modern methods of construction (MMC), which employ offsite construction to create buildings to standardised designs. This will further increase understanding of the quality of completed school buildings. To support this research, the Department will continue to refine and improve POE methodology. As part of this, the Department is analysing a range of design and technical issues across school types to identify any consistent themes. The Department is also working to strengthen internal assurance procedures to ensure that schools are delivered to the expected quality and the Departments specified technical criteria.

# Sixty First Report of Session 2016-17

## Department of Health and Social Care

### Access to General Practice: progress review

#### Introduction from the Committee

General practitioners (GPs) work with nurses and other staff to treat and advise on a range of illnesses, manage patients' conditions in the community and refer patients to hospital treatment or social care where appropriate. Most of the contact that people have with the NHS is with their general practice, and this is the first step for most patients in diagnosing and treating health conditions. There are around 42,000 doctors employed in some 7,600 general practices in England. In 2015–16, £9.5 billion was spent on general practice, once the costs of out-of-hours services and dispensing drugs are included.

The Department is ultimately accountable for securing value for money from spending on general practice. Until April 2015, NHS England commissioned general practice services directly, but it is now delegating more responsibility to local clinical commissioning groups, with 88% (194 of 209) now having a greater role. Practices are typically owned and managed by an individual GP or group of GPs. Core general practice services are commissioned through contracts with GP practices, with most practices holding either a General Medical Services (GMS) contract (64% of practices) or a Personal Medical Services (PMS) contract (32% of practices). The contract stipulates core services that practices must provide, and core hours when patients should be able to access services. The Department and NHS England have a number of key objectives relating to access to general practice, including evening and weekend access for all patients by 2020 and 5,000 additional doctors in general practice by 2020.

#### NAO / PAC Reports and Treasury Minutes

- NAO Report: *Improving patient access to general practice* - Session 2016-17 (HC 913)
- PAC Report: *Access to General Practice: progress review* - Session 2016-17 (HC 892)
- Treasury Minutes: October 2017 (Cm 9505)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9566), 2 recommendations have been implemented. 4 recommendations remained work in progress, 1 of which has now been implemented, as set out below.

**3: PAC conclusion: NHS England still does not have the information it needs on the availability of appointments during core hours to help it understand when patients can see a professional and where it needs to seek improvements.**

**3: PAC recommendation: NHS England should set out how it will collect data on the availability of, and waiting times for, appointments during core hours at each practice, and when it plans to publish these data.**

3.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

3.2 NHS England already publishes data about patient experience of making an appointment in individual practices. Most practices offer the capability for patients with urgent needs to be seen on the same day or very soon after. However, NHS England's continued aim is to have more information on the availability of GP appointments and be able to describe the provision of, and demand for, general practice to the public.

3.3 NHS England continues to pursue a range of work with NHS Digital to obtain good quality data on general practice activity levels. A new data collection on the availability and utilisation of general practice appointments at each general practice commenced in September 2017 and will continue on a monthly basis. As a new data collection, and recognising the variation in practice use of their different appointment systems, work is needed to ensure data is of sufficient quality to be meaningful to commissioners and the population they serve. NHS Digital is currently quality assuring the data and following that exercise will consider the best way of sharing the information more widely.

3.4 NHS Digital has also introduced a new data extraction to provide a forward look of available capacity in general practice. However, it is likely that substantial work on the data quality will be required to provide a reliable data series. Data will be shared when it is agreed to be of sufficient quality.

**4: PAC conclusion: *There is a risk that new extended hours arrangements could prove expensive and duplicate existing out-of-hours services.***

**4: PAC recommendation: *NHS England should report back to the Committee by March 2018 on how it is ensuring that clinical commissioning groups are delivering the wider benefits intended from extended hours funding and minimising any duplication of funding.***

4.1 The Government agreed with the Committee's recommendation.

#### **Recommendation implemented**

4.2 The *NHS Operational Planning and Contracting Guidance 2017-19* set out the new funding available, trajectory and national core requirements clinical commissioning groups should meet in delivering improved and extended access, including on evenings and weekends, to general practice services. The Refreshing NHS Plans for 2018-19 guidance, issued by NHS England in February 2018, requires CCGs to provide extended access to general practice to their whole population by 1 October 2018.

4.3 One of the national core requirements specifically directs clinical commissioning groups to demonstrate effective connection to other system services. This enables patients to receive the right care from the right professional including access from and to other primary care and general practice services such as urgent care. Clinical commissioning groups are being directed to commission a seamless, integrated out of hospital service for their local population and will be clear to the public which services should be used and when, to ensure they receive appropriate treatment according to their specific needs.

4.4 The approach is intended to reduce the risk of unnecessary duplication of services in the out of hours' period and improve value for money. This approach incentivises clinical commissioning groups to drive value for money, ensuring it aligns and integrates access to routine and urgent services including NHS 111.

4.5 NHS England is taking a comprehensive approach towards assurance of General Practice Forward View (GPFV) plans, including GP access, reported through monthly returns. This quantitative monitoring is being supplemented by qualitative information at regional level.

**5: PAC conclusion: *Since the Committee's previous report a year ago, there has been no progress on increasing the number of GPs.***

**5: PAC recommendation: *NHS England and Health Education England should keep the Committee updated on progress against the targets to increase the number of GPs, including in rural and historically hard-to-recruit areas, as set out in the GP Forward View.***

5.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** December 2020.



5.2 The most recent provisional data for September 2017 indicates that the number of doctors working in general practice decreased by 240, equivalent to 259 fewer Full Time Equivalents (FTE), since June 2017. It will take time for the action being taken by Health Education England, NHS England, and the Department on recruitment and retention to impact on GP numbers. Future reports will help identify progress against the target to increase the number of GPs. Final data for September 2017 will be published in February 2018.

5.3 In 2016, Health Education England increased the number of GP trainees recruited onto the specialist training programme from 2700 to 3019, against a target of 3250. In 2017, 3157 places were filled which is the highest number of GP trainees ever recruited.

5.4 The new targeted enhanced recruitment scheme offers a one-off salary supplement payment of £20,000 to GP trainees committed to working in a select number of training places in England that have been hard to recruit to for the past three years. These areas have a good track record for education, but are initially less popular simply because of their geographical location. In 2016, the scheme filled 105 of the 122 places available. In 2017, the number of training places offered via the scheme increased to 144, with 133 posts filled. Due to the success of the scheme, in October 2017 the Department announced an expansion of the scheme to 200 training places from 2018.

5.5 In March 2017, a major return to practice campaign aimed at attracting GPs back into practice was launched. The Induction and Refresher (I&R) scheme aims over time to attract 500 GPs back into the workforce. Since the improved national I&R scheme was launched, 129 GPs are now working in practices having completed the programme and a further 183 GPs are currently on the scheme.

5.6 In August 2017, NHS England set out its plan, working with Health Education England, the General Medical Council, the Royal College of GPs, the British Medical Association, Local Medical Committees, NHS Employers and the Department of Health to scale up targeted international recruitment to recruit, in total, an extra 2,000 international doctors into general practice over the next three years.

**6: PAC conclusion: *There remains too much reliance on patients seeing GPs, rather than nurses, mental health professionals and other staff.***

**6: PAC recommendation: *NHS England, working with Health Education England, should explore how it can encourage GP practices to employ a wider mix of staff to improve access and capacity in an effective and efficient manner. This should include spreading examples of good practice.***

6.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** December 2020.

6.2 NHS England and Health Education England are working together to deliver a minimum of 5,000 non-GP staff working in general practice by 2020. Clinical commissioning groups and practices are receiving support to shift to an increasingly multi-disciplinary workforce. Latest statistics released by NHS Digital on 22 August 2017 show that at the end of March 2017 the wider (non-GP) workforce had grown by 2,709 FTE since September 2015, putting us over half way to meeting the target. Most of this increase (+2,264 FTE) has been seen in staff with direct patient care responsibilities.

6.3 Significant progress has been made on the commitment of 1,500 additional clinical pharmacists in general practice by 2020. In the first wave of recruitment towards this target, NHS England has now approved applications for funding towards more than 520 clinical pharmacists across 1,791 GP sites. A further wave of applications is now under review, with further waves continuing through to 2019 to allow all practices in England the opportunity to benefit from funding towards a clinical pharmacist. This is in addition to the 491 pharmacists that were recruited through the pilot scheme implemented in 2015-16.

6.4 NHS England has committed £15 million to general practice nurse development. The GP Nursing 10-point plan has now been launched. In 2017-18, NHS England is investing £3 million to secure additional pre-registration placements for pre-registration student nurses; bespoke return to practice programmes for those wishing to become general practice nurses: mentor training and the development of mentorship programmes for General Practice Nurses. In addition, a pilot programme will commence to develop digital nurse champions, so that people are supported to manage their care and reduce the number of GP appointments required.

# Sixty Second Report of Session 2016-17

## Department of Health and Social Care

### NHS ambulance services

#### Introduction from the Committee

In England, 10 regionally-based ambulance trusts provide urgent and emergency healthcare, with separate arrangements for the Isle of Wight. In 2015–16, these services cost £1.78 billion. Ambulance services received 9.4 million urgent or emergency care calls and 1.3 million transfers from NHS 111, which together resulted in 6.6 million face-to-face attendances in 2015–16.

Since July 2012, ambulance responses have been split into Red and Green calls. Red calls are calls where the patient's condition is considered to be life-threatening. Red 1 calls are the most time-critical, and cover patients suffering cardiac arrest, who are not breathing and do not have a pulse, and other severe conditions such as airway obstruction. Red 2 calls are serious but less immediately time-critical, and cover conditions such as stroke and heart attack. For Red 1 and Red 2 calls, the ambulance service has a target requiring an emergency response arriving at the scene within 8 minutes in 75% of cases. If onward transport is required, a vehicle capable of conveying the patient should arrive at the scene within 19 minutes in 95% of cases. Green calls are calls where the patient's condition is considered not to be life-threatening. Locally agreed targets are in place for these calls.

The ambulance service has a pivotal role to play in the performance of the entire urgent and emergency care system, as a conduit to other services and helping patients access the facilities they need close to home. For ambulances, this means applying new models of care rather than taking all patients to hospital. The new models of care include: resolving calls over the phone by providing advice to callers; treating patients at the scene; and taking patients to non-hospital destinations.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *NHS ambulance services* – Session 2016-17 (HC 972)
- PAC report: *NHS ambulance services* – Session 2016-17 (HC 1035)
- Treasury Minutes: October 2017 (Cm 9505)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9566), 2 recommendations have been implemented and the Department disagreed with 2 recommendations. 3 recommendations remain work in progress, as set out below.

**1: PAC conclusion: *Ambulance trusts have organised themselves to meet response-time targets, at the expense of providing the most appropriate response for patients.***

**1: PAC recommendation: *The Department, NHS England, NHS Improvement and ambulance trusts should implement the recommendations of the Ambulance Response Programme at pace. Any changes to the response-time target system should address 'tail breaches' (very long delays) and the lack of focus on Green calls.***

1.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

1.2 The recommendations of the Ambulance Response Programme (ARP) are currently being implemented across all Ambulance Trusts. A new system of response time targets has been introduced, and now applies to all 999 patients, with an emphasis on measuring and reducing long waits. All mainland

Ambulance Trusts are operating against the new framework; the Isle of Wight is due to transition in Autumn 2018. A Spring Review of the ARP is underway and will provide recommendations for any further improvements to the framework, although these are not envisaged to be significant.

1.3 From December 2017, all mainland Ambulance Services have reported monthly against the new Ambulance Quality Indicators (AQIs). The Isle of Wight began shadow reporting against the AQIs via a weekly un-validated data return. As part of NHS England's review of Ambulance Clinical Quality Indicators (CQIs), new indicators for stroke and STEMI (a type of heart attack) were published on 12 April 2018.<sup>25</sup>

**2: PAC conclusion: *Despite this Committee identifying significant variations in ambulance service performance and efficiency in 2011, the causes of these variations are still not well understood.***

**2: PAC recommendation: *NHS Improvement should determine the underlying causes of variations in performance, identify an optimal operating framework for ambulance services and work with NHS England to incorporate this framework into commissioning arrangements for 2018–19. The new framework and commissioning arrangements should establish commonality, but allow flexibility where appropriate.***

2.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Spring 2019.

2.2 The Ambulance Improvement Programme (AIP) is progressing work to implement a common operating framework for ambulance trusts by Spring 2019.

2.3 The AIP is developing national guidance on commissioning of core 999 services and Emergency Prevention, Preparedness and Response. This will detail what is to be commissioned and the desired outcomes to reduce variation across the system, as well as how services should be commissioned and what the optimum governance arrangements should be to integrate the ambulance service, with the out of hospital and urgent care systems.

2.4 The AIP is also implementing the recommendations of the Lord Carter review, reviewing operational productivity and performance in ambulance trusts, seeking to eliminate unwarranted variation, identify efficiency improvements, and specify the benchmarking criteria for an "optimal model" ambulance trust. Reference groups have been developed to drive forward three key deliverables: procurement, data metrics and benchmarking, and operational productivity.

**5: PAC conclusion: *Ambulance services have struggled to recruit and retain staff, and staff shortages are exacerbated by many trusts having high sickness absence rates.***

**5: PAC recommendation: *NHS England and NHS Improvement should set out their plans for tackling ambulance workforce issues and report back to the Committee on progress by April 2018; including progress against recruiting additional staff, reducing staff turnover rates, and reducing staff sickness absence rates.***

5.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** March 2019.

5.2 The Ambulance Improvement Programme has an established work programme to tackle ambulance workforce issues. This includes work on workforce supply and demand to understand current numbers and supply from training, modelled against likely five-year demand. This indicates that the qualified ambulance workforce has increased by 2,735 (or 13%) across all staff groups between 2015 and 2017. Turnover rates for paramedics remain static at 10%. It also includes reducing sickness absence,

<sup>25</sup> [www.england.nhs.uk/statistics/statistical-work-areas/ambulance-quality-indicators](http://www.england.nhs.uk/statistics/statistical-work-areas/ambulance-quality-indicators)

with support provided to all Ambulance Trusts to produce individual improvement plans and trajectories. The programme supports Trusts to reinforce their existing approach to improving people's mental health and wellbeing. Sickness absence for the qualified workforce has reduced from 6.28% to 5.03% in 2017.

5.3 Improving staff development opportunities and increasing staff retention will provide additional formal training and development opportunities for senior management, including development of a bespoke Emergency Care General Management programme. Additionally, a programme to support Ambulance trusts to improve staff retention. A series of masterclasses, improvement resources and direct support is now available.

5.4 A new band 6 Paramedic job description will be rolled out following a national training needs analysis. A quality assurance process and fast-track programme for newly qualified paramedics is being implemented. All Trusts are reporting to be on-track with local implementation with many Trusts already completed implementation. Upskilling the existing paramedic workforce to degree level, which includes a Specialist and Advanced Rotating Paramedic Pilot across four ambulance trusts to further enhance career opportunities for experienced paramedics.

# Sixty Third Report of Session 2016-17

## Ministry for Housing, Communities and Local Government

### Housing – state of the nation

#### Introduction from the Committee

The Department for Communities and Local Government leads on housing on behalf of the Government. It has two strategic housing objectives: driving up housing supply, with the ambition of delivering one million new homes over the five years of this Parliament, and increasing home ownership. These objectives are supported by a range of interlocking programmes. In February 2017, the Government published a White Paper in which it acknowledged the housing market in England was “broken”, and had not been delivering enough houses to meet demand for many years. The results of this long-running shortfall in supply are that, in many areas of the country, housing has become increasingly difficult to afford. First-time buyers now on average need to borrow over three times their income, for example and private tenants in London have seen rents go up twice as fast as earnings in a decade. Homelessness has risen since 2009–10, with more than 70,000 families in temporary accommodation at the end of March 2016.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Housing in England: Overview* - Session 2016–17 (HC 917)
- PAC Report: *Housing: State of the Nation* – Session 2016-17 (HC 958)
- Treasury Minutes: October 2017 (Cm 9505)
- Treasury Minutes Progress Report: January 2018 (Cm 9566)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9566), the Department disagreed with 2 recommendations. 4 recommendations remained work in progress, 1 of which has now been implemented, as set out below.

**2: PAC conclusion:** *While the Department has acknowledged that the housing market is ‘broken’, it is still reliant on the market to achieve its housing ambitions.*

**2a: PAC recommendation:** *To aid evidence-based consideration of alternative policy options to accelerate housebuilding, the Department should review international evidence and report to Parliament on lessons to be learned from the housing policy and institutional landscape of other countries with higher rates of housebuilding than England, in particular focusing on innovative methods of accelerating construction and improving affordability.*

2.1 The Government agreed with the Committee’s recommendation.

**Target implementation date:** Summer 2018.

2.2 The Department is producing a report on international evidence and what can be learnt from the housing policies in other countries and will share this with the Committee during summer 2018.

**3: PAC conclusion:** *The Department has not been transparent enough about its overarching housing objectives and the progress of individual programmes which will contribute to meeting them.*

**3: PAC recommendation:** *The Department should improve the transparency with which it reports both its objectives and progress towards achieving them. In particular, in its Single Departmental Plan it should set out the cumulative total of net additions since the beginning of its one million homes ambition, showing how many homes need to be completed in future years, and how its individual programmes and spending are contributing to the one million homes ambition (making clear where these are projected as being additional to what the market is likely to have delivered in any case).*

3.1 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

3.2 The Department committed to publish annual net additions figures and the cumulative total of net additions from April 2015 onwards in its Single Departmental Plan. It has now published both of these figures.<sup>26</sup>

**4-5: PAC conclusions:**

**4:** *The Government spends around £21 billion each year on housing benefit, but does not know what contribution this money makes to the supply of new housing.*

**5:** *Too often, the Government is subsidising landlords in the private rented sector to provide homes below a decent standard.*

**4-5: PAC recommendations:**

**4:** *Reporting back to the Committee within one year, the Department should work with DWP to identify metrics that can be used to establish the full impact of housing benefit on construction of new homes, and examine the scope for this financing to be used more innovatively to increase housing supply and home ownership.*

**5:** *Working with the Department for Work and Pensions, DCLG should commission research on how many non-decent homes in the private rented sector are being subsidised through housing benefit, the total amount of housing benefit this represents, and potential policy mechanisms for utilising this funding to raise the quality of the housing it subsidises so as to meet decent homes standards.*

4.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Summer 2018.

4.2 Both Departments will write to the Committee by the end of the summer to report on the work undertaken to assess the relationship between Housing Benefit, housing supply, and quality, and to consider what joint strategic interventions could be made to most effectively use the Government's financial and policy levers to ensure accessibility to a decent and affordable home for those on low incomes.

4.3 Analysts are exploring the data held by Departments and by the Social Housing Regulator on the income and expenditure of social landlords, and the sources of funding that social landlords utilise for delivering new homes.

4.4 MHCLG and DWP have produced a report showing the number of non-decent homes in the private rented sector occupied by working age Housing Benefit claimants and the total amount of Housing Benefit this represents. The report was shared with the Committee in January 2018.

<sup>26</sup> <https://www.gov.uk/government/publications/department-for-communities-and-local-government-single-departmental-plan/ministry-of-housing-communities-and-local-government-single-departmental-plan>

## Progress on the implementation of agreed recommendations by the Government to the Committee of Public Accounts: Session 2017-19

### Updates on recommendations reported as work in progress

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# First Report of Session 2017-19

## HM Revenue and Customs

### Tackling online fraud and error

#### Introduction from the Committee

Online sales attract VAT in the same way as goods bought in person. In 2016, 14.5% of all UK retail sales were online, up from 2% in 2006. Just over 50% of these sales were through online marketplaces rather than direct by the seller. Amazon and eBay are two of the best known online marketplaces but there are many others. The VAT rules require that all traders based outside the European Union (EU), selling goods online to customers in the UK, should charge VAT if their goods are already in the UK at the point of sale. But some are not doing so. HM Revenue and Customs is responsible for collecting and enforcing payment of VAT. It has estimated that online VAT fraud and error cost between £1 billion and £1.5 billion in lost tax revenue in 2015–16. This estimate is subject to a high level of uncertainty and HMRC does not have estimates of the amounts lost before 2015–16.

The Committee of Public Accounts has raised concerns before; in 2013 and more recently in April 2016, when it reported on tax fraud more widely, highlighting how slow HMRC had been to respond to the growing risk of VAT fraud by online sellers.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Investigation into overseas sellers failing to charge VAT on online sales* - Session 2016-17 (HC 1129)
- PAC report: *Tackling online VAT fraud and error* – Session 2017-19 (HC 312)
- Treasury Minutes: December 2017 (Cm 9549)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9549), 1 recommendation had been implemented. 5 recommendations remained work in progress, all of which have now been implemented, as set out below.

The Department wrote to the Committee on 20 March 2018 to provide an update to the recommendations.<sup>27</sup> Joint and several liability legislation was introduced in 2016 and these powers were extended in 2018. The number of applications for VAT registration by overseas sellers has increased from 1,650 in 2015 to about 33,000 between March 2016 and 31 March 2018. VAT declared by overseas sellers has increased and non-compliant sellers have been prevented from selling their goods by being removed from online marketplaces. Registration has opened for the Fulfilment House Due Diligence Scheme, and the Department is now considering responses to its consultation on how a split payment mechanism could work.

**1: PAC conclusion: HMRC's estimate of the impact of online VAT fraud is out of date and flawed.**

**1: PAC recommendation: HMRC should, by March 2018, produce an update of its estimate of the scale and impact of the online VAT fraud tax gap, incorporating new evidence and assessments of new risks where applicable. It should also consider the impacts on legitimate business and wider impact on the economy such as job losses when a business is struggling.**

1.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

<sup>27</sup> <https://www.parliament.uk/documents/commons-committees/public-accounts/Correspondence/2017-19/HMRC-Tackling-online-VAT-fraud-error-270318.pdf>



1.2 The Department wrote to the Committee on 27 March 2018 to provide an update on the online VAT fraud gap, and consideration of the impacts on legitimate business and wider impact on the economy when a business is struggling.

**2: PAC conclusion: HMRC has been slow to get to grips with the problem and is not yet doing enough to tackle it.**

**2: PAC recommendation: HMRC should inject much more urgency to tackling the problem of online VAT fraud by making much stronger and more extensive use of its existing powers, especially third party liability; speeding up the introduction of new measures, such as the split payment method of collecting VAT; and exploring new measures. In particular, HMRC needs to focus on ensuring the marketplace platforms are liable for VAT evasion. One option would be for HMRC to require online marketplaces to withhold VAT when a sale is made and then pass it directly to HMRC.**

2.1 The Government agreed with the Committee's recommendation.

#### **Recommendation implemented.**

2.2 The Department has now opened about 3,500 investigations into non-compliant overseas businesses selling via online marketplaces in the period since Royal Assent of the joint and several liability (JSL) measures in September 2016 up to 31 March 2018. The Department issued around 2,050 JSL notices to online marketplaces by 31 March 2018.

2.3 The new measures announced at Autumn Budget 2017 received Royal Assent on 15 March 2018 and combined with the measures introduced in Budget 2016 are expected to raise just under £1 billion by 2023. The consultation on how the split payment mechanism could work closed on 29 June 2018 and the Department is analysing the responses.

**3: PAC conclusion: Online marketplaces and HMRC are not doing enough to work together to tackle the problem, and online marketplaces continue to earn their commissions and therefore profit from people who are defrauding the British taxpayer.**

**3: PAC recommendation: HMRC should, by March 2018, put in place an agreement, applicable across the whole online marketplace, that sets out the collaborative working arrangements between HMRC and the online marketplaces, including details of co-operation, data sharing and expectations of a prompt response to evidence of non-compliance. This should include a requirement for all online marketplaces to ensure that a valid VAT number is showing for any non-EU trader selling goods to customers in the UK, where those goods are already in the UK. In the absence of a legal requirement to do so, the Committee would expect online marketplaces to implement this measure voluntarily.**

3.1 The Government agreed with the Committee's recommendation.

#### **Recommendation implemented.**

3.2 The agreement with online marketplaces was published on 25 April 2018. This reinforces the joint and several liability legislation introduced in 2016 and 2018. Under the terms of the agreement, online marketplaces commit to providing the Department with information about their sellers, educating online sellers from the UK and abroad about their VAT obligations, and responding swiftly when notified by the Department that sellers are not complying with the VAT rules.

3.3 At 30 April 2018, three online marketplaces have signed the agreement. Other online marketplaces have been approached. The first list of signatories was published at the end of May 2018. Where signatories fail to comply with the agreement, they will be removed from the published list. The Department is aware that at least one of these marketplaces has taken extensive action to remove non-compliant sellers.

3.4 This new agreement now provides transparency on the commitments and actions of online marketplaces in tackling online VAT fraud. This is a further step in strengthening implementation of the powers introduced since 2016.

**4: PAC conclusion:** *It is not clear how HMRC will assess the effectiveness of its new powers in reducing the level of online VAT fraud or whether it will clawback VAT unpaid in previous years from newly registered traders.*

**4: PAC recommendation:** *HMRC should assess the effectiveness of its response to the problem of online VAT fraud and report to the Committee by March 2018, including setting targets, short and long term, for reducing the amount of VAT lost through non-compliant online sales; and telling the Committee how much it has collected from newly registered traders, including amounts of unpaid VAT from previous years.*

4.1 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

4.2 There is considerable evidence that the measures have been effective in tackling online VAT fraud and error. This includes about 33,000 applications to register for VAT from overseas online retail businesses since the measures were announced in March 2016 up to March 2018. This compares with about 1,650 for 2015. The unprompted VAT liability declared on returns from this type of business during the same period is about £120 million. The majority of these registrations, and the tax subsequently declared, are likely to have been prompted by the introduction of the measures announced at Budget 2016. The tax subsequently declared compares well against the expected yield from the measure.

4.3 In addition, the Department's compliance activity covering online overseas sellers has comprised about 3,500 cases, resulting in about 2,050 JSL notices being issued and £140 million in compliance yield being identified and assessed. £55 million of this is from businesses who are now engaging with the Department to comply with their obligations and pay their outstanding VAT debt without the need to issue a JSL notice.

**5: PAC conclusion:** *HMRC does not know how many fulfilment houses are in the UK and is therefore unable to systematically target the most blatant route for online VAT tax evasion.*

**5: PAC recommendation:** *HMRC should, as a pre-requisite to the implementation of the Fulfilment House Due Diligence Scheme, undertake a definitive assessment of the scale of the fulfilment house industry, and how it intends the process of registration for the scheme to work efficiently and effectively.*

5.1 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

5.2 The application window for businesses to apply for approval for the Fulfilment House Due Diligence Scheme (FHDDS) opened on 1 April 2018, with applications from 44 businesses submitted by 2 May 2018.

5.3 The Department estimates around 500 fulfilment businesses should apply for the scheme. The deadline for applications, by existing fulfilment businesses, is 30 June 2018. The Department's experienced compliance and intelligence officers will monitor and process applications, with specialist compliance teams using existing and new data to target known fulfilment businesses that do not apply. Work is ongoing to follow-up on initial contact made with around 450 businesses.

5.4 The Department has, as part of its communication strategy, raised awareness of the scheme via messages to agents, professional bodies and VAT registered businesses. It has provided briefings, press articles and presentations to external stakeholders, met with a range of stakeholders from accountancy, legal and trade sectors and produced a leaflet which has been shared with overseas businesses supplying goods in the UK.

5.5 From July 2018, after the window for applications closes for existing fulfilment businesses, the Department will look to apply financial penalties to ensure compliance with the scheme. This includes a late registration penalty which escalates (to a fixed maximum) for each successive month an application has not been submitted after the deadline.

## Second Report of Session 2017-19

### HM Revenue and Customs

#### Brexit and the future of customs

##### Introduction from the Committee

In 2013–14, HM Revenue and Customs (HMRC) started planning to replace its customs system, known as Customs Handling of Import and Export Freight (CHIEF), following changes to European Union (EU) legislation which would have been costly and difficult to make on CHIEF's ageing technology. HMRC is replacing CHIEF with a new Customs Declaration Service (CDS). Planning for the new system started before the EU referendum in June 2016. HMRC maintains that the programme is on track and is well governed. However, HMRC admits that major risks remain, which means that CDS might not be fully operating by the planned date of January 2019.

HMRC highlights 4 major risk areas: integrating the 8 CDS system components; testing CDS to ensure it can correctly handle the potential increase to 255 million declarations every year; migrating traders from the existing CHIEF service to CDS; and ensuring that users are ready to make customs declarations in the new system. But HMRC's timetable is incredibly tight given the amount of work still to do. HMRC will only know by July 2018 whether the system works as intended, which is only one month before the first traders start to use it, and gives very little time to take remedial action if anything goes wrong.

##### NAO / PAC Reports and Treasury Minutes

- NAO report: *The Customs Declaration Service* - Session 2017-19 (HC 241)
- PAC report: *Brexit and the future of Customs* - Session 2017-19 (HC 401)
- Treasury Minutes: January 2018 (Cm 9565)

##### Update to the Government response to the Committee

There were 4 recommendations in this report. As of the last Treasury Minute (Cm 9565), 2 recommendations had been implemented. 2 recommendations remained work in progress, both of which are now implemented, as set out below.

**2: PAC conclusion: *It is vital that HMRC has a flexible service which can handle the increased volume of customs declarations and a well-developed contingency option.***

**2: PAC recommendation: *HMRC should ensure that the CDS system and the CHIEF contingency option are capable of managing 255 million customs declarations every year, while providing the flexibility to meet the wider challenges of an integrated customs and trade system for the UK, such as managing changes to tariffs, Free Trade Agreements and international trade quotas. HMRC should report back to the Committee by March 2018 with an update.***

2.1 The Government agreed with the Committee's recommendation.

##### Recommendation implemented.

2.2 The Department is building the Customs Declaration Service (CDS) to handle the volume of declarations anticipated when the UK leaves the EU, which includes building and testing CDS for a capacity of up to 300 million declarations per year. As a contingency, HMRC is also scaling and testing the legacy declaration processing service, Customs Handling Import Export Freight (CHIEF) to handle increased volumes.

2.3 The Department will deliver CDS functionality over three releases onto the live environment planned for August, November and December 2018 respectively, leading to full service delivery on completion of migration in January 2019. The Department will operate CDS and CHIEF in tandem from

August 2018 until all users have been migrated from the legacy system to the new service (this is known as dual running). The Department has refreshed CHIEF infrastructure, improved service monitoring, and strengthened the live support arrangements for CHIEF. The dual running arrangements will also benefit from any improvements made to CHIEF as a result of the Department's scaling performance testing.

2.4 The CDS system infrastructure being delivered in July 2018 is built to cope with the declaration volumes possible under various customs scenarios after the UK leaves the EU. The Department is testing system performance as functionality deploys and will continue to do so when it is live. Declaration volumes will ramp up over time and as an added layer of reassurance, the Department can build in further capacity if live monitoring of the system establishes that this is required. The Department is also testing CDS with external software developers and Community System Providers with an environment that mirrors CDS functionality, against which software can be tested, known as trade test. Trade test is building continual momentum, with each milestone increasing functionality, complexity, and scale. The Department has seven trade test drops in total, with the last one due in December 2018.

2.5 CDS is being designed, developed and built to have the flexibility to meet the challenges of change to tariffs, free trade agreements and international trade quotas. CDS will also align with international trade standards, as set out in the World Customs Organisation (WCO) Kyoto Convention and currently being implemented in the UK to be compliant with the EU Union Customs Code (UCC). The rationale for the Department changing its customs system is to comply with European Legislation requirements under the UCC. CHIEF uses ageing technology and is not easy to reconfigure to meet new and changing requirements. The UK's decision to leave the EU has not changed the overall rationale for CDS.

2.6 In the event that CDS is not fully ready by January 2019, the Department will invoke its CDS contingency arrangements, which includes the continued use of CHIEF. The Department is confident CHIEF will provide a robust contingency beyond 29 March 2019 if required, and has built a CHIEF test service to provide an assessment of the level of declaration volumes it can manage by the end of July 2018. As part of this testing, some forty impact assessments have been completed, aiding the Department's contingency decision making, and providing a baseline for a future technical refresh of CHIEF. As a further contingency, the Department is developing options should CHIEF not scale to the level required. These include examining both technology and process changes to ensure that peak periods can be managed.

**4: PAC conclusion: HMRC is currently managing an unsustainable amount of change which could put the delivery of CDS at risk.**

**4: PAC recommendation: HMRC should report back to the Committee by March 2018 with clear plans on how it will manage the many challenges it faces due to Brexit and its ongoing transformation programmes, including how this will help to mitigate the risks in the CDS programme.**

4.1 The Government agreed with the Committee's recommendation.

#### **Recommendation implemented.**

4.2 The Department recognised that the impact of EU Exit, on top of an already ambitious Transformation agenda and delivering a wide range of services, introduced additional risk to the current portfolio. The Department reviewed its transformation programme, including the need to accommodate EU Exit related projects and programmes. That review was completed in January 2018, with full transparency and involvement of the Treasury.

4.3 The Department took its initial proposals to the Treasury Ministers in early February and its recommendations have been fed into its current business planning round. The Chief Executive Officer and Permanent Secretary of HMRC updated the Committee on 30 April 2018 on the outcome of the prioritisation process. The Department's assessment indicated that the re-scoped portfolio is deliverable, has an appropriate level of risk, and that the Department has the capacity and capability to deliver it. To protect the delivery of EU exit projects, the Department will run regular prioritisation exercises, at least annually, to ensure that its portfolio remains deliverable.

# Third Report of Session 2017-19

## Department for Business, Energy and Industrial Strategy

### Hinkley Point C

#### Introduction from the Committee

The Government sees Hinkley Point C and other planned nuclear projects as central to its strategic aim of managing the energy 'trilemma' ensuring a secure supply of energy that is affordable for consumers while helping the UK meet its statutory target to reduce carbon dioxide emissions by 80% in 2050 compared with 1990 levels. The Department for Business, Energy & Industrial Strategy therefore agreed a deal to support construction of Hinkley Point C in September 2016.

The deal is with NNB Generation Company (HPC) Limited (NNBG), which is owned 66.5% by Electricite de France (EDF) and 33.5% by China General Nuclear Power Group (CGN). The deal guarantees that NNBG will receive £92.50 (2012 prices), linked to inflation, for each megawatt hour (MWh) of Hinkley Point C's electricity for 35 years, with electricity bill payers paying top ups if the market price is lower. The Department expects that the power station will be the first in a series of deals for new nuclear power stations and will generate around 7% of the UK's electricity from the mid-2020s. NNBG expects it will cost £19.6 billion to build Hinkley Point C; and the Department estimates that top-up payments will cost consumers around £30 billion over the 35-year contract. The Department estimates that between £10 and £15 of the average annual household electricity bill (in 2012 prices) will go towards supporting Hinkley Point C up to 2030.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Hinkley Point C* - Session 2017-18 (HC 40)
- PAC report: *Hinkley Point C* - Session 2017-19 (HC 393)
- Treasury Minutes: January 2018 (Cm 9565)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9565), 3 recommendations have been implemented. 3 recommendations remained work in progress, 1 of which has now been implemented, as set out below.

**1: PAC conclusion: *The Department has no plan in place for securing the wider benefits of the project.***

**1: PAC recommendation: *As part of its development of the industrial strategy, the Department needs to put a plan in place for realising the wider strategic and economic benefits of Hinkley Point C. The Department's plan should explain how it will prove those benefits have been achieved.***

1.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

1.2 The Government has published its Industrial Strategy White Paper<sup>28</sup> and on 28 June the Nuclear Sector Deal<sup>29</sup> was announced. These publications include detail on the Government's plan to support the nuclear industry to become more competitive and drive greater value at both national and regional levels. There are shared Government and industry interests in improving productivity and improving the UK's competitiveness, domestic capability and export growth.

<sup>28</sup> <https://www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future>

<sup>29</sup> <https://www.gov.uk/government/publications/nuclear-sector-deal>

1.3 The Department has also published a Hinkley Point C Wider Benefits Realisation Plan.<sup>30</sup> The plan sets out how the wider benefits of the project will be monitored and delivered over its construction period and includes the latest data on these benefits. The Department meets with Nuclear New Build HPC regularly to monitor progress and delivery of benefits from the project.

1.4 In 2016, the Government announced that developers will be required to show evidence that their projects will support growth in the UK supply chain, improve competition, and boost innovation and skills. The Department is working with NNB Generation Company to ensure these dimensions are reflected and taken forward transparently in HPC as it progresses. The Department has reviewed key lessons learnt from the procurement of the Hinkley Point C supply chain and how these have and continue to be applied to the outstanding balance for Hinkley Point C content.

**2: PAC conclusion: *No one was protecting the interests of energy consumers in doing the deal.***

**2: PAC recommendation: *By March 2018, the Department should tell the Committee how it will ensure there is an independent and transparent assessment of the impacts on consumers, including the impacts on the poorest households, when agreeing future energy infrastructure deals that are paid for through consumers' bills.***

2.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** December 2018.

2.2 The Department is working on a publication of its estimates on the impact of Government energy policies on consumer energy bills and will aim to deliver this before the end of the year. This will also include an assessment of the impacts on the poorest households.

2.3 The Department has held some initial discussions with relevant partner organisations and will continue to engage with them as plans are firmed up.

**5: PAC conclusion: *There is uncertainty over whether the project will be completed on time.***

**5: PAC recommendation: *The Department should ensure it publishes its 'Plan B' for achieving energy security, while at the same time delivering on its decarbonisation and affordability ambitions, before the end of this year and should review and revise it every year in light of the latest progress at Hinkley Point C.***

5.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Summer 2020.

5.2 The Department agrees that ensuring homes and businesses have the certainty of secure energy supplies they can rely on now and in the future is a priority.

5.3 The principal tool for managing risks to security of supply is the Capacity Market. The Capacity Market targets already factor in a wide range of non-delivery risks, including delays to particular projects. The Capacity Market can take account of new or varied risks as they become apparent. There are two auctions for each delivery year – a four year ahead (T-4) auction which secures the bulk of capacity needed in a given year, and a one year ahead (T-1) 'top-up' auction.

5.4 National Grid provides annual advice on how much capacity is needed in the following year's auctions in its Electricity Capacity Report and this advice is reviewed by an independent Panel of Technical Experts. This informs the Department's decision on a final figure. National Grid's advice for Hinkley Point C's target delivery year (2025) will be published in 2020 (one year prior to the relevant T-4 auction) and will reflect Hinkley Point C delivery risks (informed by robust governance arrangements for

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<sup>30</sup> <https://www.gov.uk/government/publications/hinkley-point-c-wider-benefits-realisation-plan>

monitoring progress with delivery).

5.5 The Department will therefore revisit plans in the run up to Hinkley Point C's delivery as better information becomes available, including whether and how to make adjustments to the amount of capacity it secures through the T-4 and T-1 auctions.

# Fourth Report of Session 2017-19

## Department of Health and Social Care

### Clinical correspondence handling at NHS Shared Business Services

#### Introduction from the Committee

The Department of Health is ultimately responsible for securing value for money for spending on all health services. NHS England has responsibility for arranging the provision of health services in England and for commissioning their provision. This includes primary care support services, for example, updating patient registration lists, processing contractual payments to GPs and redirecting correspondence. Until April 2016, NHS England contracted NHS Shared Business Services (NHS SBS), a private company part owned by the Department, to make sure that misdirected clinical correspondence was sent on to the correct GP in the East Midlands, South West and North East London. In March 2016, NHS SBS informed NHS England and the Department that it had found a backlog of correspondence which had not been redirected, some of which dated back several years. A total of 709,000 items of correspondence were eventually found to have been mishandled. NHS SBS missed many opportunities over at least five years to identify and rectify the problem.

#### NAO / PAC Reports and Treasury Minutes

- NAO Report: *Clinical correspondence handling at NHS Shared Business Services - Session 2017-19 (HC 41)*
- PAC Report: *Clinical correspondence handling at NHS Shared Business Services – Session 2017-19 (HC 396)*
- Treasury Minutes: March 2018 (Cm 9575)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9575), 2 recommendations have been implemented and the Department disagreed with 1 recommendation. 3 recommendations remain work in progress, as set out below.

**3: PAC conclusion:** *Eighteen months after the problem first came to light, NHS England still cannot confirm that no patients have been harmed by the repeated failures in the clinical correspondence redirection service.*

**3: PAC recommendation:** *NHS England should write to the Committee by 31 March 2018 to confirm the results of the review and what action it will take in response.*

3.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

3.2 NHS England wrote to the Committee on 22 March 2018, providing an update on Investigation into Clinical Correspondence Handling in the NHS: Additional backlog.

**5: PAC conclusion:** *Attempting to resolve misdirected clinical correspondence has so far cost an estimated £6.6 million and the total cost is still unknown.*

**5: PAC recommendation:** *NHS England should write to the Committee by 31 December 2017 to confirm how it will ensure that in future all contracts with third party suppliers include adequate compensation in the event of any failure to deliver; and how much it will cost to deal with the additional items of unprocessed clinical correspondence that have been found since the NAO report.*



5.1 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

5.2 Any future contracts with third party providers will continue to contain strong provisions for redress in the event of failure to deliver.

5.3 The total cost of the NHS Shared Business Services incident and the subsequent Primary Care Support England incident is approximately £9 million, with £6.6 million relating to NHS Shared Business Services incident and the £2.4 million balance relating to Primary Care Support England.

**6: PAC conclusion:** *The Department's weak oversight of its joint venture with Sopra Steria, a private company, meant that opportunities to identify the issues at NHS SBS were repeatedly missed.*

**6: PAC recommendation:** *The Department should set out for the Committee how the changes it has made to the governance of its six investments will ensure that it has adequate arrangements in place to oversee the services being delivered by these organisations.*

6.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** December 2018.

6.2 The Department has already increased its membership of the NHS Share Business Services Board. In parallel, the company has therefore made organisational changes to ensure accurate assessment and reporting of risk is embedded in processes across the organisation, and made structural changes to the management of risk to ensure appropriate focus and timely reporting to the NHS SBS Management Team and the NHS SBS Main Board.

6.3 In November 2017, the Department established a new Governance Framework for DHSC Owned Companies. This includes a periodic review of all shareholdings and as part of this the Department's holding of shares in NHS Shared Business Services will be reviewed late 2018.

# Fifth Report of Session 2017-19

## Department of Health and Social Care / Ministry of Justice HM Treasury

### Managing the costs of clinical negligence in hospital trusts

#### Introduction from the Committee

The NHS, including NHS trusts and foundation trusts are legally liable for any clinical negligence by their employees. Since 1995, NHS Resolution (the operating name of NHS Litigation Authority from April 2017) has provided indemnity cover for clinical negligence claims against trusts in England, through its Clinical Negligence Scheme for Trusts. The Department of Health oversees NHS Resolution and develops policy to manage the costs of clinical negligence. NHS Resolution is responsible for dealing with claims, including funding defence costs, and any legal costs or damages that become payable.

From 2006–07 to 2016–17, the number of clinical negligence claims registered with NHS Resolution each year doubled, from 5,300 to 10,600. Annual cash spending on the Scheme quadrupled over this period, from £0.4 billion to £1.6 billion. The estimated cost of settling future claims has risen from £51 billion in 2015–16 to £60 billion in 2016–17. There are two main factors contributing to the rising costs. First, increasing damages for a small but stable number of high-value, mostly maternity-related claims. These accounted for 8% of all claims in 2016–17, but 83% of all damages awarded. Second, increasing legal costs resulting from an increase in the number and average cost of low-value claims. Over 60% of successful claims resolved in 2016–17 had a value of less than £25,000.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Managing the costs of clinical negligence in trusts* - Session 2017-19 (HC 305)
- PAC report: *Managing the costs of clinical negligence in hospital trusts* – Session 2017-19 (HC 397)
- Treasury Minutes: March 2018 (Cm 9575)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9575), 1 recommendation had been implemented and the Department disagreed with 1 recommendation. 4 recommendations remained work in progress, 1 of which has now been implemented, as set out below.

**2: PAC conclusion:** *The Government has been slow and complacent in its response to the rising costs of clinical negligence.*

**2: PAC recommendation:** *The Department, the Ministry of Justice, and NHS Resolution must take urgent and coordinated action to address the rising costs of clinical negligence. This includes reviewing whether current legislation remains adequate, and reporting back to the Committee by April 2018; continuing to focus on actions to reduce patient harm, in particular, harm to maternity patients; and appraising further measures to reduce the legal costs of claims, for example whether mediation should be mandated for certain types of claims.*

2.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** September 2018.

2.2 The Government is developing a cross-government strategy to address the rising costs of clinical negligence, and will report back to the Committee by September 2018. As part of this, the Government has commenced a review of the adequacy of current legislation and will report back on this element to the Committee by the April 2018. As part of this work, the Government is looking at what further measures

might reduce the legal costs of claims, including the potential benefits of alternative forms of redress such as mediation.

2.3 The Government will continue to focus on actions to reduce patient harm, including harm to maternity patients. Although evidence that action on safety would reduce cost or volume of claims is weak, action to improve safety is important nevertheless. In particular, in the *National Maternity Safety Strategy - Progress and Next Steps*<sup>31</sup>, published November 2017, the Government restated its commitment to reductions in the rates of brain injuries. Claims for brain injuries at birth, where clinical negligence is proven, are generally the highest value claims. Increases in damages awarded in these cases are one of the major drivers for the recent rise in the costs of claims.

2.4 The Government has already commenced one piece of work to control legal costs. Following Lord Justice Jackson's recommendation in his 2017 report on fixed recoverable costs<sup>32</sup> (FRC), the Government has asked the Civil Justice Council to devise a bespoke process and set of FRC for clinical negligence claims up to £25,000. It is in these low-value claims that costs are most disproportionate. In addition, the Department will be publishing its consultation response on fixed recoverable costs shortly.

**4: PAC conclusion:** *The NHS's culture when things go wrong appears to be predominantly defensive, rather than candid and transparent, which limits its ability to learn lessons.*

**4: PAC recommendation:** *The Department and NHS Resolution should work with trusts to identify and spread best practice in handling harmful incidents and complaints. This should include how trusts say sorry and support patients when things go wrong.*

4.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** March 2019.

4.2 The Government agrees it is important to respond to harmful incidents and complaints appropriately, identify learning opportunities and share best practice across the healthcare system. The Department continues to work with system partners to improve incident handling and complaints. In particular, trusts should have proper arrangements for reviewing care provided to patients who die unexpectedly in their organisations and all trusts are subject to new reporting arrangements in this regard. The Healthcare Safety Investigation Branch will begin a new programme of investigations of maternity incidents from April 2018.

4.3 The Parliamentary and Health Service Ombudsman (PHSO) produced the *Ombudsman's Principles*, which outlined approaches for public bodies to take when responding to things going wrong, and *My Expectations*, a user-led vision for raising concerns and complaints. NHS England, working with PHSO, has developed a survey to measure complainants' experiences across health and social care bodies to support improvements in local systems and complaints handling. NHS Improvement is considering using its Improvement Hub for trusts to share good practice in complaint handling.

4.4 NHS Resolution outlined plans to support trusts to be candid, provide explanations and manage concerns effectively in its five-year strategy, published in April 2017. Working with PHSO and other partners, it is developing a programme of education and practical support to NHS trusts in being open when an incident occurs; sharing best practice so that those harmed receive a prompt and transparent explanation and an assurance that lessons have been learned. This builds upon its guidance, *Saying Sorry* which suggests best practice for handling apologies.

**5: PAC conclusion:** *A lack of consistent data across the system means the NHS does not understand why people do (or do not) make claims, or the root causes of the negligence.*

<sup>31</sup> <https://www.gov.uk/government/publications/safer-maternity-care-progress-and-next-steps>

<sup>32</sup> <https://www.judiciary.gov.uk/wp-content/uploads/2017/07/fixed-recoverable-costs-supplemental-report-online-2-1.pdf>

**5: PAC recommendation:** *The Department, NHS Improvement and NHS Resolution need to work with trusts to ensure that a consistent classification is used across incidents, complaints and claims data. They should then use these data to provide insights into the reasons behind clinical negligence claims. They should report back to the Committee with a plan on how they should approach this by April 2018.*

5.1 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

5.2 The Government is developing the evidence base on the drivers of clinical negligence claims. The Department commissioned a small-scale study which will be published later in 2018. NHS Resolution is working with the Behavioural Insights Team to survey past claimants and gain greater insight into the levels of frustration claims and claimant motivation. These insights will enable the development of targeted support to NHS Resolution members to address areas identified. Research findings will be published in summer 2018.

5.3 The Department, NHS Digital, NHS Improvement and NHS Resolution are exploring aligning incident, complaints and claims data. The approach is to consider how this can best be achieved as two new systems are developed. NHS Improvement is designing a new patient safety incident management system to gather data on safety incidents in the NHS. The system is undergoing further testing and development this year and is due to be launched in 2019. NHS Resolution is working to upgrade its claims management system with proposed completion in 2021.

5.4 The Department, NHS Digital, NHS Improvement and NHS Resolution have commenced preparatory work to review the scope of existing plans and consider what data and technical standards are needed to support better alignment between incident, complaints and claims data. The next step will then be to assess feasibility through testing with users and consider any further technical requirements and costs. Subject to the successful completion of these stages, NHS Resolution intends to use the outcome of this project to inform the development of the new claims management system and the Department will consider any necessary changes to the complaints data collection by April 2020 with the aim of implementing agreed changes by 1 April 2021.

**6: PAC conclusion:** *The time taken to resolve cases is rising, which is likely to worsen patients' experience as well as increase costs.*

**6: PAC recommendation:** *The Department, the Ministry of Justice and NHS Resolution need to clarify why it is taking longer to resolve claims and report back, by September 2018, on what actions they are taking to address this issue.*

6.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** September 2018.

6.2 The Government will explore with NHS Resolution and others what the contributing factors may be to the increases in time taken to resolve claims and will report back to the Committee by September 2018 on the actions that could be taken to address this issue, bearing in mind the balance to be struck between the speed of settlement and achieving a fair outcome.

# Sixth Report of Session 2017-19

## Home Office

### Growing threat of online fraud

#### Introduction from the Committee

The growth of the internet and advances in digital technologies have created great opportunities for innovation and economic growth, but also more opportunities for online crime. Online criminals can target thousands of victims at the same time, causing financial and emotional harm to people and harm to businesses' finances and reputations. In the year to September 2016 there were an estimated 1.9 million incidents of cyber-related fraud in England and Wales. The true cost of online fraud is unknown, but is likely to be billions of pounds a year. The Home Office is responsible for preventing and reducing crime, including online fraud. Many other bodies also play a role, including the police, banks and Action Fraud (which is run by the City of London Police). In 2016 the Department set up the Joint Fraud Taskforce to improve collaboration between all bodies in tackling online fraud.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Online Fraud* - Session 2017-19 (HC 45)
- PAC report: *The Growing Threat of Online Fraud* – Session 2017-19 (HC 399)
- Treasury Minutes: March 2018 (Cm 9575)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9575), 6 recommendations remain work in progress, as set out below.

**1: PAC conclusion:** *Banks do not accept enough responsibility for preventing and reducing online fraud and there is no data available to assess how well individual banks are performing.*

**1: PAC recommendation:** *The Department should set out minimum standards for banks to follow on preventing online fraud and on protecting bank customers and require banks to report to the Government on their performance. The Department should press the banking industry to make relative online fraud vulnerability performance data publicly available. The Committee expects the Department to provide a plan for publication of this data by Spring 2018. The Committee encourages banks to develop a voluntary scheme in the meantime to be more open with customers about the extent of fraud and how they are tackling it.*

1.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

1.2 The Department has been working with members of the Joint Fraud Taskforce to develop a phased approach to improved transparency. This will be in two stages: the first will enable more data to be shared with law enforcement and Government, whilst stage 2 will publish information on the fraud prevention measures banking, and other sectors, have in place to help consumers make informed decisions.

1.3 Improved data-sharing arrangements have already commenced and include more frequent information to law enforcement on emerging trends and threats; more frequent and joined-up threat assessments; production of a joint law enforcement and industry threat assessment on fraud; more shared intelligence on attempted fraud; and information on fraud prevention data.

1.4 A targeted approach to share best practice, close vulnerabilities and raise standards will be based on a publicly available assessment of activity undertaken to reduce vulnerabilities. The Department will explore ways to deliver this, including through a number/star-system approach, akin to hotel rating standards or sector specific wide kite-marks.

1.5 The Department believes this type of scheme would give consumers an improved view of protections put in place; help raise the bar in terms of preventative measures; drive faster take-up of new fraud prevention technology; and drive faster take up of fraud prevention initiatives, for example: confirmation of payee.

1.6 A working group, made up of industry, regulators, and wider Government representatives will deliver recommendations by autumn 2018.

**2: PAC conclusion: *Unless all banks start working together, including making better use of technology, there will be little progress on tackling card fraud and returning money to customers.***

**2: PAC recommendation: *Working with Joint Fraud Taskforce partners, the Department should make sure all banks to make better use of technology and information to reduce card fraud and return money to customers. This should include establishing minimum technical standards for strong customer authentication for electronic payments.***

2.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** September 2019.

2.2 The Department agrees that technology can be harnessed to reduce fraud, and return losses to bank customers. Card scheme rules often ensure fraud victims are returned to the financial position they were in prior to being defrauded. The JFT will also oversee a pilot which will use technology to trace and return funds to victims of authorised push payment fraud.

2.3 The Taskforce oversees a Card Not Present ('CNP') project with the goal: *that consumers will be safer than ever before when using cards to purchase goods and services remotely. The goals are that fraud is reduced, transacting remains convenient, and retail sales continue to flourish. This approach will be supported by a package of technology and other measures developed under the Joint Fraud Taskforce that is aimed at enhancing security for consumers when they shop remotely.*

2.4 This is underpinned by the Regulatory Technical Standards (RTS) on Strong Customer Authentication which will supplement the second Payment services Directive and are expected to apply from September 2019. These RTS will apply to electronic and online transactions. To limit the threat of fraud moving elsewhere in the cards network, a new security standard for mail and telephone order transactions will be explored. This vulnerability is not addressed by the Directive.

2.5 These are ambitious projects driven by a combination of regulation, collaboration across the payments sector, and willingness to invest. The Department will set out to the Committee by spring 2018 clear milestones for the work; dates of completion; and an estimation of potential scale.

2.6 These initiatives complement improvements being introduced by the Payment Systems Regulator, which seek to address authorised push payment fraud. The Department welcomes this progress.

**3: PAC conclusion: *The Committee is not convinced that current awareness campaigns such as Take Five are proving effective.***

**3: PAC recommendation: *The Department, working with others on the Joint Fraud Taskforce, needs to develop a more informed approach to its education campaigns - being specific about what it is trying to achieve, evaluating what works best, and looking at opportunities for campaigns more targeted at specific groups.***

3.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

3.2 Phase two of the Joint Fraud Taskforce's Take Five campaign has now concluded. This phase harnessed the influence and credibility of leading parliamentarians, Joint Fraud Taskforce members, key private and third sector organisations, financial institutions, and government departments to encourage consumers to make a confident challenge to anyone they think might be a fraudster

3.3 Phase two of the campaign has been evaluated. Take Five has achieved impressive reach and recall - with almost half of those surveyed in January now recognising some form of Take Five campaign activity. Recall of the 'My Money, My Info' confident challenge slogan was strong and reflected in a 10% increase from September 2017 to January 2018 in those who claimed they were very likely to confidently challenge anyone they think might be a fraudster.

3.4 Planning for phase three continues. The next phase will build on phase two's behavior change objective, and harness the insights provided in the phase two evaluation to ensure those most at risk and the most vulnerable are targeted by the Take Five campaign.

3.5 UK Finance is currently proposing that the campaign will comprise: launch of a banking-wide Take Five Voluntary Code to coincide with the launch of the contingent reimbursement model; a central Take Five key message hub; a year-long central communications campaign; and, agreed KPIs for both the central campaign and the voluntary code and an evaluation programme to continue to assess impact.

**4: PAC conclusion:** *The Department has not yet put in place effective arrangements for its oversight of a coordinated and effective response to online fraud and for reporting on its progress.*

**4: PAC recommendation:** *The Department should develop specific plans for how it will measure progress in tackling online fraud and judge the success of the Joint Fraud Taskforce, and it should regularly publish information on progress and performance. It should update the Committee on progress by the end of March 2018.*

4.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Summer 2018.

4.2 In order to improve the performance of the Joint Fraud Taskforce the Department commissioned an independent review of the Taskforce. The Department asked the reviewer to provide recommendations specifically on how the Taskforce should strengthen its governance; ensuring appropriate leadership and accountability for delivering Taskforce projects; and assessing the level of resource required from Government, private sector and law enforcement to enable the Taskforce to deliver effectively.

4.3 The independent reviewer has met stakeholders across law enforcement, government departments and the private sector as well as Victims Support, to gather evidence and opinion about the scope and effectiveness of the Taskforce. The review ran until the end of May and provided a report and recommendations to the Management Board on 20 June.

4.4 As part of delivering recommendations made by the review, the Taskforce will also develop a quarterly dashboard which will provide performance data and a RAG rating on each programme of work under the JFT.

4.5 The Department is also producing a report on the work of the Joint Fraud Taskforce which will cover the governance structure, the fraud threat, priorities, and performance. This first report will be published in the summer and will be produced annually in future. When complete, the report will be published on the gov.uk website.

**5: PAC conclusion:** *The Department lacks data to judge whether its response to tackling online fraud is working.*

**5: PAC recommendation:** *The Department must prioritise efforts to improve the collection and reporting of data on fraud. It should update us on progress by the end of March 2018, when the Committee also expects to hear how it is improving information sharing between government, industry and law enforcement, and working with Action Fraud to reduce the gap between reported and actual fraud.*

5.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Summer 2018.

5.2 The Department recognises the significance of having a good understanding of the threat posed by fraud, so that the response is commensurate with both the scale and scope of the threat faced.

5.3 The Home Office Analysis and Insight Team has developed an evidence pack on the scale, nature and impact of fraud against individuals and businesses. The evidence pack includes comparative analysis from key data sources (year ending March 2017), such as the Crime Survey for England and Wales (CSEW) and Action Fraud, and summarises academic literature on fraud. This will be published shortly.

5.4 As part of the wider Economic Crime Reform Programme, including the creation of a new National Economic Crime Centre, based within the NCA, the Department has commissioned a programme of research to understand the scale of economic crime. This will address the scale and nature of fraud, including what the Department needs to do to improve the national measurement of fraud.

5.5 To improve the transparency of fraud data, the City of London Police has published police force outcome data for 2016/17 on the Action Fraud website. Data for 2017/18 will be published shortly.

5.6 The Department has already invested £5.5 million in a new IT system for Action Fraud and the National Fraud Intelligence Bureau. The Department is working closely with the City of London Police and the commercial supplier to ensure the system is ready for go-live later in 2018 and will deliver the expected benefits.

**6: PAC conclusion:** *The response to tackling online fraud is variable across different police forces, and for some it is not a priority.*

**6: PAC recommendation:** *The Department should, with the City of London Police, establish what more they can do to help all police forces tackle online fraud, including opportunities to identify, develop and share good practice in a more systematic way.*

6.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Spring 2019.

6.2 Working with the City of London Police, the national lead force for fraud, the Department will deliver a programme of work with the objective of improving the law enforcement response to fraud at all levels – this is already a key area of focus for the JFT. The Department will include details of this work in the JFT annual report.

6.3 The Department has asked HM Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) to conduct a thematic inspection of the national, regional and local law enforcement response to fraud. This will highlight pockets of best practice, as well as areas for improvement. Following publication of HMICFRS's report, which will take place before the end of 2018, the Department will work with the City of London Police to deliver its recommendations.



6.4 City of London Police is refreshing its force communications strategy to improve collection and dissemination of best practice across policing. Mechanisms to systematise knowledge sharing and build stronger networks across policing including newsletters and more effective use of information sharing platforms (for example: The Police Online Knowledge Area POLKA).

6.5 The Department will develop a benefits measurement plan so that impact can be articulated effectively in line with publication of the HMICFRS thematic report.

# Seventh Report of Session 2017-19

## HM Revenue and Customs / Home Office / HM Treasury

### Brexit and the UK border

#### Introduction from the Committee

Effective management of the border is fundamental to ensuring the security of the UK and the smooth passage of people and goods. How well the government manages the border after the UK leaves the EU will be seen as an important test of the success of the UK's new relationships with the EU and the rest of the world. In 2016, more than 310 million people and nearly 500 million tonnes of freight crossed the UK border. In the same year, the Home Office made 16.3 million decisions about the rights of citizens from outside the European Economic Area (EEA) to enter the UK. HM Revenue & Customs (HMRC) currently processes around 55 million customs declarations on imports and exports each year. Once the UK leaves the EU, the number of decisions needing to be made about permitting people or goods to cross the border could increase by 230% and 360% respectively, depending on the outcome of negotiations.

Border Force, part of the Home Office, is the main government organisation working at the border. It is responsible for securing the border and managing the flow of people and goods. A large number of other government organisations, however, have important border policy or operational responsibilities. These include HMRC, which is responsible for collecting tax, duties and excise, and processing customs declarations, and the Department for the Environment, Food and Rural Affairs (Defra) which has responsibilities for controlling the import of animals, plants and products of animal or plant origin. The Government has created a Border Planning Group (the Group) to oversee departments' efforts to implement new border arrangements in the run-up to the UK's exit from the EU.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *The UK border* – Session 2017-19 (HC 513)
- PAC report: *Brexit and the UK border* - Session 2017-19 (HC 558)
- Treasury Minutes: March 2018 (Cm 9575)

#### Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9575), 2 recommendations have been implemented. 3 recommendations remained work in progress, all of which have now been implemented, as set out below.

**1: PAC conclusion: *The Border Planning Group's assumption that the risks to border activity will remain unchanged immediately post-Brexit is a risky approach.***

**1: PAC recommendation: *By March 2018 the Border Planning Group should provide evidence to us that its assumptions on border risks are realistic, take account of the possibility that stakeholders might change their behaviours, and are regularly reviewed.***

1.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

1.2 The Department wrote to the Committee on 27 March 2018 with further information on border risks. The Border Planning Group has continued its planning work with Government Departments looking at the border related risks and impacts associated with EU exit in different scenarios.

1.3 The Government continues to take a pragmatic approach to border controls to ensure flow across the border is maintained, and to implement controls and checks as they can be accommodated. The Border Planning Group has co-ordinated detailed analysis and work to understand and plan for the various risks relating to the border as a result of EU exit. Border Planning Group discussed the risks associated with different scenarios in more detail with the NAO and will consider how to provide further reassurance.

**2: PAC conclusion:** *Departments' current planning for the post-Brexit border relies too much on there being a negotiated transitional period.*

**2: PAC recommendation:** *The Border Planning Group must accelerate the detailed planning for managing the border in the event of a no-deal scenario and report back to the Committee by June 2018.*

2.1 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

2.2 The Department wrote to the Committee in June 2018 with further information about planning for exit scenarios.

**3: PAC conclusion:** *In the lead up to Brexit, the Committee is not convinced that Government Departments have put in place the necessary clear leadership and accountability for effective border management, or are showing enough urgency.*

**3: PAC recommendation:** *By March 2018 the Border Planning Group should report back to the Committee with a summary of the activities it is carrying out, the programmes it is overseeing and the risks it is managing. The Committee also expects someone to be put in charge and accept lead responsibility for co-ordinating the work of the Group*

3.1 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

3.2 The Department wrote to the Committee on 27 March 2018 with information about the activities of the Border Planning Group. The Government has established an additional inter-Ministerial Group with responsibility for oversight of planning and delivery of plans dealing with the impacts of EU exit in relation to the Border. The first meeting of this group is scheduled for 5 July 2018.

# Eighth Report of Session 2017-19

## Ministry of Justice / Department of Health and Social Care

### Mental health in prisons

#### Introduction from the Committee

There were 84,674 adults in prison in England and Wales in 2016–17, between 10% and 90% of whom are thought to have mental health issues. Rates of self-inflicted deaths and self-harm in prisons have risen significantly in the last five years, suggesting that mental health and overall well-being in prison has declined. There were 120 self-inflicted deaths in prison in 2016 and 40,161 incidents of self-harm, the highest on record. Prisoners with mental health issues face huge challenges in our prison system which witnesses told us that the current prison environment is often ill equipped to deal with.

HM Prison and Probation Service (HMPPS) is responsible for the management and operation of prisons in England and Wales and ensuring that the prison environment is safe, secure and decent. The Ministry of Justice is responsible for prison policy and commissioning services in prisons. NHS England is responsible for healthcare in prisons, both for physical and mental health. In 2016–17, NHS England spent an estimated £400 million providing healthcare in adult prisons in England, of which it estimates £150 million was spent on mental health services and substance misuse services, although it could not provide an exact figure.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Mental health in prisons* – Session 2017-19 (HC 42)
- PAC report: *Mental health in prisons* – Session 2017-19 (HC 400)
- Treasury Minutes: March 2018 (Cm 9575)

#### Update to the Government response to the Committee

There were 10 recommendations in this report. As of the last Treasury Minute (Cm 9575), 3 recommendations have been implemented and the Department disagreed with 1 recommendation. 6 recommendations remained work in progress, 2 of which now been implemented, as set out below.

**1: PAC conclusion: *The deteriorating prison estate and long-standing understaffing have created an environment which exacerbates the mental health issues faced by prisoners.***

**1b: PAC recommendation: *HM Prison and Probation Service should by the end of March 2018, reduce the time taken to recruit new prison officers and get them working in prisons.***

1.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Summer 2018.

1.2 A Resourcing Transformation Programme has been established to identify ways to improve aspects of the resourcing process and to improve recruitment performance indicators including the overall time-to-hire.

1.3 The Department has also been working closely with both internal and external stakeholders, and has made additional resources available to Shared Services Connected Limited (SSCL), the third-party supplier responsible for transactional HR and Payroll and Procurement services, to support further reductions in the average time-to-hire.

1.4 Lots of work has already been done by the Programme to make improvements to time-to-hire, which as a result has already come down. This includes pre-employment checks have moved online through Disclosure Barring Services and Disclosure Scotland solution Disclosure; prison officer applicants are given time limits to submit responses at each stage of recruitment. If three deadlines are missed, the

application is terminated to ensure resources are focussed on progressing genuine applications; additional Service Level Agreements (SLAs) agreed between MOJ / HMPPS and SSCL have been introduced to ensure the progress of submitted applications; and targeted recruitment campaigns have been introduced to alleviate vacancies in the hardest to fill sites.

1.5 To get prison officers into post more quickly, the Department is, where possible, permitting new starters to begin work in a prison whilst continuing to conduct higher level checks, subject to operational agreement and baseline checks being completed.

1.6 The Department will continue to improve the time-to-hire across the workforce and will update the Committee in late summer 2018.

**1d: PAC recommendation: *HM Prison and Probation Service should, by the end of July 2018, write to the Committee with details of the number of additional staff that have been recruited, deployed to prisons, and how many more have resigned since the National Audit Office (NAO) report.***

1.7 The Government agreed with the Committee's recommendation.

#### **Recommendation implemented.**

1.8 As part of the Prison Safety and Reform White Paper published in November 2016, the Government committed to an increase of 2,500 prison officers by the end of 2018. The increase in staff will ensure that all male prisoners across the closed estate will have access to a key worker. These key workers will build constructive relationships with prisoners, reduce levels of frustration and, ultimately, reduce levels of violence. The impact of the keyworker model across the open estate is currently being considered.

1.9 The press release published on 22 April 2018 confirmed that the Government has passed its target to recruit an additional 2,500 prison officers by the end of 2018 ahead of schedule. Figures showed a net increase of 3,111 prison officers between October 2016 and March 2018. Nearly 90% of the 3,000 new recruits will be on the landings by late summer 2018.

1.10 The leaving rate for Band 3-5 Prison Officers in the year to the end of March 2018 was 10.3%. This is an increase of 0.6 percentage points compared to the year ending 31 March 2017. The overall leaving rate across HMPPS over the last year stood at 9.0%, a 0.3 percentage point increase compared to the year ending 31 March 2017.

1.11 A Retention Board has been established within the Department to review Band 3-5 Prison Officer resignation rates, and provide support and targeted interventions to prisons with high or rising resignation rates.

1.12 Published data on prison officer recruitment was released on 17 May 2018, and details were provided to the Committee in a formal written response, sent on 18 May 2018.

**2: PAC conclusion: *The failure to establish effective screening procedures means the Ministry of Justice, HM Prison and Probation Service and NHS England do not know the full extent of the number of prisoners with mental health issues.***

**2: PAC recommendation: *HM Prison and Probation Service, the Ministry of Justice and NHS England should, by the end of March 2018, write to the Committee to explain how they will improve their screening processes and use the resulting data to make sure they have a complete understanding of the number of prisoners with mental health issues and the treatment they need.***

2.1 The Government agreed with the Committee's recommendation.

#### **Recommendation implemented.**

2.2 The Government is improving health and justice screening processes in order to improve its understanding of mental health need in prisons.

2.3 The Basic Custody Screening Tool is an initial questionnaire conducted by the offender management unit within 72 hours of entry into prison. It is a tool used primarily for sentence and resettlement planning but it can also identify prisoners suitable for referral to mental health services, including those at risk of self-harm and suicide (SASH). This questionnaire is completed by prison staff and is not a clinical diagnostic tool for mental health and substance misuse issues. All prisoners therefore receive a full health screening upon reception, conducted by a healthcare professional.

2.4 To further improve the screening process, NHS England is rolling out new healthcare screening templates for first night reception screening and for the full healthcare screen that is required within one week of reception into prison.

2.5 Out of a total of 101 eligible sites, 81 have now gone live with use of the new templates. Of the remaining 20 sites, 16 have confirmed go live dates and the expectation is that all eligible sites will have implemented the revised templates in the coming months.

2.6 The templates have been designed to match the current NICE guidance on healthcare screening. As part of the roll out, staff at all sites receive training and are supported by a regional project manager. This is designed to identify mental and physical health needs, and everyone entering the prison estate will undergo this process. Where mental health needs are identified, referrals will be made to the mental health services in prisons. The new templates ensure that screening data is entered into the clinical ICT system in a consistent way across England. In the future, this will provide an understanding of mental health prevalence, at a national and regional level, to inform strategic planning and policy development. It will also allow local and regional commissioners more closely to monitor the healthcare needs of the prison population, together with the performance of providers.

**3: PAC conclusion: *Increased availability of drugs in prisons has contributed to the increase in mental health issues of prisoners.***

**3: PAC recommendation: *HM Prison and Probation Service and NHS England should review their detection and treatment programmes to ensure that they reflect the current behaviours and needs of prisoners.***

3.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

3.2 The Government agrees that the level of drugs in our prisons is too high and is determined to build on the significant steps already taken to deliver a holistic approach to tackle the supply and use of these drugs across our estate. HMPPS has already improved its search capabilities through investment in search dogs, body searches and metal-detecting scanners in every prison.

3.3 Over £2 million of additional resource will be invested in national and regional search capability to provide dedicated search teams in prisons across England and Wales, over the course of the year. This will significantly enhance HMPPS' capability to tackle those behind the supply of illicit drugs. The Department is also reviewing its drug testing procedures to help better understand drug use trends in prison and inform drug offender management policies.

3.4 NHS England has developed a new service specification which instructs the commissioning of quality substance misuse services. This came into effect from 1 April 2018, with an implementation plan for roll out across the estate.

3.5 The new specification addresses issues resulting from the rise in the use of Psychoactive Substances (PS) and the resulting problematic behaviour. The new specification covers health needs assessments for substance misuse services and is refreshed annually, giving local commissioners the opportunity to vary services according to the need of each prisoner cohort.

3.6 The substance misuse specification is closely aligned with NHS England's recently revised mental health service specification (also in use since 1 April 2018). Together, these specifications will ensure that prison-based mental health and substance misuse healthcare services are commissioned to operate a 'no wrong door' policy, enabling individuals presenting with co-morbid or co-existing mental health and substance misuse problems to have their needs rapidly and holistically met through joined-up services.

**4: PAC conclusion: *Poor co-ordination and a lack of sharing information means that prisoners are not receiving continuity of treatment as they move between prison and the community.***

**4b: PAC recommendation: *NHS England should, by the end of March 2018, establish and disseminate information sharing protocols between prison, healthcare and probation staff so that all parties are fully informed about the services and support that prisoners will require on their release.***

4.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

4.2 Dissemination of information sharing protocols is a local requirement and the joint responsibility of NHS England with HMPPS, via the National Prison Health Partnership Board (NPHPB) and the National Partnership Agreement (NPA), to deliver. The Information Sharing Agreements (ISAs) are agreed at an establishment level between the relevant local commissioners and service providers. The local Prison Health Partnership Board is the forum where the ISA is agreed and monitored.

4.3 NHS England, through the NPHPB and jointly with HMPPS via the NPA is responsible for ensuring that all establishments have an ISA in place and that all staff are aware and comply with the requirements set out. Together, NHS England and HMPPS will undertake an audit of all prisons in England to identify which establishments have a current ISA in place, the date it was signed and date it was last reviewed.

4.4 NHS England is in the final stages of developing a revised national ISA protocol. This will be disseminated across regional commissioners for local level sign up in the coming months after a sign off process through the NPHPB.

4.5 With the introduction of General Data Protection Regulation (GDPR) the requirement for an audit has changed and NHS England jointly with HMPPS will revisit and refresh all local ISAs. To ensure that all prisons have up to date local ISAs, NHS England and HMPPS will instigate an audit of this for all of the prisons in England.

4.6 The revised National Partnership Agreement, signed off in April 2018 by all partners, allows for high level information sharing between organisations and departments. This overarching agreement will help to facilitate local level information sharing protocols between local providers and their partners.

**5: PAC conclusion: *It is a disgrace that too many prisoners wait far too long to be transferred to hospital or secure units.***

**5: PAC recommendation: *HM Prison and Probation Service and NHS England should, by the end of January 2018, publish quarterly data on the number of prisoners transferred to hospital or secure units, how many prisoners are waiting at the time of publication, and how long both groups have waited.***

5.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2020.

5.2 HMPPS and NHS England are unable to publish quarterly data by the end of January 2018 as there is currently no reporting system in place at a national level to collect all the data requested. HMPPS and NHS England propose an annual publication of national level data on secure transfer waits both to and from hospitals or secure units, which will require a new reporting system to be created.

5.3 NHS England's Plan for Transfer and Remission to and from Mental Health Hospitals outlines the steps towards publication of accurate data. This includes a review of service specifications for both prison mental health services and secure hospitals. These specifications have been implemented and commissioned against since April 2018, setting out the timescales against which commissioned services must be delivered.

5.4 Alongside this, NHS England is reviewing the guidance for hospital transfers and remissions. Significant discussions have already taken place to identify new clinically informed timescales. Updated guidance to reflect these timescales was drafted in April 2018. NHS England has begun a programme of training and implementation to ensure delivery against these timescales in 2018-19.

5.5 Currently a closed system is used to record clinical data. The Health and Justice Information Service system (HJIS), being rolled out between 2018-2020, will have the ability to share information with community healthcare services; this is integral to the collection of relevant data that is quality assured and robust.

5.6 To permit the annual publication of national level data on secure transfer waits from August 2020, NHS England plans to introduce central reporting. The HJIS will record data from the first point of referral in prison until the patient is transferred to a Mental Health hospital bed. It is essential to have new clinically informed timescales in place before this reporting commences. It is anticipated that data collection will begin in 2019. Annual publication will be possible once data has been collected and quality assured.

5.7 HMPPS and NHS England have committed to a benchmarking audit on an annual basis which will give the Government a snapshot at a point in time. This will take place in October each year, with headline data for the most recent audit available in April 2018.



# Ninth Report of Session 2017-19

## Department for Transport

### Sheffield to Rotherham tram-trains

#### Introduction from the Committee

Tram-trains are vehicles that can operate across both street tramways and the national rail network. The Department for Transport identified that tram-trains offer the potential to reduce the cost of transport services and create growth by improving access to city centres. In 2009, it announced a pilot project between Sheffield and Rotherham to test the new technology and assess the potential to extend it to other cities. Network Rail is responsible for modifying the national rail sections of the route, while other organisations are responsible for modifying the tram network and purchasing the tram-train vehicles. The Department has provided the bulk of the funding for Network Rail's work and for the project as a whole.

The original budget for Network Rail's work was £15 million, which was expected to be completed by the end of 2015. However, Network Rail identified significant cost increases and delays in November 2014 and July 2016. On the first occasion, the Department's Permanent Secretary allowed the project to proceed and agreed to fund the revised cost of £48.6 million. On the second occasion, the Rail Minister approved the project to continue despite the Permanent Secretary's recommendation to cancel, but asked Network Rail to meet the funding shortfall. Network Rail now expects the project to cost £75.1 million and to complete its works in May 2018. We pay credit to Clive Betts MP for pursuing this issue and alerting the National Audit Office to his concerns.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *The Sheffield to Rotherham tram-train project: investigation into the modification of the national rail network* - Session 2017-19 (HC 238)
- PAC report: *Sheffield to Rotherham tram-trains* – Session 2017-19 (HC 453)
- Treasury Minutes: March 2018 (Cm 9575)

#### Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9575), 2 recommendations have been implemented. 3 recommendations remained work in progress, 1 of which has now been implemented, as set out below.

**1: PAC conclusion: Network Rail's early cost estimates were wholly unrealistic and the Department for Transport (the Department) failed to properly challenge them.**

**1: PAC recommendation: Network Rail must improve its ability to produce realistic cost estimates and ensure they make appropriate allowances for risk and uncertainty. The Department should ensure these estimates are properly scrutinised so that it can challenge Network Rail over cost assurance and deliverability. Both Network Rail and the Department should write to the Committee by March 2018 to explain how these new processes have improved the way that they work.**

1.1 The Government agreed with the Committee's recommendations.

#### Recommendation implemented.

1.2 The Department and Network rail wrote to the committee in March 2018 outlining: the steps being taken to improve Network Rail's ability to produce realistic cost estimates, and how the Department will ensure these estimates are properly scrutinised in order to challenge Network Rail.

**4: PAC conclusion:** *The Department and Network Rail have not evaluated how the lessons learned during this pilot project could reduce the costs of future tram-train schemes.*

**4a: PAC recommendation:** *The Department and Network Rail should, by the end of March 2018, write to the Committee with their assessment of the potential cost savings to future projects and what they calculate is an efficient price of building a tram-train system.*

4.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** September 2018.

4.2 The Department proposed that an independent assessment of Network Rail's costs and the root causes of cost increases be commissioned to take place upon completion of the works. Independent consultants are now in the process of being appointed, with a remit to report by September 2018.

**4b: PAC recommendation:** *The Department should publish its formal evaluations of the project, including a full assessment of the project as a whole, not just the Network Rail elements.*

4.3 The Government agreed with the Committee's recommendation.

**Target implementation date:** October 2020.

4.4 The Department intends to publish its evaluations of the project including a full assessment of the project as a whole by October 2020.

# 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.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Homelessness* - Session 2017-19 (HC 308)
- PAC report: *Homeless households* – Session 2017-19 (HC 462)
- Treasury Minutes: March 2018 (Cm 9575)

#### Update to the Government response to the Committee

There were 10 recommendations in this report. As of the last Treasury Minute (Cm 9618), the Department disagreed with 3 recommendations. 7 recommendations remain work in progress, as set out below.

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

**1: 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 agreed with the Committee's recommendation.

**Target implementation date:** Summer 2018.

1.2 The Government will publish its cross-government Rough Sleeping Strategy, during Summer 2018, which sets out the approach and action Government as a whole will take in halving rough sleeping by 2022 and eliminating it by 2027. The production of the Strategy has been led by the Rough Sleeping and Homelessness Reduction Taskforce and informed by the recommendations of the Rough Sleeping Advisory Panel and a robust process of engagement with relevant stakeholders, including other Departments.

1.3 The Taskforce will lead the implementation of the strategy and continue to ensure progress is made to meet the manifesto commitment. The Taskforce will also monitor implementation of the Homelessness Reduction Act 2017 and 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 agreed 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 the targets and measures put forward in the strategy are met. This is 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. Although accountability for delivery of the strategy ultimately rests with the Department, the strategy will contain a number of actions for other Departments, including DWP, which they will be responsible for delivering.

**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 agreed 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. Since the Act was only implemented in April 2018, the Department has yet to receive any data on how it is being implemented. The Department expects the first set of experimental statistics based on H-CLIC data to be published by December 2018.

2.6 The Department published 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 this 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 agreed with the Committee's recommendation.

**Target implementation date:** December 2018.

2.9 MHCLG and DWP are committed to working together to understand the impact of welfare reform on homelessness and rough sleeping. MHCLG and DWP will jointly commission 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. The first stage of this joint work was a workshop held on 20 February 2018 with leading experts. This enabled MHCLG and DWP to test ideas and approach to inform the commission of external research into the causes of homelessness and rough sleeping.

2.10 Work is underway to progress the feasibility study and the competitive tender for the study will be launched imminently. The feasibility study itself will consist of three strands:

- a rapid evidence assessment on the causes of homelessness in the UK;
- a critique of existing models of homelessness and homelessness projections; and
- identification of options for developing a predictive, quantitative model or suite of models of homelessness.

2.11 The intention in the long term is to develop a predictive model of homelessness which can be applied to different policy scenarios to help understand the impact on future levels of homelessness. The model will have to take account of the underlying causes of homelessness to make these predictions of future levels of homelessness. In the short term, the feasibility study will give us a range of options for how we might go about developing a model of homelessness, taking account of existing data, data linking, new data collection as well as quality, timeliness and value for money.

2.12 MHCLG and DWP expect to complete the feasibility study in December 2018, and will write to the Committee outlining the findings from it 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 agreed 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 B&B 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 six 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). These advisors have been providing targeted support for local authorities who have families in B&B accommodation beyond the statutory limit of six weeks. This work is ongoing, and has

included targeted visits, as well as a workshop involving authorities who use B&B to share best practice and experiences from authorities who have successfully tackled the problem. This work has already had an impact:

- the total number of households in B&B accommodation fell 11% from 6,420 to 5,710 between September 2017 and December 2017;
- households with dependent children in B&B accommodation fell 24% from 2,680 to 2,030 in the same period;
- and households with dependent children in B&B accommodation over six weeks fell 21% from 1,110 to 880 in the same period.

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, with funding totalling £617 million either distributed or announced for the period up to March 2020. 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 £40 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 approved funding to develop a detailed business plan which it has now received and is considering. The Department will report back on progress to the Committee by December 2018.

**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.*

5.1 The Government agreed with the Committee's recommendation.

**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 began 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.

**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.*

5.4 The Government agreed with the Committee's recommendation.

**Target implementation date:** December 2018.

5.5 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. H-CLIC will also capture whether those who approach their local authority for homelessness assistance are receiving benefits towards their housing costs or other living costs.

# Twelfth Report of Session 2017-19

## HM Revenue and Customs

### HMRC Performance in 2016-17

#### Introduction from the Committee

In 2016–17, HM Revenue and Customs (HMRC) raised £574.9 billion of tax revenues, an increase of £38.1 billion (7.1%) on 2015–16. HMRC's estimate of the tax gap has fallen from £35 billion (7.9%) in 2005–06 to £34 billion (6.0%) in 2015–16. HMRC paid out £39.1 billion in benefits and credits, approximately one-fifth of the government's total benefits expenditure. HMRC's estimate of error and fraud resulting in Tax Credits overpayments increased to 5.5% (£1.57 billion) in 2015–16 (the most recent year available), from 4.8% in 2014–15. The cost of running HMRC in 2016–17 was £3.3 billion, up from £3.2 billion in 2015–16. In 2016–17, HMRC improved its customer service by handling 92% of calls, compared to 72% in 2015–16. Its average speed to answer calls - measured from after a caller has listened to recorded messages and enters a queue to speak to an adviser - fell from 12 minutes in 2015–16 to under four minutes in 2016–17.

HMRC transformation plans include 15 major programmes, including closing its national network of offices and relocating to 13 large regional centres, introducing new digital services for individuals and businesses, and updating major systems such as the Customs Declaration Service.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *HM Revenue and Customs Annual Report and Accounts 2016-17* – Session 2017-19 (HC 18)
- PAC report: *HMRC's Performance in 2016-17* - Session 2017-19 (HC 456)
- Treasury Minutes: March 2018 (Cm 9596)

#### Update to the Government response to the Committee

There were 9 recommendations in this report. As of the last Treasury Minute (Cm 9596), 6 recommendations have been implemented and the Department disagreed with 2 recommendations. 1 recommendation remained work in progress, which has now been implemented, as set out below.

**3: PAC conclusion: *HMRC's transformation programme is not deliverable as planned due to unrealistic assumptions, and increased pressure from the additional workload caused by Brexit.***

**3: PAC recommendation: *In the Committee's recent report 'Brexit and the future of Customs' the Committee recommended that HMRC should report back to the Committee by March 2018 with clear plans on how it will manage the many challenges it faces due to Brexit and its ongoing transformation programmes. Building on this, HMRC should: update its original assumptions and amend its forecasts for its transformation programme, particularly those concerning customer demand for its various services; and set out the financial implications of this for the Committee by April 2018.***

3.1 The Government agrees with the Committee's recommendation.

#### Recommendation implemented.

3.2 The Department recognised that the impact of EU Exit, on top of an already ambitious Transformation agenda and delivering a wide range of services, introduced additional risk to the current portfolio. The Department reviewed its transformation programme, including the need to accommodate Brexit related projects and programmes. That review was completed in January 2018, with full transparency and involvement of the Treasury.



3.3 The Department has informed its future planning round by means of the recommendations it made to Treasury Ministers in February 2018. This included the need to accommodate all EU exit related projects and programmes. Some activities have been halted or will not start, and a number have been stretched or reprioritised over a longer timescale. The Department's assessment is that the re-scoped portfolio is deliverable and factors in an appropriate level of risk. The Department is confident that it has the capacity and capability to deliver its portfolio whilst protecting the delivery of EU exit projects. The Department will run regular prioritisation exercises to ensure that its portfolio remains deliverable.

3.4 HMRC's Permanent Secretary, Jon Thompson provided the Committee with details on the outcome of the review at their session on 30 April 2018.

# Thirteenth Report of Session 2017-19

## Department of Health and Social Care

### NHS continuing healthcare funding

#### Introduction from the Committee

NHS continuing healthcare (CHC) is a package of care provided outside of hospital that is arranged and funded solely by the NHS for individuals who have significant ongoing healthcare needs. Such individuals are eligible for NHS funding if their healthcare needs go beyond what can legally be provided by local authorities, but this is a highly complex and sensitive area, with potentially significant cost implications for the individual. If someone is assessed as eligible for CHC, the NHS is responsible for funding the full package of health and social care. However, if someone is not eligible for CHC, they may have to pay for all or part of their social care costs, depending on their financial circumstances.

The Department of Health and Social Care is responsible for the legal framework for CHC, including setting criteria for assessing eligibility for CHC through a national framework. Clinical Commissioning Groups (CCGs) are responsible for determining eligibility for CHC and for commissioning this care. NHS England is responsible for making sure CCGs comply with the national framework. People can access CHC funding through two processes: a standard CHC process and a fast-track process for people with rapidly deteriorating conditions who may be nearing the end of their life. The number of people assessed as eligible for CHC funding has grown by an average of 6.4% over the last four years. In 2015–16, almost 160,000 people received, or were assessed as eligible for, CHC funding.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Investigation into NHS continuing healthcare funding*- Session 2017-19 (HC 239)
- PAC Report: *NHS Continuing healthcare funding* – Session 2017-19 (HC 455)
- Treasury Minutes: March 2018 (Cm 9596)

#### Update to the Government response to the Committee

There were 5 recommendations in this report. As of the last Treasury Minute (Cm 9596), 1 recommendation had been implemented. 4 recommendations remain work in progress, as set out below.

**1: PAC conclusion: *Too many people are waiting too long to find out if they are eligible for CHC, and to receive the essential care that they need.***

**1: PAC recommendation: *NHS England needs to hold CCGs to account for delays in assessments, and needs to find out the extent of further delays by CCGs in providing care packages once funding is agreed, taking remedial action where needed.***

1.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Summer 2018.

1.2 NHS England has implemented an assurance mechanism to monitor delivery of a new Quality Premium target for 80% of assessments to be undertaken within 28 days.

1.3 Work has commenced to monitor the effectiveness of these assurance processes. Work is also on track to understand the scale of the issue in relation to the time elapsed between eligibility decisions and care package provision commencing, as currently this data is not collected. The aim is to complete this by the end of Summer 2018.

**2: PAC conclusion:** *Some patients are not receiving the care that they are entitled to because they are not made aware of the funding available, or because the system is too difficult for them to navigate.*

**2: PAC recommendation:** *The Department and NHS England need to improve awareness of CHC amongst patients and their families, and amongst health and social care professionals, by establishing where there are awareness gaps, with different patient groups and different health and social care professionals; and reporting back to the committee by April 2018 on how awareness has been raised.*

2.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Summer 2018.

2.2 The Department and NHS England have agreed to carry out an initial joint piece of work to understand the awareness gap, particularly relating to how the NHS CHC process for determining eligibility is understood, linking to the NHS CHC National Framework. An action plan is being devised and discussions will commence to confirm the action plan with a view to completing the work by the end of Summer 2018.

**3: PAC conclusion:** *Patients' likelihood of getting CHC funding depends too much on local interpretation of assessment criteria, due to poor quality assessment tools and inadequate training.*

**3: PAC recommendation:** *The Department and NHS England should report back to the Committee by April 2018 on what action they have taken to improve the quality of assessment tools and training for staff carrying out assessments; and how it plans to monitor the impact of these changes on reducing variation between CCGs.*

3.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Autumn 2018.

3.2 The Department has published an updated National Framework for NHS Continuing Healthcare and NHS-funded Nursing Care. The revised Framework is expected to become operational from 1 October 2018.

3.3 Additionally, NHS England will review checklist tools which will be considered as part of the framework review. The Department and NHS England have jointly launched a programme to explore the NHS Continuing Healthcare and NHS-funded Nursing Care initial pathway, which will report by Autumn 2018.

3.4 NHS England has commenced a national workforce programme to support the NHS CHC assessment process. This covers basic training, training for more experienced staff, and development of a competency framework for CCGs.

3.5 There will always be variation in the number of NHS CHC assessments, due to a wide variety of reasons, including (but not limited to) the age dispersion within the local population and variations between geographical areas in terms of their level of health need.

3.6 NHS England intends to carry out work to understand the nature of variation. NHS England is developing an enhanced methodology to identify outliers to take account of variation that can be attributed to population-based factors.

**4: PAC conclusion:** *NHS England is not adequately carrying out its responsibility to ensure CCGs are complying with the legal requirement to provide CHC to those that are eligible.*

**4: PAC recommendation: *NHS England needs to establish a consistent oversight process, using the new data available, to ensure eligibility decisions are being made consistently both within and across CCGs, including by setting out what criteria they will use to identify and investigate outliers, and undertaking an annual sample audit.***

4.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** December 2018.

4.2 NHS England already has an assurance mechanism in place to hold all non-compliant CCGs to account and will continue to regularly monitor the effectiveness of its assurance processes.

4.4 NHS England is developing an enhanced methodology to identify outliers to take account of variation that can be attributed to population-based factors.

4.5 NHS England is currently developing a pilot to test the feasibility, cost and resource required to run a sustainable national NHS CHC case-level audit for England, and provide assurance to NHS England on the quality, consistency and fairness of NHS CHC services being provided within and between CCGs. This work is underway and it is expected to conclude in December 2018.

# Fourteenth Report of Session 2017-19

## Ministry of Defence

### Delivering Carrier Strike

#### Introduction from the Committee

The Ministry of Defence is buying two new aircraft carriers, a fleet of new Lightning II jets and an airborne radar system called Crowsnest fitted to Merlin helicopters. Deploying a single carrier, a squadron of jets and Crowsnest is referred to as Carrier Strike. The Department expects to spend over £14 billion on this equipment up to 2021, when Carrier Strike is to be first used in military operations. Between 2021 and 2026, the Department will then introduce the second carrier and more jets, and complete trials and training to enable the carriers to undertake a range of roles such as acting as helicopter carriers or transporting troops. This represents the full Carrier Enabled Power Projection capability.

The Department is planning for the carriers and jets to be in use for 50 and 40 years respectively, and the Government considers they will form a significant part of its response to changes in global security. The previous Committee reported on Carrier Strike in 2013, concluding that the Department faced major challenges around the affordability of the programme. In November 2013, the Department re-baselined the contract, agreeing a price of £6.212 billion for both carriers with the manufacturing consortium, the Aircraft Carrier Alliance. The Carrier Strike programme is a very high priority for the Department and we expect to return to it as the programme progresses towards being operational in 2021.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Delivering Carrier Strike* – Session 2016-17 (HC 1057)
- PAC report: *Delivering Carrier Strike* – Session 2017-19 (HC 394)
- Treasury Minutes: March 2018 (Cm 9596)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9596), 2 recommendations have been implemented. 4 recommendations remain work in progress, as set out below.

**1: PAC conclusion:** *Value for money will only be achieved if the carriers are flexibly and fully deployed.*

**1: PAC recommendation:** *In firming up its plans, the Department must ensure they are designed to use the carriers flexibly and to the fullest extent possible in order to secure value for money from the investment. The Committee will continue to monitor this.*

1.1 The Government agreed the Committee's recommendation.

**Target implementation date:** December 2020.

1.2 In January 2018, the Department agreed a policy statement for Carrier Enabled Power Projection which articulated the flexible use of the Capability, within the constraints of available resource. This policy has been written in order to give the Front-Line Commands the ability to coherently plan the routine use of the capability, whilst acknowledging the requirement to use it in response to crises and significant global events. The Department will now continue to revise and refine its plans, using this policy as a benchmark.

1.3 The Department is conducting detailed planning in 2018 for the first operational deployment of the Capability in 2021, which will be supported by US Marine Corps F-35B embarked in HMS QUEEN ELIZABETH. The Department has agreed to pursue a high level of interoperability with its allies, which will maximise the flexibility of the Carriers in line with the Strategic Defence Review 2015 stated objective of 'International by design'.

**2: PAC conclusion:** *Changes in the naval fleet and the availability of other vessels at particular times may limit how the carriers can be used.*

**2: PAC recommendation:** *In the event of unforeseen events in the manufacture of the Type 26 frigates creating a capability gap, the Department should write to the Committee setting out how it will manage the impacts.*

2.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** December 2027.

2.2 If unforeseen events in the Type 26 programme create a capability gap, the Department will write to the Committee as requested.

**3: PAC conclusion:** *There are a number of technical issues with the jets, which may delay operation of Carrier Strike.*

**3: PAC recommendation:** *The Department should set out how it plans to maintain its influence on the US Lightning II programme after 2019, for the purposes of ensuring that the jets purchased fully meet UK needs.*

3.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** December 2019.

3.2 Although the UK loses its status as the only level 1 Partner after the System Design and Development (SDD) phase (2019), the UK remains the non-US partner with the greatest demand for F-35 (currently planned at 138). Whilst the UK's official vote in F-35 negotiations will reduce in line with the Composite Share Ratio to approx. 4.5%, the UK has developed strong relationships with US Services and has many common requirements – close to 90%.

3.3 The embedding of UK personnel in key Joint Programme Office (JPO) positions is already ensuring that UK expertise and experience of Performance Based Logistics is being carried forward into solutions for the Global Support Solution. Equally, the embedding of an RAF officer in the USAF F-35 Integration Office ensures the UK has sight of USAF priorities and can align and influence requirements where necessary. Throughout SDD, the UK and US requirements have proven to be remarkably similar, except for the UK's need to integrate UK weapons. This is where the UK pays to be different. This will continue throughout Continuous Capability Development and Delivery (C2D2).

3.4 The first operational deployment for this capability in 2021 offers the opportunity for further integration with a key US Partner (USMC), thereby ensuring the UK's position as the partner of choice in future conflicts. In addition to this key influence can be maintained with timely and consistent appropriation of funds and investment in a strategically driven UK industrial base that can provide research and development with potential to support the broader F-35 programme.

**4: PAC conclusion:** *There is uncertainty over some support and operational costs, which are not fully included within current budgets.*

**4: PAC recommendation:** *The Department must develop its estimate of the costs of supporting and operating Carrier Strike and we will expect more detailed estimates when we undertake a follow-up inquiry.*

4.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** December 2020.

4.2 The cost estimates for use of the Carrier Strike capability are maturing coincident with the increasing experience of running both the Carriers and the aircraft. The recent trials period has allowed the Department to review the costs of running the Carriers based upon practical experience, which will inform the 2018 annual budget cycle. However, such trials periods are not fully representative of normal operations and so the Department will further validate the cost estimate model over the coming years. This will include the costing to integrate USMC F-35 into the Carriers as detail of their commitment matures. The same applies to maintenance and spares usage, and the Department is in the process of gathering more data from practical experience in order to further refine the costs of supporting the Carriers.

4.3 The Department routinely updates cost estimates for supporting and operating F-35B Lightning aircraft, based upon the F-35 Joint Programme Office annual cost estimate. These costs are incrementally approved and budgeted for on an annual basis, looking 10 years into the future. As the Lightning Force becomes established in the UK from August 2018, and the Global Support Solution for F-35 reaches maturity in the coming years, the Department will develop its estimate for whole life costs for the aircraft.

# Fifteenth Report of Session 2017-19

## Ministry of Justice

### Offender monitoring tags

#### Introduction from the Committee

Electronic monitoring allows the police, courts or probation services to monitor an offender's location and their compliance with home curfews. In 2011, the Ministry of Justice launched a programme to develop a new world-leading ankle tag, employing GPS technology to be used by all tagged offenders. The programme was intended to reduce the cost of tagging and provide wider operational benefits and more sentencing options for courts. The new tags were originally due to be rolled out from November 2013. Owing to a series of delays, the new tags are now expected to be rolled-out from early 2019, more than five years late. The Ministry has so far spent over £60 million on the programme, including £7.7 million (plus VAT) of losses which cannot be recovered, yet it still relies on the same form of tagging technology that was commercially available when the programme first started.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *The new generation electronic monitoring programme* – Session 2017-19 (HC 242)
- PAC report: *Offender monitoring tags* - Session 2017-19 (HC 458)
- Treasury Minutes: March 2018 (Cm 9596)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9596), 4 recommendations have been implemented. 2 recommendations remained work in progress, 1 of which has now been implemented, as set out below.

**3: PAC conclusion:** *The Committee is deeply concerned that, despite the programme already running five years late, further delays are now expected.*

**3: PAC recommendation:** *The Ministry should, by the end of March 2018, write to the Committee with a full breakdown of the timetable for the programme, and write to us with details of any further slippage as the programme progresses.*

3.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** Summer 2018.

3.2 Plans remain in place to reset the contracts with all suppliers by the end of July 2018. This will confirm a go live date for implementation of the new electronic monitoring service in summer 2019.

3.3 Building on its successful location monitoring pilot, the Department has been working with suppliers on the development of an alternative approach to transition to the new electronic monitoring service that will see an initial release of the core satellite enabled location monitoring capability by the end of 2018. Following release in two areas – the Midlands and the North West – coverage across England and Wales will be achieved by end of April 2019. The remaining capability, which will give criminal justice staff a portal so they can access and input data directly, and which will drive some efficiency improvements within the operational service, will be released from summer 2019.

**6: PAC conclusion:** *The Ministry has paid dearly to learn lessons which should have been common sense, and we are not assured that this situation could not happen again.*



**6: PAC recommendation:** *The Ministry should, by the end of March 2018, publish the lessons it has learned from the programme and how it has used these to improve delivery of its current portfolio of programmes.*

6.1 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

6.2 Lessons learned reports from major projects are regularly brought to the attention of the Department's project delivery community. The Department's Project Delivery Centre of Excellence has worked with the Electronic Monitoring team to highlight and share the lessons learned from the programme, including those set out in the NAO report, through a learning symposium for other project teams in the Department on 15 June 2018. Following the symposium, the Department shared the lessons, on a confidential basis, with the Committee in July 2018. The lessons will also be published internally and shared with the project delivery community through existing communications channels including the Infrastructure and Projects Authority, the cross-Government lead for project delivery.

# Sixteenth Report of Session 2017-19

## HM Treasury

### Government borrowing and the Whole of Government Accounts

#### Introduction from the Committee

Government's annual spending has exceeded its income for the last 15 years. To fund the deficit, the Government borrows by issuing government bonds, known as gilts, through the UK Debt Management Office (DMO) to large investors in the capital markets, or by encouraging savers to invest in National Savings & Investment (NS&I) retail products such as Premium Bonds. The Government has a significant amount of debt outstanding from financing past annual deficits and it has targets to reduce levels of borrowing and debt by 2020–21. Public sector net debt (PSND), the Government's preferred measure for reporting on the public finances, was around £1.7 trillion at March 2017.

By comparison, the latest Whole of Government Accounts (WGA), which provides a financial reporting view of the public finances, reports that total debt from borrowing was £1.3 trillion at March 2016: around £47,000 for each UK household. Interest on debt cost government £222 billion in the period 2009–10 to 2015–16. As the Government's economic and finance ministry, HM Treasury has overall responsibility for government's financial strategy and fiscal policy. The Treasury published WGA 2015–16 in July 2017, 16 months after the financial year end.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Whole of Government Accounts 2015-16 - Session 2017-19* (HC 254)
- NAO report: *Evaluating the government balance sheet: borrowing - Session 2017-19* (HC 526)
- PAC report: *Government borrowing and the Whole of Government Accounts – Session 2017-19* (HC 463)
- Treasury Minutes: March 2018 (Cm 9596)

#### Update to the Government response to the Committee

There were 6 recommendations in this report. As of the last Treasury Minute (Cm 9596), 2 recommendations have been implemented and the Department disagreed with 1 recommendation. 3 recommendations remained work in progress, 2 of which have now been implemented, as set out below.

**1: PAC conclusion:** *UK Government debt remains too high relative to economic performance, potentially reducing the Government's capacity to respond to future shocks and uncertainty.*

**1a: PAC recommendation:** *In its formal response to the OBR's report, the Treasury should ensure it sets out its assessment of the key risks to the public finances.*

1.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

1,2 As required by the Charter of Budget Responsibility, the OBR published its first Fiscal Risks Report (FRR) in July 2017. The Government will respond formally to the FRR, as required by the Charter. The response will set out the Government's approach to managing the key risks to the public finances identified by the OBR and was published on 17 July 2018.

**4: PAC conclusion:** *The Treasury has made progress in improving the WGA but the time it takes to produce, and the limited information included in some areas, continue to restrict its use as a tool for decision-making and accountability.*

**4: PAC recommendation:** *By March 2018, the Treasury needs to set out its plans and timetable for producing the WGA more quickly after the year end, and for improving the disclosures, as recommended by the previous Committee.*

4.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** March 2020.

4.2 The current target is to publish WGA within one year of the end date to which the accounts relate and the medium-term aspiration is to reduce that timescale to 9 months. The Treasury will continue to work with stakeholders in central and local government and the NAO to deliver progressive improvements in the timing of future publications and will aim to produce the 2018-19 WGA by January 2020. This relies on planned changes to the local authority statutory deadline in England and the Academies reporting framework enabling the Department for Education to publish accounts by July in line with the rest of central government.

4.3 The Treasury will continue to work on the extra analysis requested by the Committee to enhance the information presented in the accounts. The 2016-17 WGA will provide more information on national and regional splits of expenditure and plans are also in place to implement further incremental improvements in future years.

**5: PAC conclusion:** *Unless actions to maximise the value from assets and reduce liabilities are embedded in routine financial management across departments, any gains from the Treasury's balance sheet review are likely to be short term.*

**5: PAC recommendation:** *The Treasury needs to ensure that its review has a long-term impact on the cost-effective management of government assets and liabilities. It should report to us on its progress by June 2018.*

5.1 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

5.2 The Government agrees that good management of Government assets and liabilities must be embedded in routine to ensure long-term gains to the sustainability of public finances, and this is a key objective of the Balance Sheet Review. The Government agreed to provide an update on the Balance Sheet Review in its response to the OBR's 2017 Fiscal Risks Report. This response was published on 17 July 2018. As the Balance Sheet Review, will not be finished by the publication of this report, it will provide update on the process, rather than matters still to be decided by Ministers.

5.3 In July 2017, the Treasury established a new approval regime for contingent liabilities which are novel, contentious or repercussive with a maximum exposure of over £3 million. This approval framework has enabled the centralised collection and active monitoring of contingent liability exposures, which has allowed the Treasury to better understand and reduce the risk associated with contingent liabilities. The new approval process has been showcased by both the IMF and OECD as an example of international best practice in the management of government guarantees. The response to the Fiscal Risks Report will provide a more in depth analysis regarding the management of contingent liabilities.

# Seventeenth Report of Session 2017-19

## Department for Education

### Retaining and developing the teaching workforce

#### Introduction from the Committee

At November 2016, some 457,300 teachers worked in state-funded schools in England. During the preceding year, 43,830 teachers (10.1% of the workforce) joined the workforce, including 24,120 newly qualified teachers and 14,200 qualified teachers returning to the state-funded sector. Over the same period, 42,830 teachers (9.9% of the workforce) left the workforce, including 7,760 who retired and 34,910 who left for reasons other than retirement. The school-age population has been growing, increasing the need for teachers. The number of pupils of primary and nursery age in state-funded schools increased by 598,000 (14.6%) in the six years to January 2017, and this larger number is now moving into secondary education. After a reduction between 2011 and 2015, the number of pupils of secondary school age has since begun to increase and is forecast to rise by 540,000 (19.4%) between 2017 and 2025.

The Department for Education is accountable for securing value for money from spending on education services. Schools spend around £21 billion a year on teaching staff, more than half of their total spending. The Department has a range of initiatives aimed at improving the quality of teachers, supporting the retention of teachers and ensuring that teachers are deployed where they are needed most. The Department spent £35.7 million on these activities in 2016–17.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Retaining and developing the teaching workforce* – Session 2017-19 (HC 307)
- PAC report: *Retaining and developing the teaching workforce* – Session 2017-19 (HC 460)
- Treasury Minutes: March 2018 (Cm 9596)

#### Update to the Government response to the Committee

There were 9 recommendations in this report. As of the last Treasury Minute (Cm 9596), 2 recommendations have been implemented. 7 recommendations remain work in progress, as set out below.

**1: PAC conclusion: *The Department has failed to get a grip on teacher retention.***

**1: PAC recommendation: *The Department should, by April 2018, set out and communicate a coherent plan for how it will support schools to retain and develop the teaching workforce. The plan should include what the Department is aiming to achieve and by when, the interventions it will use to achieve its aims, and how it will measure success (including the desired impact on the rate of teachers leaving the profession).***

1.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** December 2018.

1.2 The Department has already been undertaking a range of very significant activity to improve the retention and professional development of teachers.

1.3 The Department is piloting early career payments for maths trainee teachers in 2018/19, to test offering a proportion of the bursary as a retention incentive. Maths trainees will receive a generous upfront bursary payment and then two early retention payments in their third and fifth year of teaching.

1.4 The teachers' student loan reimbursement scheme is also a pilot aimed at increasing retention. All eligible teachers will be able to apply for a reimbursement on their student loan payments made in the

first 10 years of their careers. The scheme covers a range of subjects, including languages, physics and computer science and over 25 local authorities are participating in the pilot. In addition to these financial incentives and the Department's continued generous bursaries and scholarships, all teachers will benefit from the newly announced student loan repayment threshold rise.

1.5 As part of the Government's response to the 2014 *Workload Challenge*, the Department established three Independent Review Groups and published their reports in March 2016. The Department funded 11 projects investigating ways of meeting the groups' recommendations. In 2017/18 the Department has run a series of collaborative events, with school leaders, to showcase successful approaches to reducing workload in schools. The Department is currently developing a workload reduction toolkit to further support the profession and improve retention rates in schools.

1.6 The recruitment and retention strategy (announced in March 2018) will cover a wide range of areas including workload, professional development, career progression, flexible working and entry routes into teaching. The Department's wrote to the Committee on 10 July 2018 to explain how this will build on existing work and how it will consider the challenges facing different types of schools.

1.7 In May 2018, the Department published a response to the *Strengthening QTS and improving career progression for teacher's* consultation, which will include introducing an extended induction period, supported by an Early Career Framework.

**3: PAC conclusion: *Schools are struggling to recruit teachers of the right quality, particularly in some subjects and some parts of the country.***

**3a: PAC recommendation: *The Department should help schools more to recruit teachers of the right quality. In particular, it should set out its plans for the national vacancy service including the scope, timetable and budget and report back to the Committee by June 2018 on the results of the national vacancy service pilot.***

3.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** November 2018.

3.2 A teacher vacancy service will be a free website for schools to publish teacher vacancies to help reduce recruitment costs and make it easier for aspiring and current teachers to find new posts. Since May 2018, the Department has been testing the service, which consists of a vacancy search and listings service for permanent and fixed term teaching posts, with 60 schools in the North East and Cambridgeshire.

3.3 From July 2018, the service will move into the next phase of testing. The Department will continue to roll out the service in a controlled regional approach to schools in the North East and Cambridgeshire with a target of 500 schools having an account by September 2018. The Department will then continue to iterate the service and test more with hiring staff and applicants / jobseekers. When the service is nationally accessible to users, the Department will continue the controlled regional approach in phases to continue to learn from users and iterate the product to meet user needs in a manageable way. The budget for this phase of testing is approximately £2 million, which includes building, testing and running the service, and promoting it within the education sector

3.4 The Department wrote to the Committee on 27 June 2018 reporting progress.

**3b: PAC recommendation: *The Department should help schools more to recruit teachers of the right quality. In particular, it should write to the Committee by June 2018 setting out the actions it has taken to control agency fees and the results achieved.***

3.5 The Government agreed with the Committee's recommendation.

**Target implementation date:** September 2018.

3.6 The Department and Crown Commercial Service are working together to provide a new framework specifically for those schools wishing to recruit a supply teacher. The framework includes a Preferred Supplier list of supply agencies as well as a Managed Service option for larger customers such as Multi Academy Trusts and Local Authorities. The commercial terms will ensure that schools benefit from transparent mark-ups and controls on the use of temporary-to-permanent fees as well as promoting the highest standards of agency behaviour.

3.7 The primary objective of the arrangement will be to help schools avoid excessive fees by requiring that agencies disclose their mark ups. Agencies will be ranked by lowest mark up, encouraging them to bid competitively and supporting schools with choosing providers that offer value for money. The secondary objective of the commercial arrangement is to reduce recruitment costs and support the increase in the number of teachers in permanent posts by removing “finder’s fees” (after a period of 12 weeks). These fees are often seen as an unnecessary cost, as well as a barrier to the transition of supply teachers into permanent positions.

3.8 Procurement for the framework began on 24 April 2018, with suppliers invited to submit bids until 31 May 2018. Crown Commercial Service received a significant number of responses to the tender. However, it is not possible to update on the exact number and quality of bids at present as the procurement is ongoing and the evaluation is not yet complete.

3.9 Crown Commercial Service are in the process of evaluating bids and expect to award the framework in August 2018, when a full list of successful suppliers will be published. It is expected that the framework will be available for schools to use from September 2018.

3.10 When live, schools will be able to contact framework suppliers directly to procure workers under the terms of the deal. Schools will also be able to view and compare supplier’s mark ups by logging into an online portal, which is currently being developed.

**3c: PAC recommendation: *The Department should help schools more to recruit teachers of the right quality. In particular, it should work with the school’s sector to share good practice in implementing flexible working to help attract former teachers to return to the profession.***

3.11 The Government agreed with the Committee’s recommendation.

**Target implementation date:** June 2020.

3.12 The Department is committed to promoting flexible working in schools. The Department published guidance on flexible working in February 2017 to advise teachers who are considering working flexibly and to help schools and employers considering how best to encourage, support and enable flexible working requests. This guidance included a range of case studies. An announcement in March 2017 by the Secretary of State stated that flexible working practices should become the norm in schools across the country.<sup>33</sup>

3.13 A policy paper was published in October 2017, which outlines the definition and benefits of flexible working for schools, as well as potential barriers for school leaders introducing flexible working practices.<sup>34</sup> This was released to coincide with a Departmental flexible working summit on the 30 October 2017. Part of the day discussed how schools made flexible working a success, and various examples of good practice were shared.

3.14 Following this event, the Department made a public pledge to “*carry out research looking at changing recruitment practices in schools, to inform our guidance about how schools can introduce flexible working*”. As part of this research work, the Department will manage a pilot which will enable a contractor to work with schools to design, pilot and evaluate flexible working. The contractor will conduct bespoke discovery work with the schools to understand their specific barriers and challenges in introducing flexible working, and working to support schools in redesigning more flexible teaching posts to be offered at the point of hire.

<sup>33</sup> <https://www.gov.uk/government/speeches/justine-greening-teacher-development-key-to-school-improvement>

<sup>34</sup> <https://www.gov.uk/government/publications/increasing-flexible-working-in-schools/increasing-flexible-working-opportunities-in-schools>

3.15 The schools will be supported to embed flexible working practices. The Department will then seek to consider how best to share this experience with all schools. The research project is due to begin in July 2018 and is expected to be completed by June 2020.

3.16 Flexible working is also a key part of the Department's developing recruitment and retention strategy, and what more could be done to support teachers and schools with this is being considered as part of this strategy.

**4: PAC conclusion:** *The Committee is concerned that the cost of living, in particular housing costs, is making it difficult to recruit and retain teachers in some parts of the country.*

**4: PAC recommendation:** *The Department should set out how it will take account of the housing requirements for teachers, particularly in high-cost areas, in order to support recruitment and retention. It should take a more strategic role, particularly as this is an issue that goes across Whitehall, when considering initiatives to support teachers to ensure that funding for these has a real impact.*

4.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** September 2019.

4.2 Evidence on the variations in teacher supply challenges suggests there is no geographical trend; rather, such differences are at the school level, as opposed to local or regional level, which implies cost of living and housing are only one of a range of complex and varied factors affecting teacher recruitment and retention. The Department is investing £30 million in tailored support to help those schools that struggle the most with recruitment and retention. The Department will look at the feasibility of further analysis to understand the relationship between cost of living, house prices and teacher supply and will seek to publish results by December 2018.

4.3 In addition, the Department is already delivering mixed-use developments on new free school sites through its property company, LocatED, siting schools alongside community facilities or housing provision. The Department is also looking at opportunities for such developments within the existing school estate going forward. The Department will continue to make the case for teacher housing as it supports wider cross-government plans, led by the Ministry of Housing, Communities and Local Government, which aim to build 300,000 new homes a year by the mid-2020s.

**5: PAC conclusion:** *The Department could not explain why the quality of teaching varies so much across the country, and what action it would take to improve quality in the Midlands and the North of England in particular.*

**5: PAC recommendation:** *The Department should conduct more work to understand why there are regional differences in teaching quality (for example by engaging more with school leaders in those regions where quality could be most improved) and, in light of its findings, set out how it proposes to improve the quality of teaching in the Midlands and the North of England specifically.*

5.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** December 2018.

5.2 The Department has worked closely with experts from the educational and other sectors to update and improve the National Professional Qualifications (NPQs), to give teachers what they need to be top class leaders – including a stronger emphasis on financial and risk management and improvement strategies for schools and staff. Serving school leaders are integral to the design and delivery of the reformed NPQs, which started to deliver across the country at the start of the 2017-18 academic year.

5.3 The new NPQs cover the full range of leadership roles in today's school system, including, for the first time, a National Professional Qualification for Executive Leadership (NPQEL) for MAT leaders and executive head teachers.

5.4 41 high quality providers have been accredited to deliver the reformed NPQs, including organisations such as Teach First, ASCL, Ambition School Leadership, Tauheedul Education Trust (now called 'Star Academies'), Harris Federation and the Church of England Foundation for Educational Leadership.

5.5 The Department is providing funding of £10 million for scholarships for teachers and leaders in the areas which most need to improve to take one of the reformed NPQs. Teachers and leaders working in category 5 and 6 areas<sup>35</sup>, which includes 69 local authority districts in the Midlands and the North of England, are eligible for this funding.

5.6 The Department's consultation on strengthening qualified teacher status and improving career progression for teachers, which closed on 9 March 2018, sought views on options to help embed a culture of continuous professional development throughout a teacher's career. The response to the consultation was published on 4 May 2018 and set out work that will be implemented including the development of an Early Career Framework for new teachers. The Framework will seek to ensure that all teachers receive consistent, high-quality professional development and support during their induction period. As part of this work, the Department will consider the case for targeting support at specific regions.

5.7 The Department's letter to the Committee of 21 May 2018 also set out the Department's plans in relation to Continuing Professional Development.

**6: PAC conclusion:** *Teachers are not getting enough good quality continuing professional development throughout their career, which has implications for teacher retention and quality and ultimately for pupil outcomes.*

**6: PAC recommendation:** *The Department should write to us by April 2018 setting out its plans for improving the quality of CPD available to teachers, its expectations for how much CPD teachers should undertake and how improvements in CPD will be paid for.*

6.1 The Government agreed with the Committee's recommendation.

**Target implementation date:** December 2018.

6.2 The Department's consultation on strengthening Qualified Teacher Status (QTS) and improving career progression for teachers, which closed on 9 March 2018, sought views on a range of options to help embed a culture of continuous professional development throughout a teacher's career. The response to the consultation was published on 4 May 2018.

6.3 A significant majority of respondents supported the Department's rationale for strengthening the support that teachers receive in the early stages of their career and finding more effective ways of enabling teachers to access high quality Continuing Professional Development (CPD) throughout their careers.

6.4 The response to the consultation confirmed the following changes will be implemented: increasing the length of the induction period for teachers from one year to two years; developing an Early Career Framework of support and mentoring, which will create a better and more consistent induction experience for all new teachers; piloting work-based sabbaticals for experienced teachers; and exploring the creation of new qualifications for experienced classroom teachers, alongside work to consider how the Department can make the existing CPD market easier to navigate for schools and teachers.

6.5 The Department has committed to working with teachers, school leaders, and education experts during the development of this work. The next phase of development work will inform what resources are needed to implement these changes and will build on existing work, including the Standard for teachers' professional development published in 2016.

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<sup>35</sup> <https://www.gov.uk/government/publications/defining-achieving-excellence-areas-methodology>



# Eighteenth Report of Session 2017-19

## Department for Exiting the European Union / Cabinet Office HM Treasury

### Exiting the European Union

#### Introduction from the Committee

The Department for Exiting the European Union (DEXEU) has identified 313 areas, across all departments, where work needs to be done as a consequence of leaving the European Union (EU). Departments must plan for both a negotiated and a 'no deal' scenario, to be ready for when we formally leave the EU in March 2019. The task of implementing the UK's Exit from the EU will require government to develop new policies to operate post-Exit, put in place the necessary primary and secondary legislation, and establish new processes and systems, including in some instances building new infrastructure and setting up new IT systems. The scale of work is substantial and must be completed at pace. The skills required to manage these tasks, particularly in the specialisms of project management, digital and commercial, were already in short supply in government before the need to prepare for Brexit.

A number of departments at the centre are involved in supporting government's implementation of Brexit. DEXEU was set up specifically to manage the process of Brexit from the centre of government and has responsibility for overall coordination and strategy. The Cabinet Office, and the functions that sit within it, have a key role in ensuring departments have the people and skills they need. HM Treasury has overall responsibility for public spending, allocating additional funding for Brexit work as necessary.

#### NAO / PAC Reports and Treasury Minutes

- NAO report: *Department for Exiting the European Union and the centre of Government* – Session 2017-19 (HC 593)
- NAO report: *Infrastructure and Projects Authority* – Session 2017-19 (HC 606)
- NAO report: *People and skills – the role of the centre of Government* – Session 2017-19 (HC 626)
- PAC report: *Exiting the European Union* - Session 2017-19 (HC 467)
- Treasury Minutes: March 2018 (Cm 9596)

#### Update to the Government response to the Committee

There were 7 recommendations in this report. As of the last Treasury Minute (Cm 9596), the Department disagreed with 3 recommendations. 4 recommendations remained work in progress, all of which have now been implemented, as set out below.

**1: PAC conclusion: DEXEU has not been quick enough to move Departments beyond planning for Brexit and on to getting things done.**

**1: PAC recommendation: The Government should provide the Committee with a formal update, no later than 1 June 2018, on progress made with implementation and with recruiting the necessary skills.**

1.1 The Government agreed with the Committee's recommendation.

#### Recommendation implemented.

1.2 The whole of Government is preparing for the UK to make an orderly and successful exit from the European Union, and the Civil Service is equipping itself with the right capacity and capability across Government to make this happen.

1.3 The EU Exit Capacity and Capability Programme brings together Departments, functions and professions to inform a strategic response to ensure that the Civil Service has the people and skills needed for exit. The programme has successfully met demand for resources in 2017/18. As the number of specialist and implementation resources required will increase over the next 12 months, the programme is working to increase the level of granularity in demand forecasting. A series of assessments is underway to examine the capacity and capability requirements of EU exit programmes across Government. This activity will improve demand articulation and enable Departments, functions and professions to develop detailed plans to recruit the necessary skills.

1.4 The Government provided a formal update on progress made with recruiting the necessary skills for EU exit on 31 May 2018.

**3: PAC conclusion: *DEXEU and the Cabinet Office do not have a credible plan in place to secure quickly the people and skills needed to support Brexit.***

**3: PAC recommendation: *The Cabinet Office, working with departments, needs to act urgently and put into practice credible plans to identify, recruit and get in place people with the skills needed, and in the numbers required, to enable progress of Brexit-related activities against critical milestones.***

3.1 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

3.2 The cross-Departmental and cross-functional EU Exit Capability and Capacity Programme coordinated by the Cabinet Office has continued working at pace with Departments and functions to understand demand for resources and support with supply.

3.3 As of the end of March 2018, more than 5,600 new roles have been filled across the Civil Service to undertake priority EU exit work. This represents the successful recruitment of 96% of identified demand and recruitment campaigns are underway in Departments to fill the remaining skills gaps. In addition, the Civil Service Fast Stream has made over 600 appointments in EU exit impacted Departments, the majority of whom will start in September and October 2018. A further 900 Direct Appointment Scheme (DAS) candidates have been allocated to priority areas.

3.4 A programme of *Get to Green* project level demand articulation is underway, due to report in by July 2018, which will support Departments in the development of high quality, granular resource planning at a project and issue level. This will enable the appropriate deployment of skilled resources to the highest priority EU exit projects. A number of digital resources from GDS have already been reprioritised and deployed to support critical projects.

3.5 Demand plans exist at Departmental level, and at cross-Government level for scarce cross cutting skill areas such as Project and Digital delivery. Existing plans are at different stages of development and granularity and need further refinement. Cabinet Office is supporting development of these plans and actions against them as a priority.

**5: PAC conclusion: *The paucity of information in the public domain about what Departments are doing to support Brexit is undermining scrutiny of progress.***

**5b: PAC recommendation: *The Treasury should set out by April 2018 how it expects Departments to report the costs of implementing Brexit.***

5.1 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

5.2 The Treasury is committed to transparency on public spending. As part of the 2017-18 Supplementary Estimates process, the Treasury published the additional allocations made to each Department for EU Exit in that year. These costs will also be reflected in individual Departmental Annual Reports and Accounts.

5.3 Similarly in 2018-19, Supplementary Estimates and Departmental Annual Reports and Accounts will make clear the additional funding allocated to Departments for EU Exit. This will be implemented in 2019 as part of the usual process of Supplementary Estimates and Departmental Annual Reports and Accounts.

5.4 Additionally for 2018-19, the Treasury informed Parliament of the allocations made to each Department through the Spring Statement in March 2018.

**6: PAC conclusion: *Brexit is a huge challenge for the civil service, but also a real opportunity to make long-term improvements.***

**6: PAC recommendation: *The Government should demonstrate that it is actively learning from the experience of Brexit to build processes and ways of working which improve the skills and capability of the whole civil service. The Committee will in future hold DEXEU and the Cabinet Office to account, not only for their work to implement the UK's Exit from the EU, but also for what they have done to actively use the experience of Brexit to embed long-term improvements in the way the civil service conducts its business.***

6.1 The Government agreed with the Committee's recommendation.

**Recommendation implemented.**

6.2 The Functional Model and DEXEU led cross-Government working approaches have proven invaluable in providing an effective architecture for cross-Civil Service EU Exit capability, policy and delivery planning.

6.3 The Civil Service People Board has commissioned lessons learned activity to establish the future direction of the Civil Service's work to ensure that it has the capability and capacity for a successful exit, and enable the Civil Service HR function to learn from and embed best practice in the future.

6.4 The Cabinet Office teams supporting Brexit are tracking and learning lessons from their engagements and support activities for example: how to set-up an effective portfolio management office to deliver Brexit projects. The Cabinet Office and DEXEU are sharing experience across programmes and Departments through the EU Exit Programme Directors meeting and a new network for those delivering projects.

6.5 The Cabinet Office and DEXEU are learning how to work more cross-functionally - aligning support to Departments in a coherent and targeted way through the Functional Support Team (FST). The FST's aim is to accelerate the delivery of projects and programmes in response to EU Exit through unblocking areas dependent on functional expertise. Additionally, the 30 plus IPA assurance reviews conducted on EU Exit programmes are providing insight into common themes from which we are drawing lessons, especially around project and programme management capability (need for skilled programme planners) and project, programme and portfolio governance (need for clear lines of accountability and responsibility).

6.6 Work to build capability in Project Delivery and Digital, Data and Technology delivery has been underway for several years, including the introduction of new professional Fast Stream routes, apprenticeships and capability frameworks. EU Exit strengthens the case for collaboration across government. We are working on coordinated recruitment and attraction for specialist roles, testing and evaluating new ways of working to add to the longer-term offer from key central functions. Building capability and ensuring the Civil Service has a skilled professional resource base is a longer-term piece of work, which will deliver EU exit and future Government priorities.

6.7 The Cabinet Office and DEXEU will also be reflecting on the ongoing lessons in terms of organising and deploying functional support.

## 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.

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