HM Treasury

Treasury Minutes

Government response to the Committee of Public Accounts on the Sixty-Fourth to the Sixty-Eighth reports from Session 2017-19

CP 18 January 2019

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

January 2019

CP 18

TREASURY MINUTES DATED 28 JANUARY 2019 TO THE COMMITTEE OF PUBLIC ACCOUNTS ON THE SIXTY-FOURTH TO THE SIXTY-EIGHTH REPORTS FROM SESSION 2017-19.

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Government responses to the Committee of Public Accounts Session 2017-19

Sixty-Fourth Report of Session 2017-19

Department for Work and Pensions

Universal Credit

Introduction from the Committee

The Department for Work & Pensions (the Department) is introducing Universal Credit to replace six means-tested benefits. The Department started work on Universal Credit in 2010 with an original completion date of October 2017. However, the government 'reset' the programme in 2013, following a series of problems managing the programme and developing the necessary technology. The Department introduced a twin-track approach in November 2013. It started to develop its long-term digital solution, known as 'full service', alongside making use of the systems it had built before the reset for its 'live service' (available mainly to single unemployed claimants with straightforward claims).

Since the Department began rolling out full service in May 2016 there have been several further delays to the programme, which is now unlikely to complete before 2023. By the end of March 2018 the Department had spent £1.3 billion of the £2 billion it expects to invest in the programme by 2024–25, and by June 2018, 980,000 people (around 12% of the expected caseload) were claiming Universal Credit. A further 7.5 million people are still to come onto the new benefit before the programme completes.

On the basis of a report by the Comptroller and Auditor General, we took evidence on the 9 July 2018 from the Department for Work & Pensions (the Department). We also took evidence from Leicester and Newcastle City Councils, and from charities, the Trussell Trust and Mind. The Committee published its report on 26 October 2018. This is the Government response to the Committee's report.

NAO and PAC Reports

- NAO report: Rolling out Universal Credit – Session 2017-19 (HC 1123)
- PAC report: Universal Credit – Session 2017-19 (HC 1183)

Government responses to the Committee

1: PAC conclusion: The Department's systemic culture of denial and defensiveness in the face of any adverse evidence presented by others is a significant risk to the programme.

1: PAC recommendation: (a) As a matter of urgency the Department needs to identify specific measures that demonstrate a step change in its attitude to listening and responding to feedback and evidence from its partners. (b) We will hold the Department to account for its progress when we next meet and will expect frontline organisations to report that they have seen a tangible difference.

1.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

1.2 The Department is committed to listening and responding to feedback and evidence from its partners. In the past year, there have been over 100 meetings with partners, at all levels from Ministers at a national level and at a local operational level too. In the light of feedback from partners and from the Department's front line staff, the Department has made 1,500 changes to processes. For example, following feedback from landlords and other housing representative groups, the Department introduced the Trusted Partner status which allows social landlords to identify those tenants who are unlikely to pay their rent, instruct the Department to put in place an alternative payment arrangement so that rent is paid direct to the landlord. This has been successfully implemented and acknowledged as a success by social landlords nationally. The changes in the Budget 2018 were widely welcomed and many stakeholders commented specifically about how the Department was listening and responding to feedback.

1.3 Building on this approach, the Department is stepping up its engagement with partners as it designs the managed migration phase of the programme. To this end, in October the Department launched an extensive consultative process with over 70 stakeholders and delivery partners. This has two purposes, first: to co-design the processes which will safely move two million households onto Universal Credit. And second, to inform the pilot phase, which begins in July 2019. During the pilot phase, the Department will reflect with the stakeholders and partners on the findings from the piloting as they emerge and make changes as necessary. The process is on-going but the Department will report back on progress in autumn 2020 at the end of the pilot phase.

2: PAC conclusion: Universal Credit causes financial hardship for claimants including increased debt and rent arrears, and forces people to use foodbanks.

2: PAC recommendation: In order to mitigate financial hardship for claimants, the Department must: establish methods for measuring hardship; identify the specific challenges faced by people with different needs; create, test and put in place solutions which provide a safety net for all and significantly improve the proportion of claimants it pays in full, and on time.

2.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

2.2 The Department is undertaking a programme of social research in partnership with external bodies about financial hardship and the results of this work are being published regularly as the work proceeds. This work includes both quantitative and qualitative studies of the legacy and Universal Credit systems. The reports published to date suggest that the numbers of claimants who struggle financially to manage on the levels of payments provided are broadly similar. This information is used to inform policy and operational decisions to best tackle poverty, deprivation and hardship. Based on this evidence, a number of changes to Universal Credit have been implemented, for example, the reduction to the taper rate in Universal Credit and the increase in Work Allowance.

2.3 The Government also publishes Households Below Average Income annually which provides a comprehensive range of estimates and indicators covering both low income and material deprivation. This publication is used both within the Department and by external users as the definitive source of quantitative information about living standards and it is committed to continue to publish this information going forwards.

2.4 When Universal Credit is fully implemented, expenditure is expected to be £2 billion higher than the welfare system it replaces. This safety net of social security ensures that no one should experience severe suffering or privation and this extra expenditure, strengthens and does not weaken, that safety net.

2.5 Payment timeliness has improved from 74% in August 2017 to 84% in August 2018. The Government expects to continue to see incremental improvements as Universal Credit administration matures in 2019 now that rollout is complete.

2.6 The design and operation of Universal Credit, with its focus on discretion and the tailoring of support, allows Universal Credit to identify specific needs, from work coach interviews and support from third parties. Moreover the iterative nature of development of the system facilitates design responses to issues as they present themselves.

3: PAC conclusion: The Department is failing vulnerable claimants because it places too much reliance on the discretion of its work coaches to identify and manage the needs of people requiring extra support.

3: PAC recommendation: In its response to this report, the Department must set out, what more it will do to ensure that work coaches are well equipped to provide the right support packages for claimants including those with health needs and other vulnerabilities, and how it will measure and ensure this is happening in practice.

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: June 2019

3.2 The Government agrees with the Committee's recommendation: it is critical that the Government ensures that the right support is available for those with health needs and disabilities and that is able to demonstrate that it is getting this right. However, Government does not accept that this is the result of discretion and flexibility, but because these cases are extremely complex. The discretion and judgement that work coaches have are a key aspect of the trusting and flexible relationship between a claimant and their work coach in Universal Credit. There has been significant effort placed on training and equipping work coaches and front-line staff to make these decisions effectively. The Department will set out how this has been done to date and its plans for the future, including how this satisfaction will be measured.

4: PAC conclusion: The package of support to help claimants adjust to Universal Credit is not fit for purpose.

4: PAC recommendation: The Department must work with others to reassess precisely what support claimants need, and how this can be best provided. It should demonstrate what impact this support is having. The Department must update us in six months on what has been done and learnt and how it will measure whether there is sufficient support in future.

4.1 The Government agrees with the Committee's recommendation.

Target implementation date: April 2019

4.2 The Department's review of Universal Support concluded that as currently shaped and delivered, it was failing to meet the needs of claimants. On 1 October 2018, the Secretary of State announced a change of direction that Universal Support would be delivered through a new partnership with Citizens Advice and Citizens Advice Scotland with the specific aim of smoothing the transition onto Universal Credit for those claimants who find the new system difficult to manage. The implementation date is April 2019 for the new system to start. The Department will evaluate progress towards the end of 2019 before concluding what arrangements are required for 2020 and beyond and set out those to Parliament.

5: PAC conclusion: Universal Credit is pushing costs onto the local organisations that support claimants - including local authorities, housing associations, and foodbanks.

5: PAC recommendation: The Department should set out what it will do to understand and measure the additional costs and burdens for local organisations and what it will do to ensure organisations can cope as the number of claimants on Universal Credit increase.

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: Autumn 2020

5.2 Where costs can be established the Government will meet them, such as under the New Burdens arrangements which set out the agreed framework between central and local government for establishing costs of new policies.

5.3 As part of the work to prepare for managed migration, the Government is exploring the scope for organisations, such as housing associations, to deliver certain aspects of the managed migration process. Where those increase costs, of those delivery partners, the Government will work to establish those and reimburse accordingly. Implementation date is autumn 2020 after a period of piloting and evaluation.

6: PAC conclusion: The Department is unable to measure its objective of getting 200,000 more people into work.

6: PAC recommendation: In future the Department must make sure that all claims for Universal Credit are supported by empirical evidence rather than theoretical models.

6.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

6.2 The Government agrees that theoretical modelling should be backed up with empirical evidence. The business case for Universal Credit was drawn up under the HM Treasury Green Book rules, and the Treasury accept the methodology and the conclusions drawn. On 8 June 2018, the Department published a labour market evaluation strategy setting out how the labour market impacts of Universal Credit are to be determined. The Department intends to regularly update Parliament on progress as data becomes available.

7: PAC conclusion: We are seriously concerned about the Department's ability to transfer around 4 million people from existing welfare benefits to Universal Credit without causing further hardship to claimants.

7: PAC recommendation: We will be challenging the Department again on its preparedness for managed migration. It is more important that the Department gets migration right than it unthinkingly sticks to its timetable. Before it goes ahead it must be transparent about:

- **the criteria it must meet before going ahead;**
- **how it will demonstrate that this will not result in a deterioration of service quality or the creation of further hardship for claimants;**
- **what metrics it will use to assess whether the migration is working; and**
- **how it will maintain quality throughout migration and have clear criteria to slowdown.**

7.1 The Government agrees with the Committee's recommendation.

Target implementation date: Autumn 2020.

7.2 The Government agrees with the Committee's recommendations and welcomes the Committee's on-going interest. These recommendations are in line with existing thinking around managed migration. The Government will ensure that the processes do not result in deterioration of service quality and that the conditions for success are in place. The Government will set criteria for success following the pilot phase and report on them publically before proceeding beyond the pilot phase.

7.3 The Government is working closely with stakeholders and partners to design and assure these processes before migration activity begins, and a pilot phase migrating not more than 10,000 claimants will allow the approach to be modified in the light of feedback and evaluation. An update will be provided in autumn 2020 in line with migration timetable and the commitment to Social Security Advisory Committee and Parliament.

8: PAC conclusion: Since our evidence session, the Secretary of State for Work & Pensions has announced that the roll-out of Universal Credit will be delayed once again.

8: PAC recommendation: Given the Secretary of State has acknowledged that some claimants will be worse off on Universal Credit, we expect the Department to take on board our recommendations as part of this new approach and accept the hardship its previous approach has caused.

8.1 The Government agrees with the Committee’s recommendation.

Recommendation implemented.

8.2 The Department will update the Committee, and others, regularly on how the it is making Universal Credit a success, and continue to ensure that vulnerable claimants receive the support they need.

Sixty-Fifth Report of Session 2017-19

Department for Business, Energy & Industrial Strategy

Nuclear Decommissioning Authority: risk reduction at Sellafield

Introduction from the Committee

Sellafield is the Nuclear Decommissioning Authority's largest and most hazardous site, home to a number of ageing facilities that store radioactive materials that pose a hazard to people and the environment. Decommissioning these facilities is challenging: the NDA estimates it will cost £91 billion and take around 100 years to decommission and clean up the Sellafield site. Sellafield also stores 40% of the global stock of plutonium. The Department for Business, Energy & Industrial Strategy funds and is accountable, with the NDA, for reducing risks and delivering value for money at Sellafield. The Department has delegated its oversight of the NDA to UK Government Investment (UKGI).

The Committee last examined progress at Sellafield in March 2015 and found that major programmes and projects to reduce risk at Sellafield were significantly behind schedule and over budget. We also questioned whether the NDA's contract with Nuclear Management Partners (NMP), the private consortium responsible for managing the Sellafield site was delivering value for money. In 2016, the NDA cancelled its contract with NMP and turned Sellafield Limited, the company that runs the site, into a direct subsidiary. We welcome the news that Sellafield Limited and the NDA have since started to make changes to improve the way they run the Sellafield Site.

Based on a report by the National Audit Office, the Committee took evidence on 16 July 2018 from the Department for Business, Energy & Industrial Strategy (the Department), the Nuclear Decommissioning Authority (NDA), Sellafield Limited and UK Government Investments (UKGI) to examine the NDA's progress with reducing risks at Sellafield. The Committee published its report on 31 October 2018. This is the Government response to the Committee's report.

NAO and PAC Reports

- PAC report: *The Nuclear Decommissioning Authority: risk reduction at Sellafield* – Session 2017-19 (HC 1375)
- PAC report: *The Nuclear Decommissioning Authority's Magnox contract* - Session 2017–19 (HC 461)
- NAO report: *The Nuclear Decommissioning Authority: Progress with reducing risk at Sellafield* – Session 2017-19 (HC 1126)

Government responses to the Committee

1: PAC conclusion: ***The NDA has recently made progress with reducing risk at Sellafield, but most major projects are still delayed and are expected to cost more than originally planned.***

1: PAC recommendation: ***Within three months, the NDA should write to the Committee explaining its plan for completing its work on mission reporting and the Department should commit to publishing a comprehensive assessment of the NDA's performance every three***

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2019

1.2 The NDA has made significant progress on the proof of concept and data population for its mission report. The NDA will write to the Committee by Spring 2019, setting out progress to date and a timeline to completion including consultation with relevant parties.

1.3 The Department agrees with the principle of producing a public assessment of the NDA's medium and long-term performance. However, before committing to a specific approach, and to avoid unnecessary duplication, this proposal will be folded into the scope of the forthcoming 'tailored review' recommended by the NAO in their June 2018 report.[1] The final arrangements for publishing performance reporting will then be included within the wider conclusions of that work and reported on following completion of that review.

2: PAC conclusion: ***The NDA and Sellafield Limited have not analysed the constraints they say prevent faster risk reduction at Sellafield.***

2: PAC recommendation: ***The NDA should, with Sellafield Limited, analyse the impact these perceived constraints have on further progress at the site. It should write to the committee within six months and explain how it is going to use this new understanding in preparation for the next spending review, the upcoming revision of the Sellafield Performance Plan and the NDA's new strategy.***

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: Autumn 2019

2.2 The NDA, with Sellafield Limited, is carrying out work to further identify and to articulate the constraints to additional and faster progress on the Sellafield site. The NDA will write to the Committee by Autumn 2019, when this work is completed, identifying how and where this work will be used to inform future plans, including the 2019 Spending Review and NDA strategy.

3: PAC conclusion: ***The NDA has not identified the lessons from project cancellations and past mistakes.***

3: PAC recommendation: ***The NDA should write to the Committee within three months to explain how it will evaluate whether its new approach will generate savings to the taxpayer, and how it is learning the lessons from past mistakes.***

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2019

3.2 The NDA is working with Sellafield Limited to analyse how recent and proposed changes to strategies and project delivery plans have impacted costs and schedules within the Lifetime Plan for decommissioning the Sellafield site. The NDA will write to the Committee by Spring 2019 to explain how this analysis will assess the whole-life impacts of these changes and how the learning will be used to inform future plans.

4: PAC conclusion: ***Given the complexity, cost and long-term nature of the work at the site, the NDA's and the Department's assurance is not providing appropriate oversight of, and challenge to Sellafield Limited's performance.***

4: PAC recommendation: ***The NDA and the Department should write to the Committee to set out clearly how assurance and oversight will be strengthened. They should do this within six months of the publication of the government's independent inquiry into the failed Magnox Contract.***

4.1 The Government agrees with the Committee's recommendation.

Target implementation date: Summer 2019

[1] www.nao.org.uk/report/the-nuclear-decommissioning-authority-progress-with-reducing-risk-at-sellafield/

4.2 The NDA's new Risk and Assurance Director is reviewing the recommendations provided by the Committee, in conjunction with the most recent NAO report and the interim Magnox Inquiry report [2] to determine the most appropriate approach to oversight and assurance. The NDA is awaiting the final report from the Magnox Inquiry and will write, in conjunction with the Department, to update the Committee on the progress that has been made on implementing its recommendations, as recommended in the Committee's twenty first report of the 2017-19 Session, NDA's Magnox Contract [3], recommendation 6, within six months of the report's publication.

4.3 Assurance and oversight of the NDA has been strengthened over the past two years. Specifically, the Government has put in place greater assurance on the Sellafield Limited Programme and Project Partners procurement, has established and built an NDA sponsorship team, has appointed a UKGI Director to the NDA Board, and has taken forward a structured approach to milestone and project reporting from the NDA. The Department and the NDA understand the Committee's position, but also believe that the conclusions from the NAO's most recent report should be taken into account.[4] These recommendations indicate that an appropriate balance must be struck between effective oversight and allowing the NDA and Sellafield Limited to deliver and suggest that the balance is weighted too heavily in favour of government oversight at present.

4.4 Cabinet Office guidance on the management of arm's length bodies[5] (ALBs) emphasises that a proportionate approach should be taken to assurance and the Department should allow ALBs the autonomy to deliver effectively. Further changes required to additionally strengthen oversight may be identified from the Magnox Inquiry and the tailored review. The objective of any such change will be to ensure that NDA has the most effective arrangement in place, and the roles and responsibilities of each organisation are clearly stated.

5: PAC conclusion: ***Central government's oversight of the NDA is not holding the NDA to account effectively.***

5: PAC recommendation: ***Once the tailored review is complete, the Department should write to the Committee setting out the findings and recommendations of the review, and its plan for implementing them. In particular, in conjunction with the Cabinet Office, they should consider whether UKGI is playing any useful role. In its response, the Department must set out in detail how it intends to solve the problem***

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: January 2020

5.2 The Department is preparing to undertake a 'tailored review' of the NDA, as recommended by the NAO in their report of June 2018 [6]. The Department expects that a review of this type will take a minimum of six months to deliver. As with all tailored reviews, the findings and recommendations of the review will be made publicly available on the Gov.uk website, and we will write to the Committee with our implementation plan.

5.3 The Department will consider - in conjunction with Cabinet Office - the role of UKGI, but does not support the Committee's view that UKGI is an unnecessary extra layer. Acting as the government's shareholder, UKGI is uniquely able to draw on its extensive expertise in corporate governance and corporate finance to hold NDA's performance to account against the policy requirements of the Department. The Department also does not support the assertion that it lacks nuclear operational expertise; officials working within the Department's Energy and Security Directorate bring skills from many areas of the nuclear and other industry sectors. A key part of the NDA's role as the UK's strategic nuclear decommissioning authority is to assure the work of its site licence companies; duplicating NDA's expertise in BEIS would be more likely to hamper than improve arrangements. The Department agrees that the roles of the Department, UKGI and NDA can be better defined, but considers that nuclear

[2] https://www.gov.uk/government/publications/magnox-inquiry-interim-findings
3 https://publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/461/461.pdf Page 7; Recommendation 6.
4 NAO report Reducing risk at Sellafield Page 12; Paragraph 22.
5 www.gov.uk/government/publications/partnerships-with-arms-length-bodies-code-of-good-practice Page 10
[6] NAO report: Reducing risk at Sellafield Page 13

expertise should primarily be concentrated within the NDA in support of its role as the UK's primary expert body.

6: PAC conclusion: ***We are not convinced that the NDA is achieving the wider economic benefits that would help justify the vast amounts of public investment at Sellafield.***

6: PAC recommendation: ***The NDA should, within 12 months, strengthen and publish its socio-economic strategy, outlining the opportunities for the wider economy and how it will realise those opportunities.***

6.1 The Government agrees with the Committee's recommendation.

Target implementation date: January 2020

6.2 The NDA accepts this recommendation and welcomes the Committee's interest. The NDA's current strategy [7]takes into account the positive opportunities of decommissioning for the wider economy. For example, almost one-third of its supply chain spend is with small and medium enterprises (SMEs). Analysis carried out on this expenditure shows that it benefits firms throughout the UK.

6.3 The NDA has a legal duty to give encouragement and support to activities that benefit the social and economic life of the communities near its sites. The NDA has commissioned and published three studies on the impact of its activities on the economies near its sites, covering Sellafield, Magnox and Dounreay[8]. These provide robust data on the specific social and economic impacts that are likely as the NDA's sites continue through their lifecycle. Data obtained from these assessments will be used to ensure investment decisions are made based on clear evidence of need or opportunity. The NDA will publish its updated socio-economic strategy by January 2020, outlining the opportunities for the wider economy and plans for their realisation.

7: PAC conclusion: ***The NDA's programme to deal with the plutonium stockpile in the near term is late and its costs are increasing.***

7: PAC recommendation: ***Within six months, the Department should write to the Committee, setting out its plan for deciding on the long-term use of plutonium. The NDA should also write to the Committee explaining fully its contingency arrangements to manage plutonium at the site, and the reasons behind cost escalations and delays.***

7.1 The Government agrees with the Committee's recommendation.

Target implementation date: Summer 2019

7.2 The Department, supported by the NDA, is developing a strategic framework for the long-term disposition of the UK's inventory of separated civil plutonium. Due to the varying degree of maturity of the technologies being considered, further work is required in order to enable the UK to select, and subsequently implement a disposition solution. The NDA have been tasked to carry out further research and will report its findings to the government in 2020. A decision on the long-term disposition solution can only be made when the government is confident that a solution can be implemented safely and securely and that it is affordable, deliverable and offers value for money.

7.3 The NDA will write to the Committee on the management of plutonium at Sellafield. This information will provide a description and analysis of the overall cost and schedule position for the programme of work, including any increases in project estimates and timescales. However, the Department does not agree that the way in which cost escalation is represented in the report is accurate. When the NDA seeks approval for the Final Business Case on plutonium retreatment in 2020, many of the current uncertainties from low maturity will be retired, and this should result in a significantly narrower cost and schedule range.

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[7] www.gov.uk/government/publications/socio-economic-report-2017-to-2018/socio-economic-report-201718
[8] ibid

Sixty-Sixth Report of Session 2017-19

HM Revenue & Customs

HMRC's Performance in 2017-18

Introduction from the Committee

HM Revenue & Customs (HMRC) is the UK's tax authority, responsible for collecting tax from individuals and businesses, and providing support to families and individuals through Personal Tax Credits (Tax Credits) and Child Benefit. In 2017–18, HMRC raised £605.8 billion of tax revenues, an increase of £30.9 billion (5.4%) on 2016–17. It estimates the value of its activities to collect and protect tax revenue in 2017–18 was £30.3 billion, 8.2% above its target (£28.0 billion). In 2017–18, HMRC paid out £38.0 billion in Tax Credits and Child Benefit, approximately one-fifth of the government's total benefit expenditure. HMRC estimates that error and fraud resulted in overpayments of Tax Credits of £1.3 billion, and underpayments of £0.2 billion, in 2016–17 (the most recent year available). HMRC's total forecast of the costs of tax reliefs – which reduce tax for particular groups, individuals or things - for 2017–18 is £416.8 billion, an increase of £13.1 billion (3.2%) on 2016–17, but this reflects the costs of 185 of the 424 tax reliefs it administers. In 2017–18, HMRC achieved its six customer service targets for processing post, for processing Tax Credits and Child Benefit claims and changes of circumstances, and for answering calls to its helplines. HMRC narrowly missed its other two customer service targets, for customer satisfaction with its digital services and the time to process online forms submitted by customers

Based on a report by the National Audit Office, the Committee took evidence, on 5 September 2018 from HM Revenue & Customs. The Committee published its report on 2 November 2018. This is the Government response to the Committee's report.

NAO and PAC Reports

- NAO report: Her Majesty's Revenue & Customs annual accounts 2017-18 – Session 2017-19 (HC 1222)
- PAC report: HMRC's Performance in 2017-18 – Session 2017-19 (HC 1526)

Government responses to the Committee

1: PAC conclusion: ***HMRC expects the rate of error and fraud in Tax Credits to rise and exceed its target, but it has de-prioritised improvements to reduce these losses.***

1: PAC recommendation: ***HMRC should, in its next annual error and fraud statistics, include an explanation of the impacts of terminating the Concentrix contract and de-prioritising improvements to the Tax Credits system, and an explanation of the different causes of error and fraud. By April 2019, HMRC should report to the Committee on what actions it is taking to help claimants avoid errors and what impact these actions are expected to have on overpayments and underpayments.***

1.1 The Government agrees with the Committee's recommendation.

Target implementation date: June 2019

1.2 The Department will publish tax credits error and fraud statistics for 2017-18 in June 2019. In the report accompanying those statistics the department will include analysis explaining the estimated impact of terminating the Concentrix contract

1.3 In the annual statistics the Department will continue to provide separate estimates for under and over-payments and will include a split between error and fraud for over-payment. The Department will also include contextual information about the typical reasons for error in over-payments and under-payments.

1.4 The Government and the Department continue to devote significant resources to tax credits error and fraud. Helping claimants avoid errors is integral to HMRC's error and fraud strategy and the Department will report back on what impact it expects its actions to have by April 2019, including where it has devoted differing levels of resource to the development of its IT systems.

2: PAC conclusion: ***New mandatory reporting by multinational enterprises helps HMRC assess compliance risks, but it has not been adequately involved in plans for a register which would help it tackle compliance risks from properties owned by overseas companies.***

2: PAC recommendation: ***HMRC, by April 2019, should write to the Committee setting out what actions it has taken to secure the opportunities provided by the register to tackle tax avoidance and evasion arising from properties owned by overseas companies.***

2.1 The Government disagrees with the Committee's recommendation.

2.2 The Government does not agree with the recommendation as April 2019 will be too early to take action to secure the opportunities provided by the register to tackle tax avoidance and evasion. The register will not be operational until 2021. The Department already uses a wide range of information to identify and risk assess possible tax non-compliance. Once the register is populated, it will be a further source of information that the Department will be able to use when carrying out risk assessment of tax matters that involve cross-border transactions.

3: PAC conclusion***: HMRC does not know whether a large number of tax reliefs deliver value for money.***

3: PAC recommendation: ***HMRC should take more responsibility for ensuring tax reliefs provide value for money. In particular, HMRC should set out, by April 2019, an approach for improving its understanding of the cost for those tax reliefs where it does not already have that information.***

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: April 2019

3.2 The Department is responsible for preparing and publishing information relating to the Exchequer cost of tax reliefs. In response to previous recommendations, the Department has built its understanding of tax reliefs and has also extended the annual published details of the Exchequer cost of reliefs. The Department will set out by April 2019 how it will improve this information, including information about those reliefs where data is not available from its systems. The broader question of the value for money of tax reliefs is the responsibility of HM Treasury, with the Department providing relevant advice as part of the tax policy partnership in the normal way.

4: PAC conclusion: ***HMRC's management of taxes and Tax Credits is hindered by the poor administration of PAYE by some employers and pension providers.***

4: PAC recommendation: ***HMRC should report back to the Committee by the end of 2018 on how it will improve the quality of PAYE administration by employers and pension providers. In subsequent years, HMRC should report publicly on changes in the quality of PAYE administration and how this is affecting taxpayers, Tax Credits and Universal Credit.***

4.1 The Government agrees with the Committee's recommendation.

Target implementation date: April 2019

4.2l In reporting back we are able to advise the Committee that there are a number of initiatives currently in progress or under development which aim to improve the quality of Pay As You Earn (PAYE) data these include:

- Analysing PAYE data to better understand the main data and process problems and their impact upon customers and the Department. Collaborating with trusted stakeholders to identify root causes.
-
- Using PAYE data and insight to educate employers, pension providers and their representatives on how to get Real Time Information timely and right the first time.

- Continually monitoring data, to identify and then contact selected customers where there appears to be common mistakes and issues. Educating them to drive improvements in data submissions, thereby protecting the position of individual taxpayers, Tax Credits and Universal Credits. The statistics generated from this work will be used to measure improvements and define future activity.

- Introducing system enhancements to improve the way data is handled and to simplify the Real Time Information process. Measures will be built into these changes to monitor their success in improving submissions, internal data matching, and reductions in exclusion recovery.

- Working closely with the Department of Work & Pensions to maximise the use of Real Time Information data and where possible proactively reach out to employers before the Universal Credit claimant is impacted.

The Department will continue to routinely monitor the accuracy of PAYE data as part of current business assurance processes and, although these will not be published, updates will be available to the committee.

5: PAC conclusion: ***HMRC's customer service targets are too narrow and do not provide a full picture of performance, limiting their value to the Department in identifying future risks to customer service***

5a: PAC recommendation: ***HMRC should, by the start of 2019–20, develop and report a scorecard of performance measures which provides a broader overview of the customer experience of both businesses and individuals.***

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: July 2019

5.2 The Department accepts the recommendation to report a scorecard of performance measures which provides a broader overview of the customer experience. It is currently developing a range of performance measures for the Customer Services Group (CSG) which will focus on what matters most to their customers. To help with this the Department is revising existing Customer surveys as well as trialling new versions to measure whether the customer felt that their issue was fully addressed in the one contact and how easy they found it.

5.3 The planned new performance measures are based on the "Balanced Scorecard" model and focus on 4 areas – customer; finance; people; processing. Within CSG the measures will concentrate on "first contact resolution"; the customer experience; quality; and getting the right outcome for both the customer and department. The Department is planning to test these measures in Quarter 4 of this financial year, as a first step to trialling them.

5b: PAC recommendation: ***HMRC should, by the start of 2019–20 (conduct) a full view of call waiting time, including measures of quality.***

5.4 The Government disagrees with the Committee's recommendation.

5.5 The Department will look to provide the Committee with further data on call waiting times, including_time that customers spend navigating the department's automated telephony system, but in view of the new performance measures the department is developing, it is not currently intending to make any changes to the call waiting time measure and it will continue to be reported in its current form during 2019-20.

Sixty-Seventh Report of Session 2017-19

The 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. Each force is headed by a Chief Constable, with authority over all operational policing decisions and staff. Chief Constables report to an elected Police and Crime Commissioner. In consultation with their Chief Constables, Commissioners set objectives for forces in an annual police and crime plan, and allocate the funds needed to achieve these objectives.

The Department is responsible for assessing how much funding forces need; deciding how much the policing system receives as a whole; allocating grants to Police and Crime Commissioners (who decide how much goes to police forces and how much to other initiatives to reduce crime); and maintaining a system of local accountability that assures Parliament that forces spend their resources with regularity, propriety and achieve value for money.

The Department estimates that total police funding in 2018–19 will be £12.3 billion, of which central government is funding £8.6 billion and local government (through the police precept collected alongside council tax) £3.6 billion. Total funding to police forces has fallen by 19% in real terms since 2010–11, with central government funding dropping by 30%. While most spending decisions are made locally, the Department must have enough information to make good decisions about the level and nature of funding it provides and be in a position where it can get assurance that forces are not at risk of becoming financially unsustainable.

Based on a report by the National Audit Office, the Committee took evidence, on 10 October 2018 from the Home Office, Police and Crime Commissioner for Devon and Cornwall; Police and Crime Commissioner for Merseyside; Chief Constable Durham; and Chief Superintendent, Vice President, Police Superintendents Association and Her Majesty's Chief Inspector of Constabulary. The Committee published its report on 7 November 2018. This is the Government response to the Committee's report.

NAO and PAC Reports

- NAO report: Financial sustainability of police forces in England and Wales 2018 - Session 2017–19 (HC 1501)
- PAC report: Financial sustainability of police forces in England and Wales - Session 2015–16 (HC 288)
- PAC report: *Financial Sustainability of police forces* – Session 2017-19 (HC 1513)

Government responses to the Committee

1: PAC conclusion: ***The Department's lack of a comprehensive picture of all the demands forces face undermines its ability to know what resources forces need***

1: PAC recommendation: ***The Department should develop better measurements of both crime and non-crime demand for police services and use these to inform their bid for funding in the next Spending Review. HMICFRS should write to the Committee setting out insights of the demands on police services drawn from the first set of Force Management Statements within three months.***

1.1 The Government disagrees with the Committee's recommendation.

Target implementation date: December 2019

1.2 The Government considers that improved demand data and analysis is critical for more effective policing as demand changes. Improvements must be adopted at force level and nationally and can be used for local operational decisions, as well as to inform broader national priorities.

1.3 The Government undertook a relative analysis in 2017 of the 43 forces using indicators of demand, performance, and financial pressure. The Department is doing further analysis of police demand with police experts as part of developing the evidence base for longer term police resourcing and capability decisions; this has also highlighted potential gaps. The Department is drawing on the work of Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), including Force Management Statements (FMSs), that were introduced in 2018 for the first time. During the evidence session on 10 October, Sir Tom Winsor explained that he expects Force Management Statements to be fully operational from 2020. Over the next year, the Department will be working closely with HMICFRS to ensure FMSs become consistent nationally and provide a rich source of demand data.

1.4 The first set of FMSs were an initial step, which inevitably included a degree of inconsistency. The next return of FMSs is expected in late 2019. To maximise the value of the insights to be shared with the Committee, the Department has agreed with HMICFRS that it will commit to writing jointly to the Committee once the second set of FMSs have been completed to update on how the Statements (and the main insights from them) will be incorporated into our ongoing demand management work, along with the progress that has been made in terms of improving the quality and consistency of the service's overall understanding of its demand.

1.5 The Department will therefore write further to the Committee once the second set of FMSs has been issued by the Inspectorate to provide further detail as to how this is informing our continuing work on demand.

2: PAC conclusion: ***Forces are finding it harder to deliver an effective service and there is a risk that problems with forces' financial sustainability may not be spotted soon enough*.**

2: PAC recommendation: ***Following on from its 2017 assessment of financial resilience, the Department should immediately establish a regular review process for assessing forces' financial sustainability. It should set out how it will use information and data collected by HMICFRS to inform its assessment.***

2.1 The Government agrees with the Committee's recommendation.

Target implementation date: **December 2019**

2.2 The Government agrees with the importance the Committee has placed on financial resilience and sustainability. Following the Department's 2017 review into demand, performance and financial pressure, the Department is working more closely than ever with the police sector on understanding and analysing force financial resilience. It has established regular senior level meetings with leaders from across the police sector to coordinate work with the police to develop the evidence base for longer term police resourcing and capability decisions. As part of this process, the Department is developing an analysis of police demand and financial sustainability of forces with technical experts in policing, including chief finance officers. The first stages of this work are focusing on developing a suitable process for reviewing force resilience, including a diagnostic tool, which will be tested with chief finance officers. This will be informed by data collected by HMICFRS, as well as work by the Chartered Institute of Public Finance and Accountancy (CIPFA), the Ministry of Housing, Communities and Local Government, and published reserves strategies.

2.3 As soon as this process is agreed, it will become business-as-usual work for the department and will be refreshed and updated on a routine basis.

2.4 The Department will write again to the Committee once the process for assessing force financial resilience has been developed further.

3: PAC conclusion: ***Even though the Department's approach to allocating funding to Commissioners has been out-of-date and ineffective for several years, the Department still has*** *no* ***firm plan to change it.***

3: PAC recommendation: ***The Department must urgently commit to reviewing the funding formula, and after consultation, deploy a new funding formula as soon as practicable.***

3.1 The Government agrees with the Committee's recommendation.

Target implementation date: March 2022

3.2 The Government undertook substantial work with police stakeholders in 2016 and 2017 to develop the technical aspects of a potential new funding formula. Good levels of technical progress were made by early 2017. This work was paused in summer 2017, following Ministers' decision to focus the department's work on overall changes in demand on the police, and looking at whether the overall quantum of funding for policing was adequate ahead of the 2018-19 police funding settlement. The Minister for Policing & the Fire Service spoke to every police force in England & Wales before deciding to provide greater financial certainty to enable planning for 2018-19 and 2019-20 rather than immediately continue work on a revised formula. However, at the same time, the Minister has made clear the importance of reviewing the funding formula and that that the most appropriate point to consider that would be in the context of the Spending Review.

3.3 The Government has agreed that a review of the funding formula is required and already committed that any new formula would be subject to a full public consultation. Lessons from previous work to review the funding formula emphasise the importance of clarity on the overall quantum of funding, dedicated resource from Government and the sector, and certainty for the service in successfully undertaking and implementing a review. The Department does not assume that changing the funding formula is a silver bullet for improving force financial resilience. Police and Crime Commissioners and their predecessors have made long term choices in areas like precept based on the current model. It is essential that any change in the funding formula is well planned, with proper transition arrangements to ensure that the Department does not implement changes which could leave a force financially unsustainable.

3.4 The Department's priority now is to create an evidence base with the sector to determine the overall size of funding to be provided to the police service. The Department expects the 2019 Spending Review will include an assessment of the quantum of funding likely to be required to deliver reform of the funding formula, while ensuring all police forces remain financially sustainable. This will then enable the further detailed technical work that is required to review and implement changes to the funding formula.

4: PAC conclusion: ***The Department takes away 11% of police funding to fund national programmes, but we are not convinced that this 'top-slice' on funding is used effectively and projects face a 'cliff edge' when funding runs out.***

4: PAC recommendation: ***The Department should set out how it plans to improve the delivery of national projects, in particular by streamlining its processes and fully engaging with forces and others when developing support products that will be used by them.***

4.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

4.2 The Department is running an ambitious portfolio of programmes to improve the national technology capabilities available to policing. This includes the Emergency Services Mobile Communications Programme creating a single platform for critical voice and data. Home Office Biometrics provides a single platform for fingerprint, facial recognition and DNA. The National Law Enforcement Data Programme provides access across policing to national police information as well as sharing intelligence across forces. The National Automatic Number Plate Reader (ANPR) Service will unite all local ANPR systems into a single national system, while the Home Office continues to build out the capabilities of the national Child Abuse Image Database.

4.3 Together these programmes will go a long way towards improving capability reaching the operational frontline, including a much greater ability to share data, to consume it over mobile platforms as well as modernising and reducing the running costs of the legacy systems. The Department is always looking to improve the running of its programmes.

4.4 The Department works closely with the Police ICT company, National Police Technology Council and Business Change Council, and other policing stakeholders to assist them with their approach to technology and ensure a robust approach to the 2019 Spending Review. At a programme level, there is extensive user representation on programme boards and the Department has brought together a group of Chief Constables and Police Crime Commissioners (PCCs) to review the technology financial reallocation, including expected outcomes, and to seek advice on prioritisation set against a backdrop of operational requirements and risk appetite. This reflects our continued commitment to work closely with the user community, thus ensuring that what the Department delivers will meet their expectations and enables maximisation of benefits.

5: PAC conclusion: ***The Department does not have its own national, long-terms strategy for policing and as a result there is no clarity about how it will support forces to deliver Policing Vision 2025.***

5: PAC recommendation: ***Within 12 months the Department should develop its own national strategy to complement Policing Vision 2025, setting out what support forces can expect from the Department in the context of a local accountability model, which activities will continue to be undertaken and funded at a national level, and why.***

5.1 The Government disagrees with the Committee's recommendation.

5.2 The Department continues to work closely with policing to do all it can to ensure they are appropriately equipped to meet the future challenges and aims set out in the Policing Vision 2025 and beyond. That is why the Department is undertaking a significant joint programme of work with policing to prepare for the longer terms challenges the police face, including substantial pieces of work on demand and financial resilience. The Home Secretary has committed to prioritising police funding at the Spending Review, which will set budgets for the longer term. Therefore, the Department does not believe it is the right time to commit to developing a Home Office national strategy when this collaborative work is underway. As part of the collaborative CSR process the department will be discussing with police what needs to change in order to deliver on Vision 2025 and to improve the effectiveness and productivity of our police system. That includes discussion of what national capabilities need to be added or strengthened, and where those capabilities are best located. We also expect to have a common strategic plan in relation to harnessing the potential of digital technology and improving support for front line officers.

5.3 The Police Reform and Transformation Board (PRTB) was established and is jointly run by the APCC and NPCC to bring together key members of the policing community to oversee the transformation of policing, review progress against the aims of the Policing Vision 2025 and to help enable PCCs, Chief Constables and senior law enforcement leadership to take forward police reform. The Department plays an active part on the PRTB to support its role to oversee the structure, delivery and funding of police reform and transformation work. Underpinning the Vision, the Police Transformation Fund (PTF) supports a reform portfolio, investing in major national programmes commissioned and delivered by the sector that deliver technology change at scale; increase capability including to tackle serious and organised crime, further progress workforce reform and support more coordinated working arrangements both within policing and with other partners.

5.4 Since the Vision was published, 110 projects have been awarded over £330 million of PTF funding. The reform portfolio will continue to develop and evolve as policing delivers nationally the services developed by the reform programmes into forces and building up the police ICT company to drive further efficiencies.

5.5 The Department introduced directly elected and accountable PCCs to ensure local communities have a stronger voice in policing in their area. PCCs have brought real local accountability to how Chief Constables and their forces perform and are taking a lead role in driving collaboration between forces, other emergency services and local partners to deliver more effective services and better value for money for the taxpayer.

Sixty–Eighth Report of Session 2017-19

Department for Environment Food and Rural Affairs

Defra's Progress towards Brexit

Introduction from the Committee

A full six months after our previous report and, as negotiations continue, the department must still address a range of scenarios, including Exit without a deal in March 2019, and a negotiated Exit with an implementation period lasting until the end of 2020, or possibly longer. In all its policy areas it must plan to have in place systems that will be appropriate for each scenario.

Some of the Department's plans rely on the EU to grant concessions to allow continuity of trade in the event of a no – deal Exit. For example the UK is seeking continued participation in the European Chemicals agency. Without this, exporters of chemical products would need to re-register their products with the Agency. Without this exporters of chemical products would need to re-register their products with the Agency and may face a long wait while their registrations are processed. Exports to the EU of animals and animal products would require export health certificates that have to be signed off by vets that are not yet in place. The Department plans that food imports from the EU will be waved through into the UK without checks and hopes that the EU will reciprocate for UK food exports.

On its engagement with stakeholders, we reported in May 2018 that the scope of the Departments EU Exit programme remains uncertain and dependent on decisions yet to be taken. This uncertainty is making it difficult for the Department to engage and communicate effectively with businesses and stakeholders.

The Department needs to lay 86 Statutory Instruments by the end of January in order to ensure legislation is in place when the UK leaves the EU.

We first reported on the Department's preparations in May 2018 and took further evidence on its progress on 15th October 2018.

On the basis of a report by the Comptroller and Auditor general, we took evidence from the Department for Environment, Food and Rural Affairs (the Department). The Department is one of the government departments most affected by EU Exit. Its portfolio is very varied, covering the chemical and agri-food industries as well as crucial policy areas such as agriculture, fisheries and the environment. The Committee published its report on 14 November 2018. This is the Government response to the Committee's report.

NAO and PAC Reports

- NAO report: Progress in Implementing EU Exit - Session 2017-19 (HC 1498)
- PAC report: Defra's Progress towards Brexit - Session 2017-19 (HC 1514)

Government responses to the Committee

1: PAC conclusion: In a no-deal scenario there is a risk of UK export of animals and animal products being delayed at borders because of a shortage of vets.

1: PAC recommendation: ***The Department needs urgently to develop a credible plan for increasing vet capacity for export health certificates that does not add to exporters' costs including addressing concerns around coverage across the country and whether it is appropriate or possible for non-vets to sign off health certificates.***

1.1 The Government disagrees with the Committee's recommendation.

1.2 Defra does not employ vets to sign export health certificates (EHC). They are recruited by private veterinary practices. Initially, the department considered intervening in the market to provide extra capacity. However, feedback from suppliers of certification services is that they are making preparations and that the market will meet the demand.

1.3 The Royal College of Veterinary Surgeons (RCVS) has agreed to the introduction of new Certification Support Officers (non-vets) to support official vets with administrative elements of the process for certifying animal product exports. This will reduce the amount of time spent by an official vet on each EHC. The official vet will still provide final assurances and sign the certificates requiring a veterinary signature, as they do now.

1.4 The Animal and Plant Health Agency (APHA) has developed a comprehensive training programme for certification support officers, which was launched in December 2018. APHA has made the course available, initially free of charge, and is promoting the new role across the certification industry. APHA also provides accredited online training which is available on demand so that official vet employers can train new and existing staff for export certification without delay.

1.5 The department has begun to update online information for exporters on certification procedures and documents and, during January 2019, will be publishing an updated list of organisations that provide certification services to help exporters locate official vets who can authorise their exports.

1.6 Official vets are located across the country to meet the demands from the market and major providers are taking action to put in place a national-level provision for service users. The department expects the market to meet changes in demand when we leave the EU.

1.7 From discussions with the veterinary industry, the department does not anticipate cost increases for existing exporters. However, this is a commercial market and the department has no existing control or authority to intervene to manage costs. For businesses exporting products to the EU, their products would require an export health certificate signed by an official vet or other authorised signatory, and there is an associated cost for that service.

2: PAC conclusion: The Department is too complacent about the risk of disruption that UK chemical exporters could face in a no deal scenario.

2: PAC recommendation: ***The Department and the Health and Safety Executive need to provide realistic, honest advice to chemical manufacturers about the implications of a no-deal exit, including the steps manufacturers need to take to register their products with the EU, and the possible interruption in their ability to trade with EU-27 countries.***

2.1 The Government disagrees with the Committee's recommendation.

2.2 The focus and priority of Defra's joint work programme with the Health and Safety Executive (HSE) has been no-deal preparation, in order to minimise disruption to the chemicals sector, ensure continuity and provide businesses with the information they need to prepare.

2.3 Since the referendum, the department has consistently engaged with the chemical sector including trade associations such as the Chemicals Industry Association (CIA), downstream users such as the British Coating Federation and NGOs including Green Alliance. Defra published a technical notice (TN) on regulating chemicals (REACH) on 24 September 2018. The TN, prepared in collaboration with HSE, set out a number of contingency plans, light-touch transitional measures and established the implications for business in the event of a no deal, to ensure business continuity and minimise disruption at the point of exit. HSE subsequently published a separate TN on 12 October 2018 outlining consequences for industry as a result of no deal in relation to requirements on the classification, labelling and packaging of chemicals, for biocidal products and for the prior informed consent regime for the export of chemicals.

2.4 Active engagement with the industry is ongoing, including meetings with a large number of trade associations to get feedback on the TNs. HSE and Defra have held joint stakeholder events with the chemicals industry (both before and after publication of the TNs), including two sessions with over 100 participants, as well as further stakeholder workshops involving Defra, HSE and Department for Business, Energy & Industrial Strategy (BEIS) taking place in late November and early December 2018. The Technical Notice was never intended to cover every implication or action for industry. The department has been consulting with a number of key chemical trade associations as well as HSE and BEIS to draft additional guidance which provides this further detail. Defra published this guidance on 4 December 2018 as part of ongoing no-deal preparations.

2.5 In the REACH TN[9] published in September, Defra provided guidance for UK companies wishing to maintain EEA market access, including outlining the transfer and registration process under Registration, Evaluation, Authorisation & restriction of Chemicals (REACH) and providing a link to European Chemicals Agency (ECHA) guidance. This no deal ECHA guidance, published earlier this year, outlined an intended mechanism by which UK companies can legally transfer their registrations to EU based entities to maintain EU market access. The department wrote to the EU Commission on 14 November 2018 asking ECHA to update its guidance to allow UK companies time to prepare or, in the interim, to provide an indication of when it intended to do so. Although following our letter this guidance has been updated, ECHA has yet to give further information on some of the practicalities involved, albeit they have promised to do so in advance of the exit date. While we have little influence over EU/ECHA policy and actions in this regard, we are continuing to encourage it to provide the further clarity needed to allow UK companies time to prepare.

3: PAC conclusion: There are increased risks to food safety and smuggling as a result of the Department's plan to allow food imports to pass through UK ports without checks following EU Exit.

3: PAC recommendation: The Department needs to commit to a timeframe for implementing pre – notification and full checks of EU food imports at UK borders.

3.1 The Government disagrees with the Committee's recommendation.

3.2 The Government is committed to maintaining high standards of food safety whilst minimising any disruption to trade.

3.3 Import controls are applied on the basis of risk. Biosecurity and public health risks posed by EU imports will not change immediately upon leaving the EU. The department has agreed with the Food Standards Agency (FSA) that, subject to introducing pre-notification of EU high-risk food and feed imports, no changes or additional controls are needed for the short term. The FSA plans to begin introducing a requirement for pre-notification of EU high risk food and feed imports from June 2019. As no sanitary and phytosanitary checks are carried out on imports from the EU now, and we are not planning any after EU Exit, from a biosecurity aspect there is no smuggling risk associated with these goods either now or after EU Exit.

3.4 In the future, the department considers that controls on food imports should continue to be risk-based and proportionate, taking advantage of available technologies to facilitate frictionless trade as far as possible. The department is working with the FSA to develop proposals for this and will consult on these in 2019.

4: PAC conclusion: The Department's engagement with industry stakeholders has been too little, too late, insufficiently focused on SME's and hampered by excessive government secrecy.

4a: PAC recommendation: ***The Department needs to limit the use of non-disclosure agreements to commercially sensitive discussions.***

4.1 The Government disagrees with the Committee's recommendation.

[9] https://www.gov.uk/government/publications/regulating-chemicals-reach-if-theres-no-brexit-deal/regulating-chemicals-reach-if-theres-no-brexit-deal

4.2 Confidentiality requirements are a common component of contractual obligations and are used by the department to protect commercial considerations as well as negotiation sensitivities. As a result, the Government has non-disclosure agreements with some private sector organisations. However, as the department accelerates the pace of engagement with businesses and the public and provides clarity on the actions needed to prepare for exit, the department anticipates that the need for Non-Disclosure Agreements (NDAs) will diminish. NDAs may be required, and have been requested by other parties, to protect commercial interests.

4b: PAC recommendation: ***It should urgently step up its communications with businesses and other stakeholders on what they need to do to prepare, particularly with SME's that are not affiliated to industry bodies.***

4.3 The Government agrees with this Committee's recommendation.

Recommendation implemented.

4.4 Defra has published 30 Technical Notices to help businesses, citizens and consumers to prepare for March 2019 in the event of a no deal scenario. To build on these notices the department has developed an overarching communication strategy, incorporating audience-focused communications plans for all the of the department's EU projects. These will provide further information across a range of platforms. This work is already being delivered, with the first communications campaign, to inform pet owners of the possible changes to the Pet Travel Scheme, issued on 6 November 2018.

4.5 Other communications began in December 2018, including guidance to the horticultural industry on plant imports and exports, and guidance on the new UK REACH IT system for chemicals registrations. The department launched an information campaign to raise awareness about changes to the CITES permitting regime on 16 January 2019, and will be communicating further on Defra's EU Exit projects in the coming months.

4.6 While this information and guidance is developed, the department continues to engage with businesses, trade associations and professional bodies to inform them of their no deal preparations and to help shape advice. In addition, there are weekly Ministerial meetings with four of the largest food and farming trade associations to get their input. To help coordinate this work the department has created a new Business and Public Readiness directorate to ensure projects have appropriate plans in place, and that coordinated and robust engagement is taking place, so that businesses and the public are fully prepared for EU Exit.

5: PAC conclusion: The Department has very little time left to get necessary statutory instruments (SI's) on to the statue book in time for EU Exit, putting quality and parliamentary scrutiny at risk.

5: PAC recommendation: ***The Cabinet Office should prioritise EU statutory instruments across government to ensure that drafting those of highest priority is completed to the proper quality standard, and that there is time for proper parliamentary scrutiny ahead of EU Exit.***

5.1 The Government agrees with the Committee's recommendation.

Target implementation date: Spring 2019.

5.2 There has never been a more crucial time for secondary legislation. The Government is committed to providing time for Parliament to consider the statutory instruments that are needed to secure a functioning statute book by Exit Day.

5.3 There has been a great deal of work within Government to improve the management of secondary legislation:

- **Central oversight** - The Parliamentary Business and Legislation Cabinet Committee (PBL) supported by the PBL Secretariat now oversees all secondary legislation. This centrally run process ensures better planning and monitors each department's progress on SIs including the drafting of them.

- **Better management in departments** - every department has a minister responsible for secondary legislation and a Senior Civil Servant responsible (SRO) for secondary legislation. They are accountable for their department's SI programme, ensuring it is stress-tested, prioritised and drafted properly to meet the necessary timescales.

5.4 PBL Secretariat and DEXEU work closely with Departments to ensure that they prioritise only the essential secondary legislation to be laid in Parliament.

5.5 The Government has always said that the objective is to ensure a functioning statute book. To do this, SIs necessary for exit day have been prioritised, and other SIs with less of a time pressure, such as those relating to arrangements that can be put in place administratively without a legal basis, will be laid later in February, March or after exit day to allow the necessary scrutiny by Parliament of the most critical pieces of secondary legislation

6: PAC conclusion: The Department is continuing to expand its workforce rapidly and, with time running out, is now having to take shortcuts in its recruitment and training of staff.

6: PAC recommendation: ***In response to this report, the Department should set out how it will ensure that all posts, including those unrelated to EU Exit, are staffed by people who are fully trained and with the right skills and experience to maintain quality of work and workforce well-being.***

6.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

6.2 All of the department's job adverts set out the required experience, skills and competencies and they are tested robustly during the recruitment process. All interviewers are fully trained and results are moderated to ensure consistency and high standards.

6.3 The department has in place a comprehensive induction and capability programme that is available to all staff. This includes a wide-ranging and responsive programme of learning activities covering specific EU, International and Trade topics as well as skills to help people do their roles e.g. Negotiations; Project Delivery; Digital; Advising, Briefing & Drafting; Legislation; Building Effective Teams; Understanding Parliament; and Devolution. The programme includes learning facilitated by Defra HR, internal experts, Civil Service Learning (CSL) and the professions. Management and leadership development programmes are being piloted and will be rolled out widely in 2019. The department actively encourages staff to utilise the comprehensive CSL learning offer and provides a wide range of other opportunities such as job shadowing and on-the-job learning.

6.4 The department has in place a dedicated set of actions aimed at supporting people during this sustained period of pressure. Training and toolkits have been provided to assist managers with making best use of the flexibilities available to manage workloads and work/life balance alongside ensuring that they are supporting the mental and physical wellbeing of their team. All staff have access to an Employee Assistance helpline and onsite counsellors are available in key sites where individuals are working in prolonged periods of challenge/change.

6.5 Defra notes the Committee's comments regarding the recruitment and training of Marine Enforcement Officers (MEOs). The department has revised its plans and processes to reflect the tight delivery timescales. As part of this, the Marine Management Organisation (MMO) is implementing a new, portfolio-led approach to delivering training for MEOs where training needs are tailored to specific roles and can be delivered more efficiently. New MEOs will be trained in two batches, with an intensive three month programme prioritised for candidates with existing skills and expertise to get them warranted by the time we leave the EU. New MEOs with no prior experience will be trained over a longer period, with the MMO able to redeploy existing experienced staff in the interim while new staff complete their training. All MEOs will receive the training they need, complemented with increased on-the-job mentoring, coupling experienced and probationary officers. With this approach, the department is confident there will be increased capacity in the number of trained MEOs in place and with the right skills to carry out marine enforcement and fisheries protection work by March 2019.

7: PAC conclusion: The Department still has an enormous task leading up to EU Exit, including completing six critical IT systems that have not yet been tested.

7: PAC recommendation: ***The Department should provide us with an update by end of December 2018 on whether the key IT projects are on track for testing in the new year and a further update in January on results of the testing.***

7.1 The Government agrees with the Committee's recommendation.

Target implementation date: **March 2019**

7.2 The department wrote to the Committee mid-January 2019 with an update on the testing schedule. The department will write again to update the Committee by the end of February 2019, when further evidence following the comprehensive testing will enable fuller confidence in the use, scale and reliability of the digital services.

7.3 The department has been undertaking continuous system testing as it develops the new IT services, but final assurance cannot be obtained until the department is able to complete the full end-to-end testing of the services with all components in place. This began in December 2018 and will complete early in 2019.

7.4 The department has increasing confidence that all services are robust. There are no major issues to date and there have been no systemic failures. The department has also benefitted from external review and assurance of the digital development. A recent Infrastructure and Projects Authority (IPA) review into the whole Digital, Data and Technology Services (DDTS) EU Exit Portfolio readiness gave it an Amber rating as did the recently completed Government Internal Audit Agency (GIAA) review. These reviews found that the department was already taking action on identified issues and risks but have provided a useful focus for mitigating actions.

Treasury Minutes Archive[10]

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

Session 2017-19

Committee Recommendations: 430
Recommendations agreed: 387 (90%)
Recommendations disagreed: 43 (10%)

Publication Date	PAC Reports	Ref Number
December 2017	Government response to PAC report 1	Cm 9549
January 2018	Government responses to PAC reports 2 and 3	Cm 9565
March 2018	Government responses to PAC reports 4-11	Cm 9575
March 2018	Government responses to PAC reports 12-19	Cm 9596
May 2018	Government responses to PAC reports 20-30	Cm 9618
June 2018	Government responses to PAC reports 31-37	Cm 9643
July 2018	Government responses to PAC reports 38-42	Cm 9667
October 2018	Government responses to PAC reports 43-58	Cm 9702
December 2018	Government responses to PAC reports 59-63	Cm 9740
January 2019	Government responses to PAC reports 64-68	CP 18

Session 2016-17

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

Publication Date	PAC Reports	Ref Number
November 2016	Government responses to PAC reports 1-13	Cm 9351
December 2016	Government responses to PAC reports 14-21	Cm 9389
February 2017	Government responses to PAC reports 22-25 and 28	Cm 9413
March 2017	Government responses to PAC reports 26-27 and 29-34[11]	Cm 9429
March 2017	Government responses to PAC reports 35-41	Cm 9433
October 2017	Government responses to PAC reports 42-44 and 46-64	Cm 9505

Session 2015-16

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

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

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

[11] Report 32 contains 6 conclusions only.

Treasury Minutes Progress Reports Archive

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

Publication Date	PAC Reports	Ref Number
January 2012	Session 2010-12: updates on 13 PAC reports	Cm 8271
July 2012	Session 2010-12: updates on 28 PAC reports	Cm 8387
February 2013	Session 2010-12: updates on 31 PAC reports	Cm 8539
July 2014	Session 2010-12: updates on 60 PAC reports Session 2012-13: updates on 37 PAC reports	Cm 8899
March 2015	Session 2010-12: updates on 26 PAC reports Session 2012-13: updates on 17 PAC reports Session 2013-14: updates on 43 PAC reports	Cm 9034
February 2016	Session 2010-12: updates on 8 PAC reports Session 2012-13: updates on 7 PAC reports Session 2013-14: updates on 22 PAC reports Session 2014-15: updates on 27 PAC reports	Cm 9202
July 2016	Session 2010-12: updates on 6 PAC reports Session 2012-13: updates on 2 PAC reports Session 2013-14: updates on 15 PAC reports Session 2014-15: updates on 22 PAC reports Session 2015-16: updates on 6 PAC reports	Cm 9320
January 2017	Session 2010-12: updates on 1 PAC report Session 2013-14: updates on 5 PAC reports Session 2014-15: updates on 7 PAC reports Session 2015-16: updates on 18 PAC reports	Cm 9407
October 2017	Session 2010-12: updates on 3 PAC reports Session 2013-14: updates on 7 PAC reports Session 2014-15: updates on 12 PAC reports Session 2015-16: updates on 26 PAC reports Session 2016-17: updates on 39 PAC reports	Cm 9506
January 2018	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 5 PAC reports Session 2014-15: updates on 4 PAC reports Session 2015-16: updates on 14 PAC reports Session 2016-17: updates on 52 PAC reports	Cm 9566
July 2018	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 4 PAC reports Session 2014-15: updates on 2 PAC reports Session 2015-16: updates on 9 PAC reports Session 2016-17: updates on 38 PAC reports Session 2017-19: updates on 17 PAC reports[12]	Cm 9668

[12] Contains updates on Treasury Minutes - Session 2017-19 - up to March 2018.

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